



LOUDONG GENERAL NICE RESOURCES (CHINA) HOLDINGS LIMITED

禮東俊安資源(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)



2015 Interim Report 中期報告

Stock Code 股份代號：00988

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Choy So Yuk, *BBS, JP (Chairman)*
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

AUDITOR

Ascenda Cachet CPA Limited

REGISTERED OFFICE

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Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000 (Restated)
REVENUE	4	629,514	1,567,402
Cost of sales	5	(556,558)	(1,205,468)
Gross Profits		72,956	361,934
Other income and gains	4	5,691	34,202
Selling and distribution expenses		(58,224)	(33,594)
Administrative expenses		(27,069)	(38,164)
Other operating expenses		(910)	(12,755)
Impairment of trade receivables		(174,616)	(56,953)
OPERATING (LOSS)/PROFIT		(182,172)	254,670
Finance costs		(48,505)	(29,223)
(LOSS)/PROFIT BEFORE TAX	5	(230,677)	225,447
Income tax expense	6	(25,842)	(202,317)
(LOSS)/PROFIT FOR THE PERIOD		(256,519)	23,130
OTHER COMPREHENSIVE (LOSS)/INCOME			
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(683)	(22,476)
Total comprehensive (loss)/income for the period		(257,202)	654

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000 (Restated)
(Loss)/profit attributable to:			
Owners of the Company		(244,144)	21,932
Non-controlling interests		(12,375)	1,198
		(256,519)	23,130
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(244,799)	723
Non-controlling interests		(12,403)	(69)
		(257,202)	654
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		(8.539 cents)	0.918 cents
Diluted		(8.539 cents)	0.918 cents

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	Notes	30 June 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	248,980	258,752
Investment property		11,992	11,992
Prepaid land premiums		33,627	34,633
Interests in associates		6,378	6,371
Available-for-sale investment		11,912	11,900
Goodwill		64,781	64,781
Oil properties		290,720	292,116
Total non-current assets		668,390	680,545
CURRENT ASSETS			
Inventories		393,568	123,482
Prepaid land premiums		998	998
Trade and bills receivables	10	1,578,105	2,073,671
Prepayments, deposits and other receivables		1,039,752	1,139,025
Equity investments at fair value through profit or loss		1,251	14,892
Due from related companies		30,201	30,201
Pledged deposits		37,661	256,447
Cash and cash equivalents		19,050	22,521
Total current assets		3,100,586	3,661,237
CURRENT LIABILITIES			
Trade and bills payables	11	385,748	686,812
Other payables and accruals		257,276	171,614
Interest-bearing bank and other borrowings		1,153,308	1,468,038
Promissory notes		4,652	9,305
Due to related companies		18,254	18,254
Tax payable		188,421	256,262
Total current liabilities		2,007,659	2,610,285
NET CURRENT ASSETS		1,092,927	1,050,952
TOTAL ASSETS LESS CURRENT LIABILITIES		1,761,317	1,731,497

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	30 June 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	649,309	356,438
Loan from related companies	220,047	219,827
Assets retirement obligations	1,509	1,384
Promissory note	44,272	49,883
Deferred tax liabilities	116,243	116,826
Total non-current liabilities	1,031,380	744,358
Net assets	729,937	987,139
EQUITY		
Equity attributable to owners of the Company		
Issued capital	28,592	28,592
Exchange fluctuation reserve	92,446	93,101
Reserves	607,473	851,617
	728,511	973,310
Non-controlling interests	1,426	13,829
Total equity	729,937	987,139

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company									
	Issued capital	Share option reserve	Exchange fluctuation reserve	Share premium account	Capital reserve	Contribution surplus	Accumulated losses	Total	Non-controlling interests	Total
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
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
Balance at 1 January 2015 (audited)	28,592	1,534	93,101	913,334	688,569	1,742,526	(2,494,346)	973,310	13,829	987,139
Loss for the period	-	-	-	-	-	-	(244,144)	(244,144)	(12,375)	(256,519)
Other comprehensive loss for the period:										
Exchange differences on transaction of foreign operations	-	-	(655)	-	-	-	-	(655)	(28)	(683)
Total comprehensive loss for the period	-	-	(655)	-	-	-	(244,144)	(244,799)	(12,403)	(257,202)
Cancellation of share premium	-	-	-	(913,334)	-	(969,436)	1,882,770	-	-	-
Lapse of share options	-	(47)	-	-	-	-	47	-	-	-
Balance at 30 June 2015 (unaudited)	28,592	1,487	92,446	-	688,569	773,090	(855,673)	728,511	1,426	729,937

Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Cash flows from operating activities		
(Loss)/profit before tax	(230,677)	225,447
Adjustments for:		
Depreciation	12,096	7,287
Impairment of trade and bills receivables	174,616	56,953
Reversal of provision of amounts due from associates	–	(31,331)
Finance costs excluding interest on promissory note	46,968	28,402
Interest accrued for promissory note	1,537	821
Gain on disposal of property, plant and equipment	–	(305)
Gain on disposal of equity investments of fair value through profit or loss	(339)	–
Amortisation of prepaid land premiums	1,037	1,175
	5,238	288,449
Increase in inventories	(269,965)	(15,401)
Decrease/(increase) in trade and bills receivables	322,872	(212,300)
Decrease/(increase) in prepayments, deposit and other receivables	100,405	(93,200)
Decrease in trade and bills payables	(301,597)	(439,159)
Increase in other payables and accruals	85,497	50,357
Other operating activities	(201)	(8,808)
Cash used in operations	(57,751)	(430,062)
Income tax paid	(94,507)	(113,022)
Net cash flows used in operating activities	(152,258)	(543,084)
Additions to property, plant and equipment	(632)	(2,006)
Decrease in pledge deposits	219,043	319,052
Repayment from an associate	–	31,331
Repayment from other long-term assets	–	–
Proceeds from disposal of property, plant and equipment	–	949
Net cash flows from investing activities	218,411	349,326
New bank loans raised	363,886	1,332,611
Repayments of bank loans	(387,455)	(1,083,028)
Repayment of promissory notes	(12,652)	–
Proceed from disposal of equity investment at fair value through profit or loss	13,996	–
Other financing activities	(46,968)	(28,402)
Net cash flows (used in)/from financing activities	(69,193)	221,181
Net (decrease)/increase in cash and cash equivalents	(3,040)	27,423
Cash and cash equivalents at 1 January	22,521	7,630
Effect of foreign exchange rate changes	(431)	(173)
Cash and cash equivalents at 30 June	19,050	34,880
Analysis of the balances of cash and cash equivalents		
Cash and bank balances as stated in the condensed consolidated statement of financial position	19,050	34,880

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

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”).

On 27 March 2014, the Group entered into two memoranda of understandings (MOUs) with two independent third parties, pursuant to which, the Group would dispose of certain of its subsidiaries. Upon the disposal, the Manufacturing Segment of the Group would be ceased. The results of the Manufacturing Segment for the period ended 30 June 2014 were therefore classified as “discontinued operations” in the consolidated financial statements for the period ended 30 June 2014.

As no formal agreements have been entered into between the parties, the MOUs lapsed on 30 September 2014, and the proposed disposals were not proceeded. Therefore, the results of the Manufacturing Segment previously classified as discontinued operations for the six-month period in 2014 were reclassified and restated as though the proposed disposal had not been taking place.

The cessation of the proposed disposal has no effect on the comparative figures on the condensed consolidated statement of financial position as at 31 December 2014 and hence no restatement is necessary.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

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 2014

	Continuing operations (unaudited) HK\$'000	Previously classified as discontinued operations (unaudited) HK\$'000	As restated (unaudited) HK\$'000
Revenue	784,075	783,327	1,567,402
Cost of sales	(591,084)	(614,384)	(1,205,468)
Gross profits	192,991	168,943	361,934
Other income and gains	93	34,109	34,202
Selling and distribution expenses	–	(33,594)	(33,594)
Administrative expenses	(5,864)	(32,300)	(38,164)
Other operating expenses	(645)	(69,063)	(69,708)
Operating profit	186,575	68,095	254,670
Finance costs	(821)	(28,402)	(29,223)
Profit before tax	185,754	39,693	225,447
Income tax expense	(141,552)	(60,765)	(202,317)
Profit/(loss) for period	44,202	(21,072)	23,130
Other comprehensive income			
Exchange differences on translation of foreign operations	(8,474)	(14,002)	(22,476)
Total comprehensive income/(loss) for the period	35,728	(35,074)	654

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 2015 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

In the current interim period, the Group has applied, for the first time, the following amendments to the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of these 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;
- (b) Commodities trading segment is engaged in the trading of commodities purchased from external parties; and
- (c) The oil segment is engaged in exploration and production of oil as well as the provision of well services, which was commenced during the six-month period ended 31 December 2014.

As mentioned in Note 1, the Manufacturing Segment for the six-month period ended 30 June 2014 was reclassified as continued operations as the proposed disposals of certain subsidiaries were not proceeded.

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 except that interest income, finance costs, as well as head office and corporate expenses are excluded from such measurement.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. OPERATING SEGMENT INFORMATION (continued)

Segment assets exclude interests in associates, available-for-sale investments, other long term assets, amounts due from related companies, equity investments at fair value through profit and loss, deferred tax assets, pledged deposits, 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, promissory notes, interest-bearing bank and other borrowings, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Six months ended 30 June 2015

	Commodities trading segment HK\$'000	Manufacturing segment HK\$'000	Oil segment HK\$'000	Total HK\$'000
Segment revenue				
Sales to external customers	113,251	510,568	5,695	629,514
Segment results	7,600	(181,193)	(5,600)	(179,193)
Reconciliation:				
Unallocated income and expense, net				(51,484)
Loss before tax				(230,677)
Segment assets	96,421	3,149,540	329,358	3,575,319
Reconciliation:				
Unallocated assets				193,657
Total assets				3,768,976
Segment liabilities	(111,563)	(1,849,644)	(114,137)	(2,075,344)
Reconciliation:				
Unallocated liabilities				(963,695)
Total liabilities				(3,039,039)
Other segment information				
Capital expenditure	-	-	632	632
Depreciation and amortisation	-	9,262	3,860	13,122
Unallocated depreciation and amortisation	-	-	-	11
Impairment loss recognised	-	174,616	-	174,616

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2014 (Restated)

