昊天發展集團有限公司
Hao Tian Development Group Limited

(formerly known as Hao Tian Resources Group Limited)
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00474)

Interim Report 2013/14

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CORPORATE INFORMATION

Executive Directors

Mr. Xu Hai Ying
Dr. Zhiliang Ou, *J.P. (Australia)*
Mr. Fok Chi Tak
(appointed on 27 September 2013)

Independent Non Executive Directors

Mr. Chan Ming Sun, Jonathan
Mr. Ma Lin
Mr. Lam Kwan Sing

Audit Committee

Mr. Chan Ming Sun, Jonathan
(Chairman of Committee)
Mr. Ma Lin
Mr. Lam Kwan Sing

Executive Committee

Mr. Xu Hai Ying
Dr. Zhiliang Ou, *J.P. (Australia)*
Mr. Fok Chi Tak

Remuneration Committee

Mr. Chan Ming Sun, Jonathan
(Chairman of Committee)
Dr. Zhiliang Ou, *J.P. (Australia)*
Mr. Lam Kwan Sing

Nomination Committee

Dr. Zhiliang Ou, *J.P. (Australia)*
(Chairman of Committee)
Mr. Chan Ming Sun, Jonathan
Mr. Lam Kwan Sing

Company Cecretary

Ms. Chan Lai Ping

Legal Advisers

Troutman Sanders
34/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Guantao Law Firm
17/F, Tower 2
Ying Tai Center
No. 28, Finance Street
Beijing 100140, China

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

China Minsheng Banking Corp. Ltd.,
Hong Kong Branch
36/F., Bank of America Tower,
12 Harcourt Road,
Central, Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

Dah Sing Bank, Limited
36/F., Dah Sing Financial Centre,
108 Gloucester Road,
Hong Kong

DBS Bank (Hong Kong) Limited
G/F, The Center, 99 Queen's Road Central,
Hong Kong

Principal Share Registrar and Transfer Office in Cayman Islands

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716,
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183 Queen's Road East
Hong Kong

Registered Office

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DIRECTOR'S STATEMENT

Dear Shareholders,

On behalf of Hao Tian Development Group Limited ("Hao Tian Development" or the "Company" and together with its subsidiaries, the "Group"), I hereby present the unaudited interim results of the Group for the six months ended 30 September 2013.

The continuous economic growth, urbanization and industrialization of China's have created further demand for energy. Meanwhile, a new standard of ambient air quality issued by the Chinese government and the serious problems of China's air quality have further stimulated demand for natural gas to maintain a good growth momentum. With favorable industry foundations, the Group will make great efforts to develop the natural gas and other clean energy businesses.

In recent years, the Chinese government has increasingly emphasized the importance of environmental protection and efficiency use of energy, aggressively promoted the use of clean energy such as natural gas, solar energy and wind power, in order to facilitate the adjustment in energy structure as well as energy conservation and emission reduction. In January this year, the Chinese government launched the "Twelfth Five-Year Plan" for energy development which states that the demand for natural gas will increase significantly as a result of the deepening urbanization in China leading to a population expansion in urban areas. The "Twelfth Five-Year Plan" for natural gas development issued by the National Development and Reform Commission in October 2012 predicts that the consumption of natural gas in China will surpass 230 billion cubic meters by 2015. Accelerating the development of natural gas is, therefore, the inevitable choice of raising the proportion of natural gas in primary energy consumption, and also a pressing need for facilitating energy conservation and emission reduction.

With the commissioning of West-East Gas Pipeline No.1 and No.2, the construction of West-East Gas Pipeline No.3 and No.4, and the rapid development of China LNG projects, China will have substantial growth in natural gas supply. Currently, the Group has secured a 20 years gas supply agreement for supply of industrial gas at the most favorable price to our liquefied natural gas processing plant with an projected annual processing capacity of 400,000 tons to be constructed in the Kuche Economic and Technology Development Zone in the Xinjiang Uygur Autonomous Region of the China.

On the other hand, in order to better reflect the direction of the development of the Group, the name of the Company will be changed to "Hao Tian Development Group Limited", while the Group's corporate strategy is to develop into and become a large comprehensive green resources investment group based in the Xinjiang Uyghur Autonomous Region with focus on oil and natural gas business. The Board considers that the proposed new Company name can more reflect its corporate image and identity, acknowledging the future expansion, growth and diversity of the Group and it is in the best interests of the Company and its shareholders as a whole.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders for their great support and trust, and to our directors, management and staff for their invaluable contribution to the Group over the past six months.

In the face of the historical opportunity availed from the on-going restructuring of China's energy industry, we are committed to advancement through transformation, making unremitting efforts to achieve a better return for our shareholders.

Dr. Zhiliang Ou
Executive Director
Hong Kong, 22 November 2013

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Natural Gas Business

It is the corporate strategy of the Group to focus on the development of natural gas business and to expand its business gradually to various sectors of clean resources along with expansion of business coverage to other industries. It is the Group's intention to invest in the construction and development of a liquefied natural gas (LNG) processing plant in the Xinjiang Uygur Autonomous Region, PRC with projected annual capacity of 400,000 tons, to be constructed in the Kuche Economic and Technology Development Zone, and the construction of LNG distribution pipeline network and sales network.

During the period under review, the Group has obtained approvals from the local governments in the Xinjiang Uygur Autonomous Region, subject to the land planning, safety and environmental protection requirements, to construct eight LNG fueling stations in the region, namely:–

- four LNG fueling stations in Kuche County;
- one LNG fueling station in Fukang City; and
- three LNG fueling stations in Baicheng County.

On 18 September 2013, the Group entered into a 20 years gas supply agreement with the company, which is set up by the Kuche County People's Government for management of gas resources, in relation to the supply of industrial gas of not less than 600 million cubic meter every year commencing from January 2015 to the Group at the most favorable price obtained from Petrochina.

Packaging Box Business

The slow recovery of European economy caused a slight increase in demand for plastic boxes and paper boxes of luxury consumer goods. During the period under review, revenue from packaging boxes segment increased by 13.1% to HK$69.7 million (2012: HK$61.6 million) as compared with the same period last year. Gross profit margin increased to approximately 33.5% (2012: 10.7%) which was mainly attributable to an increase in order volume in the France market. Total gross profit increased to approximately HK$23.3 million (2012: HK$6.6 million).

Money Lending Business

During the period under review, the money lending business of the Group recorded revenue of HK$15.2 million (2012: Nil) and profit of HK$15.1 million (2012: Nil). The interest income from the money lending segment is one of our major revenue streams contributed positively to the Group's results during the period under review. In September 2013, Hao Tian Finance Company Limited ("Hao Tian Finance"), a wholly-owned subsidiary of the Company and a money lender licenced in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), obtained a revolving loan facility of up to an aggregate of HK$450 million from a bank, which will be used solely to finance the Group's money lending business. Our management will further expand the loan portfolio and customer base of its money lending business.

Trading of Commodities Business

Given the robust demand of commodities on the recovery of the global economy, we entered into the trading of commodities and the related products such as raw plastic materials. During the period under review, revenue from trading business segment was HK$0.5 million (2012: Nil). Looking forward, our management will continue to look for trading opportunities in other commodities and the related products.

Financial Review

The Group's net profit for the six months ended 30 September 2013 increased to HK$7.7 million, from a loss of HK$85.6 million for the corresponding period last year. The increased profit was mainly attributable to (a) the gain realised from the disposal of the underground coal mine located at Baicheng County of Xinjiang Uygur Autonomous Region, the PRC; (b) income derived from money lending business; and (c) better results from the Group's packaging box business.

During the period under review, the Group completed the disposal of the entire interest of a wholly-owned subsidiary of the Company holding the entire interest of coal mine located at Baicheng County at a total consideration of HK$1,580,000,000.

Profit from money lending business was amounted to HK$15.1 million. The Group financed the money lending business by internal resources during the period under review.

Compared to the previous period, net profit from packaging box business recorded approximately HK$7.1 million (2012: a loss of HK$4.1 million) in the period under review. The increased profit from packaging box business was however partially offset by the increased in distribution and selling costs amounted to approximately HK$3.1 million (2012: HK$1.3 million), representing an increase of approximately HK$1.8 million or 138.5% as compared with the same period last year. Such increase was resulted from the increase in transportation cost from packing box business.

For the six months ended 30 September 2013, the Group recorded other income of approximately HK$3.2 million (2012: HK$0.6 million), representing an increase of approximately HK$2.6 million or 433.3% as compared with the same period last year. The increase was mainly attributable to (i) interest earned on securities investments, and (ii) interest earned on bank deposits.

The increased profit of the Group from its continuing operations was offset by a net loss from the available-for-sale investments held by the Group. With the fluctuation of the global financial market, the market value of the investment portfolio of the Group depreciated and the Group incurred an impairment loss of approximately HK$55.0 million (2012: HK$42.9 million) during the period under review, representing an increase of approximately HK$12.1 million or 28.2% as compared with the same period last year.

Finance Costs

The finance costs were approximately HK$6.1 million (2012: HK$1.3 million) in the period under review, representing an increase of approximately HK$4.8 million or 369.2% as compared with the same period last year. The increase was mainly made up of interest incurred from the notes in the aggregate principal amount of US$40,000,000 and banking facility of US$40,000,000, which was used to redeem the said notes in full on 28 June 2013.

Administrative Expenses

For the six months ended 30 September 2013, administrative expenses from continuing operations were approximately HK$48.6 million (2012: HK$35.4 million), representing an increase of approximately HK$13.2 million or 37.3% as compared with the same period last year. The increase was mainly due to increase in the staff costs related to increased headcount, business development expenses and legal and professional fee incurred for business operations.

