



**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)

Stock Code 股份代號：00988



**2017**

**INTERIM REPORT 中期報告**

# Corporate Information

## EXECUTIVE DIRECTORS

Gao Zhenyun  
*(Chairman and Chief Executive Officer,  
resigned with effect from 6 September  
2017)*

Zhao Cheng Shu *(Deputy Chairman)*  
Ng Tze For

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Choy So Yuk, *BBS, JP*  
Leung Yuen Wing  
Wu Zhao  
Zhu Dengkai

## AUDIT COMMITTEE

Leung Yuen Wing *(Chairman)*  
Choy So Yuk, *BBS, JP*  
Wu Zhao  
Zhu Dengkai

## REMUNERATION COMMITTEE

Zhu Dengkai *(Chairman, resigned with effect  
from 6 September 2017)*  
Choy So Yuk, *BBS, JP*  
Leung Yuen Wing  
Wu Zhao

## NOMINATION COMMITTEE

Gao Zhenyun *(Chairman, resigned with effect  
from 6 September 2017)*  
Choy So Yuk, *BBS, JP*  
Leung Yuen Wing  
Wu Zhao  
Zhu Dengkai

## EXECUTIVE COMMITTEE

Gao Zhenyun *(Chairman, resigned with effect  
from 6 September 2017)*  
Ng Tze For

## AUTHORISED REPRESENTATIVES

Ng Tze For  
Chiu Yuk Ching

## COMPANY SECRETARY

Chiu Yuk Ching

## AUDITOR

CCTH CPA Limited

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 12th Floor  
Lippo Leighton Tower  
103 Leighton Road  
Causeway Bay  
Hong Kong  
Website: <http://www.lgdnr.com>  
E-mail: [enquiry@lgdnr.com](mailto:enquiry@lgdnr.com)

## 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  
Fubon Bank (Hong Kong) Limited

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
<b>CONTINUING OPERATIONS</b>			
REVENUE	5	<b>1,752,519</b>	243,108
Cost of sales and services	7	<b>(1,718,551)</b>	(244,541)
Gross profit (loss)		<b>33,968</b>	(1,433)
Other income and gains	5	<b>9,411</b>	940
Selling and distribution expenses		<b>(15)</b>	(11)
Administrative expenses		<b>(24,124)</b>	(18,741)
Share of profit and loss of associates		<b>780</b>	(3,643)
Finance costs	6	<b>(36,237)</b>	(32,918)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	7	<b>(16,217)</b>	(55,806)
Income tax expense	8	<b>(8,958)</b>	(3,424)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		<b>(25,175)</b>	(59,230)
<b>DISCONTINUED OPERATIONS</b>			
Loss for the period from discontinued operations	14	<b>(9,247)</b>	(127,733)
LOSS FOR THE PERIOD		<b>(34,422)</b>	(186,963)
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations			
– Continuing operations		<b>12,450</b>	(15,915)
– Discontinued operations		<b>2,535</b>	14,525
		<b>14,985</b>	(1,390)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<b>(19,437)</b>	(188,353)



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
(Loss) profit for the period from continuing operations attributable to:			
Owners of the Company		<b>(33,192)</b>	(59,230)
Non-controlling interests		<b>8,017</b>	–
		<b>(25,175)</b>	(59,230)
(Loss) profit for the period attributable to:			
Owners of the Company		<b>(41,939)</b>	(179,912)
Non-controlling interests		<b>7,517</b>	(7,051)
		<b>(34,422)</b>	(186,963)
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>(27,106)</b>	(182,103)
Non-controlling interests		<b>7,669</b>	(6,250)
		<b>(19,437)</b>	(188,353)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	10		
Basic			
– For loss for the period		<b>(0.97) cents</b>	(4.55) cents
– For loss from continuing operations		<b>(0.77) cents</b>	(1.50) cents
Diluted			
– For loss for the period		<b>N/A</b>	N/A
– For loss from continuing operations		<b>N/A</b>	N/A

# Condensed Consolidated Statement of Financial Position

At 30 June 2017

	Notes	30 June 2017 (unaudited) HK\$'000	31 December 2016 (audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	211,362	295,931
Investment property		16,080	16,080
Prepaid land lease payments		47,616	76,028
Interests in associates		938,282	938,367
Available-for-sale investments		–	7,063
Goodwill		196,736	196,736
Oil properties		217,246	215,802
<b>Total non-current assets</b>		<b>1,627,322</b>	<b>1,746,007</b>
<b>CURRENT ASSETS</b>			
Inventories		80,108	142,820
Prepaid land lease payments		1,412	2,261
Trade and bills receivables	12	308,812	1,430,867
Prepayments, deposits and other receivables		319,822	1,625,508
Equity investments at fair value through profit or loss		–	558
Amounts due from related companies	17	46,823	46,305
Income tax recoverable		–	88
Pledged bank deposits		–	19,307
Cash and cash equivalents		15,496	77,828
		<b>772,473</b>	<b>3,345,542</b>
Assets classified as held for sale	14	2,157,348	–
<b>Total current assets</b>		<b>2,929,821</b>	<b>3,345,542</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	415,134	659,838
Other payables and accruals		76,491	1,096,577
Bank and other borrowings		103,626	1,876,609
Promissory note payable		50,368	48,715
Amounts due to related companies	17	17,253	16,753
Income tax payable		5,342	428,740
		<b>668,214</b>	<b>4,127,232</b>
Liabilities directly associated with assets classified as held for sale	14	2,944,740	–
<b>Total current liabilities</b>		<b>3,612,954</b>	<b>4,127,232</b>
<b>NET CURRENT LIABILITIES</b>		<b>(683,133)</b>	<b>(781,690)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>944,189</b>	<b>964,317</b>