	Commodities trading segment HK\$'000	Manufacturing segment HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	784,075	783,327	1,567,402
Segment results	192,991	168,943	361,934
Reconciliation:			
Unallocated income and expense, net			(136,487)
Profit before tax			225,447
Segment assets	344,457	3,599,382	3,943,839
Reconciliation:			
Unallocated assets			67,239
Total assets			4,011,078
Segment liabilities	47,295	2,780,148	2,827,443
Reconciliation:			
Unallocated liabilities			64,220
Total liabilities			2,891,663
Other segment information			
Capital expenditure	–	29,327	29,327
Depreciation and amortisation	–	8,431	8,431
Unallocated depreciation and amortisation	–	–	31
Impairment loss recognised	–	56,953	56,953

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	Six months ended 30 June 2015 (unaudited) HK\$'000
PRC	623,819
Other countries	5,695
	<hr/>
	629,514

The revenue information above is based on the location of the customers.

(b) Non-current assets

	30 June 2015 (unaudited) HK\$'000
PRC	254,451
USA	323,050
Other countries	26,108
	<hr/>
	603,609

The non-current asset information above is based on the location of the assets and exclude goodwill of approximately HK\$64,781,000.

For the period ended 30 June 2014, the Group operated 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 were made based on business segment for that period.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

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	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000 (Restated)
Revenue		
Sales of goods	629,514	1,567,402
Other income and gains		
Bank interest income	3,787	–
Government grants	1,445	2,447
Sundry income	459	424
Reversal of impairment of amount due from an associate	–	31,331
	5,691	34,202

5. (LOSS)/PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000 (Restated)
Cost of inventories sold	556,558	1,205,468
Staff costs (including directors' remuneration)	29,768	23,387
Depreciation	12,096	7,287
Amortisation of prepaid land premiums	1,037	1,175
Impairment of trade receivables	174,616	56,953
Reversal of provision in amounts due from associates	–	(31,331)
Promissory note interest expenses	1,537	821
Bank charges	195	9,495

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

6. INCOME TAX EXPENSE

No Hong Kong profits tax had been provided as the Group did not generate any assessable profits arising in Hong Kong during that period (2014: Nil). Under the Corporate Income Tax Law, the corporate income tax is calculated at a rate of 25% (2014: 25%) on the Group's estimated assessable profits arising in the PRC for the period ended 30 June 2015. Tax on the assessable profits arising in the USA is calculated at a rate of 34% for the period ended 30 June 2015, however, no income tax has been provided as the Group did not generate any assessable profits arising in the USA. However, overprovision of income tax has been made in prior year.

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

	For the	
	six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
		(Restated)
Group:		
Charge for the period – PRC	26,410	202,317
Overprovision in prior year	(568)	–
	25,842	202,317

7. DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic (loss)/earnings per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company of approximately HK\$244,144,000 (2014: profit for the period attributable to ordinary equity holders of the Company of approximately HK\$21,932,000) and the weighted average number of ordinary shares of 2,859,223,000 (2014: 2,389,223,000) in issue during the period.

No adjustments has been made to the basic loss per share amounts presented for the six months ended 30 June 2015 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

No adjustment had been made to the basic earnings per share amounts presented for the six months ended 30 June 2014 by the effect of share options as it was reasonably presumed that no option holder would exercise the option when the market price per share was lower than the exercise price per share of the share option.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment with a cost of approximately HK\$632,000 (for the six months ended 30 June 2014: approximately HK\$2,006,000). Depreciation for items of property, plant and equipment was approximately HK\$12,096,000 during the period (for the six months ended 30 June 2014: approximately HK\$7,287,000).

During the period, the Group did not dispose of any plant or machinery (for the six months period ended 30 June 2014: nil).

10. TRADE AND BILLS RECEIVABLES

	30 June 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
Trade receivables	1,646,481	1,275,201
Impairment	(487,206)	(313,411)
	1,159,275	961,790
Bills receivable	418,830	1,111,881
	1,578,105	2,073,671

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 three months for the customers in the Manufacturing Segment and Commodities Trading Segment; and one month for the customers in the Oil Segment. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. The Group's customers are concentrated in steel making industry for customers in the Coke Manufacturing Segment and Commodities Trading Segment. Trade receivables are non-interest-bearing.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

10. TRADE AND BILLS RECEIVABLES (continued)

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 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
Current	13,564	240,392
31-60 days	13,717	120,019
61-90 days	50,398	104,536
91-365 days	1,081,497	679,448
Over 1 year	487,305	130,806
	1,646,481	1,275,201

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

	Group 30 June 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
At 1 January	313,411	149,307
Acquisition of subsidiaries	–	1,700
Impairment losses recognised	174,616	167,046
Exchange realignment	(821)	(4,642)
As 30 June/31 December	487,206	313,411

The above provision for impairment of trade receivables as at 30 June 2015 and 31 December 2014 were in relation to individually impaired trade receivables with a carrying amount of HK\$645,477,000 and HK\$451,293,000 respectively.

