



China Resources and Transportation Group Ltd
中國資源交通集團有限公司

CHINA RESOURCES AND TRANSPORTATION GROUP LIMITED

中國資源交通集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 269



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cao Zhong (*Chairman*)
Mr. Fung Tsun Pong (*Vice-chairman*)
Mr. Duan Jingquan
(*Chief Executive Officer*)
Mr. Tsang Kam Ching, David
(*Finance Director*)

Non-executive Director

Mr. Neil Bush
(*resigned on 20 July 2012*)

Independent Non-executive Directors

Mr. Yip Tak On
Mr. Jing Baoli
Mr. Bao Liang Ming

Audit Committee

Mr. Yip Tak On (*Chairman*)
Mr. Jing Baoli
Mr. Bao Liang Ming

Remuneration Committee

Mr. Yip Tak On (*Chairman*)
Mr. Jing Baoli
Mr. Bao Liang Ming
Mr. Cao Zhong

Nomination Committee

Mr. Cao Zhong (*Chairman*)
Mr. Yip Tak On
Mr. Jing Baoli
Mr. Bao Liang Ming

COMPANY SECRETARY

Miss Ngan Wai Kam, Sharon

AUDITOR

BDO Limited

LEGAL ADVISOR

Sidley Austin
Louis K.Y. Pau & Company

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Bank of East Asia, Limited
The Hong Kong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Caledonian Trust (Cayman) Limited
Caledonian House,
69 Dr. Roy's Drive,
P.O. Box 1043,
Grand Cayman,
KY1-1102,
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Room 1801-07, 18/F.,
China Resources Building,
26 Harbour Road,
Wanchai,
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Progressive Limited
26/F., Tesbury Centre,
28 Queen's Road East,
Wanchai,
Hong Kong

STOCK CODE AT HONG KONG STOCK EXCHANGE

269

CONTACT DETAILS

Telephone no. : (852) 3176 7100
Facsimile no. : (852) 3176 7122

COMPANY WEBSITE

<http://www.crtg.com.hk>

HIGHLIGHTS

- Unaudited turnover of approximately HK\$2,528,498,000 for the six months ended 30 September 2012, whereas an unaudited turnover of approximately HK\$1,691,000 was recorded in the corresponding period of last year.
- Unaudited net loss attributable to owners of the Company for the six months ended 30 September 2012 amounted to approximately HK\$116,809,000 representing a decrease of approximately 25.6% as compared to that of the corresponding period in last year.
- The Board does not declare any dividend for the six months ended 30 September 2012.

INTERIM RESULTS

The board of directors (the “Board”) of China Resources and Transportation Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2012 and the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2012.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2012

	Notes	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Continuing operations:			
Turnover	3	2,528,498	1,691
Cost of sales		(2,490,394)	(1,112)
Gross profit		38,104	579
Change in fair value of derivative financial instrument		(21,728)	(96,410)
Other income and other gains and losses	5	(542)	1,041
Selling and administrative expenses		(156,761)	(49,360)
Finance costs	6	—	—
Loss before income tax expense	7	(140,927)	(144,150)
Income tax expense	8	—	(153)
Loss for the period from continuing operations		(140,927)	(144,303)
Discontinued operations:			
Loss for the period from discontinued operations	9	(4,746)	(13,696)
Loss for the period		(145,673)	(157,999)
Loss attributable to:			
— Owners of the Company		(116,809)	(157,019)
— Non-controlling interests		(28,864)	(980)
		(145,673)	(157,999)
		HK cents (Unaudited)	HK cents (Unaudited)
Loss per share attributable to owners of the Company			
From continuing and discontinued operations			
— Basic and diluted	11	(0.58)	(0.78)
From continuing operations			
— Basic and diluted	11	(0.56)	(0.71)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Loss for the period	(145,673)	(157,999)
Other comprehensive income:		
Exchange differences on translation of financial statements of foreign operations	(12,462)	36,540
Other comprehensive income for the period, net of tax	(12,462)	36,540
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(158,135)	(121,459)
Total comprehensive income attributable to:		
– Owners of the Company	(122,792)	(120,371)
– Non-controlling interests	(35,343)	(1,088)
	(158,135)	(121,459)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Investment property		44,121	44,200
Property, plant and equipment	13	145,428	160,098
Other properties under development	14	—	206,530
Prepaid lease payments		29,832	30,334
Biological assets		87,448	78,421
Forest concession rights	15	480,265	494,058
Concession intangible asset	16	7,992,945	5,185,307
Long term deposit and prepayments	17	1,691,976	1,537,688
TOTAL NON-CURRENT ASSETS		10,472,015	7,736,636
CURRENT ASSETS			
Derivative financial instrument	24	35	21,763
Properties under development for sale	18	—	1,329,353
Inventories		127,372	127,451
Trade and other receivables	19	48,762	53,646
Prepaid lease payments		729	746
Amount due from a non-controlling shareholder		15,914	64,363
Prepaid taxes		—	11,031
Pledged deposit and restricted cash	20	426,094	14,834
Cash and cash equivalents		123,396	196,293
		742,302	1,819,480
Assets of a disposal group classified as held for sale	12	1,684,124	—
TOTAL CURRENT ASSETS		2,426,426	1,819,480
TOTAL ASSETS		12,898,441	9,556,116

	Notes	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	21	1,701,393	1,173,883
Deposits from sales of properties		—	122,996
Promissory note	22	291,285	289,105
Deferred government grants		7,400	7,436
Amount due to a joint operator		—	61,505
Borrowings	23	2,843,311	107,264
Tax payable		—	241
Convertible bonds	24	301,778	288,890
		5,145,167	2,051,320
Liabilities of a disposal group classified as held for sale	12	559,168	—
TOTAL CURRENT LIABILITIES		5,704,335	2,051,320
NET CURRENT LIABILITIES		(3,277,909)	(231,840)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,194,106	7,504,796
NON-CURRENT LIABILITIES			
Deferred tax liabilities		3,697	3,697
Deferred government grants		—	122,987
Borrowings	23	606,292	609,209
Convertible bonds	24	1,671,625	1,698,276
Acreage fees payable		11,020	11,020
TOTAL NON-CURRENT LIABILITIES		2,292,634	2,445,189
TOTAL LIABILITIES		7,996,969	4,496,509
NET ASSETS		4,901,472	5,059,607
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	25	201,908	201,908
Reserves		2,318,471	2,441,263
Equity attributable to owners of the Company		2,520,379	2,643,171
Non-controlling interests		2,381,093	2,416,436
TOTAL EQUITY		4,901,472	5,059,607