# Condensed Consolidated Statement of Financial Position

At 30 June 2017

		30 June 2017 (unaudited) HK\$'000	31 December 2016 (audited) HK\$'000
	Notes		
<b>NON-CURRENT LIABILITIES</b>			
Obligations under finance lease		410	–
Loan from a related company		–	817
Assets retirement obligations		12,112	12,063
Convertible bonds		669,441	657,947
Deferred tax liabilities		76,195	88,609
<b>Total non-current liabilities</b>		<b>758,158</b>	759,436
<b>Net assets</b>		<b>186,031</b>	204,881
<b>EQUITY</b>			
Issued capital	15	43,099	43,099
Reserves		133,856	160,375
<b>Equity attributable to owners of the Company</b>		<b>176,955</b>	203,474
Non-controlling interests		9,076	1,407
<b>Total equity</b>		<b>186,031</b>	204,881

天津物产迁安物流有限公司

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the Company								Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Issued capital HK\$'000	Share option reserve HK\$'000	Component of Convertible bonds HK\$'000	Equity fluctuation reserve HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Contribution surplus HK\$'000	Accumulated losses HK\$'000			
Balance at 1 January 2016 (audited)	34,292	1,941	66,356	107,240	564,700	688,569	773,090	(1,903,471)	332,717	(31,213)	301,504
Loss for the period	-	-	-	-	-	-	-	(179,912)	(179,912)	(7,051)	(186,963)
Other comprehensive loss for the period:											
Exchange differences on transaction of foreign operations	-	-	-	(2,191)	-	-	-	-	(2,191)	801	(1,390)
Total comprehensive loss for the period	-	-	-	(2,191)	-	-	-	(179,912)	(182,103)	(6,250)	(188,353)
Fair value of new shares issued as consideration for the acquisition of associates	5,625	-	-	-	376,875	-	-	-	382,500	-	382,500
Non-controlling interests from the acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	57,926	57,926
Balance at 30 June 2016 (unaudited)	39,917	1,941	66,356	105,049	941,575	688,569	773,090	(2,083,383)	533,114	20,463	553,577
Balance at 1 January 2017 (audited)	43,099	4,158	66,356	128,171	1,082,509	688,569	773,090	(2,582,478)	203,474	1,407	204,881
Loss for the period	-	-	-	-	-	-	-	(41,939)	(41,939)	7,517	(34,422)
Other comprehensive loss for the period:											
Exchange differences on transaction of foreign operations	-	-	-	14,833	-	-	-	-	14,833	152	14,985
Total comprehensive loss for the period	-	-	-	14,833	-	-	-	(41,939)	(27,106)	7,669	(19,437)
Transfer of capital reserve	-	-	-	-	-	6,427	-	(6,427)	-	-	-
Share of reserve of an associate	-	587	-	-	-	-	-	-	587	-	587
Lapse of shares options	-	(1,441)	-	-	-	-	-	1,441	-	-	-
Balance at 30 June 2017 (unaudited)	43,099	3,304	66,356	143,004	1,082,509	694,996	773,090	(2,629,403)	176,955	9,076	186,031



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Cash flows (used in)/generated by operating activities			
Cash from operations		63,835	86,014
Income tax paid		(67,480)	(5)
<b>Net cash flows (used in)/generated by operating activities</b>		<b>(3,645)</b>	<b>86,009</b>
Interest received		157	–
Additions to property, plant and equipment, and oil property		(9,163)	(481)
Deposit for disposal of a subsidiary		6,742	–
Decrease in pledge deposits		–	1,549
Acquisition of subsidiaries		–	(240,402)
Acquisition of an associate		–	(190,000)
<b>Net cash flows used in investing activities</b>		<b>(2,264)</b>	<b>(429,334)</b>
New bank loans raised		111,315	150,754
Repayments of bank loans		(108,013)	(211,816)
Repayment of promissory notes		–	(3,117)
Repayment of finance leases		(20)	–
Other financing activities		(67,318)	(45,144)
<b>Net cash flows used in financing activities</b>		<b>(64,036)</b>	<b>(109,323)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(69,945)</b>	<b>(452,648)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>77,828</b>	<b>457,123</b>
<b>Effect of foreign exchange rate changes</b>		<b>9,076</b>	<b>5,714</b>
<b>Cash and cash equivalents at 30 June</b>		<b>16,959</b>	<b>10,189</b>
<b>Analysis of the balances of cash and cash equivalents</b>			
Cash and bank balances			
– as stated in the condensed consolidated statement of financial position		15,496	10,189
– as stated in assets classified as held for sale	14	1,463	–
		<b>16,959</b>	<b>10,189</b>



# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 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 14 to the report, the Group entered into an agreement for the disposal of its 100% equity interests in Buddies Power Enterprises Limited ("Buddies Power") on 26 June 2017. The directors of the Company (the "Directors") are of the view that it is highly probable that the disposal by the Group of Buddies Power and its subsidiaries (collectively referred to as the "Disposal Group") will be completed within twelve months from the end of the reporting period on 30 June 2017 and determined that the Group discontinued its operations of the Disposal Group on 26 June 2017. Accordingly, the results of the Disposal Group for the six months ended 30 June 2017 were classified as "discontinued operations" and are 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 2016 have been restated to conform with the current period's presentation. The assets and liabilities attributable to the Disposal Group are classified as assets held for sale and liabilities directly associated with the assets held for sale respectively and are separately shown in the condensed consolidated statement of financial position as at 30 June 2017.