Taxation

For the six months ended 30 September 2013, income tax expenses from packaging box business were approximately HK$6.6 million (2012: HK$0.2 million). The increase was mainly due to (i) the increase of income tax from other jurisdiction and (ii) the under-provision of income tax in the previous years in Hong Kong.

Profit Attributable to Owners

For the six months ended 30 September 2013, the Group recorded a loss from continuing operations of approximately HK$77.2 million (2012: HK$73.8 million), while a profit from discontinued operations amounted to approximately HK$84.9 million (2012: a loss of HK$11.8 million). As a result, the total net profit from continuing operations and discontinued operations attributable to the shareholders for the six months ended 30 September 2013 was approximately HK$7.7 million (2012: a loss of HK$85.6 million). The basic and diluted profit per share from continuing operations and discontinuing operations were approximately HK0.19 cents (2012: a loss of HK2.18 cents).

Liquidity, Capital Structure and Financial Resources

The Group funds its operations from a combination of internal resources, equity fund raising and financial instruments. As at 30 September 2013, the Group had cash and cash equivalents amounted to HK$487.9 million (31 March 2013: HK$283.2 million). The Group's working capital decreased to approximately HK$749.4 million (31 March 2013: HK$1,980.6 million). Such decrease was mainly resulted from the reclassification of assets classified as held for sale to available-for-sale investment and financial assets designated at fair value through profit or loss which classified as non-currents asset during the period under review.

At 30 September 2013, the Group had no outstanding bank borrowings (31 March 2013: HK$122.6 million). On 26 September 2013, the Group entered into a facility agreement with a bank, pursuant to which the bank made available to the Group a revolving loan facility of up to an aggregate of HK$450 million for an initial term of 12 months, subject to annual review by the bank. This facility was used solely to finance our money lending business and was secured by debenture or charges created over assets and shares of Hao Tian Finance and its immediate holding company as well as securities with fair market value of approximately HK$183.8 million as at 30 September 2013 and a yacht held by other members of the Group.

Save as stated, there were no other assets pledged at the reporting date.

Gearing ratio (a ratio of total borrowings to total assets) as at 30 September 2013 was zero (31 March 2013: 4.6%), due to the repayment in full of secured notes during the period under review.

Significant Investment, Material Acquisitions and Disposals

On 7 June 2013, the Group acquired a convertible bond with principal amount of HK$90 million issued by Mascotte Holdings Limited (a company listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") with stock code 136, "Mascotte") from an independent third party at a consideration of HK$90 million. The bond is denominated in HK$ and will mature on 14 July 2014. Subsequently, on 17 June 2013, the bond was fully converted into 1,000,000,000 ordinary shares in Mascotte at the conversion price of HK$0.09 per share. The market value of such investment was HK$111 million as at 30 September 2013.

On 27 June 2013, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Sunshine Zhong Xing Capital Holdings Limited (formerly known as Wealth Express Global Holdings Limited), a connected person within the meaning of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to acquire a land of approximately 151,334 sq.m situated in the Urumqi, the Xinjiang Uygur Autonomous Region, which is proposed to be used for logistics and warehousing development purpose. The total consideration is in the sum of not more than HK$300 million, subject to downward adjustments. A refundable deposit of HK$150 million was paid on 24 December 2012.

On 28 June 2013, the Group completed the disposal of the entire interest in Champ Universe Limited, which was a wholly-owned subsidiary of the Company holding the entire interest of coal mine located at Baicheng County, to Up Energy Mining Limited, an independent third party at the consideration of HK$1,580,000,000.

On 22 July 2013, the Group acquired 45,000,000 ordinary shares of HK$0.10 each in the share capital of HEC Capital Limited ("HEC"), representing approximately 5.04% of the issued shares of HEC, at a cash consideration of HK$270 million from an independent third party. HEC is an investment holding company incorporated in the Cayman Islands with limited liability whose subsidiaries are principally engaged in property investment, investment advisory and financial services, investment in securities trading and money lending.

Save as disclosed above, the Group has no other significant investment, material acquisition and disposal at the reporting date.

Capital Commitment and Contingent Liabilities

As at 30 September 2013, the Group had capital commitment amounted to HK$150.0 million (31 March 2013: HK$1,174.7 million), which represented the remaining balance of the purchase price payable by the Group for the acquisition of a land of approximately 151,334 sq.m situated in the Urumqi, the Xinjiang Uygur Autonomous Region. The Group will finance the purchase price by its internal resources and banking facilities.

The Group had no material contingent liabilities as at the close of business on 30 September 2013.

Exposure to Fluctuations in Exchange Rates

The Group's sales are denominated mainly in Hong Kong dollars ("HK$"), United States dollars ("US$"), Euro ("EUR") and Renminbi ("RMB"). The Group's purchases and expenses are mostly denominated in HK$ and RMB, and some in EUR and US$. The Group has certain foreign currency bank balances, investments held for trading, available-for-sale investments and investment in foreign operations, which are exposed to foreign currency exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure of the Group and will consider hedging significant foreign currency exposure should the need arises.

Employee Information

As at 30 September 2013, the Group had a total of approximately 1,100 employees (31 March 2013: 1,100 employees) in the PRC, Hong Kong and France. The Group provides a mandatory provident fund scheme for its employees in Hong Kong and the state-managed retirement benefit schemes for its employees in the PRC and France. The Group's remuneration policies are formulated according to market practices, experiences, skills and performance of individual employee and will be reviewed every year.

The Group has also adopted a share option scheme and a share award scheme. A summary of the share option scheme of the Group are set out in note 24 to the condensed consolidated financial statements. There is no outstanding award granted under the share award scheme during the period under review.

Significant Litigations

In connection with the sale and purchase agreement (the "Menggang Agreement") entered into between the Group and Inner-Mongolia Shuangxin Resources Group Co., Ltd, ("Shuangxin") for the sale and purchase of Wuhai City Menggang Industrial Development Co., Ltd. and its subsidiaries, which operated the Group's coal mines in the Inner-Mongolia Autonomous Region in the PRC, on 16 May 2013, the Group filed an arbitration claim to the China International Economic and Trade Arbitration Commission for the outstanding amount of RMB80,000,000 payable by Shuangxin under the Mengang Agreement. Shuangxin withheld the payment of RMB80,000,000 initially on the ground of a tax demand note issued from the local tax bureau, after revocation of the tax demand note, on the ground of non-fulfilment by the Group of certain terms and obligations under the Menggang Agreement. Shuangxin filed a counter claim for RMB65,000,000 on 8 October 2013. After taking PRC legal advice on the grounds and facts set out in the defense and counter claim filed by Shuangxin, the Board has been advised that the Group has a meritorious case to recover the outstanding amount and defense to the counter claim.

Business Prospect

The development of clean energy is not only the direction of global energy development but also an important energy development strategy for China. The restructuring of energy consumption in China has proceeded to a critical stage. The development of clean energy such as natural gas has become an inevitable choice for the development of low-carbon economy of China in response to the demand of energy security and mitigation of global climate change.

In recent years, along with the energy and economic development direction of the Chinese government, the Xinjiang regional government supports foreign enterprises' investments in the exploration of the abundant natural gas resources within its region. The Group has adopted a corporate strategy that is in line with both national and regional supportive policy and shifted its business focus from the mining industry into the oil and gas industry.

The Group will continue to implement its current business plan to construct a liquefied natural gas processing plant with projected annual processing capacity of 400,000 tons and a sales network comprising about forty-eight liquefied natural gas fueling stations. During the period under review, the Group has secured a long term gas supply contract and obtained the governmental approvals to construct eight liquefied natural gas fueling stations.

In line with the long term development plan of the Group in Xinjiang, the Group entered into a conditionally sale and purchase agreement for the acquisition of a land located in Urumqi with a site of approximately 151,334 sq.m. designated for logistics and warehousing development purpose, with the aim of becoming a service provider of logistics and warehousing services to enterprises in Xinjiang in the foreseeable future.

To diversify its business revenue, the Group has expanded its money lending business, which is expected to provide a stable revenue stream to the Group.

Looking forward, the Group will continue to explore the natural gas business in Xinjiang by leveraging on its experience and resources advantages, coupled with national policy of encouraging the development of clean energy. The Group is also aimed at developing into and becoming a large comprehensive clean energy investment group based in Xinjiang along with expansion of business coverage to other industries such as logistic, property investment and provision of financing.

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations

As at 30 September 2013, the interests and short positions of the directors and chief executives of the Company in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), were as follows:

Long positions in ordinary shares and underlying shares of the Company

Name of Director/ chief executive	Capacity	Nature of interest	Number of shares held	Number of underlying shares held	Total interests	Approximate percentage of total issued share capital (Note 1)
Li Shao Yu	Interest held by controlled corporations	Corporate interest	1,141,804,853 (Note 2)	–	1,160,804,853	29.23%
	Beneficial owner	Personal interest	–	19,000,000 (Note 3)		
Fok Chi Tak	Beneficial owner	Personal interest	–	2,000,000 (Note 3)	2,000,000	0.05%

Notes:

1. The percentage of shareholding is calculated on the basis of 3,971,535,804 shares in issue as at 30 September 2013.

2. These shares were held (a) directly by Tai Rong Xin Ye International Power Generation Inc., which was a wholly-owned subsidiary of Hao Tian Integrated Group Development Limited; (b) both directly and indirectly by TRXY Development (HK) Limited, which was wholly-owned by Ms. Li through her personal interest and controlling interests in Hao Tian Integrated Group Development Limited and Hao Tian Group Holdings Limited; and (c) directly by Real Power Holdings Limited, which is beneficially owned as to 75% by TRXY Development (HK) Limited. Accordingly, Ms. Li was deemed to be interested in 1,141,804,853 shares under the SFO.

3. These are the number of shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to the share options granted by the Company under the share option scheme adopted on 16 May 2006.