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2012

	Share capital	Share premium	Capital redemption reserve	Capital reserve	Assets revaluation reserve	Forest concession rights revaluation reserve	Convertible bond reserve	Translation reserve	Retained profits	Sub-total	Non-controlling interests	Total
At 1 April 2011 (audited)	198,429	959,924	3,800	20,918	23,868	76,213	261,779	67,496	623,511	2,235,938	15,198	2,251,136
Issue of shares on exercise of warrants	3,479	76,529	-	-	-	-	463,831	-	-	543,839	-	543,839
Acquisition of interest in a subsidiary	-	-	-	13,518	-	-	-	-	-	13,518	(18,518)	(5,000)
Total comprehensive income for the period	-	-	-	-	-	-	-	36,648	(157,019)	(120,371)	(1,088)	(121,459)
At 30 September 2011 (unaudited)	201,908	1,036,453	3,800	34,436	23,868	76,213	725,610	104,144	466,492	2,672,924	(4,408)	2,668,516
At 1 April 2012 (audited)	201,908	1,036,453	3,800	20,918	34,614	76,213	719,366	124,504	425,395	2,643,171	2,416,436	5,059,607
Total comprehensive income for the period	-	-	-	-	-	-	-	(5,883)	(116,809)	(122,792)	(38,343)	(158,135)
At 30 September 2012 (unaudited)	201,908	1,036,453	3,800	20,918	34,614	76,213	719,366	118,521	308,586	2,520,379	2,381,093	4,901,472

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	(4,582)	(711)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(2,968,070)	(709,496)
NET CASH INFLOWS FROM FINANCING ACTIVITIES	2,903,244	2,130,283
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(69,408)	1,420,076
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(669)	1,517
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	196,293	591,575
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	126,216	2,013,168
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
Cash and bank balances	123,396	2,013,168
Cash and bank balances held by the Disposal group (<i>Note 12</i>)	2,820	—
	126,216	2,013,168

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation of financial statements and principal accounting policies

As at 30 September 2012, the Group's current liabilities exceeded its current assets by approximately HK\$3,278 million in which the Group has outstanding short-term loans in the aggregate of approximately HK\$2,843 million and trade and other payables of HK\$1,701 million. After taking into consideration of (i) availability of a borrowing facility to be obtained from a financial institution, (ii) an existing equity line of credit agreement amounting to HK\$384 million and (iii) considerations of HK\$400 million to be received from the disposal of the property development and asset management business, the Company's management are of the opinion that the Group will have sufficient working capital to finance its normal operations and to meet its financial obligations as they fall due for the foreseeable future and therefore have prepared the condensed interim consolidated financial statements on a going concern basis.

The unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 September 2012 (the "Interim Financial Statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Interim Financial Statements have been prepared under the historical cost convention modified by the revaluation of investment property, building, certain financial instruments and biological assets.

The accounting policies adopted for preparation of the Interim Financial Statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 31 March 2012 (the "Annual Financial Statements"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the "HKFRSs") (which in collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (the "HKASs") and Interpretations) issued by the HKICPA as disclosed in Note 2 to these Interim Financial Statements. The Interim Financial Statements are unaudited, but have been reviewed by the Audit Committee of the Company.

The Interim Financial Statements should be read in conjunction with the Annual Financial Statements.

2. Adoption of new and revised standards

In the current period, the Group has applied the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA which are effective for the current accounting period of the Group and the Company.

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets

The adoption of the new HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

Early adoption of new or revised HKFRSs

The following new or revised HKFRSs that are potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (2011)	Employee Benefits ²
HKAS 27 (2011)	Separate Financial Statements ²
HKAS 28 (2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Presentation — Offsetting Financial Assets and Financial Liabilities ³
HKFRS 1 (Amendment)	Government Loans ²
HKFRS 7 (Amendment) Financial Instruments: Disclosures	Offsetting Financial Assets and Financial Liabilities ²
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosures of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HK(IFRIC)-Int 20	Stripping costs in the Production phase of a Surface Mine ²
Annual Improvement Project	Annual Improvements 2009-2011 Cycle ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. However, it is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

3. Turnover

Turnover represents the revenue from the principal activities of the Group. The amounts of each significant category of revenue recognised in turnover during the period are as follows:

	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Continuing operations:		
Income from timber logging and trading	195	—
Sales of seedlings	1,107	807
Sales of furniture and handicrafts	—	236
Sales of tea-oil	1,824	458
Construction revenue in respect of service concession arrangement	2,525,219	—
Gross rental income from cold storage warehouse (before direct outgoings of HK\$202,000 (2011: HK\$15,000))	153	190
	2,528,498	1,691

4. Segment information

The Group has five reportable segments. The segments are managed separately as each business offers different products and requires different business strategies. During the period, the property development and asset management segments were intended to be disposed of and were presented as discontinued operations which details were set out in Note 9 to the financial statements. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations:

- Timber logging and trading — sales of timber logs from forest concession, tree plantation area and outside suppliers, and sales of seedlings;
- Other timber operation — the manufacture and sale of furniture and handicrafts and sales of refined tea oil;
- Cold storage warehousing leasing; and
- Construction and operation of expressway

Discontinued operations:

- Property development and asset management

There was no inter-segment sale or transfer during the period (2011: HK\$Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' loss that is used by the chief operating decision makers for assessment of segment performance.

(a) Reportable Segment

The segment information for the reportable segments for the six months ended 30 September 2012 is as follows:

	Continuing operations				Discontinued operations	Total HK\$'000 (Unaudited)
	Timber logging and trading HK\$'000 (Unaudited)	Other timber operation HK\$'000 (Unaudited)	Cold storage warehouse leasing HK\$'000 (Unaudited)	Construction and operation of expressway HK\$'000 (Unaudited)	Property development and asset management HK\$'000 (Unaudited)	
REVENUE						
Revenue from external customers	1,302	1,824	153	2,525,219	–	2,528,498
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	1,302	1,824	153	2,525,219	–	2,528,498
Reportable segment loss	(17,708)	(6,450)	(124)	(63,458)	(4,746)	(92,486)
Additions of concession intangible asset	–	–	–	2,818,958	–	2,818,958
Depreciation and impairment loss of property, plant and equipment	1,329	2,349	–	653	93	4,424
Unallocated depreciation and impairment loss of property, plant and equipment						4,486
Total depreciation and impairment loss of property, plant and equipment						8,910
Amortisation of prepaid lease payments	289	–	–	–	–	289
Unallocated amortisation of prepaid lease payments						35
Total amortisation of prepaid lease payments						324
Amortisation of forest concession rights	13,793	–	–	–	–	13,793
Interest income	5	93	–	–	51	149
Unallocated interest income						30
Total interest income						179

The segment information for the reportable segments for the six months ended 30 September 2011 is as follows:

	Continuing operations			Discontinued operations	Total HK\$'000 (Unaudited)
	Timber logging and trading HK\$'000 (Unaudited)	Other timber operation HK\$'000 (Unaudited)	Cold storage warehouse leasing HK\$'000 (Unaudited)	Property development and asset management HK\$'000 (Unaudited)	
REVENUE					
Revenue from external customers	807	694	190	—	1,691
Inter-segment revenue	—	—	—	—	—
Reportable segment revenue	807	694	190	—	1,691
Reportable segment loss	(17,982)	(6,280)	(101)	(13,696)	(38,059)
Depreciation and impairment loss of property, plant and equipment	1,323	1,222	—	33	2,578
Unallocated depreciation and impairment loss of property, plant and equipment					4,598
Total depreciation and impairment loss of property, plant and equipment					7,176
Amortisation of prepaid lease payments	—	64	—	—	64
Unallocated amortisation of prepaid lease payments					—
Total amortisation of prepaid lease payments					64
Amortisation of forest concession rights	13,792	—	—	—	13,792
Interest income	1	50	—	100	151
Unallocated interest income					14
Total interest income					165

