

2014 Interim Report 中期報告

Stock Code 股份代號 : 00988



LOUDONG GENERAL NICE RESOURCES (CHINA) HOLDINGS LIMITED

樓東俊安資源(中國)控股有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)



Corporate Information

EXECUTIVE DIRECTORS

Cai Sui Xin (*Chairman*)
Zhao Cheng Shu (*Deputy Chairman*)
Lau Yu (*Chief Executive Officer*)
Ng Tze For
Li Xiao Juan

NON-EXECUTIVE DIRECTOR

Li Xiao Long

INDEPENDENT NON-EXECUTIVE DIRECTORS

Choy So Yuk, *BBS, JP*
Gao Wen Ping
Leung Yuen Wing

AUDIT COMMITTEE

Leung Yuen Wing (*Chairman*)
Li Xiao Long
Choy So Yuk, *BBS, JP*
Gao Wen Ping

REMUNERATION COMMITTEE

Choy So Yuk, *BBS, JP (Chairman)*
Li Xiao Long
Gao Wen Ping
Leung Yuen Wing

NOMINATION COMMITTEE

Cai Sui Xin (*Chairman*)
Zhao Cheng Shu
Choy So Yuk, *BBS, JP*
Gao Wen Ping
Leung Yuen Wing

EXECUTIVE COMMITTEE

Lau Yu (*Chairman*)
Zhao Cheng Shu
Ng Tze For
Li Xiao Juan

AUTHORISED REPRESENTATIVES

Ng Tze For
Chiu Yuk Ching

COMPANY SECRETARY

Chiu Yuk Ching

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
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183 Queen's Road East
Hong Kong

ADR DEPOSITARY

The Bank of New York Mellon Corporation
101 Barclay Street
22nd Floor
New York
NY 10286
USA

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.,
Hong Kong Branch
Citic Bank International Limited
DBS Bank (Hong Kong) Limited
Bank of East Asia, Limited

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	4	784,075	528,984
Cost of sales		(591,084)	(375,038)
Gross profit		192,991	153,946
Other income and gains	4	93	100
Administrative expenses		(5,864)	(5,140)
Other operating expenses		(645)	–
OPERATING PROFIT		186,575	148,906
Finance costs		(821)	(1,105)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	5	185,754	147,801
Income tax expense	6	(141,552)	(93,632)
Profit for the period from continuing operations		44,202	54,169
DISCONTINUED OPERATIONS			
(Loss)/profit for the period from discontinued operations	12	(21,072)	5,195
PROFIT FOR THE PERIOD		23,130	59,364
OTHER COMPREHENSIVE INCOME			
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations			
– Continuing operations		(8,474)	1,741
– Discontinued operations		(14,002)	54,415
		(22,476)	56,156
Total comprehensive income for the period		654	115,520

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014	2013
		(unaudited) HK\$'000	(unaudited) HK\$'000 (Restated)
Profit for the period attributable to the owners of the Company:			
– Profit for the period from continuing operations		41,381	50,832
– (Loss)/profit for the period from discontinued operations	12	(19,449)	4,899
		21,932	55,731
Profit for the period attributable to non-controlling interests:			
– Profit for the period from continuing operations		2,821	3,337
– (Loss)/profit for the period from discontinued operations	12	(1,623)	296
		1,198	3,633
		23,130	59,364
Total comprehensive income for the period attributable to:			
Owners of the Company		723	109,224
Non-controlling interests		(69)	6,296
		654	115,520
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	8		
Basic			
– For profit for the period		0.918 cents	2.333 cents
– For profit from continuing operations		1.732 cents	2.128 cents
Diluted			
– For profit for the period		0.918 cents	2.333 cents
– For profit from continuing operations		1.732 cents	2.128 cents

Condensed Consolidated Statement of Financial Position

At 30 June 2014

		30 June 2014 (unaudited) HK\$'000	31 December 2013 (audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	9	70	142,958
Investment property		11,738	11,738
Prepaid land premiums		–	36,544
Interests in associates		–	6,532
Available-for-sale investment		–	12,200
Goodwill		–	–
Other long-term assets		–	481,581
Deferred tax assets		–	11,252
Total non-current assets		11,808	702,805
CURRENT ASSETS			
Inventories		–	145,268
Prepaid land premiums		–	1,008
Trade and bills receivables	10	25,203	1,490,263
Prepayments, deposits and other receivables		853	1,127,219
Equity investments at fair value through profit or loss		–	1,281
Due from related companies	16	30,138	30,075
Pledged deposits		–	642,827
Cash and cash equivalents		24,440	7,630
Total current assets		80,634	3,445,571
Assets of a disposal group classified as held for sale	12	3,918,636	–
Total current assets		3,999,270	3,445,571
CURRENT LIABILITIES			
Trade and bills payables	11	24,876	911,624
Other payables and accruals		17,420	214,206
Interest-bearing bank and other borrowings		–	1,249,294
Due to related companies	16	19,297	27,718
Tax payable		216	165,058
Total current liabilities		61,809	2,567,900
Liabilities directly associated with the assets of a disposal group classified as held for sale	12	2,802,567	–
Total current liabilities		2,864,376	2,567,900

Condensed Consolidated Statement of Financial Position

At 30 June 2014

	Notes	30 June 2014 (unaudited) HK\$'000	31 December 2013 (audited) HK\$'000
NET CURRENT ASSETS		1,134,894	877,671
TOTAL ASSETS LESS CURRENT LIABILITIES		1,146,702	1,580,476
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		–	134,038
Loan from related companies	16	–	232,233
Promissory note		26,341	25,520
Deferred tax liabilities		946	69,924
Total non-current liabilities		27,287	461,715
NET ASSETS		1,119,415	1,118,761
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	23,892	23,892
Exchange fluctuation reserve		97,316	118,525
Reserves		963,837	941,905
		1,085,045	1,084,322
Non-controlling interests	12	34,370	34,439
TOTAL EQUITY		1,119,415	1,118,761

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to owners of the Company									
	Issued capital	Share option reserve	Exchange fluctuation reserve	Share premium account	Capital reserve	Contribution surplus	Retained	Total	Non- controlling interests	Total
							earnings/ (Accumulated losses)			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2013 (audited)	23,892	1,534	219,602	626,634	677,593	1,742,526	475,125	3,766,906	173,275	3,940,181
Profit for the period	-	-	-	-	-	-	55,731	55,731	3,633	59,364
Other comprehensive income for the period:										
Exchange differences on transaction of foreign operations	-	-	53,493	-	-	-	-	53,493	2,663	56,156
Total comprehensive income for the period	-	-	53,493	-	-	-	55,731	109,224	6,296	115,520
Balance at 30 June 2013 (unaudited)	23,892	1,534	273,095	626,634	677,593	1,742,526	530,856	3,876,130	179,571	4,055,701
Balance at 1 January 2014 (audited)	23,892	1,534	118,525	626,634	688,569	1,742,526	(2,117,358)	1,084,322	34,439	1,118,761
Profit for the period	-	-	-	-	-	-	21,932	21,932	1,198	23,130
Other comprehensive income for the period:										
Exchange differences on transaction of foreign operations	-	-	(21,209)	-	-	-	-	(21,209)	(1,267)	(22,476)
Total comprehensive income for the period	-	-	(21,209)	-	-	-	21,932	723	(69)	654
Balance at 30 June 2014 (unaudited)	23,892	1,534	97,316	626,634	688,569	1,742,526	(2,095,426)	1,085,045	34,370	1,119,415

Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Cash flows from operating activities		
Profit before tax:		
From continuing operations	185,754	147,801
From discontinued operations	39,693	61,144
Adjustments for:		
Depreciation	7,287	60,114
Impairment of trade and bills receivables	56,953	–
Reversal of provision of amounts due from associates	(31,331)	–
Finance costs excluding interest on promissory note	28,402	41,294
Interest accrued for promissory note	821	1,105
Gain on disposal of property, plant and equipment	(305)	–
Amortisation of prepaid land premiums	1,175	1,176
	288,449	312,634
Increase in trade and bills receivables	(212,300)	(508,309)
(Increase)/decrease in prepayments, deposit and other receivables	(93,200)	36,470
(Decrease)/increase in trade and bills payables	(439,159)	425,860
Increase in other payables and accruals	50,357	45,000
Other operating activities	(24,209)	(18,713)
Cash (used in)/generated from operations	(430,062)	292,942
Income tax paid	(113,022)	(66,674)
Net cash flows (used in)/ from operating activities	(543,084)	226,268
Additions to property, plant and equipment	(2,006)	(99,471)
Decrease/(increase) in pledge deposits	319,052	(218,070)
Repayment from an associate	31,331	120,062
Repayment from other long-term assets	–	37,914
Proceeds from disposal of property, plant and equipment	949	–
Net cash flows from/ (used in) investing activities	349,326	(159,565)
New bank loans raised	1,332,611	945,443
Repayments of bank loans	(1,083,028)	(951,927)
Other financing activities	(28,402)	(41,294)
Net cash flows from/ (used in) financing activities	221,181	(47,778)
Net increase in cash and cash equivalents	27,423	18,925
Cash and cash equivalents at 1 January	7,630	32,395
Effect of foreign exchange rate changes	(173)	5,137
Cash and cash equivalents at 30 June	34,880	56,457
Analysis of the balances of cash and cash equivalents		
Cash and bank balances as stated in the condensed consolidated statement of financial position	24,440	56,457
Cash and bank balances of the Disposal Group (note 12)	10,440	–
	34,880	56,457



Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance 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") and with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

As detailed in note 12 to the condensed consolidated financial statements, the Group will dispose of certain of its subsidiaries and is highly probable to be completed within twelve months from the end of the reporting period on 30 June 2014. Upon the disposal, the Group will cease the Manufacturing Segment (as defined in note 12 to the condensed consolidated financial statements). Therefore, the results of the Manufacturing Segment for the six months ended 30 June 2014 were re-classified as "discontinued operations" and were separately presented in the condensed consolidated statement of profit or loss and other comprehensive income. The comparative amounts (the "Comparative Amounts") for the corresponding six month period in 2013 have been reclassified and restated to conform with the current year's presentation. The assets and liabilities of the attributable to the Disposal Group (as defined in note 12 to the condensed consolidated financial statements) were classified as "a disposal group classified as held for sale" and were separately shown in the condensed consolidated statement of financial position as at 30 June 2014.

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

1. BASIS OF PREPARATION (CONTINUED)

The Comparative Amounts were restated as follows:

Condensed consolidated statement of profit or loss and other comprehensive income For the six months ended 30 June 2013

	As previously reported (unaudited) HK\$'000	Discontinued operations (unaudited) HK\$'000	As restated (unaudited) HK\$'000
Revenue	1,567,546	1,038,562	528,984
Cost of sales	(1,201,986)	(826,948)	(375,038)
Gross profit	365,560	211,614	153,946
Other income and gains	9,703	9,603	100
Selling and distribution expenses	(33,465)	(33,465)	–
Administrative expenses	(67,471)	(62,331)	(5,140)
Other operating expenses	(22,983)	(22,983)	–
Operating profit	251,344	102,438	148,906
Finance costs	(42,399)	(41,294)	(1,105)
Profit before tax	208,945	61,144	147,801
Income tax expense	(149,581)	(55,949)	(93,632)
Profit for the period	59,364	5,195	54,169
Other comprehensive income: Exchange differences on translation of foreign operations	56,156	54,415	1,741
Total comprehensive income for the period	115,520	59,610	55,910

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and an investment property, which are measured at revalued amounts or fair values as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013.

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations (the “new or revised HKFRSs”) issued by the HKICPA.

Amendments to HKFRS10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32 Amendments to HKAS 36	Offsetting Financial Assets and Financial Liabilities Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied any new or revised standards, amendments to standards or interpretation that have been issued at the date of these condensed consolidated financial statements are authorised for issuance but are not yet effective.

3. OPERATING SEGMENT INFORMATION

The directors of the Company (the “Directors”) determine its operating segments based on the regular internal financial information reported to the Group’s executive directors for their decisions about resources allocation to the Group’s business components and review of these components’ performance.

The operating segment is identified based on the Group’s activities. The Group has identified the following reportable segments:

- (a) Manufacturing segment is engaged in the production of metallurgical coke from coking*; and
- (b) Trading segment is engaged in purchasing of metallurgical coke from external parties, which was commenced during the year ended 31 December 2013.

* The manufacturing segment will be discontinued (note 12).

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax, but head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment property, and amounts due from related companies, and other unallocated head office and corporate assets as these assets are managed on a group basis. Segment liabilities exclude amounts due to related companies, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2014

	Continuing operations- Trading segment HK\$'000	Sub-total HK \$'000	Discontinued operations- Manufacturing segment HK\$'000	Total HK\$'000
Segment revenue				
Sales to external customers	784,075	784,075	783,327	1,567,402
Segment results	192,991	192,991	168,943	361,934
Reconciliation:				
Unallocated income and expense, net		(7,237)	(129,250)	(136,487)
Profit before tax		185,754	39,693	225,447
Segment assets	344,457*	344,457	3,599,382	3,943,839
Reconciliation:				
Unallocated assets		67,239	–	67,239
Total assets		411,696	3,599,382	4,011,078
Segment liabilities	47,295 [#]	47,295	2,780,148	2,827,443
Reconciliation:				
Unallocated liabilities		64,220	–	64,220
Total liabilities		111,515	2,780,148	2,891,663
Other segment information				
Capital expenditure	–	–	29,327	29,327
Depreciation and amortisation	–	–	8,431	8,431
Unallocated depreciation and amortisation	–	31	–	31
	–	31	8,431	8,462
Impairment loss recognised	–	–	56,953	56,953

* Trading segment assets included assets of HK\$319,254,000 which were held by the Disposal Group (note 12).