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 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 2016

	As previously reported HK\$'000 (unaudited)	Discontinued operations HK\$'000 (unaudited)	As restated HK\$'000 (unaudited)
Revenue	446,465	203,357	243,108
Cost of sales	(425,380)	(180,839)	(244,541)
Gross profit (loss)	21,085	22,518	(1,433)
Other income and gains	5,213	4,273	940
Selling and distribution expenses	(27,390)	(27,379)	(11)
Administrative expenses	(35,514)	(16,773)	(18,741)
Impairment of trade receivables	(51,512)	(51,512)	–
Share of profit and loss of associates	(3,643)	–	(3,643)
Operating loss	(91,761)	(68,873)	(22,888)
Finance costs	(78,060)	(45,142)	(32,918)
Loss before tax	(169,821)	(114,015)	(55,806)
Income tax expense	(17,142)	(13,718)	(3,424)
Loss for the period	(186,963)	(127,733)	(59,230)
Other comprehensive income			
Exchange differences on translation of foreign operations	(1,390)	14,525	(15,915)
Total comprehensive income for the period	(188,353)	(113,208)	(75,145)

This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 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 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on or after 1st January 2017 that either have no significant impact or are not currently relevant to the Group:

HKAS 7 Amendment	Disclosure Initiative
HKAS 12 Amendment	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvement Project	Annual Improvement 2014-2016 Cycle

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year beginning 1st January 2017 that not currently relevant to the Group and have not been early adopted:

HKAS 40 Amendment	Transfer of Investment Property <sup>1</sup>
HKFRS 2 Amendment	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
HKFRS 4 Amendment	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
HKFRS 9	Financial Instrument <sup>1</sup>
HKFRS 10 and HKAS 28 Amendments	Sales or contribution of assets between an investor and its associate or joint venture <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 15 Amendment	Clarifications to HKFRS 15 <sup>1</sup>
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HKFRS 16	Leases <sup>3</sup>
Annual Improvement Project	Annual Improvement 2014-2016 Cycle <sup>1</sup>

<sup>1</sup> Effective for the Group for the annual periods beginning on or after 1st January 2018

<sup>2</sup> The effective date is to be determined

<sup>3</sup> Effective for the Group for the annual periods beginning on or after 1st January 2019

The Group is currently assessing the impact of the adoption of the above new standards and amendments to standards that have been issued but are not effective for annual periods beginning on 1st January 2017.



# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 3. ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st December 2016.

## 4. OPERATING SEGMENT INFORMATION

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 Group is organised into business units based on their products and services and has four reportable operating segments as follow:

### Continuing operation

- (a) The commodities trading segment is engaged in the trading of commodities purchased from external parties;
- (b) The oil segment is engaged in exploration and production of oil as well as the provision of well drilling services; and
- (c) The logistics segment is engaged in the provision of transportation and warehousing services.

### Discontinued operation

The coke manufacturing segment is engaged in the production and sales of metallurgical coke from the coke plant.

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.

Segment assets exclude available-for-sale investments, 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, convertible bonds, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 4. OPERATING SEGMENT INFORMATION (continued) Six months ended 30 June 2017

	Continuing operations			Discontinued operations		
	Commodities trading segment HK\$'000	Oil segment HK\$'000	Logistics segment HK\$'000	Total HK\$'000	Coke manufacturing segment HK\$'000	Total HK\$'000
<b>Segment revenue</b>						
Sales to external customers	1,750,061	1,757	701	1,752,519	896,037	2,648,556
<b>Segment results</b>	36,543	(3,234)	(1,555)	31,754	106,891	138,645
Reconciliation:						
Unallocated income and expense, net						(47,971)
Loss before tax						90,674
<b>Segment assets</b>	677,290	506,342	1,147,823	2,331,455	2,157,348	4,488,803
Reconciliation:						
Unallocated assets						68,340
Total assets						4,557,143
<b>Segment liabilities</b>	401,535	85,132	130,455	617,122	2,929,821	3,546,943
Reconciliation:						
Unallocated liabilities						824,169
Total liabilities						4,371,112
<b>Other segment information</b>						
Capital expenditure	-	1,008	4,426	5,434	3,086	8,520
Depreciation and amortisation	-	2,888	1,670	4,558	26,512	31,070
Unallocated depreciation and amortisation	-	-	-	-	-	171

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 4. OPERATING SEGMENT INFORMATION (continued) Six months ended 30 June 2016

	Continuing operations			Discontinued operations		
	Commodities trading segment HK\$'000	Oil segment HK\$'000	Logistics segment HK\$'000	Total HK\$'000	Coke manufacturing segment HK\$'000	Total HK\$'000
<b>Segment revenue</b>						
Sales to external customers	240,276	1,633	1,199	243,108	203,357	446,465
<b>Segment results</b>	(366)	(9,196)	(800)	(10,362)	(68,856)	(79,218)
Reconciliation:						
Unallocated income and expense, net						(90,603)
Loss before tax						(169,821)
<b>Segment assets</b>	246,404	489,393	1,218,508	1,954,305	2,431,580	4,385,885
Reconciliation:						
Unallocated assets						203,433
Total assets						4,589,318
<b>Segment liabilities</b>	(184,230)	(14,395)	(269,670)	(468,295)	(2,718,090)	(3,186,385)
Reconciliation:						
Unallocated liabilities						(849,356)
Total liabilities						(4,035,741)
<b>Other segment information</b>						
Capital expenditure	–	481	194,994	195,475	–	195,475
Depreciation and amortisation	–	3,257	1,234	4,491	8,717	13,208
Unallocated depreciation and amortisation	–	–	–	–	–	13
Impairment loss recognised	–	–	–	–	51,512	51,512



# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 4. OPERATING SEGMENT INFORMATION (continued)

### Geographical information

#### (a) Revenue from external customers

	Six months ended	
	30 June 2017 (unaudited) HK\$'000	30 June 2016 (unaudited) HK\$'000
PRC	2,646,799	204,556
Hong Kong	–	124,902
Singapore	–	115,374
Other countries	1,757	1,633
	<b>2,648,556</b>	<b>446,465</b>

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

#### (b) Non-current assets

	30 June 2017 (unaudited) HK\$'000	31 December 2016 (audited) HK\$'000
	PRC	1,113,636
USA	243,951	296,201
Other countries	205,155	194,347
	<b>1,562,742</b>	<b>1,549,271</b>

The non-current asset information above is based on the location of the assets and exclude goodwill of approximately HK\$196,736,000.