(b) Reconciliation of reportable segment loss

	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Reportable segment loss before income tax expense	(92,486)	(38,059)
Change in fair value of derivative financial instruments	(21,728)	(96,410)
Other income and other gains or losses	(2,663)	990
Unallocated corporate expenses	(28,796)	(24,367)
Consolidated loss before income tax expense	(145,673)	(157,846)

5. Other income and other gains and losses

Other income and other gains and losses comprises:

	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Continuing operations:		
Interest income	128	65
Exchange (loss)/gain, net	(2,665)	968
Government grant	1,225	—
Others	770	8
	(542)	1,041
Discontinued operations:		
Interest income	51	100

6. Finance costs

	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Continuing operations:		
Interest on short term borrowings wholly repayable within five years	140,390	—
Interest expenses on convertible bonds maturing within five years	153,349	—
Total finance costs	293,739	—
Less: Amount capitalised in concession intangible asset	(293,739)	—
	—	—
Discontinued operations:		
Interest on short term borrowings wholly repayable within five years	3,874	561
Interest expenses on convertible bonds maturing within five years	12,888	12,889
Interest expenses on promissory note maturing within five years	2,180	2,146
Total finance costs	18,942	15,596
Less: Amount capitalised in properties under development for sale and other properties under development	(18,942)	(15,596)
	—	—

7. Loss before income tax expense

Loss before income tax expense is stated after charging:

	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Continuing operations:		
Auditor's remuneration	300	300
Amortisation of prepaid lease payments (HK\$35,000 (2011: HK\$64,000) and HK\$289,000 (2011: HK\$ Nil) included in selling and administrative expenses and biological assets respectively)	324	64
Amortisation of forest concession rights	13,793	13,792
Cost of inventories and timber harvested	2,493	1,112
Depreciation of property, plant and equipment	8,817	7,143
Staff cost (excluding directors' remuneration)		
Salaries and allowances	15,343	5,764
Defined contributions pension costs	78	102
	15,421	5,866
Discontinued operations:		
Depreciation of property, plant and equipment	93	33
Staff cost (excluding directors' remuneration)	347	311

8. Income tax expense

	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Continuing operations:		
PRC enterprise income tax		
— current period	—	153
Discontinued operations:		
PRC enterprise income tax		
— current period	—	—

There is no assessable profit arising in Hong Kong during the current period (2011: HK\$Nil). Taxes on profits assessable elsewhere, if applicable, have been calculated at the rates of tax prevailing in the regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

For the six months ended 30 September 2012, the statutory corporate income tax rates applicable to the subsidiaries established and operating in the PRC is 25% (six months ended 30 September 2011: 25%).

9. Discontinued operations

On 15 September 2012, the Company entered into a share transfer agreement (the "Share Transfer Agreement") with an independent third party purchaser (the "Purchaser"), pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, 55% equity interest in the property development and asset management business of the Group at a consideration of HK\$550 million. The share transfer is expected to be completed on the later of 31 December 2012 and the fifth business day after the satisfaction or waiver of the last of the conditions precedent to completion or such other date as mutually agreed by both parties. During the period ended 30 September 2012, the Company received deposit of HK\$150 million from the Purchaser.

The property development and asset management business were classified as discontinued operations and the related results for the six months ended 30 September 2012 and 2011 were as follows:

	<i>Notes</i>	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Other income and other gains and losses	5	51	100
Selling and administrative expenses		(4,797)	(13,796)
Loss before income tax expense		(4,746)	(13,696)
Income tax expenses		—	—
Loss for the period from discontinued operations		(4,746)	(13,696)

The net cash flows of the discontinued operations for the six months ended 30 September 2012 and 2011 were as follows:

	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Net cash inflows from operating activities	69,649	60,065
Net cash outflows from investing activities	(89,027)	(113,877)
Net cash inflows from financing activities	17,880	60,996
Net cash flows incurred by the discontinued operations	(1,498)	7,184

10. Dividend

No dividend has been paid or declared by the Company for the six months ended 30 September 2012 and 2011.

11. Loss per share

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss attributable to owners of the Company

	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
For continuing and discontinued operations:		
Loss for the purposes of basic and diluted loss per share	(116,809)	(157,019)
For continuing operations:		
Loss for the purposes of basic and diluted loss per share	(112,063)	(143,323)
For discontinued operations:		
Loss for the purposes of basic and diluted loss per share	(4,746)	(13,696)
Number of shares	'000	'000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	20,190,784	20,121,014
	HK cents (Unaudited)	HK cents (Unaudited)
Loss per share for the discontinued operations attributable to owners of the Company		
— Basic and diluted	(0.02)	(0.07)

For the periods ended 30 September 2012 and 2011, the computation of diluted loss per share does not assume the exercise of the Company's outstanding warrants as they had an anti-dilutive effect on the loss per share calculation.

For the periods ended 30 September 2012 and 2011, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as they had an anti-dilutive effect on the loss per share calculation.

12. Assets and liabilities of a disposal group classified as held for sale

Pursuant to the Share Transfer Agreement as set out in Note 9 above, the property development and asset management business were classified as a disposal group. All of its assets are presented as "Assets of a disposal group classified as held for sale" and its liabilities are presented as "Liabilities of a disposal group classified as held for sales" and set out below.

	30 September 2012 HK'000 (Unaudited)
Property, plant and equipment	5,727
Other properties under development	208,486
Prepaid taxes	16,362
Properties under development for sale	1,435,928
Other receivables, deposits and prepayments	5,524
Pledged deposit and restricted cash	9,277
Cash and cash equivalents	2,820
Assets of a disposal group classified as held for sale	1,684,124
Borrowings	118,748
Trade and other payables	73,775
Deposits from sales of properties	182,725
Amount due to a joint operator	61,210
Tax payables	312
Deferred government grant	122,398
Liabilities of a disposal group classified as held for sale	559,168
Net assets of a disposal group classified as held for sale	1,124,956

As at 30 September 2012, there was an amount of approximately HK\$130,188,000 due to the group companies by the disposal group which had been eliminated in the Group's consolidated financial statements. This amount is expected to be fully settled upon the completion of the disposal.

As at 30 September 2012, there was a contracted amount of HK\$86,009,000 but not provided for investment on properties under development for sale by the disposal group.

13. Property, plant and equipment

No impairment losses were recognised in respect of property, plant and equipment for both periods. During the period, additions to property, plant and equipment amounted to HK\$3,534,000 (2011: HK\$7,048,000) and disposal of property, plant and equipment amounted to HK\$2,512,000 (2011: HK\$986,000).

14. Other properties under development

	30 September 2012 HK'000 (Unaudited)	31 March 2012 HK'000 (Audited)
Amounts comprise:		
Prepaid lease payments	—	172,484
Additions	—	676
Interest capitalised	—	19,784
Exchange difference	—	13,586
	—	206,530

The development site is located in Meiziya Village, Yilling District, Yichang City, Hubei Province, the PRC and the parcel of land are held on lease of between 40 to 70 years (the "Land").

The Land is owned by a subsidiary, Yichang Xinshougang Property Development Company Limited (宜昌新首鋼房地產開發有限公司) ("Yichang Xinshougang") and is planned for the development of the Yichang Three Gorges International Convention Centre, the Three Gorges State Guest House and the Three Gorges State Guest Garden Commercial Property (collectively the "Yichang Project").