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

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

11. TRADE AND BILLS PAYABLES

	30 June 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
Trade payable	230,677	344,500
Bills payable	155,071	342,312
	385,748	686,812

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 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
Current	44,314	130,376
31-60 days	13,738	59,763
61-90 days	20,859	1,455
91-365 days	103,425	79,304
Over 1 year	48,341	73,602
	230,677	344,500

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

12. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	Issued Capital HK\$'000
<i>Authorised</i>		
At 31 December 2014 and 30 June 2015	200,000,000,000	2,000,000
<i>Issued and fully paid</i>		
At 31 December 2014 and 30 June 2015	2,859,222,370	28,592

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

13. EVENTS AFTER THE END OF THE INTERIM PERIOD

- (a) On 18 May 2015, the Group entered into a subscription agreement (as supplemented by a supplemental agreement) with China Huarong International Holdings Limited (“Huarong”) for the issue and subscription of a 3-year convertible bonds in an aggregate of HK\$400,000,000 (“Convertible Bonds”) with a coupon rate of 6% at an initial conversion price of HK\$0.331 per conversion share. On 14 August 2015, Huarong novated all its rights and obligations under the subscription agreement to its wholly-owned subsidiary China Huarong Investment Management Limited (“Huarong Investment”). Upon completion on 19 August 2015, Huarong Investment has subscribed for the Convertible Bonds. Details of the aforesaid matters had been disclosed in the Company’s announcements dated 18 May 2015, 28 May 2015, 10 June 2015 and 19 August 2015 and the circular dated 17 June 2015.
- (b) On 6 August 2015, the Group entered into an agreement to acquire 100% of the issued share capital of Kai Sum International Limited (“Kai Sum”) for a consideration of HK\$510 million. The consideration was settled by the issue and allotment of 500 million shares of the Company. Kai Sum has 30% indirect interest in RockEast Energy Corporation (“RockEast”). RockEast is an oil and natural gas company based in Calgary, Alberta, Canada with operations within Western Canadian Sedimentary Basin and has interests in 10 oil plays in Alberta, Canada (it has 100% working interests in 9 out of the 10 oil plays and 40% working interests in 1 of the 10 oil plays) and the total proved and probable and possible oil reserves of these oil plays amount to 16,420,000 barrels. The acquisition was completed on 12 August 2015. Details of the aforesaid acquisition had been disclosed in the Company’s announcements dated 6 August 2015 and 12 August 2015.
- (c) On 11 August 2015, the Group entered into an agreement to acquire 100% interest in 東莞市海輝物流有限公司 (Dongguan City Hai Hui Logistics Company Limited, “Hai Hui”) for a consideration of HK\$70 million. The consideration shall be settled by the issue and allotment of 70 million shares of the Company upon completion of the acquisition. Hai Hui is principally engaged in general cargo, warehousing services, freight forwarding, cargo transportation and handling services, import and export trade, domestic trade in goods, marina facilities, cargo handling, warehousing, logistics services within the port area, packaging and processing of goods and wholesale of coal. Hai Hui was granted by the landlord under a lease agreement the right to use a factory and a 1,000 tons pier with an aggregate area of 51.8 mou located in Dongguan City, the PRC for a term of 30 years to 30 June 2039. The acquisition of Hai Hui has not yet completed at the date of this report. Details of the aforesaid matter had been disclosed in the Company’s announcement dated 11 August 2015.

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

13. EVENTS AFTER THE END OF THE INTERIM PERIOD (continued)

- (d) On 24 August 2015, the Group entered into a subscription agreement for the issue and subscription of a 3-year convertible bonds in an aggregate of HK\$300,000,000 with a coupon rate of 6% at an initial conversion price of HK\$0.376 per conversion share (the "Conversion Shares") with Xinya Global Limited, a subsidiary of Tewoo Group Co., Ltd. The Conversion Shares will be allotted and issued under a specific mandate to be sought for approval from the shareholders of the Company (other than Xinya Global Limited and its respective associates and other shareholders who are interested in the proposed issue of the convertible bonds). The issue and subscription of the convertible bonds has not yet completed as at the date of this report. Details of the aforesaid matters had been disclosed in the Company's announcement dated 24 August 2015.

14. CAPITAL COMMITMENTS

	30 June 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
Contracted, but not provided for, in respect of:		
Capital expenditure in respect to the construction of production facilities	7,565	7,558
	7,565	7,558

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

15. 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 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
Due from related companies		
GNR*	637	637
GNT	29,564	29,564
	30,201	30,201
Due to related companies		
GNR*	16,656	16,656
GND^	584	584
Hing Lou Resources Limited#	17	17
Tianjin General Nice Coke of Chemicals Co. Limited	997	997
	18,254	18,254

Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

15. RELATED PARTY TRANSACTIONS (continued)

Outstanding balances with related companies (Continued)

(ii) *Non-current portion*

	30 June 2015 (unaudited) HK\$'000	31 December 2014 (audited) HK\$'000
Loans from related companies		
GND [^]	138,934	138,795
GNT	80,198	80,118
GNR [*]	915	914
	220,047	219,827

* GNR directly held the Company's equity interest of 11.68% as at 30 June 2015 and 31 December 2014.

[^] GND directly held the Company's equity interest of 11.68% as at 30 June 2015 and 31 December 2014.

[#] Hing Lou Resources Limited directly held the Company's equity interest of 11.26% as at 30 June 2015 and 31 December 2014.