[#] Trading segment liabilities included liabilities of HK\$22,419,000 which were held by the Disposal Group (note 12).

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2013 (Restated)

	Continuing operations- Trading segment HK\$'000	Sub-total HK\$'000	Discontinued operations- Manufacturing segment HK\$'000	Total HK\$'000
Segment revenue				
Sales to external customers	528,984	528,984	1,038,562	1,567,546
Segment results	153,946	153,946	211,614	365,560
Reconciliation:				
Unallocated income and expenses, net	(6,145)	(6,145)	(150,470)	(156,615)
Profit before tax	147,801	147,801	61,144	208,945
Segment assets	248,211 [^]	248,211	7,006,703	7,254,914
Reconciliation:				
Unallocated assets		48,106	–	48,106
Total assets		296,317	7,006,703	7,303,020
Segment liabilities	–	–	3,212,100	3,212,100
Reconciliation:				
Unallocated liabilities		35,219	–	35,219
Total liabilities		35,219	3,212,100	3,247,319
Other segment information				
Capital expenditure	–	–	99,471	99,471
Depreciation and amortisation	–	–	61,251	61,251
Unallocated depreciation and amortisation	–	38	–	38
	–	38	61,251	61,289
Impairment loss recognised	–	–	–	–

[^] Trading segment assets of HK\$248,211,000 were held by the Disposal Group (note 12).

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group operates principally in the PRC. Over 90% of the Group's revenue were derived in the PRC and over 90% of the Group's non-current assets are located in the PRC. Accordingly, no further disclosures by reportable segment are made based on business segment for the periods ended 30 June 2013 and 2014.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for trade discounts during the period.

An analysis of revenue, other income and gains from the continuing operations is as follows:

	Six months ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
		(Restated)
Revenue		
Sales of goods	784,075	528,984
Other income and gains		
Bank interest income	–	1
Others	93	99
	93	100

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

5. PROFIT BEFORE TAX

The Group's profit before tax for the period from the continuing operations is arrived at after charging the followings:

	Six months ended 30 June	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000 (Restated)
Cost of inventories sold	591,084	375,038
Staff costs (including directors' remuneration)	3,604	3,511
Depreciation	31	38
Promissory note interest expenses	821	1,105
Bank charges	1	3

6. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as the Group had no assessable profits generated in Hong Kong during the period (2013: Nil). Taxes on profits assessable in the PRC have been calculated at the rates of 25%, based on existing legislation, interpretations and practices in respect thereof.

The major components of income expense for the period from the continuing operations are as follows:

	For the six months ended 30 June	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000 (Restated)
Group:		
Current – PRC		
Charge for the period	141,552	93,632

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

6. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of the tax expenses applicable to (loss)/profit before tax using the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e. the statutory rates) to the effective tax rates, are as follows:

Six months ended 30 June 2014

	Hong Kong (unaudited)		Mainland China (unaudited)		Total (unaudited)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
(Loss)/profit before tax from continuing operations	(7,237)		192,991		185,754	
Tax at the statutory tax rate	(1,195)	16.5	48,248	25.0	47,053	25.3
Income not subject to tax	(15)	0.2	–	–	(15)	–
Expenses not deductible for tax	1,210	(16.7)	93,304	48.3	94,514	50.9
Tax charge at effective tax rate	–	–	141,552	73.3	141,552	76.2

Six months ended 30 June 2013 (restated)

	Hong Kong (unaudited)		Mainland China (unaudited)		Total (unaudited)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
(Loss)/profit before tax from continuing operations	(6,145)		153,946		147,801	
Tax at the statutory tax rate	(1,014)	16.5	38,487	25.0	37,473	25.3
Income not subject to tax	(17)	0.3	–	–	(17)	–
Expenses not deductible for tax	1,031	(16.8)	55,145	35.8	56,176	38.0
Tax charge at effective tax rate	–	–	93,632	60.8	93,632	63.3



Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

7. DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended 30 June 2014 (2013: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic and diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$21,932,000 (2013: HK\$55,731,000) and the weighted average number of ordinary shares of 2,389,222,000 (2013: 2,389,222,000) in issue during the period.

The calculation of basic and diluted earnings per share amounts for continuing operations is based on the profit for the period from continuing operations attributable to ordinary equity holders of the Company of approximately HK\$41,381,000 (2013: HK\$50,832,000) and the weighted average number of ordinary shares of 2,389,222,000 (2013: 2,389,222,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2013 and 2014 by the effect of share options as it is reasonably presumed that no option holder will exercise the option when the market price per share is lower than the exercise price per share of the share option. Therefore, no dilution effect occurred for the periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group reclassified the property, plant and equipment approximately HK\$155,809,000 to assets of a disposal group held for sale (note 12) and did not acquire any property, plant and equipment for continuing operations (for the six months ended 30 June 2013: approximately HK\$99,471,000). Depreciation for items of property, plant and equipment was approximately HK\$31,000 during the period (for the six months ended 30 June 2013: approximately HK\$60,113,000).

During the period, the Group did not dispose of any plant or machinery (for the six months period ended 30 June 2013: nil).

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

10. TRADE AND BILLS RECEIVABLES

	30 June 2014 (unaudited) HK\$'000	31 December 2013 (audited) HK\$'000
Trade receivables	25,203	854,439
Impairment	–	(149,307)
	25,203	705,132
Bills receivable	–	785,131
	25,203	1,490,263

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers and mainly concentrated in steel making industry, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the date of invoice, is as follows:

	30 June 2014 (unaudited) HK\$'000	31 December 2013 (audited) HK\$'000
Current	25,203	164,989
31-60 days	–	134,437
61-90 days	–	144,693
91-365 days	–	315,432
over 1 year	–	94,888
	25,203	854,439

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

10. TRADE AND BILLS RECEIVABLES (CONTINUED)

The movements in the provision for impairment of trade receivables are as follows:

	Group	
	30 June 2014 (unaudited) HK\$'000	31 December 2013 (audited) HK\$'000
At 1 January	149,307	29,851
Impairment losses recognised	–	116,907
Exchange realignment	–	2,549
Reclassified as a disposal group classified as assets held-for-sale (note 12.3)	(149,307)	–
As 30 June/31 December	–	149,307

The above provision for impairment of trade receivables as at 30 June 2014 and 31 December 2013 were in relation to individually impaired trade receivables with a carrying amount of HK\$Nil and HK\$190,945,000 respectively.

The Group does not hold any collateral or other credit enhancements over these balances.