During the year ended 31 March 2010, the Group commenced construction of Three Gorges State Garden Commercial Property and allocated the attributable prepaid lease payments to properties under development for sale. The remaining portion was included as other properties under development.

During the year ended 31 March 2011, Yichang Xinshougang signed a joint development agreement with Hubei Province Dafang Properties Development Company Limited (湖北省大方房地產綜合開發公司) ("Dafang Properties") for the development of the Yichang Project.

During the period ended 30 September 2012, other properties under development has yet commenced construction.

As at 30 September 2012, other properties under development which form part of the disposal group are classified as assets held for sale as mentioned in Note 12 to the financial statements.

15. Forest concession rights

The forest concession rights in Guyana are stated at cost less accumulated amortisation and any accumulated impairment losses. The costs of forest concession rights includes the acreage fees payable to Guyana Forestry Commission, costs of necessary exploration, geological, geophysical and other research studies incurred prior to the grant of the forest concession rights.

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Cost:		
At 1 April 2012 and at 1 April 2011	534,445	534,445
Exchange difference	—	—
At 30 September 2012 and at 31 March 2012	534,445	534,445
Accumulated amortisation:		
At 1 April 2012 and at 1 April 2011	40,387	12,802
Amortisation for the period/year	13,793	27,585
At 30 September 2012 and at 31 March 2012	54,180	40,387
Net carrying amount:		
At 30 September 2012 and at 31 March 2012	480,265	494,058

Forest concession rights held by Jaling Forest Industries Inc (“Jaling Concession Rights”), a subsidiary of the Company

On 22 August 2003, Jaling Forest Industries Inc. (“Jaling”) was granted a State Forest Exploratory Permit (1/2003) by the Commissioner of Forests, the Guyana Forestry Commission, to carry out exploratory work on an area of 167,000 hectares (approximately 412,000 acres) for a period of 3 years. Pursuant to the Timber Sales Agreement (TSA 02/2005) dated 25 January 2005, Jaling was granted with an exclusive timber concession right by the Commissioner of Forests, the Guyana Forestry Commission for a period of 25 years, commencing on 25 January 2005 and until 24 January 2030 (both dates inclusive) to occupy, cut and remove timber from an area of approximately 136,900 hectares (approximately 338,000 acres) in the State Forest of Guyana, South America, which include a block (“Block A”) based on the natural surrounding and is bounded on the North by the Amakura River, on the South by the Baramita Amerindian Reserves and Whana River, on the East by the Whannamaparu and Whana River and on the West by the common border of Guyana and Venezuela. It lies within the Northwest border of Guyana, South America and

another block ("Block B") is bounded on the North by WCL 6/93, on the South by the Kaituma River, (TSA 04/91-BCL) and Sebai River, on the East by the Aruka River and Sebai Amerindian Reserves and on the West by Sand Creek and Waiamu River, being the concession boundary of BCL-TSA 04/91. Under the Jaling Concession Rights, Jaling shall pay a total acreage fee of approximately HK\$9,000,000 charged on all forestry area as prescribed by the Forest Act and Regulations of Guyana. In addition, based on a letter dated 23 November 2004 issued by the Commissioner of Forests, the Guyana Forestry Commission has committed in principle to find an additional area in the proximity of the current concession which would compensate more or less to the area that was exercised and bring the total concession acreage as close as possible to the original 167,000 hectares (approximately 412,000 acres) at the terms equivalent to the Forest Concession Rights.

The logging operation in Block B has been completed during the year ended 31 March 2010. There was no logging operation during the current period and prior year.

Forest concession rights held by Garner Forest Industries Inc. ("Garner Concession Rights"), a subsidiary of the Company

On 18 August 2004, Garner Forest Industries Inc. ("Garner") was granted a State Forest Exploratory permit (3/2004) by the Commissioner of Forests, the Guyana Forestry Commission, to carry out exploratory work on an area of 90,469 hectares (approximately 223,552 acres) for a period of 3 years. Pursuant to the Timber Sales Agreement (TSA 03/2005) dated 11 June 2005, Garner was granted with an exclusive concession right by the Commissioner of Forests, the Guyana Forestry Commission for a period of 25 years, commencing on 11 June 2005 and until 10 June 2030 (both dates inclusive) to occupy, cut and remove timber from an area of approximately 92,737 hectares (approximately 229,158 acres) in the State Forest of Guyana, South America, which includes a block located on the left bank of Mazaruni River, right bank of Puruni River, and left bank of Putareng River of Guyana, South America. Under the Garner Concession Rights, Garner shall pay a total acreage fee of approximately HK\$5,375,000 charged on all forestry area as prescribed by the Forest Act and Regulations of Guyana. Garner has completed the necessary exploratory studies and obtained the Garner Concession Rights.

16. Concession intangible asset

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Cost:		
At 1 April 2012 and at 1 April 2011	5,185,307	—
Acquisition of subsidiaries	—	4,886,071
Additions	2,818,958	284,521
Exchange difference	(11,320)	14,715
At 30 September 2012 and 31 March 2012	7,992,945	5,185,307
Accumulated amortisation:		
At 1 April 2012 and at 1 April 2011	—	—
Additions	—	—
At 30 September 2012 and 31 March 2012	—	—
Net carrying amount:		
At 30 September 2012 and 31 March 2012	7,992,945	5,185,307

Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited (內蒙古准興重載高速公路有限責任公司) (“Zhunxing”), a newly acquired subsidiary, entered into a service concession arrangement with the local government whereby Zhunxing is required to build the infrastructure of a heavy duty toll expressway designed for coal transportation in the Inner Mongolia Autonomous Region and is granted an exclusive operating right for collecting tolls from drivers using the expressway for a term of 30 years.

According to the relevant government’s approval documents and the relevant regulations, Zhunxing is responsible for the construction of the toll road and the acquisition of the related facilities and equipment and it is also responsible for the operations and management, maintenance and overhaul of the toll roads during the approved operating period. Zhunxing is entitled to operate the toll road upon completion for a specified concession period of 30 years by charging drivers, which amounts are contingent on the extent that the public uses the expressway. The relevant toll road assets are required to be returned to the local government authorities when the operating rights periods expire without any payments to be made to Zhunxing. As such, the arrangement is accounted for as a concession intangible asset under Hong Kong (IFRIC) Interpretation 12 “Service Concession Arrangement”.

The right to charge the users of the public service is recognised as an intangible asset. Zhunxing estimates the fair value of the intangible asset to be equal to the construction costs plus certain margin by management estimation with reference to the information in similar industry and management’s experience.

During the period, construction revenue of HK\$2,525,219,000 (2011: HK\$Nil) and construction cost of HK\$2,487,900,000 (2011: HK\$Nil) were recognised in respect of the construction service provided by the Group for the expressway. That construction revenue was included in additions to concession intangible asset which will be amortised upon the commencement of operation.

Amortisation of the intangible asset will be provided for over the operation period on a straight-line basis when the expressway commences its operation over 30 years. No amortisation charge for the year as the expressway is still under construction.

Additions to concession intangible asset during the period include interest capitalised in respect of short term borrowings and convertible bond issued on 28 September 2011 amounting to HK\$140,390,000 and HK\$153,349,000 respectively (2011: HK\$Nil and HK\$Nil).