Other than as disclosed above, as at 30 September 2013, none of the directors or chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share option schemes

The Company has adopted a share option scheme on 16 May 2006 and a share award scheme on 27 September 2013, respectively. Particulars of the Company's share option schemes and details of movements in the share options are set out in note 24 to the condensed consolidated financial statements. There is no outstanding award granted under the share award scheme as at 30 September 2013.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 September 2013, so far as is known to the directors or chief executives of the Company, the following entities (other than a director or chief executive of the Company) have interests or short positions of 5% or more in the shares and underlying shares of the Company which were recorded in the register of substantial shareholders maintained under Section 336 of the SFO or had otherwise notified to the Company:

Name of shareholder	Number of shares held	Number of underlying shares held	Capacity	Total interests	Approximate percentage of total issued share capital (Note 1)
TRXY Development (HK) Limited	359,655,351 522,400,561 (Note 2)	– –	Beneficial owner Interest held by a controlled corporation	882,055,912	22.21%
Real Power Holdings Limited	522,400,561	–	Beneficial owner	522,400,561	13.15%
Tai Rong Xin Ye International Power Generation Inc.	259,748,941	–	Beneficial owner	259,748,941	6.54%
Hao Tian Integrated Group Development Limited	1,141,804,853 (Note 3)	–	Interest held by controlled corporations	1,141,804,853	28.75%
Atlantis Capital Holdings Limited	392,476,000 (Note 4)	–	Beneficial owner	392,476,000	9.88%

Name of shareholder	Number of shares held	Number of underlying shares held	Capacity	Total interests	Approximate percentage of total issued share capital (Note 1)
Liu Yang	392,476,000 (Note 4)	–	Interest of a controlled corporation	392,476,000	9.88%
Heritage International Holdings Limited	200,000,000 (Note 5)	–	Interest of a controlled corporation	200,000,000	5.04%
Coupeville Limited	200,000,000 (Note 5)	–	Interest of a controlled corporation	200,000,000	5.04%
Dollar Group Limited	200,000,000 (Note 5)	–	Beneficial owner	200,000,000	5.04%

Notes:

1. The percentage of shareholding is calculated on the basis of 3,971,535,804 shares in issue as at 30 September 2013.

2. These shares are held by Real Power Holdings Limited, which is beneficially owned as to 75% by TRXY Development (HK) Limited.

3. These shares were held directly or indirectly by Tai Rong Xin Ye International Power Generation Inc, TRXY Development (HK) Limited and Real Power Holdings Limited, all of which were subsidiaries of Hao Tian Integrated Group Development Limited.

4. These shares were held by Atlantis Capital Holdings Limited, which, in turn, was wholly-owned by Liu Yang.

5. The three references to 200,000,000 shares related to the same block of shares. Heritage International Holdings Limited has controlling interest in Coupeville Limited, which, in return, has also controlling interest in Dollar Group Limited.

Other than as disclosed above, as at 30 September 2013, none of the directors or their associates had any interests or short positions in any shares, underlying shares and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all relevant code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the period ended 30 September 2013 except that the Nomination Committee is chaired by an executive director instead of an independent non-executive director because the Board believed that an executive director involved in operations of the Company may be better positioned to review the composition of the Board so as to complement the Group's corporate strategy.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transaction. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period and they all confirmed having fully complied with the required standard set out in the Model Code.

Purchase, Sales or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period ended 30 September 2013.

Refreshment of General Mandate

On 27 September 2013, an ordinary resolution approving the refreshment of general mandate was duly passed by way of poll in the Annual General Meeting of the Company ("AGM"). The refreshment of general mandate granted the directors the authority to allot, issue and deal with new shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM.

Audit Committee

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the internal controls and unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2013. Such condensed consolidated interim financial information of the Group has not been audited but has been reviewed by the Company's independent auditor.

Review of Financial Statements

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2013 with the directors and external auditors.

Independent Non-executive Director

The Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to appointment of sufficient number of independent non-executive directors and at least an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise. At present, the Board comprises three independent non-executive directors, representing at least one-third of the Board and one of whom has accounting expertise.

By order of the Board
Fok Chi Tak
Executive Director

Hong Kong, 22 November 2013

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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TO THE BOARD OF DIRECTORS OF
HAO TIAN DEVELOPMENT GROUP LIMITED
昊天發展集團有限公司
(FORMERLY KNOWN AS HAO TIAN RESOURCES GROUP LIMITED
前稱：昊天能源集團有限公司)
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Hao Tian Development Group Limited (the "Company") and its subsidiaries set out on pages 21 to 70, which comprise the condensed consolidated statement of financial position as of 30 September 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 November 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	NOTES	Six months ended 30 September **2013** **HK$'000** **(unaudited)**	 2012 HK$'000 (unaudited) (restated)
Continuing operations			
Revenue	3	**85,333**	61,628
Cost of sales		**(46,356)**	(55,013)
Gross profit		**38,977**	6,615
Other income	5	**3,172**	608
Other gains and losses	5	**(55,038)**	(42,898)
Distribution and selling costs		**(3,091)**	(1,299)
Administrative expenses		**(48,553)**	(35,394)
Share of results of associates		**(19)**	–
Finance costs	6	**(6,054)**	(1,293)
Loss before taxation		**(70,606)**	(73,661)
Taxation	7	**(6,589)**	(172)
Loss for the period from continuing operations	8	**(77,195)**	(73,833)
Discontinued operations			
Profit (loss) for the period from discontinued operations	18	**84,895**	(11,753)
Profit (loss) for the period		**7,700**	(85,586)

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Other comprehensive (expense) income:		
Items that will not be reclassified to profit or loss:		
Reclassification adjustments relating to foreign operations disposed of during the period	**(77,771)**	(110,316)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial instruments of foreign operations	**13,291**	(15,186)
Net fair value (loss) gain on available-for-sale investments:		
– Fair value change during the period	**(9,441)**	(15,533)
– Impairment loss recognised	**54,033**	11,890
– Reclassified to profit or loss upon disposal	**(792)**	3,234
Other comprehensive expense for the period (net of tax)	**(20,680)**	(125,911)
Total comprehensive expense for the period	**(12,980)**	(211,497)
Profit (loss) for the period attributable to:		
Owners of the Company	**7,893**	(85,586)
Non-controlling interests	**(193)**	–
	7,700	(85,586)

	NOTE	Six months ended 30 September **2013** **HK$'000** **(unaudited)**	2012 HK$'000 (unaudited) (restated)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(12,787)**	(211,497)
Non-controlling interests		**(193)**	–
		(12,980)	(211,497)
Earnings (loss) per share	9		
From continuing and discontinued operations			
Basic and diluted (HK cents)		**0.19**	(2.18)
From continuing operations			
Basic and diluted (HK cents)		**(1.95)**	(1.88)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	NOTES	30.9.2013 HK$'000 (unaudited)	31.3.2013 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	10	**87,595**	86,352
Investment property		**944**	961
Interest in associates		**–**	19
Amounts due from associates		**3,669**	3,669
Available-for-sale investments	11	**820,982**	173,479
Financial assets designated at fair value through profit or loss	12	**13,945**	21,556
Derivative financial instruments	12	**583,970**	–
Loan receivables	13	**30,572**	30,572
Deposits		**151,014**	150,991
Deferred tax asset	14	**205**	205
		1,692,896	467,804
Current assets			
Inventories		**28,340**	19,277
Trade and bills receivables	15	**73,764**	13,395
Other receivables, deposits and prepayments		**17,244**	7,424
Loan receivables	13	**64,000**	110,000
Consideration receivable	16	**151,641**	149,875
Investments held for trading		**160**	142
Tax recoverable		**6,816**	6,075
Pledged bank deposit		**10,000**	–
Bank balances and cash		**477,910**	283,231
		829,875	589,419
Assets classified as held for sale	17	**–**	1,631,993
		829,875	2,221,412

	NOTES	30.9.2013 HK$'000 (unaudited)	31.3.2013 HK$'000 (audited)
Current liabilities			
Trade payables	19	**25,105**	7,832
Other payables, deposits received and accruals		**25,495**	21,112
Secured notes	20	**–**	122,582
Tax payable		**29,881**	23,804
		80,481	175,330
Liabilities associated with assets classified as held for sale	17	**–**	65,462
		80,481	240,792
Net current assets		**749,394**	1,980,620
Total assets less current liabilities		**2,442,290**	2,448,424
Non-current liabilities			
Retirement benefits obligations		**1,177**	1,121
Net assets		**2,441,113**	2,447,303
Capital and reserves			
Share capital	21	**198,577**	196,527
Reserves		**2,237,731**	2,180,597
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale		**–**	65,181
Equity attributable to owners of the Company		**2,436,308**	2,442,305
Non-controlling interests		**4,805**	4,998
Total equity		**2,441,113**	2,447,303

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Share capital HK$'000	Share premium HK$'000	Warrant reserve HK$'000	Statutory surplus reserve HK$'000 (Note a)	Safety and maintenance reserve HK$'000 (Note c)	Convertible note equity reserve HK$'000	Share options reserve HK$'000	Asset revaluation reserve HK$'000	Special reserve HK$'000 (Note b)	Translation reserve HK$'000	Accumulated losses HK$'000	Total attributable to owners of the Company HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Six months ended 30 September 2013														
At 1 April 2013 (audited)	196,527	2,819,640	7,570	3,539	1,749	–	43,900	16,697	(5,754)	76,909	(718,472)	2,442,305	4,998	2,447,303
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	–	7,893	7,893	(193)	7,700
Other comprehensive income (expense)	–	–	–	–	–	–	–	43,800	–	(64,480)	–	(20,680)	–	(20,680)
Total comprehensive income (expense) for the period	–	–	–	–	–	–	–	43,800	–	(64,480)	7,893	(12,787)	(193)	(12,980)
Share options lapsed	–	–	–	–	–	–	(112)	–	–	–	112	–	–	–
Issue of new shares upon exercise of warrants	2,050	4,613	(397)	–	–	–	–	–	–	–	–	6,266	–	6,266
Disposal of subsidiaries	–	–	–	–	(1,749)	–	–	–	–	–	–	(1,749)	–	(1,749)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	2,273	–	–	–	–	2,273	–	2,273
At 30 September 2013 (unaudited)	198,577	2,824,253	7,173	3,539	–	–	46,061	60,497	(5,754)	12,429	(710,467)	2,436,308	4,805	2,441,113