11. TRADE AND BILLS PAYABLES

	30 June 2014 (unaudited) HK\$'000	31 December 2013 (audited) HK\$'000
Trade payables	24,876	98,315
Bills payable	–	813,309
	24,876	911,624

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

11. TRADE AND BILLS PAYABLES (CONTINUED)

An aged analysis of the trade payables as at the end of the reporting period, based on the date of invoice, is as follows:

	30 June 2014 (unaudited) HK\$'000	31 December 2013 (audited) HK\$'000
Current	24,876	12,208
31-60 days	–	8,394
61-90 days	–	2,157
91-365 days	–	17,424
over 1 year	–	58,132
	24,876	98,315

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

12. DISCONTINUED OPERATIONS/ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 27 March 2014, the Group entered into two memoranda of understandings with two independent third parties (the “Purchasers”), and subsequently, the Group further entered into supplementary memoranda of understanding (collectively, the “MOUs”) with the Purchasers on 25 June 2014. Pursuant to the MOUs, the Group will dispose (the “Disposal”) of its 100% equity interest in General Nice-Loudong Coal & Coke Limited (“GNLC”) and 100% equity interest in Buddies Power Enterprises Limited (“Buddies Power”). Both of GNLC and Buddies Power are an investment holding company and collectively own 94.48% equity interest in Shanxi Loudong-General Nice Coking & Gas Co., Limited (“Shanxi Loudong”, together with GNLC and Buddies Power, collectively, referred as the “Disposal Group”).

The principal activities of the Disposal Group are (i) coal processing and production of metallurgical coke and by-products (the “Manufacturing Segment”); and (ii) the trading of metallurgical coke (the “Trading Segment”). Upon the Disposal, the Group will cease its Manufacturing Segment but will continue with the Trading Segment. However, the assets and liabilities relating to the Trading Segment will also form part of the Disposal and are therefore included in the assets and liabilities of the Disposal Group classified as held for sale.

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

12. DISCONTINUED OPERATIONS/ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

The Directors consider that (i) they are actively negotiated with the Purchasers and have signed the MOUs as at 30 June 2014; (ii) the Disposal Group is available for immediate sale in its present condition; and (iii) the Disposal is highly probable to be completed within twelve months from the end of the reporting period on 30 June 2014. Therefore, the assets and liabilities attributable to the Disposal Group were classified as “a disposal group classified as held for sale” and are separately shown in the condensed consolidated statement of financial position as at 30 June 2014.

The results of the discontinued operations for the period are as follows:

	30 June 2014 (unaudited) HK\$'000	30 June 2013 (unaudited) HK\$'000 (Restated)
Revenue	783,327	1,038,562
Cost of sales	(614,384)	(826,948)
Other income	34,109	9,603
Selling and distribution costs	(33,594)	(33,465)
Administrative expenses	(32,300)	(62,331)
Other operating expenses	(69,063)	(22,983)
Finance costs	(28,402)	(41,294)
Profit before tax from the discontinued operations (note 12.1)	39,693	61,144
Income tax expense (note 12.2)	(60,765)	(55,949)
(Loss)/profit for the period from the discontinued operations	(21,072)	5,195
(Loss)/profit attributable to:		
Owners of the Company	(19,449)	4,899
Non-controlling interests	(1,623)	296
	(21,072)	5,195

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

12. DISCONTINUED OPERATIONS/ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

Major classes of assets and liabilities together with the non-controlling interests of the Disposal Group classified as held for sale are as follows:

	30 June 2014 (unaudited) HK\$'000
Property, plant and equipment (note 12.3)	155,809
Prepaid land premium	35,585
Investment in associate	6,371
Available-for-sale investment	11,899
Other long term assets	469,695
Deferred tax assets	11,115
Inventories	160,669
Trade and bills receivables (note 12.4)	1,583,043
Prepayments, deposits and other receivables	1,163,819
Equity investments at fair value through profit or loss	1,249
Pledged deposits	308,942
Cash and cash equivalents	10,440
Total assets of the Disposal Group classified as held for sale	3,918,636
Trade and bills payables (note 12.5)	426,539
Other payables and accruals	241,850
Interest-bearing bank and other borrowings	1,598,954
Due to related companies (note 12.6)	3,158
Tax payable	249,778
Loans from related companies (note 12.6)	213,988
Deferred tax liabilities	68,300
Due to group companies	730,145
Total liabilities directly associated with the assets of the Disposal Group classified as held for sale	3,532,712
Less: Due to group companies*	(730,145)
Liabilities directly associated with the assets of the Disposal Group classified as held for sale	2,802,567
Non-controlling interests directly associated with the Disposal Group classified as held for sale	34,370
Exchange fluctuation reserve recognised in other comprehensive income and accumulated in equity relating to the Disposal Group classified as held for sale	97,316

* For the presentation in the condensed consolidated statement of financial position as at 30 June 2014 and segment information in note 3, the amounts due to group companies amounting to HK\$730,145,000 have been excluded from the total liabilities directly associated with the assets of the Disposal Group classified as held for sale.

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

12. DISCONTINUED OPERATIONS/ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

The net cash flows of the Disposal Group for the period are as follows:

	30 June 2014 (unaudited) HK\$'000	30 June 2013 (unaudited) HK\$'000
Net cash flows (used in)/from operating activities	(566,525)	223,739
Net cash flows from/(used in) investing activities	349,326	(159,565)
Net cash flows from/(used in) financing activities	221,181	(45,315)
Effect of foreign exchange rate change	(173)	5,137
Net increase in cash and cash equivalents during the period	3,809	23,996

Earnings per share

	30 June 2014 (unaudited) HK\$'000	30 June 2013 (unaudited) HK\$'000
Basic, from the discontinued operations	(0.814 cents)	0.205 cents
Diluted, from the discontinued operations	(0.814 cents)	0.205 cents

The calculations of basic and diluted earnings per share from the discontinued operations are based on:

	30 June 2014 (unaudited)	30 June 2013 (unaudited)
(Loss)/profit attributable to ordinary equity holders of the parent from the discontinued operations (in HK\$'000)	(19,449)	4,899
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation (note 8) (in '000)	2,389,222	2,389,222

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2013 and 2014 by the effect of share options as it is reasonably presumed that no option holder will exercise the option when the market price per share is lower than the exercise price per share of the share option. Therefore, no dilution effect occurred for the periods.

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

12. DISCONTINUED OPERATIONS/ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

12.1 (Loss)/profit before Tax

The (loss)/profit before tax of the discontinued operations for the period is arrived at after charging/(crediting) the followings:

	Six months ended 30 June	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000 (Restated)
Cost of inventories sold	614,384	826,948
Staff costs (including directors' remuneration)	19,783	23,678
Depreciation	7,256	60,076
Mortgage loan interest	120	126
Amortisation of prepaid land premiums	1,175	1,176
Loss on disposal of a subsidiary	–	446
Impairment of trade and bills receivables	56,953	–
Reversal of provision in amounts due from associates	(31,331)	–
Bank charges	9,494	22,501

12.2 Income Tax Expenses

No Hong Kong profits tax has been provided as the discontinued operations did not generate any assessable profits in Hong Kong during the period (2013: Nil). Taxes on profits assessable in the PRC have been calculated at the rate of 25%, based on existing legislation, interpretations and practices in respect thereof.