17. Long term deposit and prepayments

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Prepayments for construction of expressway	1,669,153	1,514,755
Deposit paid for acquisition of property, plant and equipment	22,823	22,933
	1,691,976	1,537,688

18. Properties under development for sale

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Amounts comprise:		
Construction cost	—	225,267
Prepaid lease payments	—	915,726
Interest capitalised	—	111,884
Exchange difference	—	76,476
	—	1,329,353

As at 30 September 2012, the properties under development for sale which form part of the disposal group are classified as assets held for sale as mentioned in Note 12 to the financial statements.

19. Trade and other receivables

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Trade receivables	5,450	7,182
Other receivables	19,148	13,441
Deposits paid	7,916	8,362
Prepayments	16,248	24,661
	48,762	53,646

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to over three months or more for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Details of the ageing analysis of trade receivables of the Group are as follows:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Outstanding balances aged:		
0 – 30 days	—	—
31 – 60 days	63	3,945
61 – 180 days	151	59
Over 180 days	5,236	3,178
	5,450	7,182

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Neither past due nor impaired	63	3,945
30 to 90 days past due	135	59
Over 90 days past due	5,252	3,178
	5,450	7,182

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Renminbi ("RMB")	5,450	7,182

20. Pledged deposit and restricted cash

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Restricted cash from pre-sale of properties for property construction (<i>Note i</i>)	—	5,202
Guarantee deposits for mortgage loans (<i>Note ii</i>)	—	1,031
Restricted cash for property construction (<i>Note iii</i>)	—	8,601
Restricted cash for expressway construction costs (<i>Note iv</i>)	426,094	—
	426,094	14,834

Notes:

- (i) Yichang Xinshougang is required to place certain amount of proceeds from pre-sales of properties at designated bank accounts. The deposits can only be used for the purchases of construction materials and the payments of construction fee for the project.
- (ii) Amounts represent cash deposited in certain banks as guarantee deposits for the mortgage loan facilities granted by the banks to the purchasers of the Group's properties under development for sale. Such guarantee will only be released after the loan has been settled or issuance of the real estate ownership certificate to the purchaser, whichever is earlier.
- (iii) Pursuant to the loan agreement signed with a bank, the restricted cash can only be used for the purchases of construction materials and the payments of construction fee for the project upon receiving the approval from the bank. Such restriction will only be released after the loan has been settled.
- (iv) Pursuant to the facilities agreement signed with a bank, the restricted cash can only be used for expressway construction cost.

21. Trade and other payables

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Trade payables	—	153
Other payables and accruals	1,546,285	1,163,734
Deposit received from a customer	—	4,888
Deposit received from an investment acquirer (Note 9)	150,000	—
Purchase consideration payable	5,108	5,108
	1,701,393	1,173,883

Details of the ageing analysis of trade payables of the Group are as follows:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Outstanding balances aged:		
0 – 30 days	—	—
31 – 60 days	—	—
61 – 180 days	—	—
Over 180 days	—	153
	—	153

Trade and other payables were denominated in the following currencies:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
HKD	316	12,664
RMB	1,532,937	1,160,637
USD	167,910	351
Australian dollars ("AUD")	230	231
	1,701,393	1,173,883

22. Promissory note

The movement on the promissory note during the period are as follows:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Carrying value as at 1 April	289,105	284,797
Interest expense (Note 6)	2,180	4,308
Carrying value as at 30 September and 31 March	291,285	289,105

23. Borrowings

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Secured		
— Current portion (Note i)	—	100,867
Unsecured		
— Current portion (Note ii)	2,843,311	6,397
— Non-current portion (Note iii)	606,292	609,209
	3,449,603	716,473

Total borrowings were repayable as follows:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
On demand or within one year included in current liabilities	2,843,311	107,264
Over one year and included in non-current liabilities	606,292	609,209
	3,449,603	716,473

Notes:

- (i) The loan is secured by the Group's other properties under development and properties under development for sale and is repayable within three years and with weighted average effective interest rate of 6.56%.
- (ii) The balances include unsecured loans of HK\$2,837,190,000, which are interest bearing charging from 6.94% per annum to 20% per annum and repayable within one year. Other than those, the loan of HK\$6,121,000 is unsecured, interest free and repayable within one year.
- (iii) The loan is unsecured, interest bearing at 0.0288% per day and repayable within two years. The Group entered into the assignment of loan agreement with an authorised financial institution and one of the non-controlling shareholders under which all parties agreed that the amount due to a non-controlling shareholder of RMB495,256,000 or equivalent to HK\$606,292,000 was unconditionally assigned to the authorised financial institution on 6 February 2012.

24. Convertible bonds

The movement of the liability component, embedded derivative component and equity component of the convertible bonds were as follows:

	Liability component <i>HK\$'000</i>	Derivative financial instrument <i>HK\$'000</i>	Equity component <i>HK\$'000</i>	Total <i>HK\$'000</i>
Convertible bond issued on				
9 February 2010				
At 31 March and 1 April 2012	288,890	(21,763)	261,779	528,906
Interest expense (<i>Note 6</i>)	12,888	—	—	12,888
Change in the fair value	—	21,728	—	21,728
At 30 September 2012 (Unaudited)	301,778	(35)	261,779	563,522
Convertible bond issued on				
28 September 2011				
At 31 March and 1 April 2012	1,698,276	—	457,587	2,155,863
Interest expense (<i>Note 6</i>)	153,349	—	—	153,349
Interest paid	(180,000)	—	—	(180,000)
At 30 September 2012 (Unaudited)	1,671,625	—	457,587	2,129,212
Total				
At 30 September 2012 (Unaudited)	1,973,403	(35)	719,366	2,692,734
At 31 March 2012 (Audited)	1,987,166	(21,763)	719,366	2,684,769
Represented by				
Current portion	301,778	(35)		301,743
Non-current portion	1,671,625	—		1,671,625
Total (Unaudited)	1,973,403	(35)		1,973,368

25. Share capital

	30 September 2012		31 March 2012	
	No. of shares '000	Amount HK\$'000 (Unaudited)	No. of shares '000	Amount HK\$'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.01 each	50,000,000	500,000	50,000,000	500,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	20,190,784	201,908	20,190,784	201,908

26. Related party transactions

- (a) Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

- (b) Save as disclosed elsewhere in these financial statements, the Group had the following major transactions with related parties during the six months ended 30 September 2012 and 2011:

Related party relationship	Type of transactions	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
China Alliance International Holding Group Limited (a substantial shareholder of the Company)	Interest expense on promissory note	2,180	2,146
	Type of balances	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
	Promissory note	291,285	289,105
Shougang Holding Company Limited (a non-controlling shareholder of a subsidiary)	Deposit paid for purchase of office building located in Inner Mongolia Autonomous Region, the PRC	22,823	22,933

- (c) Members of key management during the period comprised of the directors only and their remuneration are listed as follows:

	30 September 2012 HK\$'000 (Unaudited)	30 September 2011 HK\$'000 (Unaudited)
Fees, basic salaries, allowance and other benefits	6,254	4,680
Retirement benefit scheme contribution	22	18
	6,276	4,698

27. Operating lease commitments

The Group leases part of its office properties and plantation sites under operating lease arrangement. Lease for office properties are negotiated for terms for 1 to 5 years. Leases for plantation sites are negotiated for terms for 1 to 7 years.