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the aggregate of net invoiced value of goods sold, after allowances for returns and trade discounts, and sales of oil, net of royalties, obligations to governments and other mineral interest owners, and income from logistic services rendered, analysed as follows:

	Continuing operations		Discontinued operations		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)	(unaudited)	(unaudited) (restated)	(unaudited)	(unaudited)
Revenue from:						
Sales of goods	1,751,818	241,909	896,037	203,357	2,647,855	445,266
Rendering of services	701	1,199	-	-	701	1,199
	<b>1,752,519</b>	<b>243,108</b>	<b>896,037</b>	<b>203,357</b>	<b>2,648,556</b>	<b>446,465</b>

An analysis of other income and gains is as follows:

	Continuing operations		Discontinued operations		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)	(unaudited)	(unaudited) (restated)	(unaudited)	(unaudited)
<b>Other income and gains</b>						
Bank interest income	157	42	-	-	157	42
Government grants	9,033	-	5,061	3,543	14,094	3,543
Investment income	-	-	223	189	223	189
Gain on disposal of items of property, plant and equipment	-	47	-	534	-	581
Reversal of impairment on property, plant and equipment (Note 11)	-	-	20,767	-	20,767	-
Sundry income	221	189	2	7	223	196
Exchange gain	-	662	-	-	-	662
	<b>9,411</b>	<b>940</b>	<b>26,053</b>	<b>4,273</b>	<b>35,464</b>	<b>5,213</b>

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 6. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)		(unaudited)
Interest expenses, net of reimbursement on borrowings:						
Bank loans, overdrafts and other loans	2,262	2	44,228	45,142	46,490	45,144
Convertible bonds	32,322	31,346	-	-	32,322	31,346
Promissory notes payable	1,653	1,570	-	-	1,653	1,570
	36,237	32,918	44,228	45,142	80,465	78,060

## 7. LOSS BEFORE TAX

The Group's loss before tax for the period is arrived at after charging the followings:

	Continuing operations		Discontinued operations		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)		(unaudited)
Cost of inventories sold	1,718,551	244,541	710,930	180,839	2,429,481	425,380
Staff costs (including directors' remuneration)	5,440	4,392	14,330	15,159	19,770	19,551
Depreciation	2,911	1,224	25,567	9,541	28,478	10,765
Amortisation of prepaid land lease payments	681	-	944	987	1,625	987
Amortisation of oil properties	1,138	1,469	-	-	1,138	1,469
Loss on disposal of items of property, plant and equipment	3	-	-	-	3	-



# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2017. Under the Corporate Income Tax Law of the People's Republic of China (the "PRC"), the PRC corporate income tax is calculated at a rate of 25% (2016: 25%) on the Group's estimated assessable profits arising in the PRC for the six months ended 30 June 2017. Tax on the assessable profits arising in the United States of America is calculated at the rate of 34% (2016: 34%) for the six months ended 30 June 2017.

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

	Continuing operations		Discontinued operations		Total	
	Six months ended 30 June 2017	2016	Six months ended 30 June 2017	2016	Six months ended 30 June 2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)		(restated)
Hong Kong profits tax	-	212	-	-	-	212
PRC corporate income tax	10,883	4	116,138	13,718	127,021	13,722
	10,883	216	116,138	13,718	127,021	13,934
Deferred tax	(1,925)	3,208	-	-	(1,925)	3,208
Total tax charge for the period	8,958	3,424	116,138	13,718	125,096	17,142

## 9. DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

### Loss per share

The calculation of basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company of approximately HK\$41,939,000 (six months ended 30 June 2016: HK\$179,912,000) and the weighted average of 4,309,887,000 (six months ended 30 June 2016: 3,954,634,000) ordinary shares in issue during the period.

### Loss from continuing operations per share

The calculation of basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company from continuing operations of approximately HK\$33,192,000 (six months ended 30 June 2016: HK\$59,230,000) and the weighted average of 4,309,887,000 (six months ended 30 June 2016: 3,954,634,000) ordinary shares in issue during the period.

### Diluted loss per share

As the Group sustained a loss for both of the periods presented, diluted loss per share and diluted loss from continuing operations per share for these periods are not presented as the effects of potential shares issuable arising from the exercise of the share options and the conversion of the convertible bonds are regarded anti-dilutive.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment with a cost of approximately HK\$8,520,000 (for the six months ended 30 June 2016: approximately HK\$187,095,000). Depreciation for items of property, plant and equipment was approximately HK\$28,478,000 during the period (for the six months ended 30 June 2016: approximately HK\$10,765,000).

During the period, the Group has disposed of property, plant and equipment amounted to approximately HK\$3,000 (for the six months period ended 30 June 2016: HK\$433,000).

During the period, impairment on property, plant and equipment previously made amounted to approximately HK\$20,767,000 (for the six months period ended 30 June 2016: Nil) was reversed and included in other income and gains (Note 5).