	Share capital HK$'000	Share premium HK$'000	Warrant reserve HK$'000	Statutory surplus reserve HK$'000 (Note a)	Safety and maintenance reserve HK$'000 (Note c)	Convertible note equity reserve HK$'000	Share options reserve HK$'000	Asset revaluation reserve HK$'000	Special reserve HK$'000 (Note b)	Translation reserve HK$'000	Accumulated losses HK$'000	Total attributable to owners of the Company HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Six months ended 30 September 2012														
At 1 April 2012 (audited)	196,377	2,819,303	6,331	3,539	–	136,800	34,719	1,826	(5,754)	181,956	(640,536)	2,734,561	–	2,734,561
Loss for the period	–	–	–	–	–	–	–	–	–	–	(85,586)	(85,586)	–	(85,586)
Other comprehensive expense	–	–	–	–	–	–	–	(409)	–	(125,502)	–	(125,911)	–	(125,911)
Total comprehensive expense for the period	–	–	–	–	–	–	–	(409)	–	(125,502)	(85,586)	(211,497)	–	(211,497)
Warrants expired	–	–	(6,331)	–	–	–	–	–	–	–	6,331	–	–	–
Transfer upon repayment of convertible notes	–	–	–	–	–	(136,800)	–	–	–	–	136,800	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	5,690	–	–	–	–	5,690	–	5,690
At 30 September 2012 (unaudited)	196,377	2,819,303	–	3,539	–	–	40,409	1,417	(5,754)	56,454	(582,991)	2,528,754	–	2,528,754

Notes:

(a) As stipulated by the relevant laws and regulations of the People's Republic of China ("PRC"), before distribution of the net profit each year, the Group's subsidiaries established in the PRC shall set aside 10% of its net profit after taxation to the statutory surplus reserve. The reserve fund can only be used, upon approval by the board of directors of these PRC established subsidiaries and by the relevant authority, to offset accumulated losses or increase capital. There was no transfer from retained profits to the statutory reserve since the Group's PRC subsidiaries incurred net loss for both periods.

(b) Special reserve of HK$5,754,000 represents the difference between the nominal amount of share capital issued by Winbox (BVI) Limited and the Company and the nominal amount of the share capital of the acquired subsidiaries and Winbox (BVI) Limited respectively arisen from a group reorganisation occurred in prior years.

(c) Pursuant to the relevant PRC regulations for coal mining business, provision for production maintenance, production safety and other related expenditures are accrued by a subsidiary engaged in mining operation at fixed rates based on coal production volume (the "maintenance and productions fund"). According to the relevant rules, such funds will be specifically utilised for the transformation costs of the coal mine industry, for the land restoration and environmental cost, and for improvements of safety at the mines, and is not available for distribution to shareholders. Upon incurring qualifying expenditures, an equivalent amount is transferred from maintenance and productions fund to accumulated losses.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	NOTE	Six months ended 30 September 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**13,925**	(19,280)
NET CASH FROM INVESTING ACTIVITIES			
Interest received		**2,202**	522
Purchase of property, plant and equipment		**(3,823)**	(17,585)
Purchase of available-for-sale investments		**(498,756)**	(132,576)
Proceeds from disposal of property, plant and equipment		**–**	403
Placement in pledged bank deposit		**(10,000)**	–
Proceeds from disposal of available-for-sale investments		**18,212**	10,166
Purchase of financial assets designated at fair value through profit or loss		**–**	(50,000)
Proceeds from disposal of financial assets designated at fair value through profit or loss		**15,000**	–
Net cash from disposal of subsidiaries	22	**784,655**	813,817
		307,490	624,747
NET CASH USED IN FINANCING ACTIVITIES			
Interest paid		**(6,054)**	–
Net proceeds from issue of new shares upon exercise of warrants		**6,663**	–
Borrowing raised		**310,692**	–
Proceeds from issue of secured notes		**170,210**	113,358
Interest paid for secured notes		**(6,252)**	–
Repayment of secured notes		**(293,715)**	–
Repayment of convertible notes		**–**	(639,349)
Repayment of bank borrowing		**(310,692)**	–
Cash withdrawal from bank deposits in special purpose bank account		**–**	21,832
		(129,148)	(504,159)

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**192,267**	101,308
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**283,231**	44,984
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**2,412**	(2,775)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**477,910**	143,517

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands. The name of the Company has been changed to Hao Tian Development Group Limited with effect from 2 October 2013.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries include (i) manufacturing and sale of quality plastic and paper boxes for luxury consumer goods; (ii) lending of money; and (iii) trading of commodities.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2013. In addition, the accounting policy in respect of service income was newly adopted during the six months ended 30 September 2013.

Service income

Revenue is recognised at the fair value of the consideration received or receivable and represents amounts received or receivable for services provided in the normal course of business, net of discounts and sales related taxes.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

In the current interim period, the Group has applied, for the first time, the following new and revised HKASs, Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretation ("HK(IFRIC) – INT"(hereinafter collectively referred to as the "new and revised HKFRSs")) issued by the HKICPA:

HKFRS 10	Consolidated financial statements;
HKFRS 11	Joint arrangements;
HKFRS 12	Disclosure of interests in other entities;
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance;
HKFRS 13	Fair value measurement;
HKAS 19 (as revised in 2011)	Employee benefits;
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures;
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities;
Amendments to HKAS 1	Presentation of items of other comprehensive income;
Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle; and
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) – INT 12 "Consolidation – Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company reviewed and assessed the Group's investees in accordance with the requirements of HKFRS 10. The directors of the Company concluded that there was no impact to the Group's condensed consolidated financial statements for the adoption of HKFRS 10.

HKFRS 13 "Fair value measurement"

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 13 "Fair value measurement" *(Continued)*

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information in accordance with the consequential amendments of HKAS 34 are set out in note 28 and additional disclosures in accordance HKFRS 13 will be disclosed in the Group's annual consolidated financial statements for the year ending 31 March 2014. The application of HKFRS 13 has no impact to the fair value measurements of the Group's assets and liabilities.

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

Revenue represents the amounts received or receivable for goods sold by the Group to outside customers, less sales tax, during the period and interest income generated from lending of money to outside borrowers.

Income from rendering of services is recognised when the services are provided.

4. SEGMENT INFORMATION

The Group is currently organised into below operating divisions:

(a) Sale of plastic and paper boxes for luxury consumer goods:

(i) France Operation – Dardel S.A.S.

(ii) China Operation – Winbox Company Limited, Dongguang Ever Green Plastic Manufacturing Company Limited, Winbox Plastic Manufacturing (Shenzhen) Co. Limited and Winpac Trading Co. Limited

(b) Money lending – Hao Tian Finance Company Limited

(c) Trading of commodities – Hao Tian Oil & Gas Development Group Limited and Hao Tian Hua Chen International Group Limited

The operating divisions are the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, in order to allocate resources to segments and to assess their performance.

Money lending has been regarded as a reportable segment of the Group during the current period. The Group obtained a HK$450 million banking facility from a bank to develop money lending business. Of the total banking facility, an initial commitment of HK$200 million has been approved by the bank and the remaining HK$250 million is subject to the bank's further approval after submission of request by the Group. The banking facility is secured by certain of the Group's assets, including the Group's available-for-sale investments of HK$183,750,000, the entire issued share capital of Hao Tian Finance Company Limited and its immediate holding company, Guo Guang Limited, certain bank accounts of Hao Tian Finance Company Limited and a yacht of the Group. As at 30 September 2013, the Group did not draw any borrowing in respect to this banking facility.

Trading of commodities is another new business segment of the Group. In order to further diversify the Group's business coverage of different industries, the Group has started indent trading of commodities. The Group obtained HK$15,000,000 banking facility from bank to develop trading of commodities business. As at 30 September 2013, the banking facility is secured by a deposit of HK$10,000,000 and the Group did not draw any borrowing in respect to the banking facility.

4. SEGMENT INFORMATION *(Continued)*

The Group's operations in respect of developing of underground coking coal mine, coal production and sale of coal were discontinued in the current period. The segment information reported below does not include any amounts for this business segment, which are described in more detail in notes 17 and 18.

No segment assets and liabilities are presented as the chief operating decision maker does not regularly review segment assets and liabilities.