As at 30 September 2012, the Group had total future minimum lease payments under non-cancellable operating leases due at the end of reporting period as follows:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Within one year	7,547	7,837
In the second to fifth years, inclusive	3,346	6,734
After five years	—	88
	10,893	14,659

28. Capital commitments

Save as disclosed in Note 12 to the financial statements, capital commitments outstanding as at 30 September 2012 and 31 March 2012 not provided for in the financial statements were as follows:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Authorised but not contracted for		
— a coal processing large scale comprehensive logistics base	137,722	138,385
Contracted but not provided for		
— investment on properties under development for sale	—	91,821
— investment on concession intangible asset	8,226,376	7,553,309
	8,364,098	7,783,515

29. Contingent liabilities

(a) The Group had the following contingent liabilities:

	30 September 2012 HK\$'000 (Unaudited)	31 March 2012 HK\$'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers	64,030	40,268

The Group was in cooperation with certain financial institutions arranged mortgage loan facility for its purchasers of property and provided guarantees to secure obligations of such purchasers for repayments. As at 30 September 2012, the outstanding guarantees amounted to RMB52,304,000 (31 March 2012: RMB32,736,000). Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within three months after the purchasers take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty in case of any default in payments.

(b) The Group's operations are regulated by various laws and regulations in Guyana. Guyana laws and regulations for the protection of the environment and wild life have generally become more stringent in recent years. Some of these laws and regulations could impose significant costs, expenses, penalties and liabilities on the Group. The financial position of the Group may be adversely affected by any environmental liabilities which may be imposed under such new environmental laws and regulations. The directors are not aware of any environmental liabilities as at the end of the reporting period and up to the date of this report. The directors are also not aware of any violation to existing conditions attached to the Group's timber concession rights, or subject to any significant costs, expenses, penalties and liabilities.

30. Subsequent events

On 2 November 2012, the Group entered into a new loan agreement with an independent third party to extend the repayment term of the original loan agreement dated 7 May 2012 for further six months and increase the loan facility limit from HK\$300,000,000 to HK\$400,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 September 2012, the Group was principally engaged in expressway and auxiliary facility investment, expressway operation, management and maintenance, property development and asset management, forest operation and management, timber logging and trading, sale of timber products, plantation and trading of seedlings, and cold storage warehouse rental.

The Group has shifted its focus to expressway business and by the end of 2011, the Group acquired 55.9% equity interest in Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited (內蒙古准興重載高速公路有限責任公司) (“Zhunxing”) which has been granted an exclusive right to build and operate the first heavy haul toll expressway of 265 km in the People’s Republic of China (“PRC”) for 30 years (excluding the construction period). During this interim period, the construction of the expressway has been in full gear and the Group has made an all-out effort to ensure its opening in 2013.

In line with the Group’s development directions and commitment on expressway business and auxiliary facilities, the Company has also started to develop auxiliary facilities for serving the expressway users. The auxiliary facility investment coupled with the expressway operation will contribute greatly to the Group’s revenue as a whole in the coming year. Other than the expressway project, the Group is also actively exploring opportunities to develop logistics base in the neighborhood of our expressway.

To divest our non-core assets, we entered into an agreement in September 2012 to dispose 55% interest of our property development arm in the PRC to a Singapore listed company at a consideration of HK\$550 million. In addition, we have planned to dispose our forestry related businesses in order to further streamline our business structure and to provide liquidity to the Group for its core business. Details of the said disposals are more particularly set out hereinbelow under the heading of “Material Events and Prospect”.

Financial and Liquidity Review

For the six months ended 30 September 2012, the Group recorded an unaudited turnover of approximately HK\$2,528.5 million, representing an increase of 149,426% over the last corresponding period (2011: HK\$1.7 million), which was mainly attributable to a significant increase of income generated from the construction revenue in respect of service concession arrangement amounting to HK\$2,525.2 million (2011: HK\$Nil). The five reportable segments engaged by

the Group, namely timber logging and trading, other timber operation, property development and asset management, cold storage warehouse leasing and construction and operation of expressway contributed approximately HK\$1.3 million (0.1%), HK\$1.8 million (0.1%), HK\$Nil, HK\$0.2 million (0%) and HK\$2,525.2 million (99.8%) (2011: HK\$0.8 million, HK\$0.7 million, HK\$Nil, HK\$0.2 million and HK\$Nil) respectively to the Group's consolidated turnover. Detailed segment turnover and contribution to loss before tax of the Group are shown in Note 4 to the financial statements. The Group still recorded a gross profit of approximately HK\$38.1 million during the period (2011: HK\$0.6 million).

During the interim period, the Group's property development arm, Yichang Xinchougang, has achieved the sale of a total of approximately 11,600 square metres (2011: 17,300 square metres) gross floor area at the price of approximately RMB4,700 per square metre, i.e. income receivable of approximately RMB40 million (2011: RMB82 million). But the sales turnover will only be booked upon delivery of the properties to the purchasers.

Distributable profit from sales of the residential properties is to be shared by the Group and Hubei Province Dafang Properties Development Co. Ltd. (湖北省大方房地產綜合開發公司), the strategic property development partner of the Group, on a 60:40 basis.

The loss before taxation for the period from continuing operations and discontinued operations were approximately HK\$140.9 million (2011: HK\$144.2 million) and HK\$4.7 million (2011: HK\$13.7 million) respectively, and net loss was approximately HK\$145.7 million (2011: HK\$158.0 million). The loss was mainly attributed by the change in fair value of the early redemption option component of the convertible bond of approximately HK\$21.7 million (2011: HK\$96.4 million), and selling and administrative expenses of approximately HK\$156.8 million (2011: HK\$49.4 million) mainly due to the costs incurred in the construction of Expressway were not capitalised. The loss attributable to owner of the Company for the period was approximately HK\$117 million (2011: HK\$157 million). The basic and diluted loss per share attributable to owner of the Company from continuing and discontinued operation for the period reduced to HK\$0.58 cents as compared with HK\$0.78 cents for the last corresponding period.

As at 30 September 2012, the Group's net assets amounted to approximately HK\$4,901.5 million (31 March 2012: HK\$5,059.6 million), representing a decrease of 3%. Besides, the current assets of the Group were HK\$2,426.4 million (31 March 2012: HK\$1,819.5 million) which mainly include assets of a disposal group classified as held for sale of approximately HK\$1,684.1 million (31 March 2012: HK\$Nil), pledged deposit and restricted cash of approximately HK\$426.1 million (31 March 2012: HK\$14.8 million), cash and cash equivalents of approximately HK\$123.4 million (31 March 2012: HK\$196.3 million), inventories of approximately HK\$127.4 million (31 March 2012: HK\$127.5 million) and trade and other receivables of HK\$48.8 million (31 March 2012: HK\$53.6 million).

The current liabilities increased from approximately HK\$2,051.3 million to approximately HK\$5,704.3 million during the period mainly due to the contribution by borrowings of approximately HK\$2,843.3 million (31 March 2012: HK\$107.3 million), trade and other payables of approximately HK\$1,701.4 million (31 March 2012: HK\$1,173.9 million) and liabilities of a disposal group classified as held for sale of approximately HK\$559.2 million (31 March 2012: HK\$Nil). The significant increase in borrowings during the period was mainly due to the unsecured loans of approximately HK\$2,843.3 million (31 March 2012: HK\$6.4 million) repayable within one year, of which RMB1,950.0 million and HK\$450.0 million (approximately HK\$2,837.2 million in total) were charged with interest from 6.94% to 20% per annum and RMB5.0 million (approximately HK\$6.1 million) was interest free. The unsecured loans of approximately HK\$2,837.2 million were borrowed for funding the construction cost of the Expressway.