Details of the balances with related companies as at 30 June 2015 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	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Short term employee benefits	1,145	1,504
Post-employment benefits	79	70
Total compensation paid to key management personnel	1,224	1,574

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 Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

16. 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 proposed disposal of certain subsidiaries in 2014 had not been taking place.

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

General Information

MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended 30 June 2015, the Group recorded revenue at approximately HK\$629,514,000 (2014: approximately HK\$1,567,402,000, represent a 59.8% decrease compare to the corresponding period.

As at 30 June 2015, loss attributable to owners of the Company was approximately HK\$244,144,000, while the profit attributable to owners of the Company was approximately HK\$21,932,000 in the corresponding period in 2014.

BUSINESS REVIEW

In the first half of 2015, the commodity market was facing a stringent business situation. The coke price continued to fall with no rebound. Globally, the threat of an economic depression hangs over the world, and China was hard to be an exception. The number of infrastructures in PRC reduced, leading to the demand in steel decreased accordingly. The coking industry, as an upstream industry, is thus affected inevitably. Even worse, the environmental policy and the coal consumption control were tightened by the PRC government, as well as the oversupply issue in coke market for a long time, which directly affect the coking industry, and negatively impact on the Group's performance.

On the other hand, the crude oil price struck to the lowest level since the financial crisis in 2009. This further nibbles the profitability of the Group.

The Group's coking business consisted of two major segments, the coke manufacturing and trading business. The manufacturing facilities, located in Shanxi province, composed of a coke manufacturing plant and an electricity-generating unit, which generated electricity for self-utilization with surplus power sold to third parties and local government. The trading business line used to focus on direct procurement and sales of metallurgical coke from other manufacturers in the past years.

Furthermore, the substantial portion of income tax expense was due to revenue and profits generated from the trading activities, continued to erode a large portion of the gross profit. As a handful of our suppliers did not provide sufficient valued-added tax invoices for the purchases by the Group, these purchases were not allowed to set off the purchases thus leading to higher income tax expense.

As of 30 June 2015, the Group's total equity decreased by about 26% to approximately HK\$729,937,000 from approximately HK\$987,139,000 recorded on 31 December 2014.

The debtor's turnover day of the Group in June 2015 was 307 days compared with 79 days in June 2014. In general, the management of the Group adopts a prudent credit policy to its customers by regularly reviewing their repayment status and 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. However, due to the recent environment, to prudence, the Group increased the provision on receivables and repayment to reflect the gloomy situation in coking industry.

Due to the weak performance of coking industry, the Group strives to diversify business by introducing new shareholder to enhance liquidity and optimize shareholder structure. On 18 May 2015, the Group entered into a subscription agreement with China Huarong International Holdings Limited (“Huarong”) pursuant to which Huarong has agreed to subscribe for a 3-year convertible bonds (the “Convertible Bonds”) in an aggregate principal amount of HK\$400,000,000 with a coupon rate of 6% at an initial conversion price of HK\$0.331 per conversion share. Prior to completion of the subscription, Huarong has novated all its rights and obligations under the subscription agreement to its wholly-owned subsidiary, China Huarong Investment Management Limited (“Huarong Investment”) in August 2015. In favour of Huarong Investment, General Nice Resources (Hong Kong) Limited, a substantial shareholder of the Company, has charged its 319,100,000 shares of the Company as security under a share charge, and Mr. Cai Sui Xin, the Chairman of the Company, has provided a personal guarantee to guarantee in favour of Huarong Investment the performance of the obligations by the Company under the subscription agreement. Upon completion of the issue of the Convertible Bonds on 19 August 2015, Huarong Investment has subscribed for the Convertible Bonds. Huarong’s holding company, China Huarong Asset Management Co., Ltd., was established with the approval of the State Council of China and is a state-owned non-bank financial company controlled by the Ministry of Finance and is one of the largest financial asset management companies in the PRC. This not only increases the capital flow of the Group, but also optimizes the Group’s shareholder structure. It also provides the necessary financial resources for the Group to further explore and diversify into logistics-warehousing business, in order to stabilize the overall business development. Please refer to the announcements of the Company dated 18 May 2015, 28 May 2015, 10 June 2015, 4 July 2015 and 19 August 2015 and the circular of the Company dated 17 June 2015 for further details.

Further, on 24 August 2015, the Group entered into a subscription agreement with Xinya Global Limited for the issue of a 3-year convertible bonds in an aggregate principal amount of HK\$300,000,000 with a coupon rate of 6% at an initial conversion price of HK\$0.376 per conversion share. Xinya Global Limited is a subsidiary of Tewoo Group Co. Ltd. (“Tewoo Group”). The transaction is subject to the approval of the shareholders of the Company and has not yet completed at the date of this report. Tewoo Group was one of the Fortune Global 500 companies in 2014, and one of the twenty major enterprises selected by the Ministry of Commerce of the PRC. From this transaction, the Group would have an expedite access to the vast experience and market intelligence of the Tewoo Group in the logistic-warehousing business in the PRC. The Tewoo Group, being one of the Fortune Global 500 companies in 2014, has long established its footprint in the logistic-warehousing and trading of commodities (including coal, iron ore, ferrous and nonferrous metals) businesses in the PRC. The Board is of the view that introduction of such a strategic investor with strong financial position and diversified business networks and connections, and leading market position in the logistic-warehousing industry can serve the Group’s purpose to tap into its business segment with solid support, and thus broaden the business base and income stream of the Group, which is beneficial to the Company’s long term business development. Please refer to the announcement of the Company dated 24 August 2015 for further details.