The major components of income expense for the period are as follows:

	For the six months ended 30 June	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000 (Restated)
Group:		
Current – PRC		
Charge for the period	60,765	55,949

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

12. DISCONTINUED OPERATIONS/ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

12.2 Income Tax Expenses (Continued)

A reconciliation of the tax expenses applicable to profit before tax using the statutory rates for the jurisdictions in which the discontinued operations are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e. the statutory rates) to the effective tax rates, are as follows:

Six months ended June 2014

	Hong Kong (unaudited)		Mainland China (unaudited)		Total (unaudited)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
(Loss)/profit before tax	(330)		40,023		39,693	
Tax at the statutory tax rate	(54)	16.5	10,006	25.0	9,952	25.1
Income not subject to tax	–	–	(7,833)	(19.6)	(7,833)	(19.7)
Expenses not deductible for tax	54	(16.5)	58,592	146.4	58,646	147.7
Tax charge at effective tax rate	–	–	60,765	151.8	60,765	153.1

Six months ended June 2013 (restated)

	Hong Kong (unaudited)		Mainland China (unaudited)		Total (unaudited)	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
(Loss)/profit before tax	(294)		61,438		61,144	
Tax at the statutory tax rate	(49)	16.5	15,363	25.0	15,314	25.0
Income not subject to tax	–	0.0	(1,727)	(2.8)	(1,727)	(2.8)
Expenses not deductible for tax	35	11.9	38,614	62.9	38,649	63.2
Others	–	–	3,713	6.0	3,713	6.1
Tax charge at effective tax rate	(14)	(4.6)	55,963	91.1	55,949	91.5

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

12. DISCONTINUED OPERATIONS/ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

12.3 Property, Plant and Equipment

During the period, the Disposal Group acquired items of property, plant and equipment with a cost of approximately HK\$2,006,000 and re-classified from prepayments, deposits and other receivables approximately HK\$27,321,000. Depreciation for items of property, plant and equipment was approximately HK\$7,256,000 during the period.

During the period, the Disposal Group disposed of vehicles with carrying amount of HK\$949,000, resulting a gain on disposal of HK\$305,000.

12.4 Trade and Bills Receivables

	30 June 2014 (unaudited) HK\$'000
Trade receivables	832,377
Impairment	(203,864)
	<hr/>
	628,513
Bills receivable	954,530
	<hr/>
	1,583,043
	<hr/>

For the Disposal Group, the trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Disposal Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Disposal Group's trade receivables relate to a large number of diversified customers and mainly concentrated in steel making industry, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

12. DISCONTINUED OPERATIONS/ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

12.4 Trade and Bills Receivables (Continued)

An aged analysis of the trade receivables of the Disposal Group as at the end of the reporting period, based on the date of invoice, is as follows:

	30 June 2014 (unaudited) HK\$'000
Current	110,927
31-60 days	220,391
61-90 days	47,054
91-365 days	384,546
over 1 year	69,459
	<hr/> 832,377 <hr/>

The movements in the provision for impairment of trade receivables of the Disposal Group are as follows:

	30 June 2014 (unaudited) HK\$'000
At 1 January	149,307
Impairment losses recognised	56,953
Exchange realignment	(2,396)
	<hr/> 203,864 <hr/>

The above provision for impairment of trade receivables as at 30 June 2014 was in relation to individually impaired trade receivables with a carrying amount of HK\$326,327,000.

The discontinued operations do not hold any collateral or other credit enhancements over these balances.

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

12. DISCONTINUED OPERATIONS/ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

12.5 Trade and Bills Payables

	30 June 2014 (unaudited) HK\$'000
Trade payables	114,242
Bills payable	312,297
	<hr/> 426,539 <hr/>

An aged analysis of the trade payables of the Disposal Group as at the end of the reporting period, based on the date of invoice, is as follows:

	30 June 2014 (unaudited) HK\$'000
Current	47,197
31-60 days	5,396
61-90 days	13,514
91-365 days	26,242
over 1 year	21,893
	<hr/> 114,242 <hr/>

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

12. DISCONTINUED OPERATIONS/ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (CONTINUED)

12.6 Outstanding balances with related companies

The balances with related companies of the Disposal Group are unsecured, interest-free and have no fixed terms of repayment. The non-current balances represented cash advances to or from those related companies and were non-trade in nature. The detailed breakdown of amounts with related companies and of the Disposal Group is as follows:

(i) *Current portion*

	30 June 2014 (unaudited) HK\$'000
Due to related companies	
General Nice Resources (Hong Kong) Limited ("GNR")*	50
Hing Lou Resources Limited#	17
Tianjin General Nice Coke of Chemicals Co. Limited	997
Xiaoyi Loudong Industry & Trading Group Company	2,094
	<hr/> 3,158

(ii) *Non-current portion*

	30 June 2014 (unaudited) HK\$'000
Loans from related companies	
General Nice Development Limited ("GND")^	131,116
General Nice (Tianjin) Industry Co., Ltd. ("GNT") GNR	82,008 864
	<hr/> 213,988

* GNR directly held the Company's equity interest of 13.98% as at 30 June 2014.

^ GND directly held the Company's equity interest of 13.98% as at 30 June 2014.

Hing Lou Resources Limited directly held the Company's equity interest of 13.47% as at 30 June 2014.

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

13. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	Issued Capital HK\$'000
<i>Authorised</i>		
At 31 December 2013 and 30 June 2014	200,000,000,000	2,000,000
<i>Issued and fully paid</i>		
At 31 December 2013 and 30 June 2014	2,389,222,370	23,892

14. EVENTS AFTER THE END OF THE INTERIM PERIOD

There is no significant event subsequent to the end of the reporting period.

15. CAPITAL COMMITMENTS

	30 June 2014 (unaudited) HK\$'000	31 December 2013 (audited) HK\$'000
Contracted, but not provided for, in respect of:		
Acquisition of 30% equity interest in Linxian Taiye (Note (i))	–	414,980
Capital expenditure in respect to the construction of production facilities	14,197*	35,108
Capital expenditure in respect to the construction in progress	–*	26,998
	14,197	477,086

Notes:

- (i) On 16 September 2009, Shanxi Loudong entered into a memorandum of understanding with independent third parties to acquire 49% equity interest in Shanxi Loujun Group Taiye Coal Mining Company Limited (formerly known as Shanxi Linxian Taiye Coal Mining Company Limited, "Linxian Taiye"). A deposit of RMB176 million was paid upon signing of the memorandum of understanding. On 4 May 2010, Shanxi Loudong entered into an agreement with one of the independent third parties to revise the acquisition to 30% equity interest in Linxian Taiye at a total consideration of RMB700 million (equivalent to HK\$824,066,000). During the year ended 31 December 2010, an additional amount of RMB200 million was paid by the Group. As at 30 June 2013, the aggregate amount paid by the Group reached RMB376 million. Accordingly, Shanxi Loudong had capital commitment of RMB324 million (equivalent to approximately HK\$408,884,000). As additional time is required for the valuation report and the competent person's report of the coal mine and the financial statements of Linxian Taiye, the acquisition has not been completed at the date of approval of these consolidated financial statements. On 30 June 2014, Shanxi Loudong and Shanxi Loujin Mining Group Company Limited entered into a termination agreement to terminate the acquisition of 30% equity interest in Linxian Taiye. The deposit paid for the acquisition will repay by instalment and eventually completed before 31 March 2015. Due to this termination, no further capital commitment regarding to this acquisition is noted for the period ended 30 June 2014.