As at 30 September 2012, the gearing ratio of the Group, measured as total liabilities to total assets, was 62% (31 March 2012: 47.1%).

The Group's business operations, assets and liabilities are denominated mainly in Hong Kong dollars, Renminbi and US dollars except its cold storage warehouse in Australia, thus depreciation in Australia dollars has resulted in a net exchange loss. Save as aforesaid, the Board considered foreign exchange risk being minimal. The management will review from time to time of the potential foreign exchange exposure and will take appropriate measures to minimise the risk of foreign exchange exposure in the future.

As at 30 September 2012, other than the disposal group, the Group had capital commitments of HK\$8,364.1 million (31 March 2012: HK\$7,783.5 million). The substantial increase of the capital commitments in the period was mainly due to investment on concession intangible asset.

The Group did not use any financial instruments for hedging purposes and did not have foreign currency investments being hedged by foreign currency borrowings and other hedging instruments.

Material Events and Prospect

Transportation and Expressway Operation in Inner Mongolia

In view of the increasing traffic volume and demand for coal transportation in Inner Mongolia this year, the Group has concentrated entirely on the construction of the expressway operated by Zhunxing running from Jungar Banner(准格爾旗), a major coal production area located south of Hohhot(呼和浩特) in Ordos(鄂爾多斯), towards northeast to Xinghe County(興和縣), a major logistic hub for coal distribution in northern PRC (the “Expressway”). The construction of the Expressway is underway and the progress is highly satisfactory.

The Company estimates that approximately 48% of the Expressway will be completed by the end of 2012 and the whole Expressway is expected to be completed and open for traffic in October 2013. As the Expressway is a priority project under the “Eleventh Five-Year Plan” of the PRC, and is of strategic importance for energy logistics in northern PRC, the Board is of the view that the Expressway will generate significant and stable revenue to the Group.

Construction of Comprehensive Logistics Base

The Group has reached a preliminary cooperation intention with some energy and railway operation companies in the PRC in relation to the development of a large scale coal processing logistics base to be built close to a major logistic hub in Xinghe County(興和縣) (“Comprehensive Logistics Base”). The site area of the Comprehensive Logistics Base will be about 110 square kilometers in total and is expected to comprise four core projects, auxiliary service zone, comprehensive logistic zone, coal storage and processing logistics zone and coal circulatory economy industry zone. In relation to the project of Comprehensive Logistics Base a few of pilot tasks has been undertaken.

The Comprehensive Logistics Base will facilitate the production of environmental-friendly, high-quality and low-cost coal, which can reduce emission of carbon dioxide and enhance combustion efficiency. The development of the project will take place by phases.

Identified as “Twelfth Five-Year Logistics Industry Plan” in Inner Mongolia Autonomous Region, the Comprehensive Logistics Base has become a foremost logistics project which is considered to be a high yield investment. The Comprehensive Logistics Base will largely increase traffic volume of the Expressway and will enable it to gain a competitive edge by developing industry chain capacities and pave the way for establishing a major electronic coal trade centre in the PRC.

Disposal of 55% Interest in the Property Development Arm in the PRC

On 15 September 2012, the Company entered into an agreement with China International Holdings Limited (中翔國際集團有限公司) (“China International”), a Singapore listed company, pursuant to which the Company conditionally agreed to sell a 55% equity interest of its property development arm, Yichang Xinshougang Property Development Company Limited (宜昌新鋼房地產開發有限公司) (“Yichang Xinshougang”), to China International at a consideration of HK\$550 million (the “Disposal”). Completion of the sale is expected to take place by the end of this year. For more details of the Disposal, please refer to the announcement of the Company dated 16 September 2012.

The Disposal can generate proceeds for the Group to enhance its working capital position as well as a good opportunity to divest its non-core assets which is in line with the Group’s shift of business focus to expressway operation, management and maintenance and auxiliary facility investment.

Potential Disposal of the Forestry Related Business

On 26 September 2012, the Company entered into the letter of intent with Yueshou Environmental Holdings Limited (“Yueshou”), a Hong Kong main board listed company, in relation to the possible disposal of the Company’s entire or controlling interests in all or some of its subsidiaries that are engaged in the forestry related business (“Forestry Disposal”). The Forestry Disposal is subject to further negotiation between the Company and Yueshou, and the parties are yet to enter into a definitive agreement in relation to it. For more details of the Forestry Disposal, please refer to the announcement of the Company dated 26 September 2012. Nevertheless, the Board is of the view that the Forestry Disposal, if completed, would enable the management of the Group to focus on its core business.

CAPITAL COMMITMENT

As at 30 September 2012, other than the disposal group, the Group had a capital commitment of approximately HK\$8,364.1 million in relation to the investment on a coal processing large scale comprehensive logistics base and investment on concession intangible assets.

CHARGES ON ASSETS

As at 30 September 2012, other properties under development and properties under development for sale of the Group with an aggregate net book value of approximately HK\$1,644.4 million was pledged to secure the bank loan granted to the disposal group classified as held for sale.

CONTINGENT LIABILITIES

As at 30 September 2012, the Group had contingent liabilities of RMB52.3 million (approximately HK\$64.0 million) in relation to guarantees in respect of mortgage facilities for certain purchasers.

Details of contingent liabilities of the Group are set out in Note 29 to the financial statements.

EMPLOYEES

The Group has approximately 279 employees in Hong Kong, PRC, Guyana and Australia as at 30 September 2012. The Group ensures that the pay scales of its employees are rewarded on a performance rated basis within the general framework of the Group's remuneration policy.

SHARE OPTION SCHEME

The Share Option Scheme of the Company was adopted on 16 July 2004 and shall remain in force for 10 years from the adoption date unless otherwise terminated or amended.

As at 30 September 2012, no share option has been granted, exercised, cancelled or lapsed.

SALE AND PURCHASE OF SHARES

There was no purchase, sale of redemption of shares in the Company made by the Company or any of its subsidiaries during the six months ended 30 September 2012.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

Save as disclosed below, as at 30 September 2012, according to the register of interest kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and so far as was known to the Directors, none of the Directors and chief executive of the Company held any interest or short positions on the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Hong Kong Stock Exchange (the "SEHK") pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules, to be notified to the Company and the SEHK.

Long positions in shares and underlying shares of the Company

Name of Director	Number of Shares		Number of underlying Shares		Total number of Shares and underlying Shares held	Approximate percentage (%) of issued share capital
	personal interest	corporate interests	personal interest	corporate interests		
Mr. Cao Zhong (Note 1)	124,200,000	2,070,300,000	NIL	NIL	2,194,500,000	10.86
Mr. Fung Tsun Pong (Note 2)	1,242,362,449	1,114,300,000	NIL	NIL	2,356,662,449	11.67
Mr. Tsang Kam Ching, David	51,624,499	NIL	NIL	NIL	51,624,499	0.25

Notes:

1. Champion Rise International Limited ("CRIL") being wholly owned by Mr. Cao Zhong was interested in 2,070,300,000 Shares, representing approximately 10.25% in the issued share capital of the Company. CRIL is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed "Substantial Shareholders".
2. Ocean Gain Limited ("OGL") being wholly owned by Mr. Fung Tsun Pong was interested in 1,114,300,000 Shares, representing approximately 5.51% in the issued share capital of the Company. OGL is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed "Substantial Shareholders".