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 12. TRADE AND BILLS RECEIVABLES

	30 June 2017 (unaudited) HK\$'000	31 December 2016 (audited) HK\$'000
Trade receivables	379,354	1,733,949
Impairment	(70,542)	(973,076)
	<b>308,812</b>	760,873
Bills receivable	–	669,994
	<b>308,812</b>	1,430,867

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 coke manufacturing segment and commodities trading segment; and one month for the customers in the oil segment. Overdue balances are reviewed regularly by senior management.

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 2017 (unaudited) HK\$'000	31 December 2016 (audited) HK\$'000
Not more than 30 days	96,862	345,609
31-60 days	45,627	86,425
61-90 days	28	165
91-365 days	304	15,990
Over 1 year	236,533	1,285,760
	<b>379,354</b>	1,733,949



# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 12. TRADE AND BILLS RECEIVABLES (continued)

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

	30 June 2017 (unaudited) HK\$'000	31 December 2016 (audited) HK\$'000
At 1 January	973,076	673,874
Transferred on reclassification of receivables as assets held for sale (Note 14.1)	(903,701)	–
Impairment losses recognised	–	355,866
Reversal of impairment losses	–	(343)
Exchange realignment	1,167	(56,321)
As 30 June/31 December	70,542	973,076

## 13. TRADE AND BILLS PAYABLES

	30 June 2017 (unaudited) HK\$'000	31 December 2016 (audited) HK\$'000
Trade payable	415,134	659,838

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 2017 (unaudited) HK\$'000	31 December 2016 (audited) HK\$'000
Not more than 30 days	131,628	276,538
31-60 days	4	80,719
61-90 days	–	4,193
91-365 days	98,678	26,238
Over 1 year	184,824	272,150
	415,134	659,838

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

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 14. DISCONTINUED OPERATIONS AND THE DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 26 June 2017, the Group entered into an agreement with Champ Noble Limited (the “Purchaser”), pursuant to which the Group agreed to sell and the Purchaser agreed to purchase the entire issued share capital of Buddies Power (a wholly owned subsidiary of the Company) for a cash consideration of HK\$8,000,000. Buddies Power is an investment holding company and effectively owns 94.48% equity interest in Shanxi Loudong-General Nice Coking & Gas Co., Ltd. (“Shanxi Loudong”).

The principal activities of the Disposal Group are (i) coal processing and production of metallurgical coke and by-products; and (ii) the trading of metallurgical coke.

The Directors consider that it is highly probable that the disposal by the Group of the Disposal Group will be completed within twelve months from the end of the reporting period on 30 June 2017. Therefore, the assets and liabilities of the 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 2017.

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

	30 June 2017 (unaudited) HK\$'000	30 June 2016 (unaudited) HK\$'000 (restated)
Revenue	896,037	203,357
Cost of sales and services	(710,930)	(180,839)
Other income	26,053	4,273
Selling and distribution costs	(43,999)	(27,379)
Administrative expenses	(15,588)	(16,773)
Other operating expenses	(454)	–
Impairment of trade receivables	–	(51,512)
Finance costs	(44,228)	(45,142)
Profit (loss) before tax from discontinued operations	106,891	(114,015)
Income tax expense (Note 8)	(116,138)	(13,718)
Loss for the period from discontinued operations	(9,247)	(127,733)
Loss attributable to:		
Owners of the Company	(8,747)	(120,682)
Non-controlling interests	(500)	(7,051)
	(9,247)	(127,733)

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 14. DISCONTINUED OPERATIONS AND THE DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

Major classes of assets and liabilities of the Disposal Group classified as held for sale are as follows:

	30 June 2017 (unaudited) HK\$'000
Property, plant and equipment	93,570
Prepaid land lease payments	30,036
Investment in associates	2,187
Available-for-sale investments	7,281
Inventories	182,380
Trade and bills receivables (Note 14.1)	844,450
Prepayments, deposits and other receivables	975,413
Equity investments at fair value through profit or loss	576
Tax recoverable	88
Pledged bank deposits	19,904
Cash and cash equivalents	1,463
<b>Total assets classified as held for sale</b>	<b>2,157,348</b>
Trade and bills payables (Note 14.2)	159,632
Other payables and accruals	441,358
Bank and other borrowings	1,834,368
Due to a related company (Note 17)	18
Income tax payable	497,060
Loan from a related company (Note 17)	843
Deferred tax liabilities	11,461
Amounts due to group company	1,468,539
<b>Total liabilities directly associated with assets classified as held for sale</b>	<b>4,413,279</b>
Less: Amounts due to group companies*	<b>(1,468,539)</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>2,944,740</b>

\* For the presentation in the condensed consolidated statement of financial position as at 30 June 2017, the amounts due to group companies amounting to HK\$1,468,539,000 have been excluded from the total liabilities directly associated with assets classified as held for sale.



# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 14. DISCONTINUED OPERATIONS AND THE DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

Loss from discontinued operations per share

	30 June 2017 (unaudited) HK\$	30 June 2016 (unaudited) HK\$ (restated)
Basic		
For loss from discontinued operations	(0.20) cents	(3.05) cents
Diluted		
For loss from discontinued operations	N/A	N/A

The calculation of the basic loss from discontinued operations per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company from the discontinued operations of approximately HK\$8,747,000 (six months ended 30 June 2016: HK\$120,682,000) and the weighted average of 4,309,887,000 (six months ended 30 June 2016: 3,954,634,000) ordinary shares in issue during the period.