* These balances were of the Disposal Group.

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

16. RELATED PARTY TRANSACTIONS

Outstanding balances with related companies

The balances with related companies are unsecured, interest-free and have no fixed terms of repayment. The non-current balances represented cash advances to or from those related companies and were non-trade in nature. The detailed breakdown of amounts with related companies is as follows:

(i) *Current portion*

	30 June 2014 (unaudited) HK\$'000	31 December 2013 (audited) HK\$'000
Due from related companies		
GNR*	574	511
GNT	29,564	29,564
	30,138	30,075
Due to related companies		
GNR*	16,606	16,656
GND^	584	584
Hing Lou Resources Limited#	2,107	2,125
Tianjin General Nice Coke of Chemicals Co. Limited	–	997
Xiaoyi Loudong Industry & Trading Group Company	–	7,356
	19,297	27,718

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

16. RELATED PARTY TRANSACTIONS (CONTINUED)

Outstanding balances with related companies (Continued)

(ii) *Non-current portion*

	30 June 2014 (unaudited) HK\$'000	31 December 2013 (audited) HK\$'000
Loans from related companies		
GND [^]	–	142,294
GNT	–	89,002
GNR [*]	–	937
	–	232,233

* GNR directly held the Company's equity interest of 13.98% as at 30 June 2014 and 31 December 2013.

[^] GND directly held the Company's equity interest of 13.98% as at 30 June 2014 and 31 December 2013.

[#] Hing Lou Resources Limited directly held the Company's equity interest of 13.47% as at 30 June 2014 and 31 December 2013.

Details of the balances with related companies as at 30 June 2014 in relation to the Disposal Group are disclosed in note 12.6.

Compensation of key management personnel of the Group

The remuneration of directors and other members of key management during the period was as follow:

	For the six months ended 30 June	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Short term employee benefits	1,504	2,760
Post-employment benefits	70	45
Total compensation paid to key management personnel	1,574	2,805

The remuneration of Directors and key executives is recommended by the remuneration committee of the Company and determined by the Board having regard to the performance of individuals and market trends.



Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

17. COMPARATIVE AMOUNTS

As further explained in note 1 to the condensed consolidated financial statements, the comparative condensed consolidated statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the current period had been discontinued at the beginning of the comparative period (note 12).

In addition, certain comparative amounts have been reclassified and restated to conform with the current period's presentation.



General Information

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the period ended 30 June 2014, the Group recorded revenue from continuing operations at approximately HK\$784,075,000 (2013 (restated): approximately HK\$528,984,000). The revenue recorded by the discontinued operation was approximately HK\$783,327,000 (2013 (restated): approximately HK\$1,038,562,000) representing a 24.6% decrease from the previous period.

Profit attributable to owners of the Company of the continuing operations for the period ended 30 June 2014 was approximately HK\$41,381,000, compared with a profit attributable to owners of the Company of approximately HK\$50,832,000 in the corresponding period in 2013. The discontinued operations incurred a loss attributed to the owners of the Company was approximately HK\$19,449,000, comparing with profit attributed to the owners of the Company HK\$4,899,000 in the corresponding period in 2013, representing a 496.8% decrease from the previous period.

The loss of the discontinued operation was primarily attributable to the continuous decrease in selling price of metallurgical coke, amidst a slowing global economy and a tepid domestic market in China. These factors also affect the continuing operations, together with the increase in income tax expense in the trading segment, resulted with a decrease in profit for this segment.

BUSINESS REVIEW

The metallurgical coke industry faced the most difficult time in the first half of 2014. The unit selling price attained the lowest amount among the past 7 years. This is attributed to the continuation of the pessimistic environment in 2013, which is due to the slow demand from the troubled steel manufacturing sector and the increasingly stringent environmental policies in China, coupled with the continuation of over-capacity of coking plants.

Following the footprint in 2013, the Group continued to maintain its manufacturing business as well as the trading business. The trading business was started in 2013 to tackle the adverse situation in the coke industry and earn marginal profit from it in order to compensate the downturn in the manufacturing sector. It operates by direct procurement of the metallurgical coke from other manufacturers and then selling them subsequently. The change in receivable is mainly contributed by this segment. However, as they were settled by bills, the problem of recoverability is minimal. On 27 March 2014, the Group entered into two memoranda of understanding with Venders, and will ultimately dispose all the equity interests of Shanxi Loudong-General Nice Coking & Gas Co., Limited ("Shanxi Loudong") held directly and indirectly by the Group. Thus the manufacturing segment was classified as a discontinued operation in this period. After the completion of the disposal, the Group will maintain the trading segment until further acquisition may involve.

The income tax expense increased significantly due to higher revenue and profits generated from the coke trading activities. In addition, when the suppliers do not provide valued-added tax invoices ("VAT") for the purchases by the Group, it is not allowed for deduction to calculate the income tax expense. This issue regarding the trading activities contributed to another element for the increase in income tax expense and the decrease in the profit attributable to the owners of the Company for the 2014 interim period.



General Information

The Group's discontinued operation consists of two main divisions, which is composed of a coke manufacturing plant and an electricity-generating plant. The electricity generated will principally provide for self-utilization in coke manufacturing, with surplus power generated sold to third parties and local county government. Apart from this manufacturing segment, in 2013, it expands and further engages in the trading business as said above.

Consistent with past practices, advances to suppliers are essential parts of our business operation to guarantee a stable supply of coking coal for production. Due to the adverse environment of the metallurgical coke industry, the assessment for the recoverability of receivables was tightened to get in line with such situation. The management will intensely reassess the creditability of the customers and suppliers and impose rigid control on providing credit for the customers.

The total debtor's turnover day of the Group in June 2014 was 173 days compared with 110 days in June 2013. The significant increase in turnover days leading to increase in provision of impairment in the year ended 2013 and being carried forward and further provided in this period. To consistent with the policy of provision for impairment with prior year, an additional provision amounted to HK\$56,953,000 was made on the receivables. Together with a reversal of provision in amounts due from associates amounted to HK\$31,331,000, which is an recovered amount from the associate previously impaired, the net effect further nibble away the profit for the period. The Company only provide favourable credit terms for those credit-worthy customers to cope with their trade cycle during a slowing economy and lukewarm downturn of demand from the steel industry, but impose tight credit policy and control to other customers. In general, the management of the Group adopts a prudent credit policy to its customers by closely monitoring their repayment status and consistently reviews their credit terms. If there are any irregularities in repayment, credit terms granted to debtors will be adjusted accordingly. If the balance due from debtors becomes doubtful, appropriate doubtful debt provision will be provided for.