Save as disclosed above, none of the Directors of the Company and their associates had any interest in the shares and/or underlying shares of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the SEHK pursuant to section 341 of the SFO (including interests which they were deemed or taken to have under section 344 of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein as at 30 September 2012.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 30 September 2012, according to the register of interest kept by the Company, under section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provision of Divisions 2 and 3 of part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group.

Long Position in Shares

Name of Shareholder	Number of Shares		Number of underlying Shares		Total number of Shares and Underlying Shares held	Approximate Percentage (%) of issued Share capital
	personal interest	corporate interests	personal interest	corporate interests		
中聚國際控股有限公司 (China Alliance International Holding Group Limited) (Note a)	NIL	4,275,862,068	NIL	NIL	4,275,862,068	21.16
Champion Rise International Limited (Note b)	NIL	2,070,300,000	NIL	NIL	2,070,300,000	10.25
Ocean Gain Limited (Note c)	NIL	1,114,300,000	NIL	NIL	1,114,300,000	5.51
Allkeen Investments Limited (Note d)	NIL	1,016,000,000	NIL	NIL	1,016,000,000	5.03
Vivid Beyond Securities Limited (Note e)	NIL	NIL	NIL	2,500,000,000	2,500,000,000	12.38
Fresh Generation Development Limited (Note f)	NIL	NIL	NIL	1,350,000,000	1,350,000,000	6.68
Power Sky Investments Limited (Note g)	NIL	NIL	NIL	1,200,000,000	1,200,000,000	5.94

Name of Shareholder	Number of Shares		Number of underlying Shares		Total number of Shares and Underlying Shares held	Approximate Percentage (%) of issued Share capital
	personal interest	corporate interests	personal interest	corporate interests		
China Life Insurance (Overseas) Company Ltd. (Note h)	NIL	1,000,000,000	NIL	1,500,000,000	2,500,000,000	12.38
China Life Insurance (Group) Company (Note i)	NIL	1,000,000,000	NIL	1,500,000,000	2,500,000,000	12.38
Li Ka Shing (Canada) Foundation (Note j)	NIL	NIL	NIL	3,250,000,000	3,250,000,000	16.09

Notes:

- a. China Alliance International Holding Group Limited is wholly owned by Ms. Zhang Lei.
- b. Champion Rise International Limited is wholly owned by Mr. Cao Zhong, the Chairman and an executive Director whose interest in shares or underlying shares of the Company is set out in the above section headed "Directors' Interest and Short Positions in Shares, Underlying Shares, and Debentures".
- c. Ocean Gain Limited is wholly owned by Mr. Fung Tsun Pong, an executive Director and the Vice Chairman of the Company whose interest in shares or underlying shares of the Company is set out in the above section headed "Directors' Interest and Short Positions in Shares, Underlying Shares, and Debentures".
- d. Allkeen Investments Limited is wholly owned by Ms. Xu Yueyue.
- e. Vivid Beyond Securities Limited, wholly owned by Hu Wei, was interested in HK\$140,000,000 convertible bonds issued by the Company which are convertible into 2,500,000,000 Shares at HK\$0.056 per Share.
- f. Fresh Generation Development Limited, wholly owned by Hu Bing Zhuo, was interested in HK\$75,600,000 convertible bonds issued by the Company which are convertible into 1,350,000,000 Shares at HK\$0.056 per Share.
- g. Power Sky Investments Limited, wholly owned by Xu Weidong, was interested in HK\$67,200,000 convertible bonds issued by the Company which are convertible into 1,200,000,000 Shares at HK\$0.056 per Share.

- h. China Life Insurance (Overseas) Company Ltd. was interested in HK\$600,000,000 convertible bonds issued by the Company which are convertible into 1,500,000,000 Shares at HK\$0.40 per Share and it is interested in 1,000,000,000 Shares held by its wholly owned subsidiary, China Life Trustees Limited.
- i. China Life Insurance (Group) Company is the holding company of China Life Insurance (Overseas) Company Limited.
- j. Li Ka Shing (Canada) Foundation was interested in HK\$1,300,000,000 convertible bonds issued by the Company which are convertible into 3,250,000,000 Shares at HK\$0.40 per Share.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Save for the deviations as reported and discussed in the Corporate Governance Report as set forth in the Company's 2012 Annual Report, none of the Directors are aware of any information that would reasonably indicate that the Company is not, or was not throughout the period, in compliance with the Code Provisions in the revised Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as well as the former CG Code. The Board will review the corporate governance practice of the Company regularly and effect changes if necessary.

THE MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 of the Listing Rules and the Directors of the Company have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions.

RESIGNATION OF DIRECTOR

Mr. Neil Bush resigned as a non-executive Director of the Company with effect from 20 July 2012.

AUDIT COMMITTEE

The Company has established its Audit Committee in accordance with the requirements of the Listing Rules and with terms of reference in compliance with the CG Code. The Audit Committee comprising all independent non-executive Directors (“INEDs”) of the Company, namely Mr. Yip Tak On (Chairman), Mr. Jing Baoli and Mr. Bao Liang Ming, is responsible for reviewing the Group’s accounting practices and policies, the external audit, internal controls and risk evaluation. The Audit Committee of the Company has reviewed and discussed with the management the internal control, financial reporting matters and the unaudited interim financial report for the six months ended 30 September 2012.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company was established with terms of reference in compliance with the CG Code and is responsible for the formulation and review of the remuneration policy of the Company, determine the specific remuneration packages of all executive Directors and senior management, and approve compensation and performance-based remuneration.

The Remuneration Committee comprises three INEDs, Mr. Yip Tak On (Chairman), Mr. Jing Baoli and Mr. Bao Liang Ming and an executive Director, Mr. Cao Zhong.

NOMINATION COMMITTEE

The Nomination Committee was established with terms of reference in compliance with the CG Code and chaired by the Chairman of the Board with all the three INEDs as members. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, make recommendations on any proposed changes to the Board, advise on the appointment or re-appointment of Directors, assess the independence of INEDs, conduct interviews with qualified candidates, recommend suitable candidates for directorship to the Board and ensure that all nominations are fair and transparent.

OTHER DISCLOSURE

Save as disclosed, the Group either has had no material changes from the information disclosed in the latest annual report of the Company or are considered not significant to the Group’s operations, thus no additional disclosure has been made in this report.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 46 of Appendix 16 to the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited and the Company's website (www.crtg.com.hk) in due course.

By order of the Board

China Resources and Transportation Group Limited

Cao Zhong

Chairman

Hong Kong, 28 November 2012

As at the date of this report, the Board comprises four executive Directors, namely Messrs Cao Zhong, Fung Tsun Pong, Duan Jingquan and Tsang Kam Ching, David; and three independent non-executive Directors, namely Messrs Yip Tak On, Jing Baoli and Bao Liang Ming.