General Information

As a first step to diversify the business of the Group into logistic-warehouse sector, on 11 August 2015, the Group entered into an agreement to acquire 100% interest in 东莞市海輝物流有限公司 (Dongguan City Hai Hui Logistics Company Limited, “Hai Hui”) for a consideration of HK\$70 million. The vendors warrant to the Group that the audited net profits after tax of Hai Hui for the financial year from 1 January 2016 to 31 December 2016 will not be less than RMB7,000,000. The consideration shall be settled by the issue and allotment of 70 million shares of the Company upon completion. The acquisition of Hai Hui has not yet completed at the date of this report. Hai Hui is principally engaged in general cargo, warehousing services, freight forwarding, cargo transportation and handling services, import and export trade, domestic trade in goods, marina facilities, cargo handling, warehousing, logistics services within the port area, packaging and processing of goods and wholesale of coal. Hai Hui was granted by the landlord under a lease agreement the right to use a factory and a 1,000 tons pier with an aggregate area of 51.8 mou located in Dongguan City, the PRC for a term of 30 years to 30 June 2039. This acquisition is consistent with our development as stated in the annual report of 2014. The Group will continue the strategy to seek for potential and profitable projects so as to diversify into logistic-warehousing business. Please refer to the announcement of the Company dated 11 August 2015 for further details.

The management consolidated the experiences from the crude oil industry, in August 2015, the Group has completed the acquisition of 30% equity interest of RockEast Energy Corporation (“RockEast”) for a consideration of HK\$510 million. The consideration was settled by the issue and allotment of 500 million shares of the Company. RockEast is an oil and natural gas company based in Calgary, Alberta, Canada with operations within Western Canadian Sedimentary Basin. According to the Reserve Report, as of 1 July 2015, RockEast has interests in 10 oil plays in Alberta, Canada (it has 100% working interests in 9 out of the 10 oil plays and 40% working interests in 1 of the 10 oil plays) and the total proved and probable and possible oil reserves of these oil plays amount to 16,420,000 barrels. Even though the crude oil price reached the lowest in recent years, the Board believed that after a short wintry stage, when the crude oil price rebounds, this project will substantially enhance the profitability of the Group. Please refer to the announcements of the Company dated 6 August 2015 and 12 August 2015 for further details.

OUTLOOK

The development of Chinese economy is slowing down as well as the global economy. On the other hand, the National Energy Administration and the State Administration of Coal Mine Safety have conducted strict control on mine arouse from the problem of overcapacity and safety. These lead to an unfavorable environment for the coke market, thus it is still difficult to recover.

However, due to the intensive and extensive experiences in coking industry gain by the Group, it is confident the Group could be the first batch to catch up the rebound. In addition, as the crude oil price reached the lowest level since the financial crisis in 2009, the oil properties acquired recently by the Group would generate a remarkable benefit to the Group when it rebounds in short future.

To align with the development strategies of the Group, it will continue to seek for opportunities in the logistic-warehousing industry, which is a potential expansion sector in PRC. After adopting these strategies, the Group could maintain a diversified portfolio to reduce its risks in economic downturn.

In order to achieve sustainable development in the future, the Group has been actively looking for suitable and potential investment opportunities in PRC and also other parts of the world, hence to enhance the Group’s strength and business development capabilities.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND DEBT MATURITY PROFILE

As at 30 June 2015, the Group had total interest bearing bank and other borrowings amounting to HK\$1,802,617,000 (31 December 2014: HK\$1,824,476,000), representing an increase of HK\$203,663,000. The maturity profile of the Group's interest bearing bank and other borrowings of HK\$1,802,617,000 was spread with HK\$1,153,308,000 repayable within 1 year and HK\$649,309,000 repayable in the second year.

The total interest bearing bank and other borrowings of HK\$1,802,617,000 were 99% denominated in Renminbi ("RMB") with fixed interest rate and 1% denominated in Hong Kong dollars ("HK\$") with floating interest rate. The Group's cash and bank balances of approximately HK\$19,050,000 were 33.4% denominated in RMB, 11% in USD and 55.6% 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 2015, the total number of employees of the Group was approximately 910 (30 June 2014: 994). 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 2015, there were 4,214,351 (30 June 2014: 4,486,245) outstanding share options granted under such scheme.

CHARGE OF GROUP ASSETS

As at 30 June 2015, the pledged bank deposits of approximately HK\$37,661,000 (31 December 2014: HK\$256,447,000) and a property with a carrying value of approximately HK\$22,957,000 (31 December 2014: HK\$14,058,000) as securities for the Group's banking facilities. Certain machineries with a net carrying amount before impairment of approximately HK\$344,385,000 (31 December 2014: HK\$408,014,000) were pledged to secure general banking facilities granted to the Group.

General Information

GEARING RATIO

As at 30 June 2015, the gearing ratio of the Group (being the ratio of net debt divided by total capital plus net debt) was approximately 65.8% (30 June 2014: approximately 64.7%). 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 2015 (2014: Nil).