Shanxi Guo Xin Loujun New Resources Limited in which the Group owns 49% equity interests through Shanxi Loudong has applied to the relevant government authorities for the environment impact assessment approval on the synthetic natural gas production project ("SNG Project"). The application was rejected by the relevant government authorities on 22 March 2014 for the reasons that the SNG Project does not meet the environmental requirements and that the operation of the SNG Project may cause adverse impact on the city planning and neighbouring environment. As it is difficult for the SNG Project to continue its operation without the relevant approval, the Group is considering the possible solutions, including but not limited to deregistration of the joint venture. The Group is still in the progress of negotiation with the counter party, and this segment is planned to leave the Group with Shanxi Loudong after the disposal of Shanxi Loudong.

On 30 June 2014, the Group and the vendor entered into a termination agreement to terminate the acquisition of 30% equity interest in Shanxi Loujun Group Taiye Coal Mining Company Limited ("Taiye"), and the deposit will be refunded by a series of payments, with the last payment ending no later than 31 March 2015. A share charge on the 30% equity interest of Taiye was implemented to pledge for the repayment. Once the repayment is completed, the share charge will be released subsequently.



General Information

To follow the consolidation program in the coking industry initiated by the Shanxi provincial government, Shanxi Loudong signed a memorandum of understanding in September 2013 (as supplemented by supplemental memoranda of understanding) for leasing a land of approximately 4,000 mou for the construction of the new coking manufacturing facilities. In order to reallocate the Group's resources with an aim to restructuring its asset portfolio so as to increase the shareholders value through the disposal of Shanxi Loudong, no formal lease agreement was signed and the memorandum of understanding (as supplemented by supplemental memoranda of understanding) lapsed on 30 June 2014.

OUTLOOK

In the first half of 2014, the coke industry remained in the wintry stage. However, with an optimistic prospect, the selling price of coke has steadied, without further decrease after entering into the second half of 2014. In view of the industrial downturn and increasing demand from environmental regulation, the overproduction issues commonly occurred in the industry may worsen its recovery from the current situation.

To solve this structural issue, the president of the China National Coal Association, Mr. Wang Xianzheng, communicated with 14 largest coal and coke enterprises, and reached five consensus, including 1) strict control on production quantities; 2) the adjustment to achieve a complete examination on the enterprises; 3) control the quantities of coal and coke from export and import; 4) reduce the liabilities burdening the industry; and 5) push the environmental effectiveness in the coal and coke industry. Through these series of actions, the industry aims to recover from the brilliant moment of the past.

Due to the reasons mentioned above, as well as the unsatisfactory performance of Shanxi Loudong, together with the high cost for the construction of the new coking facilities; on 27 March 2014, the Group entered into two memoranda of understanding to dispose of its entire interest in Shanxi Loudong. After the disposal, the manufacturing segment and the investments through Shanxi Loudong, including the SNG Project will peer off from the Group, and the Group will continue to operate the trading business. On the other hand, the Group has entered into a memorandum of understanding (as supplemented by a supplemental letter) to acquire a commercial building located in North Sydney, Australia. The property currently has a net lettable area of approximately 1,862 square meters. These transactions were aimed to maximize the shareholders' wealth by exiting from a high risk portfolio.

Apart from aforesaid, the Group will continuously look for profitable investments in any industry to acquire in future as well as to introduce strategic private and state-owned investors to enhance the Group's strength and business development capabilities.



General Information

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND DEBT MATURITY PROFILE

As at 30 June 2014, the total bank borrowings of the Disposal Group amounted to HK\$1,598,954,000 (30 June 2013 (restated): HK\$1,104,758,000), representing an increase of HK\$494,196,000. The maturity profile of the Group's bank borrowings of HK\$1,598,955,000 was spread with HK\$1,108,202,000 repayable within 1 year and HK\$490,753,000 repayable in the second year.

The total bank borrowings of the Disposal Group of HK\$1,598,954,000 were 99% denominated in Renminbi ("RMB") with fixed interest rate and 1% denominated in Hong Kong dollars ("HK\$") with floating interest rate. The combined cash and bank balances of the containing operations and the Disposal Group of HK\$34,880,000 were 29% denominated in RMB and 71% in HK\$.

TREASURY POLICY

The Group adopts a conservative approach towards its treasury policy. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial condition of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the period under review, there was no material acquisition or disposal of subsidiaries and affiliated companies.

EMPLOYEES

As at 30 June 2014, the total number of employees of the Group was approximately 994 (30 June 2013: 1,437) of which 979 (30 June 2013: 1,422) in relation to the Disposal Group. Apart from the basic remuneration, discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as the individual's performance. The Group also has adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. As at 30 June 2014, there were 4,486,245 (30 June 2013: 4,486,245) outstanding share options granted under such scheme.

CHARGE OF GROUP ASSETS

As at 30 June 2014, the pledged bank deposits of the Disposal Group of approximately HK\$308,942,000 (30 June 2013: HK\$1,216,996,000) and a property with a carrying value of approximately HK\$14,239,000 (30 June 2013: HK\$14,565,000) as securities for the Group's banking facilities of the Disposal Group.



General Information

GEARING RATIO

As at 30 June 2014, the gearing ratio of the Group, including the Disposal Group, (being the ratio of net debt divided by total capital plus net debt) was approximately 65% (30 June 2013: approximately 24%). Net debt represents the aggregate amount of the Group's interest-bearing bank and other borrowings, the non-current portion of the amount loans due to related parties and promissory note less cash and cash equivalents of the Group. Total capital represents total equity of the Company.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group's reporting currency is denominated in HK\$. The Group's monetary assets, loans and transactions were principally denominated in RMB, USD and HK\$. The Group had a net exchange exposure to RMB as the Group's assets were principally located in China and the revenues were in RMB.

The Group does not have any derivative financial instruments or hedging instruments. The Group will constantly review the economic situation and its foreign currency risk profile, and will consider appropriate hedging measures in future as may be necessary.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2014 (2013: Nil).

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (2013: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2014, the following Directors and chief executive of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

General Information

Long positions in the shares and underlying shares of the Company

Name of Director	Number of ordinary shares		Number of underlying shares subject to the outstanding share options	Total	Approximate percentage of the issued share capital
	Personal interests	Corporate interests			
Mr. Cai Sui Xin	7,205,545	334,051,660 (Note)	–	341,257,205	14.28%
Mr. Zhao Cheng Shu	5,438,150	–	–	5,438,150	0.23%
Mr. Lau Yu	21,448,550	–	–	21,448,550	0.90%
Mr. Ng Tze For	–	–	3,942,457	3,942,457	0.17%
Ms. Li Xiao Juan	5,514,380	–	–	5,514,380	0.23%
Mr. Li Xiao Long	–	–	271,894	271,894	0.01%
Ms. Choy So Yuk	271,908	–	–	271,908	0.01%
Mr. Leung Yuen Wing	224,213	–	–	224,213	0.01%

Note: These shares are beneficially owned by General Nice Resources (Hong Kong) Limited (“GNR”) and Mr. Cai Sui Xin is deemed to be interested in such shares under the SFO by virtue of the fact that each of General Nice Development Limited (“GND”) and General Nice Investment (China) Limited (“GNI”) holds 40% equity interests in GNR while General Nice Group Holdings Limited (“GNG”) and Mr. Cai Sui Xin hold 50% and 5% equity interests in each of GND and GNI respectively, GNG is in turn wholly owned by Mr. Cai Sui Xin.