Information regarding the above segments from continuing operations is reported below:

For the six months ended 30 September 2013

Continuing operations

	Sale of plastic and paper boxes for luxury consumer goods				
	France Operation HK$'000 (unaudited)	China Operation HK$'000 (unaudited)	Money lending HK$'000 (unaudited)	Trading of commodities HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
Segment revenue	30,862	38,797	15,189	24,099	108,947
Less: Cost of commodities transactions	–	–	–	(23,614)	(23,614)
Revenue as presented in the condensed consolidated statement of profit or loss and other comprehensive income	30,862	38,797	15,189	485	85,333
Segment results from continuing operations	6,175	958	15,103	485	22,721
Other income					3,172
Other gains and losses					(55,038)
Central administration costs					(35,407)
Finance costs					(6,054)
Loss before taxation from continuing operations					(70,606)

4. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 September 2012

Continuing operations

	Sale of plastic and paper boxes for luxury consumer goods		
	France Operation HK$'000 (unaudited)	China Operation HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
Revenue	13,476	48,152	61,628
Segment results	(2,205)	(1,886)	(4,091)
Other income			608
Other gains and losses			(42,898)
Central administration costs			(25,987)
Finance costs			(1,293)
Loss before taxation from continuing operations			(73,661)

Segment results represent the profit earned or loss incurred by each segment without allocation of other income, other gains and losses, central administration costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

5. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Other income		
Continuing operations		
Dividend income from available-for-sale investments	**297**	–
Interest earned on bank deposits	**572**	82
Interest earned on listed available-for-sale investments	**822**	212
Sundry income	**1,481**	314
	3,172	608
Other gains and losses		
Continuing operations		
Fair value gain on derivative financial instruments	**–**	43
Fair value gain (loss) on investments held for trading	**18**	(31)
Fair value gain (loss) on secured notes	**4,010**	(1,039)
Fair value gain (loss) on financial assets designated at fair value through profit or loss	**7,391**	(26,820)
Fair value loss on derivative financial instruments	**(16,137)**	–
Loss on disposal of property, plant and equipment	**–**	(181)
Gain (loss) on disposal of available-for-sale investments	**792**	(3,234)
Impairment loss recognised in respect of available-for-sale investments	**(54,033)**	(11,890)
Net exchange gain	**2,921**	254
	(55,038)	(42,898)

6. FINANCE COSTS

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Interest on:		
Convertible notes	**–**	1,293
Bank borrowing wholly repayable within five years	**6,054**	–
	6,054	1,293

7. TAXATION

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Continuing operations		
Current tax:		
France	**2,089**	172
Underprovision in prior years:		
Hong Kong	**4,500**	–
	6,589	172

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax had been made as the group entities subject to Hong Kong Profits Tax incurred tax loss for both periods.

7. TAXATION *(Continued)*

French income tax is calculated at 33.3% of the estimated assessable profit of Dardel S.A.S. for both periods.

In 2009, the Hong Kong Inland Revenue Department ("IRD") has initiated a tax audit on certain group companies and has issued estimated additional assessments for certain years of assessment. Objections against these assessments were lodged in prior years and the Group applied holdover for the full amount of tax demanded. On 30 October 2013, a final settlement was agreed between the IRD and the Group. The total underprovision of Hong Kong Profits Tax was HK$9.7 million of which HK$5.2 million was charged to profit or loss in prior years and the remaining HK$4.5 million was charged to profit or loss in current interim period.

8. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Loss for the period from continuing operations has been arrived at after charging:		
Allowance for slow moving inventories (included in cost of sales)	**–**	5,000
Depreciation of property, plant and equipment and investment property	**1,209**	1,266
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	**35,682**	29,036
Retirement benefit scheme contributions	**1,724**	2,084
Share-based payments	**2,273**	5,690
	39,679	36,810

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited) (restated)
Earnings (loss)		
Earnings for the purpose of basic and diluted earnings per share (2012: Loss for the purpose of basic and diluted loss per share)	**7,700**	(85,586)

The basis of denominators used is the same as those detailed in the calculation of basic loss per share from continuing operations for both periods below.

From continuing operations

The calculation of basic and diluted loss per share for both periods from continuing operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings (loss)		
Profit (loss) for the period	**7,700**	(85,586)
Adjust for: (Profit) loss for the period from discontinued operations	**(84,895)**	11,753
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	**(77,195)**	(73,833)

9. EARNINGS (LOSS) PER SHARE *(Continued)*

From continuing operations *(Continued)*

	Six months ended 30 September **2013** **'000**	2012 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,958,596**	3,927,536

The computation of diluted loss per share for both periods does not assume the exercise of the share options and warrants (six months ended 30 September 2012: share options) which will reduce loss per share from continuing operations for both periods.

From discontinued operations

Basic and diluted earnings per share from discontinued operations for the six months ended 30 September 2013 is HK2.14 cents (six months ended 30.9.2012: loss per share of HK0.30 cents), based on the profit for the period from discontinued operations of HK$84,895,000 (six months ended 30.9.2012: loss of HK$11,753,000) and the denominators used are the same as those detailed in the calculation of basic and diluted loss per share from continuing operations.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current period, the Group spent approximately HK$3,823,000 (six months ended 30 September 2012: HK$17,585,000) on purchase of property, plant and equipment.

11. AVAILABLE-FOR-SALE INVESTMENTS

	30.9.2013	31.3.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
Available-for-sale investments include:		
Equity securities listed outside Hong Kong, at fair value	**–**	369
Equity securities listed in Hong Kong, at fair value	**482,950**	129,424
Debenture listed outside Hong Kong with fixed interest of 10.5% per annum and maturity date on 14 January 2016, at fair value	**4,387**	4,327
Unlisted debenture with fixed interest of 3% and maturity date on 19 March 2018, at fair value	**2,286**	–
Club debentures, at fair value	**2,258**	2,258
Unlisted equity securities, at cost	**329,101**	37,101
	820,982	173,479

During the current period, the Group spent HK$176,470,000 (six months ended 30 September 2012: HK$100,570,000), HK$320,000,000 (six months ended 30 September 2012: HK$32,006,000) and HK$2,286,000 (2012: nil) on purchase of listed equity securities, unlisted equity securities and unlisted debenture respectively.

Among the addition in unlisted equity securities during the current period, HK$272,000,000 (six months ended 30 September 2012: HK$32,006,000) represents the Group's investment in 5.04% (six months ended 30 September 2012: 0.73%) equity interests in a private company incorporated in the Cayman Islands, which is an investment holding company with its subsidiaries principally engaged in properties investment, securities investment, securities brokerage, commodities trading, asset management and financial advisory services. As at 30 September 2013, the Group owns 5.77% (31.3.2013: 0.73%), in aggregate, equity interest in the private company.

11. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

The remaining addition of unlisted equity securities for the current period of HK$50,000,000, being the Group's investment in 5.82% of equity interest in another private company, Sun Mass Funding Corporation, which owns 90% of the equity interest in Sun Materials Technology Co. Ltd. ("Sun Materials"), purchased from an independent third party, Mascotte Holdings Limited ("Mascotte"). Sun Materials is principally engaged in the manufacture of solar grade polycrystalline silicon.

On 1 August 2013, Mascotte announced that it received anonymous parcels in mail containing materials that suggested the test runs performed by an ex-shareholder, Chairman, Chief Executive Officer and Chief Technical Officer of Sun Material, Dr. WuYi-Shuea ("Dr. Wu") were fake. Dr. Wu tendered his resignation from his office after he admitted that he had manipulated the result of test runs in a meeting with the management of Mascotte. As Dr. Wu was the key person for the operation of Sun Materials, Mascotte considered that the departure of Dr. Wu will cause significant impact on the operation of Sun Materials and hence it formed a special committee (the "Special Committee") to evaluate the impact of the resignation of Dr. Wu and consider any legal action could be claimed against Dr. Wu.

On 24 October 2013, Mascotte further announced the result of preliminary investigation carried out by the Special Committee, which comprises of independent non-executive director of Mascotte, lawyer and expertise in solar energy field. The Special Committee preliminary suggested that the plant owned by Sun Materials has completely lost its capacity to produce commercially feasible polysilicon, though Mascotte is still seeking professional advice on the impairment of the assets owned by Sun Materials.

On 8 November 2013, the Group entered into an agreement with Mascotte and disposed this investment back to Mascotte at a consideration of HK$20,000,000, the consideration will be settled by four instalments and will be fully settled within twelve months. The difference between the carrying amount of the available-for-sale investments and the consideration of HK$30,000,000 was recognised in profit or loss as impairment loss for the current period. Subsequent to the end of the reporting period, HK$5,000,000 has been received as the first installment of the consideration.

12. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/ DERIVATIVE FINANCIAL INSTRUMENTS

	30.9.2013	31.3.2013
	HK$'000	HK$'000
Financial assets designated at fair value through profit or loss		
Celebrate Bond (Note i)	**2,408**	8,735
Convertible ICube Bond (Note ii)	**2,971**	5,572
Innotech Bond (Note iii)	**8,566**	7,249
	13,945	21,556
Derivative financial instruments		
Options consideration received (Note iv)	**583,970**	–

Notes:

(i) On 5 September 2012, the Group purchased an unlisted zero coupon convertible bond issued by Celebrate International Holdings Limited ("Celebrate Bond") with principal amount of HK$20 million from an independent third party at a consideration of HK$20 million. The Celebrate Bond is denominated in HK$ and will mature on 27 May 2016. The Group has the right to convert the Celebrate Bond to ordinary shares of Celebrate International Holdings Limited, at any time before the maturity date, at a conversion price of HK$9.902 per share. If the Group does not exercise the conversion right, the Celebrate Bond will be repayable at the maturity date at 100% of the principal amount. The Group designated the entire Celebrate Bond as financial assets designated at fair value through profit or loss at initial recognition.

12. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/ DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Notes: *(Continued)*

(i) *(Continued)*

The fair value of the debt component of the Celebrate Bond was determined based on the present value of the estimated future cash flows discounted at the prevailing market rate of interest of similar instruments. The fair value of the embedded options was calculated using the binomial model. The inputs into the valuation of the Celebrate Bond were as follows:

	At 30 September 2013
Stock price of Celebrate International Holdings Limited	HK$0.900
Conversion price	HK$9.902
Risk free rate (Note a)	0.476%
Expected life (Note b)	2.658 years
Expected volatility (Note c)	84.520%
Discount rate	32.408%

During the period, the Group disposed part of its Celebrate Bond with principal amount of HK$15,000,000 to an independent third party at a consideration of HK$15,000,000 and resulted a fair value gain of HK$8,450,000 credited to profit or loss.