As the Group sustained a loss for both of the periods presented, diluted loss from discontinued operations per share for these periods are not presented as the effects of potential shares issuable arising from the exercise of the share options and the conversion of the convertible bonds are regarded anti-dilutive.

### 14.1 Trade and bills receivables

	30 June 2017 (unaudited) HK\$'000
Trade receivables	1,771,386
Impairment	(931,669)
	839,717
Bills receivable	4,733
	844,450

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 14. DISCONTINUED OPERATIONS AND THE DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

### Loss from discontinued operations per share (continued)

#### 14.1 Trade and bills receivables (continued)

For the discontinued operations, 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 three months for the customers. Overdue balances are reviewed regularly by senior management.

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

	30 June 2017 (unaudited) HK\$'000
Not more than 30 days	188,405
31-60 days	54,188
61-90 days	55,744
91-365 days	556,342
Over 1 year	916,707
	<hr/>
	1,771,386

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

	30 June 2017 (unaudited) HK\$'000
Transferred from trade and bills receivable (Note 12)	903,701
Exchange realignment	27,968
	<hr/>
As 30 June 2017	931,669

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 14. DISCONTINUED OPERATIONS AND THE DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

Loss from discontinued operations per share (continued)

### 14.2 Trade and bills payables

	30 June 2017 (unaudited) HK\$'000
Trade payables	159,632

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

	30 June 2017 (unaudited) HK\$'000
Not more than 30 days	25,154
31-60 days	13,305
61-90 days	6,235
91-365 days	4,593
Over 1 year	110,345
	159,632

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

## 15. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	HK\$'000
<i>Authorised</i> At 31 December 2016 and 30 June 2017	200,000,000,000	2,000,000
<i>Issued and fully paid</i> At 31 December 2016 and 30 June 2017	4,309,887,370	43,099



# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 16. CAPITAL COMMITMENTS

	30 June 2017 (unaudited) HK\$'000	31 December 2016 (audited) HK\$'000
Contracted, but not provided for, in respect of:		
Acquisition of subsidiaries	–	56,028

## 17. 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 2017 (unaudited) HK\$'000	31 December 2016 (audited) HK\$'000
Due from related companies		
General Nice (Tianjin) Industry Company Limited	29,564	29,564
山西平型關鐵礦有限公司 (literally translated as "Shanxi Ping Xing Guan Iron Ore Company Limited")	515	500
山西新海峰能源有限公司 (literally translated as "Shanxi Xin Energy Company Limited")	5,499	5,334
深圳市新海能投資有限公司 (literally translated as "Shenzhen Xin Hai Neng Investment Company Limited")	11,245	10,907
	<b>46,823</b>	<b>46,305</b>
Due to related companies		
Hing Lou Resources Limited	18	17
繁峙縣平型關鐵礦有限公司 (literally translated as "Fan Zhi Xian Ping Xing Guan Iron Ore Company Limited")	17,253	16,736
	<b>17,271</b>	<b>16,753</b>
Less: reclassified to liabilities directly associated with assets classified as held for sale (Note 14)	<b>(18)</b>	–
	<b>17,253</b>	<b>16,753</b>

# Notes to Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 17. RELATED PARTY TRANSACTIONS (continued)

Outstanding balances with related companies (continued)

(ii) Non-current portion

	30 June 2017 (unaudited) HK\$'000	31 December 2016 (audited) HK\$'000
Loan from a related company General Nice Resources (Hong Kong) Limited ("GNR")*		
- as stated in condensed consolidated statement of financial position	-	817
- as stated in liabilities directly associated with assets classified as held for sale (Note 14)	843	-
	<hr/> 843	<hr/> -

\* GNR directly held the Company's equity interest of 7.75% as at 30 June 2017 and 7.75% as at 31 December 2016.

## 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 2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Short term employee benefits	1,758	1,392
Post-employment benefits	27	36
	<hr/> 1,785	<hr/> 1,428
Total compensation paid to key management personnel	1,785	1,428

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.

## 18. EVENTS AFTER THE END OF THE INTERIM PERIOD

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

# General Information

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS

For the six months ended 30 June 2017, the Group recorded revenue from continuing operations of approximately HK\$1,752,519,000 (2016 (restated): approximately HK\$243,108,000), representing a 620.9% increase as compared to the corresponding period in 2016, and the loss attributable to the owners of the Company of the continuing operations for the six months ended 30 June 2017 decreased considerably to approximately HK\$33,192,000 from approximately HK\$59,230,000 posted in the preceding period, mostly attributable to revenue generated by the newly acquired subsidiary, Tianjin Property Qian'an Logistics Company Limited (天津物產遷安物流有限公司, "Qian'an Logistics").

The revenue and loss attributable to the owners of the Company for the discontinued operations were approximately HK\$896,037,000 and HK\$8,747,000 respectively for the six months ended 30 June 2017 (2016: approximately HK\$203,357,000 and HK\$120,682,000 respectively). The reduction in loss of the discontinued operations was primarily attributable to the significant reduction in overall impairment and the rebound of commodities price compared with the six months ended 30 June 2016.

### BUSINESS REVIEW

The Company was continuously aiming at repositioning its assets and delivering positive results and annual earnings growth to shareholders. On 26 June 2017, the Group announced to dispose the entire issued share capital of Buddies Power and its subsidiaries, including Shanxi Loudong, to exit from the industry of manufacturing of metallurgical coke which has caused several years of heavy losses to the Group. Due to the unresolved core problems for metallurgical coke, such as more stringent environmental protection requirements by the PRC government, as well as its over-capacity, the industry is unlikely to be profitable in short to medium run. Thus, disposal of Shanxi Loudong would benefit the Group by relieving the burden and concentrating its resources in those profitable sectors.