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2015, 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 2015, 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 Listing Rules, to be notified to the Company and the Stock Exchange:

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(L)	334,051,660(L) (Note 1)	–	341,257,205(L)	11.94%
		302,114,803(S) (Note 2)		302,114,803(S)	10.57%
Mr. Zhao Cheng Shu	5,438,150(L)	–	–	5,438,150(L)	0.19%
Mr. Lau Yu	21,448,550(L)	–	–	21,448,550(L)	0.75%
Mr. Ng Tze For	–	–	3,942,457(L)	3,942,457(L)	0.14%
Ms. Li Xiao Juan	5,514,380(L)	–	–	5,514,380(L)	0.19%
Ms. Choy So Yuk	271,908(L)	–	–	271,908(L)	0.01%
Mr. Leung Yuen Wing	224,213(L)	–	–	224,213(L)	0.01%

(L) – Long position
(S) – Short position

Notes:

- 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 interest 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.
- Pursuant to the exchangeable bonds subscription agreement dated 18 May 2015 entered into between GNR and China Huarong International Holdings Limited, GNR has agreed to issue to China Huarong International Holdings Limited a 3-year exchangeable bonds (the “Exchangeable Bonds”) in the aggregate principal amount of HK\$100 million with an initial exchange price of HK\$0.331 per share. Upon full exercise of the Exchangeable Bonds, a total of 302,114,803 shares will be transferred from GNR to the holders of the Exchangeable Bond.

Save as disclosed above, as at 30 June 2015, 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.

General Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Interests of Directors and chief executive" and "Share option" 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.

SHARE OPTIONS

The Company adopted a share option scheme on 25 June 2007. As at 30 June 2015, there were 4,214,351 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 01/01/2015	Lapsed/ cancelled during the period	Outstanding at 30/06/2015	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	0	
Sub-total	4,214,351	271,894	3,942,457	
Other employee	271,894		271,894	09/01/2010 to 24/06/2017
Total	4,486,245		4,214,351	

Notes:

1. 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.

Upon 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.

2. During the period, no share options were granted or exercised.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

Save as disclosed under the section headed "Interests of Directors and chief executive" above, as at 30 June 2015, 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.

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(L)	11.68%
			302,114,803(S) (Note 2)	10.57%
GND	Interest of controlled corporation	Corporate interests	334,051,660(L)	11.68%
			302,114,803(S) (Note 2)	10.57%
GNI	Interest of controlled corporation	Corporate interests	334,051,660(L)	11.68%
			302,114,803(S) (Note 2)	10.57%
GNG	Interest of controlled corporation	Corporate interests	334,051,660(L)	11.68%
			302,114,803(S) (Note 2)	10.57%
Tsoi Ming Chi	Interest of controlled corporation	Corporate interests	334,051,660(L)	11.68%
			302,114,803(S) (Note 2)	10.57%
Hing Lou Resources Limited ("Hing Lou")	Beneficial owner	Corporate interests	321,858,177(L)	11.26%
Shanxi Loudong Industry & Trading Group Co. (formerly known as Xiaoyi Loudong Industry & Trading Group Company) ("Loudong Trading")	Interest of controlled corporation	Corporate interests	321,858,177(L) (Note 3)	11.26%
Wise Perfection Limited	Beneficial owner	Corporate interests	370,000,000(L)	12.94%
Rong De Investments Limited	Interest of controlled corporation	Corporate interests	370,000,000(L) (Note 4)	12.94%
Chu Hing Tsung	Interest of controlled corporation	Corporate interests	370,000,000(L) (Note 4)	12.94%
Liao Tengjia	Interest of controlled corporation	Corporate interests	370,000,000(L) (Note 4)	12.94%

General Information

Name	Capacity	Nature of Interest	No. of shares/ underlying shares	Approximate percentage of the issued share capital
Xinya Global Limited	Beneficial owner	Corporate interests	201,210,120(L) (Note 5)	7.04%
Tewoo Import & Export (HK) Limited	Interest of controlled corporation	Corporate interests	201,210,120(L) (Note 5)	7.04%
Tewoo Import and Export Trade Co., Limited* (天津物產進出口有限公司)	Interest of controlled corporation	Corporate interests	201,210,120(L) (Note 5)	7.04%
Tewoo Group (Hong Kong) Limited	Interest of controlled corporation	Corporate interests	201,210,120(L) (Note 5)	7.04%
Tewoo Group Co., Ltd* (天津物產集團有限公司)	Interest of controlled corporation	Corporate interests	201,210,120(L) (Note 5)	7.04%
Tianjin Tian Yuen Investment Limited* (天津天源投資有限公司)	Interest of controlled corporation	Corporate interests	201,210,120(L) (Note 5)	7.04%
Tianjin Guo Wang Asset Management Limited* (天津國旺資產管理有限公司)	Interest of controlled corporation	Corporate interests	201,210,120(L) (Note 5)	7.04%
Bohai Steel Group (Tianjin) Investment Limited* (渤海鋼鐵集團(天津)投資 有限公司)	Interest of controlled corporation	Corporate interests	201,210,120(L) (Note 5)	7.04%
Bohai Steel Group Co., Ltd* (渤海鋼鐵集團有限公司)	Interest of controlled corporation	Corporate interests	201,210,120(L) (Note 4)	7.04%
Tianjin Guo Xing Asset Operation Limited* (天津國興資本運營有限公司)	Interest of controlled corporation	Corporate interests	201,210,120(L) (Note 5)	7.04%
China Huarong Investment Management Limited	Beneficial interest	Corporate interests	1,510,574,017(L) (Note 6)	52.83%
China Huarong International Holdings Limited	Interest of controlled corporation	Corporate interests	1,510,574,017(L) (Note 6)	52.83%

(L) – Long position
(S) – Short position

* The English translation of the Chinese names are for identification purpose only.