As at 30 September 2013, the fair value of the remaining Celebrate Bond was HK$2,408,000, with a fair value gain of HK$225,000 credited to profit or loss.

12. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/ DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Notes: *(Continued)*

(ii) On 10 December 2012, the Group purchased an unlisted zero coupon convertible bond issued by ICube Technology Holdings Limited ("ICube Bond") with principal amount of HK$19 million from an independent third party at a consideration of HK$18 million. The ICube Bond is denominated in HK$ and will mature on 30 November 2013. The Group has the right to convert the ICube Bond to ordinary shares of ICube Technology Holdings Limited, at any time before the maturity date, at a conversion price of HK$0.125 per share. ICube Technology Holdings Limited may also redeem part or all of the ICube Bond on the maturity date at principal amount. The Group designated the entire ICube Bond as financial assets at fair value through profit or loss at initial recognition.

On 8 February 2013, ICube Technology Holdings Limited, the Group and other noteholders of the ICube Bond entered into a deed of variation and agreed to vary certain terms and conditions of the ICube Bond. On 26 March 2013, such variations became effective. The ICube Bond is notionally divided into two equal portions, namely Interest Bearing ICube Bond and Convertible ICube Bond, and the maturity date is changed to 30 November 2016. The Interest Bearing ICube Bond bears interest at 2.5% per annum, which is accrued since 26 March 2013 and is payable upon maturity with no conversion right being embedded. The Convertible ICube Bond is non-interest bearing and the Group has the right to convert the Convertible ICube Bond to ordinary shares of ICube Technology Holdings Limited, at any time before the maturity date, at a conversion price of HK$0.33 per share. If the Group does not exercise the conversion right, the Convertible ICube Bond will be repayable at the maturity date at 100% of the principal amount. On 26 March 2013, the Group derecognised the ICube Bond as the terms and conditions of the ICube Bond had been significantly changed and recognised the Interest Bearing ICube Bond and Convertible ICube Bond as loan receivables and financial assets designated at fair value through profit or loss respectively in accordance with the revised terms and conditions.

During the current period, the conversion price has been adjusted to HK$0.285 per share due to the right issue of ICube Technology Holdings Limited.

12. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/ DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Notes: *(Continued)*

(ii) *(Continued)*

The fair value of the debt component of the Convertible ICube Bond was determined based on the present value of the estimated future cash flows discounted at the prevailing market rate of interest of similar instruments. The fair value of the embedded options attached to the convertible portion was calculated using the binomial model. The inputs into the valuation of the Convertible ICube Bond were as follows:

	At 30 September 2013
Stock price of ICube Technology Holdings Limited	HK$0.089
Conversion price	HK$0.285
Risk free rate (Note a)	0.610%
Expected life (Note b)	3.170 years
Expected volatility (Note c)	51.928%
Discount rate	18.679%

As at 30 September 2013, the fair value of the Convertible ICube Bond was HK$2,971,000 with a fair value loss of HK$2,601,000 charged to profit or loss.

12. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/ DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Notes: *(Continued)*

(iii) On 10 December 2012, the Group purchased an unlisted zero coupon convertible bond issued by Inno-Tech Holdings Limited ("Innotech Bond") with principal amount of HK$10 million from an independent third party at a consideration of HK$10 million. The Innotech Bond is denominated in HK$ and will mature on 28 August 2014. The Group had the right to convert the Innotech Bond to ordinary shares of Inno-Tech Holdings Limited, at any time before the maturity date, at a conversion price of HK$3.80 per share. If the Group does not exercise the conversion right, the Innotech Bond will be repayable at the maturity date at 100% of the principal amount. The Group designated the entire Innotech Bond as financial assets designated at fair value through profit or loss at initial recognition.

The fair value of the debt component of the Innotech Bond was determined based on the present value of the estimated future cash flows discounted at the prevailing market rate of interest of similar instruments. The fair value of the embedded options was calculated using the binomial model. The inputs into the valuation of the Innotech Bond were as follows:

	At 30 September 2013
Stock price of Inno-Tech Holdings Limited	HK$0.219
Conversion price	HK$3.800
Risk free rate (Note a)	0.221%
Expected life (Note b)	0.912 years
Expected volatility (Note c)	50.525%
Discount rate	31.537%

As at 30 September 2013, the fair value of the Innotech Bond was HK$8,566,000, with fair value gain of HK$1,317,000 credited to profit or loss.

12. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/ DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Notes: *(Continued)*

(iv) As part of the consideration for the disposal of the Champ Universe Group, the Group received Top-up Options and Put Options (all capitalised items as defined and with details set out at note 17).

The fair value of the Top-up Options and the Put Options were calculated using the Black Scholes Option Pricing Model. The inputs into the valuations were as follows:

Top-up Options

	At 28 June 2013	**At 30 September 2013**
Stock price of Up Energy (as defined in note 17)	HK$0.480	HK$0.500
Strike price	HK$2.000	HK$2.000
Risk free rate (Note a)	0.538%	0.492%
Expected life (Note b)	3.000 years	2.743 years
Expected volatility (Note c)	73.53%	63.044%

Put Options

	At 28 June 2013	**At 30 September 2013**
Stock price of Up Energy	HK$0.480	HK$0.500
Strike price	HK$2.200	HK$2.200
Risk free rate (Note a)	0.565%	0.512%
Expected life (Note b)	3.083 years	2.825 years
Expected volatility (Note c)	72.62%	64.007%

12. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS/ DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Notes: *(Continued)*

(iv) *(Continued)*

As at 30 September 2013, the fair value of the Top-up Options and Put Options were HK$344,640,000 and HK$239,330,000 respectively, with an aggregated fair value loss of HK$16,137,000 charged to profit and loss.

Notes:

(a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the relevant bonds or shares.

(b) Expected life is the expected remaining life of the relevant bonds or options.

(c) Expected volatility is estimated by calculating the historical weekly share price volatility of the stock price of Celebrate International Holdings Limited, ICube Technology Holdings Limited, Inno-Tech Holdings Limited and Up Energy of the relevant financial assets.

13. LOAN RECEIVABLES

	30.9.2013	31.3.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
Non-current:		
Promissory note	**25,000**	25,000
Interest Bearing ICube Bond (note 12(ii))	**5,572**	5,572
	30,572	30,572
Current:		
Fixed-rate loan receivables	**64,000**	110,000
	94,572	140,572

Loan receivables at the end of reporting period are neither past due nor impaired. The Group did not provide impairment loss on loan receivables.

14. DEFERRED TAXATION

The followings are the major deferred tax (liabilities) assets recognised and movements thereon during the current period and prior periods:

	Withholding tax arise from PRC subsidiaries	Tax losses	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2012 (audited), 30 September 2012 (unaudited), 1 April 2013 (audited) and at 30 September 2013 (unaudited)	(185)	390	205

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.

15. TRADE AND BILLS RECEIVABLES

	30.9.2013	31.3.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
Trade receivables	**52,077**	13,395
Bills receivables from trading of commodities (Note)	**21,687**	–
	73,764	13,395

Note: HK$7,810,000 of the total bills receivables from trading of commodities was receivable from the ultimate holding company of the non-controlling shareholder of a subsidiary.

15. TRADE AND BILLS RECEIVABLES *(Continued)*

The Group allows credit period of 30 to 60 days to its customers of sale of plastic and paper boxes for luxury consumer goods business, 90 days to its customers of trading of commodities business, and the Group allows their credit period of 120 to 180 days to its customers of sale of coal. The aged analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period is stated as follows:

	30.9.2013	31.3.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
0 to 30 days	**35,087**	9,351
31 to 60 days	**11,900**	2,533
61 to 90 days	**1,757**	1,006
Over 90 days	**25,020**	505
	73,764	13,395

16. CONSIDERATION RECEIVABLE

On 7 September 2011, the Group entered into a sales and purchase agreement with an independent third party not connected with the Group, Inner-Mongolia Shuangxin Resources Group Co., Ltd. (the "Purchaser"). Pursuant to this sales and purchase agreement, the Group agreed to dispose of Wuhai City Menggang Industrial Development Co., Ltd. and its subsidiaries (collectively referred to as the "Menggang Group") (the "Menggang Group Disposal"), which operated the Group's coal mines in the Inner-Mongolia Autonomous Region in the PRC (the "Inner-Mongolia Coal Mining Operation"), for a cash consideration of RMB1,503,000,000 ("Total Consideration"). The Menggang Group Disposal was completed on 30 May 2012 (see note 22(b)). The consideration receivable was supposed to be satisfied by four instalments: RMB781,660,000 by completion; RMB420,840,000 by 90 days subsequent to the completion; RMB225,450,000 by 180 days subsequent to the completion and the remaining RMB75,150,000 by fifteen months subsequent to the completion. On 19 November 2012, the Group and the Purchaser entered into a supplemental agreement in relation to the Disposal ("Supplemental Agreement"), pursuant to which the Group and the Purchaser agreed to reduce the Total Consideration by RMB75,000,000. Such reduction shall be settled by deducting the third installment by RMB40,000,000 and deducting the final installment by RMB35,000,000.

16. CONSIDERATION RECEIVABLE *(Continued)*

On 6 December 2012, the Purchaser received a notice (the "Notice") from the tax bureau of Wuhai City Hainan District in the Inner Mongolia Autonomous Region (the "Tax Bureau"), pursuant to which, the Tax Bureau requested the Purchaser to withhold additional business tax of RMB80 million. In the view of the directors of the Company, such additional business tax is not applicable to this transaction, hence the Group negotiated with the Tax Bureau and finally the Tax Bureau revoked the Notice on 3 April 2013. However, this RMB80 million outstanding amount has not been settled by the Purchaser.