The impairment for the six months ended 30 June 2016 amounted to approximately HK\$51,512,000, which was mainly made on the manufacturing sectors, while no impairment was provided for this period. The substantial reduction in impairment for this period was due to a series of measures introduced by Shanxi Loudong, such as tightening the credit policies for customers with long outstanding balances, terminating the business relationship with such customers, and assigning dedicated staff to follow up settlement, and in case of any further potential default, Shanxi Loudong would resort to legal action; and thus no further impairment was provided.



## General Information

On the other hand, the logistic and warehouse businesses and the commodities trading businesses consistently contributed positive returns to the Group. Benefited from the One Belt One Road policies launched by the PRC Government, the Company expected that these two sectors would be the driving force for the Group to start turning from loss to profit.

The debtor's turnover day of the Group for the six months ended 30 June 2017 was 66 days compared with 323 days for the six months ended 30 June 2016, the substantial decrease was benefited by the tight credit policies for customers implemented by Qian'an Logistics and strengthening in credit control by Shanxi Loudong.

### OUTLOOK

Going forward, the Company plans to strengthen the trading segment by way of employing more experienced trading professionals for the trading department in Hong Kong and actively looking for external funding for its trading business. As Qian'an Logistics, being a 70%-owned subsidiary of the Company, has established an extensive network with the commodities trading partners and customers in the PRC, the Board believes that leveraging on its network and solid experience in commodities trading, the trading segment of the Group will remain the key revenue stream of the Group in the near future.

Despite the significant decrease in revenue of the oil segment for the financial year ended 31 December 2016 due to the oil price slump, the Board observed a recovery of oil price in the first half of 2017 and believes that there are considerable growth potentials for the oil and gas sector in the near future. As disclosed in the annual report of the Group for the year ended 31 December 2016, the Group's 30%-owned associate, RockEast Energy Corp. ("RockEast"), has started to make a modest profit in 2016 after its infant operating stage. With stabilised oil price and increased production volume, RockEast aims to generate satisfactory growth in revenue and profits in the next few years. The Group will monitor closely any opportunities, whether through its existing associated companies or future projects, to capture the potentials in this sector.

Furthermore, the Group is determined to explore other opportunities in commodities and resources with potentials, including iron ores and coal, which would help enriching the business portfolio and diversity to minimize risk in this highly volatile market environment.

The Group believes that with the continued support of our two State-owned bondholders and/or shareholders, China Huarong International Holdings Limited (中國華融國際控股有限公司) and Tewoo Group Co Ltd (天津物產集團有限公司), it is in a strong position to build upon its core strengths to expand the platform to become one of China's leading players in selected commodities, resources and logistics warehousing operation.

# General Information

## CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND DEBT MATURITY PROFILE

As at 30 June 2017, the Group had total bank and other borrowings for the continued and discontinued operation are in the amount of approximately HK\$103,626,000 and HK\$1,834,368,000 (31 December 2016: HK\$103,034,000 and HK\$1,773,575,000 respectively), representing an increase of HK\$592,000 for the continued operation and a decrease of HK\$60,793,000 for the discontinued operation. The Group's bank and other borrowings are repayable within one year.

The Group's total bank and other borrowings for both of the continued and discontinued operations of approximately HK\$1,937,977,000 are denominated in Renminbi ("RMB") and approximately HK\$17,000 are denominated in HK\$. Both of them are charged at floating interest rates. The Group's cash and bank balances of the continued operation of approximately HK\$15,496,000 were 49.8% denominated in RMB, 1.4% in USD and 48.8% in HK\$, while the cash and bank balances of the discontinued operations of approximately HK\$1,463,000 was 100% denominated in RMB.

As at 30 June 2017, the Group had total convertible bonds with the aggregate principal amount of approximately HK\$700,000,000 (31 December 2016: HK\$700,000,000), which are redeemable in 2018. The convertible bonds are denominated in HK\$ and bear interest at fixed rate of 6% per annum.

## 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.

# General Information

## MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 26 June 2017, the Company entered into a sale and purchase agreement with Champ Noble Limited, pursuant to which the Company has agreed to sell to Champ Noble Limited the entire issued share capital of Buddies Power (a wholly-owned subsidiary of the Company) and its subsidiaries (“Disposal Group”) for a cash consideration of HK\$8 million. Buddies Power through its subsidiaries indirectly holds 94.48% equity interest in Shanxi Loudong. Champ Noble Limited was the holder of 5.52% equity interest in Shanxi Loudong. Shanxi Loudong is a company established in the PRC and is the major operating subsidiary of the Disposal Group. It is principally engaged in coal processing and production of relevant chemicals in the PRC and trading of coke. As at the date of this report, the disposal has not yet completed. For more details, please refer to the announcements of the Company dated 26 June 2017 and 28 July 2017 and the circular of the Company dated 25 August 2017.

## EMPLOYEES

As at 30 June 2017, the total number of employees of the Group was approximately 780 (31 December 2016: 1,000). 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. Subsequent to the lapse of the old share option scheme on 25 June 2017, the Company adopted a new share option scheme on 30 June 2017. As at 30 June 2017, there were no (31 December 2016: 4,214,351) outstanding share options granted under such scheme.

## CHARGE OF GROUP ASSETS

As at 30 June 2017, the bank deposits of approximately HK\$19,904,000 (31 December 2016: HK\$19,307,000) for the discontinued operations, and a property with a carrying value of approximately HK\$13,202,000 (31 December 2016: HK\$13,373,000) are pledged as securities for the Group’s banking facilities. Certain machineries with a carrying value of approximately HK\$28,748,000 (2016: HK\$31,588,000) were pledged to secure general banking facilities granted to the Group.