Save as disclosed above, as at 30 June 2014, none of the Directors and chief executive of the Company was interested, or was deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation which were required to be notified to the Company and the Stock Exchange or recorded in the Register as aforesaid.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed “Interests of Directors and Chief Executive”, and “Share Options” in this report, at no time during the period under review, was the Company or any of its subsidiaries a party to any arrangement to enable a director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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SHARE OPTIONS

The Company adopted a share option scheme on 25 June 2007. As at 30 June 2014, there were 4,486,245 share options outstanding. The movements in the share options of the Company during the period were set out as follows:-

Name or category of participants	Outstanding at 01/01/2014	Granted during the period	Exercised during the period	Lapsed/cancelled during the period	Outstanding at 30/06/2014	Exercise period of the outstanding share options
Director						
Ng Tze For	3,942,457	-	-	-	3,942,457	09/01/2010 to 24/06/2017
Li Xiao Long	271,894	-	-	-	271,894	09/07/2010 to 24/06/2017
Sub-total	4,214,351	-	-	-	4,214,351	
Other employee	271,894	-	-	-	271,894	09/01/2010 to 24/06/2017
Total	4,486,245	-	-	-	4,486,245	

Note:

These share options were granted on 9 July 2009 at an exercise price of HK\$0.886 per share. The vesting period of these share options is from the date of grant until the commencement of the exercise period. As a result of completion of the open offer by the Company in July 2009, the exercise price of the share options was adjusted from HK\$0.886 to HK\$0.782 per share and the number of share options was adjusted accordingly.

Subsequent to completion of the bonus issue on 29 June 2012, the exercise price of the share options was further adjusted from HK\$0.782 per share to HK\$0.6517 per share and the number of outstanding share options was further adjusted.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

Save as disclosed under the section headed "Interests of Directors and Chief Executive" above, as at 30 June 2014, the following persons had an interest in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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Long positions in the shares/underlying shares of the Company

Name	Capacity	Nature of Interest	No. of shares/ underlying shares	Approximate percentage of the issued share capital
GNR	Beneficial owner	Corporate interests	334,051,660	13.98%
GND	Interest of controlled corporation	Corporate interests	334,051,660 (Note 1)	13.98%
GNI	Interest of controlled corporation	Corporate interests	334,051,660 (Note 1)	13.98%
GNG	Interest of controlled corporation	Corporate interests	334,051,660 (Note 1)	13.98%
Tsoi Ming Chi	Interest of controlled corporation	Corporate interests	334,051,660 (Note 1)	13.98%
Hing Lou Resources Limited ("Hing Lou")	Beneficial owner	Corporate interests	321,858,177	13.47%
Xiaoyi Loudong Industry & Trading Group Company	Interest of controlled corporation	Corporate interests	321,858,177 (Note 2)	13.47%
Ng Ching Mui	Beneficial owner and interest of controlled corporation	Personal and corporate interests	132,010,798 (Note 3)	5.53%
Wong Tai Kuen	Beneficial owner and interest of controlled corporation	Personal and corporate interests	120,127,800 (Note 4)	5.03%

Notes:

1. These shares are beneficially owned by GNR. Each of GND and GNI holds 40% equity interests in GNR while GNG and Mr. Tsoi Ming Chi hold 50% and 35% equity interests in each of GND and GNI respectively. Accordingly each of GND, GNI, GNG and Mr. Tsoi Ming Chi is deemed to be interested in such shares held by GNR under the SFO.
2. Xiaoyi Loudong Industry & Trading Group Company is deemed to be interested in the shares held by Hing Lou by virtue of the fact that Hing Lou is its wholly owned subsidiary.
3. According to the records of the Company, Ng Ching Mui held 110,008,999 shares at 8 June 2012, being the record date of the bonus issue by the Company on basis of 2 bonus shares for every 10 shares held. Based on the shareholding of 110,008,999 shares, Ng Ching Mui entitled to 22,001,799 bonus shares, her aggregated shareholding in the Company increased to 132,010,798 shares representing 5.53% of the existing issued shares of the Company.
4. Amongst the 120,127,800 shares, 87,127,800 shares are corporate interests and 33,000,000 shares are personal interests.



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Save as disclosed above, the Directors are not aware of any other persons who, at 30 June 2014, had interests or short positions in the shares or underlying shares of the Company which are recorded in the register and required to be kept under Section 336 of the SFO.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to raising the standard of corporate governance within the Group in order to enhance the transparency in disclosure of material information. In the opinion of the directors, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2014, except for the following deviations:–

Code Provision A.4.1

Under code provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election. None of the existing independent non-executive directors/non-executive director was appointed for a specific term. However, all Directors are subject to the retirement provisions in the Bye-laws of the Company which provides that one-third of the Directors for the time being shall retire from office by rotation and every Director shall be subject to retirement at least once every three years.

Code Provisions A.6.7 and E.1.2

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. The non-executive Director, Mr. Li Xiao Long, and the independent non-executive Directors, Mr. Gao Wen Ping and Mr. Leung Yuen Wing, were unable to attend the annual general meeting of the Company held on 30 May 2014 (“2014 AGM”) as they were not in Hong Kong and had other commitments.

Under code provision E.1.2, the chairman of the Board should attend the annual general meeting. Due to other commitments which must be attended to by the chairman of the Company (the “Chairman”), the Chairman was unable to attend the 2014 AGM. Mr. Lau Yu, an executive Director and the chief executive officer of the Company acted as the chairman of the 2014 AGM, Ms. Choy So Yuk, an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and Nomination Committee, attended the 2014 AGM and answered questions from the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors’ securities transactions set out in the Model Code for Securities Transactions by state Directors of Listed Issuers contained in Appendix 10 of the Listing Rules (the “Model Code”). Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2014.



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CHANGE IN INFORMATION OF DIRECTOR

Palabora Mining Company Limited, of which Mr. Ng Tze For is an alternate director to a non-executive, non-independent director, has been delisted on the Johannesburg Stock Exchange Limited since April 2014.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Leung Yuen Wing (chairman), Ms. Choy So Yuk and Mr. Gao Wen Ping and the non-executive Director, namely Mr. Li Xiao Long.

The Audit Committee has reviewed the unaudited consolidated interim report of the Group for the six months ended 30 June 2014.

On behalf of the Board

Cai Sui Xin

Chairman

Hong Kong, 29 August 2014