On 16 May 2013, an arbitration was filed by the Group to China International Economic and Trade Arbitration Commission (the "Commission") to claim this unsettled amount. On 8 August 2013, the Purchaser has provided its written defence to the arbitration court and argue that the Notice issued by the Tax Bureau did not clearly state that additional business tax is not applicable to this transaction. The Tax Bureau revoked the Notice could not remove the obligation for the Purchaser to withhold the additional business tax.

During the current period, the final installment of the Total Consideration, RMB40,150,000 is due. On 8 October 2013, the Purchaser filed a counter arbitration request to the Commission and claimed that the Group had failed to fulfil certain terms and obligations in accordance with the sales and purchase agreement. Due to this non-compliance, the Purchaser has to incur additional costs before the Menggang Group's coal mines could be put into operations. Therefore, the Purchaser withheld the final installment of the Total Consideration and claimed an aggregated compensation amount of approximately RMB65 million (approximately HK$82 million).

In view of the Notice was revoked by Tax Bureau and the directors considered that the Group had fully complied with the terms of the sales and purchase agreement after taking legal advice, in the opinion of the directors, the Group has a meritorious ground on the arbitrations, so the risk of not recovering of the amount is minimal, and no impairment loss is required as at 30 September 2013. The arbitration is scheduled on 26 November 2013 by the PRC arbitration court.

As at 30 September 2013 and 31 March 2013, the remaining unsettled consideration of RMB120,150,000 (or equivalent to HK$151,641,000; 31.3.2013: HK$149,875,000) was included in the condensed consolidated statement of financial position as consideration receivable.

17. ASSETS CLASSIFIED AS HELD FOR SALE

On 12 October 2012, the Group and Up Energy Mining Limited, an independent third party not connected with the Group, entered into a sale and purchase agreement ("S&P Agreement"). Pursuant to the S&P Agreement, the Group agreed to dispose of its entire 100% equity interest in Champ Universe Limited and its subsidiaries (collectively the "Champ Universe Group"), which operates the Group's coal mines in the Xinjiang Uygur Autonomous Region in the PRC (the "Xinjiang Coal Mining Operation") and to assign HK$1.6 billion shareholder's loan at an aggregate consideration of HK$1,580,000,000 subject to adjustments pursuant to the terms of the S&P Agreement (the "Champ Universe Disposal").

The consideration would be satisfied by: (i) issue of 367,500,000 shares of Up Energy Development Group Limited ("Up Energy"), the ultimate holding company of Up Energy Mining Limited with its shares listed on the Stock Exchange of Hong Kong Limited, at an issue price of HK$2 per share ("Up Energy Share(s)"). However, if as at the third anniversary of the completion date of the Champ Universe Disposal ("Third Anniversary Date"), the average closing price of the Up Energy Share for the five trading days immediately preceding and including the Third Anniversary Date is less than HK$2 per share, Up Energy shall allot and issue additional new Up Energy Shares to the Company (the "Top-up Options") (details as set out in the Company's announcement dated 29 October 2012); (ii) HK$845,000,000 by way of cash payment; and (iii) put option granted to the Company, pursuant to which, as at the Third Anniversary Date, the Company has the right to request Up Energy to arrange for the sale of the Up Energy Shares, up to a maximum of 140,000,000 Up Energy Shares by way of placing through an independent qualified placing agent nominated by Up Energy at a price to be agreed between Up Energy and such placing agent ("Placing Price") (the "Put Options"). If the Placing Price is less than HK$2.2 per share, Up Energy shall pay the shortfall as cash compensation to the Company.

Completion of the Champ Universe Disposal was subject to fulfilment of conditions precedent including, amongst others, the approval from shareholders of the Company and Up Energy. During the six months ended 30 September 2013, all these conditions were fulfilled and the Champ Universe Disposal was completed on 28 June 2013 (see note 22(a)).

As at 31 March 2013, the assets and liabilities attributable to the Champ Universe Group to be sold within twelve months had been classified as assets and liabilities held for sale and were separately presented in the condensed consolidated statement of financial position. The Xinjiang Coal Mining Operation for the current and prior years were presented as discontinued operations (see note 18).

17. ASSETS CLASSIFIED AS HELD FOR SALE *(Continued)*

	31 March 2013 HK$'000
Assets of the Champ Universe Group:	
Property, plant and equipment	33,328
Prepaid lease payments	1,898
Mining rights	1,568,091
Deposits	7,973
Inventories	13,917
Trade receivables	1,980
Other receivables and prepayments	775
Bank balances and cash	4,031
Total assets classified as held for sale	1,631,993
Liabilities of the Champ Universe Group:	
Trade payables	2,039
Other payables	13,252
Provision for restoration and environment costs	6,802
Borrowing	33,369
	55,462
Deposit received from Up Energy	10,000
Total liabilities associated with assets classified as held for sale	65,462

18. DISCONTINUED OPERATIONS

The combined results of the discontinued operations (i.e. the Inner-Mongolia Coal Mining operation and Xinjiang Coal Mining operation) included in the profit or loss for the current and prior periods from discontinued operations are set out below. The comparative loss and cash flows from discontinued operations have been re-presented to include the Xinjiang Coal Mining Operation, which was classified as discontinued operation in the current period.

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Profit (loss) for the period from discontinued operations is analysed as follows:		
Revenue	**30,044**	11,893
Cost of sales	**(23,274)**	(13,769)
Other income, gains and losses	**2**	2,798
Distribution and selling costs	**(116)**	(173)
Administrative expenses	**(13,126)**	(8,330)
Other expenses	**–**	(266)
Finance costs – interest on borrowing wholly repayable within five years	**(1,060)**	(695)
	(7,530)	(8,542)
Gain on disposal of operations	**92,425**	120,910
Attributable income tax expenses	**–**	(124,121)
Profit (loss) for the period from discontinued operations	**84,895**	(11,753)

18. DISCONTINUED OPERATIONS *(Continued)*

	Six months ended 30 September 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Profit (loss) for the period from discontinued operations have been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	–	2,025
Release of prepaid lease payments	–	679
Directors' emoluments	–	–
Chief executive's emoluments		
Bonus (Note)	–	44,000
Other staff costs		
Fees, salaries, bonus and other allowances (Note)	**9,396**	20,776
Retirement benefit scheme contributions	**994**	15
	10,390	64,791
Interest income	–	(228)
Cash flows from discontinued operations:		
Net cash flows from (used in) operating activities	**26,673**	(17,639)
Net cash flows used in investing activities	**(7,679)**	(15,944)
Net cash flows from financing activities	**27,325**	54,190
Net cash flows	**46,319**	20,607

Note: During the six months ended 30 September 2012, the amount included a special bonus of HK$44,000,000 and HK$6,000,000 paid to the chief executive and other staff respectively in respect of the completion of the disposal of subsidiaries which was included in determining the gain on disposal of subsidiaries.

19. TRADE PAYABLES

	30.9.2013 HK$'000 (unaudited)	31.3.2013 HK$'000 (audited)
Trading payables	**13,085**	7,832
Payables arising from trading of commodities	**12,020**	–
	25,105	7,832

Trade payables principally comprise amounts outstanding for trade purchases. The credit period taken for trade purchases for sale of plastic and paper boxes for luxury consumer goods business is 30 to 60 days and for trading of commodities is 0 to 90 days. The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is stated as follows:

	30.9.2013 HK$'000 (unaudited)	31.3.2013 HK$'000 (audited)
0 to 30 days	**14,617**	6,345
31 to 60 days	**5,613**	1,220
61 to 90 days	**2,323**	184
91 to 180 days	**2,552**	83
	25,105	7,832

20. SECURED NOTES AND BORROWING

During the period, the Group issued secured notes with principal amount of US$24,000,000 (equivalent to HK$185,852,000) for a cash proceeds of HK$170,210,000. On 8 May 2013, the Group fully redeemed the entire secured notes (including the secured notes with principal amount of US$16,000,000 issued at 31 March 2013) by cash of HK$293,715,000.

During the current interim period, the Group obtained new bank loan amounting to HK$310,692,000 and was fully settled before end of the reporting period.

21. SHARE CAPITAL

	Number of shares	**Share capital** HK$'000
Ordinary shares of HK$0.05 each		
Authorised:		
At 1 April 2013 and 30 September 2013	10,000,000,000	500,000
Issued and fully paid:		
At 1 April 2013	3,930,535,804	196,527
Shares issued upon exercise of warrants (Note)	41,000,000	2,050
At 30 September 2013	3,971,535,804	198,577

Note:

During the period, a total of 41,000,000 new ordinary shares of the Company of HK$0.05 each were issued upon the exercise of 41,000,000 warrants at HK$0.1625 per share. The new shares issued rank pari passu in all respects with the existing shares in issue.

As at 30 September 2013, there was 697,500,000 warrants outstanding which are convertible into 697,500,000 new ordinary shares of the Company.

22. DISPOSAL OF SUBSIDIARIES

(a) Champ Universe Disposal

During the six months ended 30 September 2013, the Group disposed of its entire 100% equity interests in the Champ Universe Group. The Champ Universe Disposal was completed on 28 June 2013.

Net gain on disposal of subsidiaries:

	HK$'000
Cash consideration received	845,000
Shares consideration received	176,400
Options consideration received	600,107
Reclassification of cumulated translation reserve to profit or loss upon disposal of the Champ Universe Group	77,771
Net assets disposed of	(1,606,853)
Net gain on disposal	92,425

Net gain on disposal of HK$92,425,000 was included in profit or loss for the period ended 30 September 2013 from discontinued operation in the condensed consolidated statement of profit or loss and other comprehensive income.