Notes:

1. These shares are beneficially owned by GNR. Each of GND and GNI holds 40% equity interest 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. Pursuant to the exchangeable bonds subscription agreement dated 18 May 2015 entered into between GNR and China Huarong International Holdings Limited, GNR has agreed to issue to China Huarong International Holdings Limited the Exchangeable Bonds. Upon full exercise of the Exchangeable Bonds, a total of 302,114,803 shares will be transferred from GNR to the holder(s) of the Exchangeable Bonds.
3. Loudong Trading 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.
4. Wise Perfection Limited is wholly owned by Rong De Investments Limited. Rong De Investments Limited is owned as to 34.06% by Chu Hing Tsung and 36% by Liao Tenjia. Accordingly each of Rong De Investments Limited, Chu Hing Tsung and Liao Tengjia is deemed to be interested in the shares held by Wise Perfection Limited.
5. These shares are beneficially owned by Xinya Global Limited which is wholly owned by Tewoo Import & Export (HK) Limited. Tewoo Import & Export (HK) Limited is owned as to 49% by Tewoo Import And Export Trade Co., Limited and 51% by Tewoo Group (Hong Kong) Limited. Tewoo Import And Export Trade Co., Limited is owned as to 49% by Tianjin Tian Yuen Investment Limited and 51% by Tewoo Group Co. Limited. Tianjin Tian Yuen Investment Limited is wholly owned by Tiajin Guo Wang Asset Management Limited. Each of Bohai Steel Group (Tianjin) Investment Limited and Tianjin Guo Xing Asset Operation Limited owns 50% of Tianjin Guo Wang Asset Management Limited. Bohai Steel Group (Tianjin) Investment Limited is wholly owned by Bohai Steel Group Co., Limited. Tewoo Group (Hong Kong) Limited is wholly owned by Tewoo Group Co., Limited. Accordingly, each of Tewoo Import & Export (HK) Limited, Tewoo Import And Export Trade Co., Limited, Tewoo Group (Hong Kong) Limited, Tewoo Group Co., Limited, Tianjin Tian Yuen Investment Limited, Tianjin Guo Wang Asset Management Limited, Bohai Steel Group (Tianjin) Investment Limited, Bohai Steel Group Co., Limited and Tianjin Guo Xing Asset Operation Limited is deemed to be interested in the shares held by Xinya Global Limited.
6. China Huarong Investment Management Limited is interested in 1,510,574,017 underlying shares (of which 1,208,459,214 shares may be allotted and issued upon the exercise of the conversion rights attaching to the convertible bonds with the principal amount of HK\$400,000,000 at an initial conversion price of HK\$0.331 per conversion share and 302,114,803 shares may be transferred from GNR to it upon exercise of the conversion rights attached to the Exchangeable Bonds). China Huarong International Holdings Limited owns 100% of China Huarong Investment Management Limited and is deemed to be interested in 1,510,574,017 underlying shares held by China Huarong Investment Management Limited. China Huarong International Holdings Limited is owned as to 88.1% by Huarong Real Estate Co., Ltd. and as to 11.9% by Huarong Zhiyuan Investment & Management Co., Ltd. Each of Huarong Real Estate Co., Ltd. and Huarong Zhiyuan Investment & Management Co., Ltd. is wholly owned by China Huarong Asset Management Co., Ltd.

Save as disclosed above, the Directors are not aware of any other persons who, at 30 June 2015, 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 2015, except 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 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.

General Information

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 independent non-executive Directors, Mr. Gao Wen Ping was unable to attend the annual general meeting of the Company held on 18 June 2015 (“2015 AGM”) as he was not in Hong Kong.

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 2015 AGM. Mr. Lau Yu, an executive Director and the chief executive officer of the Company acted as the chairman of the 2015 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 and Mr. Leung Yuen Wing an independent non-executive Director, the Chairman of Audit Committee, a member of Nomination Committee and Remuneration Committee attended the 2015 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 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 2015.

CHANGE IN INFORMATION OF DIRECTORS

On 6 February 2015, Mr. Li Xiao Long resigned as a non-executive Director of the Company.

On 12 May 2015, Mr. Lau Yu was appointed as an executive director and Ms. Choy So Yuk was appointed as independent non-executive director of Evershine Group Holdings Limited, a company listed on the growth enterprise market of The Stock Exchange of Hong Kong Limited.

The salary of Mr. Lau Yu and Mr. Zhao Cheng Shu was adjusted to HK\$40,000 per month and the salary of Mr. Li Xiao Juan was adjusted to HK\$64,000 per month with effect from 1 May 2015.

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. The Audit Committee has reviewed the Interim Report of the Group for the six months ended 30 June 2015.

On behalf of the Board

Cai Sui Xin
Chairman

Hong Kong, 31 August 2015