Net cash inflow arising on disposal:

	HK$'000
Total cash consideration received	845,000
Less: Bank balances and cash disposed of	(50,345)
	794,655
Less: Deposit received in prior period	(10,000)
Net cash reflow arising on the disposal for six months ended 30 September 2013	784,655

22. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Menggang Group Disposal

During the six months ended 30 September 2012, the Group disposed of its entire 100% equity interests in the Menggang Group. The Menggang Group Disposal was completed on 30 May 2012.

Net gain on disposal of subsidiaries:

	HK$'000
Consideration received and receivable (see note 16)	1,825,802
Adjustment on consideration (see note 16)	(91,815)
Net assets disposed of	(1,598,531)
Reclassification of cumulative translation reserve to profit or loss upon disposal of the Menggang Group	110,316
Stamp duty and other direct costs	(124,862)
Net gain on disposal	120,910

Net gain on disposal of HK$120,910,000, together with attributable income tax expenses related to this disposal of HK$124,121,000, were included in profit or loss for the six months ended 30 September 2012 from discontinued operations in the condensed consolidated statement of profit or loss and other comprehensive income.

Net cash inflow arising on disposal:

	HK$'000
Total cash consideration received	949,417
Stamp duty and other direct costs paid	(74,862)
Withholding tax paid	(60,738)
	813,817

23. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	30.9.2013	31.3.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
Within one year	**10,566**	10,937
Within two to five years inclusive	**1,299**	6,182
	11,865	17,119

Operating lease payments represent rentals payable by the Group for certain of its office and factory premises and staff quarters. Leases are negotiated for an average term of two to five years and rentals are fixed over the relevant lease terms.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30.9.2013	31.3.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
Within one year	**434**	420
Within two to five years	**1,232**	1,456
	1,666	1,876

23. COMMITMENTS *(Continued)*

(b) Capital commitments

	30.9.2013	31.3.2013
	HK$'000	HK$'000
	(unaudited)	(audited)
Capital expenditure in respect of addition of property, plant and equipment and purchase of a land use right contracted for but not provided in the condensed consolidated financial statements	**150,000**	5,080
Capital expenditure in respect of addition of property, plant and equipment and purchase of a land use right authorised but not contracted for (Note)	–	1,174,700

Note: As at 31 March 2013, HK$924,700,000 capital commitments in respect of addition of property, plant and equipment also included those related to the Group's Xingiang Coal Mining Operation.

24. SHARE BASED PAYMENTS

Details of the share options outstanding and movements during the current period were as follows:

				Number of share options		
Grantee	Date of grant	Exercising period	Exercise price per share HK$	Outstanding at 1 April 2013	Lapsed during the period	Outstanding at 30 September 2013
Director						
Fok Chi Tak ("Mr. Fok")	8.4.2011	8.4.2012 to 7.4.2015	0.740	600,000	–	600,000
(Note a)	8.4.2011	8.4.2013 to 7.4.2016	0.740	600,000	–	600,000
	8.4.2011	8.4.2014 to 7.4.2017	0.740	800,000	–	800,000
Chief Executive						
Li Shao Yu ("Ms. Li ")	27.9.2010	27.9.2011 to 26.9.2014	0.800	5,700,000	–	5,700,000
(Note b)	27.9.2010	27.9.2012 to 26.9.2015	0.800	5,700,000	–	5,700,000
	27.9.2010	27.9.2013 to 26.9.2016	0.800	7,600,000	–	7,600,000
Other employees	8.6.2007	8.6.2010 to 5.7.2013	0.860	260,000	(260,000)	–
	27.8.2010	27.8.2011 to 26.8.2014	0.800	1,950,000	–	1,950,000
	27.8.2010	27.8.2012 to 26.8.2015	0.800	1,950,000	–	1,950,000
	27.8.2010	27.8.2013 to 26.8.2016	0.800	2,600,000	–	2,600,000
	27.9.2010	27.9.2011 to 26.9.2014	0.800	13,170,000	–	13,170,000
	27.9.2010	27.9.2012 to 26.9.2015	0.800	13,170,000	–	13,170,000
	27.9.2010	27.9.2013 to 26.9.2016	0.800	17,560,000	–	17,560,000
	1.4.2010	1.4.2011 to 31.3.2014	1.202	6,000,000	–	6,000,000
	1.4.2010	1.4.2012 to 31.3.2015	1.202	6,000,000	–	6,000,000
	1.4.2010	1.4.2013 to 31.3.2016	1.202	8,000,000	–	8,000,000
	8.4.2011	8.4.2012 to 7.4.2015	0.740	1,350,000	–	1,350,000
	8.4.2011	8.4.2013 to 7.4.2016	0.740	1,350,000	–	1,350,000
	8.4.2011	8.4.2014 to 7.4.2017	0.740	1,800,000	–	1,800,000
				96,160,000	(260,000)	95,900,000

Notes:

(a) Mr. Fok is the Chief Financial Officer of the Company and was appointed as director of the Company on 27 September 2013.

(b) Ms. Li is a substantial shareholder and chief executive of the Company.

In the current period, share option expenses of approximately HK$2,273,000 (six months ended 30 September 2012: HK$5,690,000) were recognised with a corresponding credit in the share options reserve.

25. RELATED PARTY TRANSACTIONS

The remuneration of directors and other key management personnel of the Group during the period was HK$1,591,000 (six months ended 30 September 2012: HK$50,846,000) which included HK$908,000 (six months ended 30 September 2012: HK$47,907,000) remuneration paid/payable to Ms. Li. Ms. Li is a substantial shareholder of the Company who can exercise significant influence to the Group and is the chief executive officer of the Company.

During the six months ended 30 September 2012, the Group settled the entire outstanding amount of the Company's convertible notes with an aggregate carrying amount of HK$639,349,000. Holders of the convertible notes are companies in which Ms. Li has controlling interests.

26. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 September 2013, as part of the total consideration of the disposal of Champ Universe Group, the Group received shares consideration of HK$176,400,000 and options consideration of HK$600,107,000, which are classified as available-for-sale investments and financial assets designated at fair value through profit or loss respectively.

During the six months ended 30 September 2012, consideration for the disposal of subsidiaries of HK$784,570,000 has yet to be received and was included in the condensed consolidated statement of financial position as consideration receivable. In addition, special bonus of HK$50,000,000 and withholding tax of HK$63,383,000 had yet to be settled and were included in the condensed consolidated statement of financial position as other payable, deposits received and accruals and tax payable, respectively.

27. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend the payment of an interim dividend.

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 30 September 2013 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Listed equity securities classified as available-for-sale investments	482,950	Level 1	Quoted prices in an active market	N/A	N/A
Listed equity securities classified as investments held-for-trading	160	Level 1	Quoted prices in an active market	N/A	N/A
Listed debenture classified as available-for-sale investments	4,387	Level 1	Quoted prices in an active market	N/A	N/A
Unlisted debenture classified as available-for-sale investments	2,286	Level 2	Transaction prices in secondary market	N/A	N/A
Club debentures classified as available-for-sale investments	2,258	Level 2	Transaction prices in secondary market	N/A	N/A

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis *(Continued)*

Financial assets	Fair value as at 30 September 2013 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Debt securities classified as financial assets designated at fair value through profit or loss	13,945	Level 3	Discounted cash flow and binomial model. Future cash flows are estimated based on the prevailing market rate of interest of similar instruments	Discount rates which are with reference to the average yields of comparable bonds, the country risk premiums and the risk premium. Expected volatility of the share price for the conversion component is determined based on the historical trend of the market price of the bond issuers. (Note a)	The higher the discount rate, the lower the fair value. The higher the volatility, the higher the fair value.
Derivatives financial instruments	583,970	Level 3	Black-Scholes Option Pricing Model. The key inputs are: spot price, strike price, risk-free rate and expected volatility	Expected volatilities of the share price are determined based on the historical trend of the market price of the option issuer. (Note b)	The higher of the volatility, the higher the fair value.

Notes:

(a) If the discount rate to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of debt securities classified as financial assets at fair value through profit or loss would decrease/increase by approximately HK$503,000/HK$556,000. If the volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of debt securities classified as financial assets at fair value through profit or loss would increase/decrease by approximately HK$9,000/HK$4,000. In the opinion of the directors, the sensitivity analysis is unpresentative of the inherent price risk as the period end exposure does not reflect the exposure during the period.

(b) If the volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of derivatives classified as financial assets through profit or loss would increase/decrease by approximately HK$4,676,000/HK$4,139,000. In the opinion of the directors, the sensitivity analysis is unpresentative of the inherent price risk as the period end exposure does not reflect the exposure during the period.

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis *(Continued)*

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

	Secured notes	Debt securities classified at financial assets designated at fair value through profit or loss	Derivatives financial instruments
	HK$'000	HK$'000	HK$'000
At 1 April 2013	(122,582)	21,556	–
Addition	(170,210)	–	–
Options consideration received (note 22a)	–	–	600,107
Total gains (losses) recognised:			
– in profit or loss	4,010	7,389	(16,137)
Transfers out of level 3:			
– Disposal	–	(15,000)	–
– Settlement	288,782	–	–
At 30 September 2013	–	13,945	583,970

Of the total gains or losses for the period included in profit or loss, HK$8,747,000 relates to financial assets designated as at fair value through profit or loss and derivative financial instruments held at the end of the current reporting period. Fair value gains or losses on financial assets designated as at fair value through profit or loss and derivative financial instruments are included in "other gain and losses".

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial instruments that are measured at fair value on a recurring basis *(Continued)*

Fair value measurements and valuation processes

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group obtains transaction price and quoted price from secondary market and counterparty bank, as well as engages third party qualified valuers to perform the valuation on regular basis. The Group's investment committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Group's investment committee reports the valuer's findings to the board of directors of the Company to explain the cause of fluctuations in the fair value of the assets. Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.