# General Information

## GEARING RATIO

As at 30 June 2017, the overall gearing ratio of the Group (being the ratio of net debt divided by total capital plus net debt) was approximately 94% (31 December 2016: approximately 92%). Net debt represents the aggregate amount of the Group's bank and other borrowings, promissory notes payable the non-current portion of the amount loans due to related parties and convertible bonds less cash and cash equivalents of the Group. Total capital represents total equity attributable to owners 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 the PRC 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 2017 (2016: Nil).

## DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

# General Information

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2017, 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	Nature of Interest	Total	Approximate percentage of the issued share capital
Mr. Zhao Cheng Shu	5,438,150(L)	Personal interests	5,438,150(L)	0.13%
Ms. Choy So Yuk	271,908(L)	Personal interests	271,908(L)	0.01%
Mr. Leung Yuen Wing	224,213(L)	Personal interests	224,213(L)	0.01%

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

Save as disclosed above, as at 30 June 2017, 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's share option scheme adopted on 25 June 2007 (the "Old Share Option Scheme") was lapsed on 25 June 2017. Subsequent to the lapse of the Old Share Option Scheme, the Company adopted a new share option scheme on 30 June 2017. As at 30 June 2017, there were no 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 01/01/2017 (Note 1)	Outstanding at 30/06/2017	Exercise period of the outstanding share options
<b>Director</b> Ng Tze For	3,942,457	—	09/01/2010 to 24/06/2017
Sub-total	3,942,457	—	
<b>Other employee</b>	271,894	—	09/01/2010 to 24/06/2017
Total	4,214,351	—	

Note:

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 was 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.

During the period, no share options were granted, cancelled or exercised. All share options were lapsed upon the lapse of the Old Share Option Scheme on 25 June 2017.



# General Information

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

Save as disclosed under the section headed "Interests of Directors and chief executive" above, as at 30 June 2017, 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
Cai Sui Xin ("Mr. Cai")	Beneficial owner	Personal interests	7,205,545(L)	
		Interest of controlled corporation	334,051,660(L) (Note 1)	
		Total	341,257,205(L)	7.92%
	Interest of controlled corporation		302,114,803(S) (Note 2)	7.01%
GNR	Beneficial owner	Corporate interests	334,051,660(L) (Note 1)	7.75%
			302,114,803(S) (Note 2)	7.01%
General Nice Development Limited ("GND")	Interest of controlled corporation	Corporate interests	334,051,660(L) (Note 1)	7.75%
			302,114,803(S) (Note 2)	7.01%
General Nice Investment (China) Limited ("GNI")	Interest of controlled corporation	Corporate interests	334,051,660(L) (Note 1)	7.75%
			302,114,803(S) (Note 2)	7.01%
General Nice Group Holdings Limited ("GNG")	Interest of controlled corporation	Corporate interests	334,051,660(L) (Note 1)	7.75%
			302,114,803(S) (Note 2)	7.01%
Tsoi Ming Chi	Interest of controlled corporation	Corporate interests	334,051,660(L) (Note 1)	7.75%
			302,114,803(S) (Note 2)	7.01%

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Name	Capacity	Nature of Interest	No. of shares/ underlying shares	Approximate percentage of the issued share capital
Xin Lou Resources (Hong Kong) Limited ("Xin Lou")	Beneficial owner	Corporate interests	321,858,177(L)	7.47%
Shanxi Loudong Industry & Trading Group Company (formerly known as Xiaoyi Loudong Industry & Trading Group Company ("Loudong Trading"))	Interest of controlled corporation	Corporate interests	321,858,177(L) (Note 3)	7.47%
Wise Perfection Limited	Beneficial owner	Corporate interests	237,412,000(L) (Note 4)	5.51%
Carter-Mackintosh, Adam	Interest of controlled corporation	Corporate interests	237,412,000(L) (Note 4)	5.51%
Xinya Global Limited 新亞環球有限公司	Beneficial owner	Corporate interests	1,194,675,732(L) (Note 5)	27.72%
Tewoo Import & Export (HK) Limited	Interest of controlled corporation	Corporate interests	1,194,675,732(L) (Note 5)	27.72%
Tianjin Tian Yuen Investment Limited* 天津天源投資有限公司	Interest of controlled corporation	Corporate interests	1,194,675,732(L) (Note 5)	27.72%
Tewoo Import and Export Trade Co., Limited* 天津物產進出口貿易有限公司	Interest of controlled corporation	Corporate interests	1,194,675,732(L) (Note 5)	27.72%
Tewoo Group (Hong Kong) Limited	Interest of controlled corporation	Corporate interests	1,194,675,732(L) (Note 5)	27.72%
Tewoo Group Co., Ltd. 天津物產集團有限公司	Interest of controlled corporation	Corporate interests	1,194,675,732(L) (Note 5)	27.72%
Tianjin Guo Xiang Asset Management Limited* 天津國翔資產管理有限公司	Interest of controlled corporation	Corporate interests	1,194,675,732(L) (Note 5)	27.72%

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Name	Capacity	Nature of Interest	No. of shares/ underlying shares	Approximate percentage of the issued share capital
Tianjin Guo Xing Asset Operation Limited* 天津國興資本運營有限公司	Interest of controlled corporation	Corporate interests	1,194,675,732(L) (Note 5)	27.72%
Tianjin Yi Qing Asset Management Limited* 天津市一輕資產經營管理 有限公司	Interest of controlled corporation	Corporate interests	1,194,675,732(L) (Note 5)	27.72%
Tianjin Yi Qing Group Holdings Limited* 天津市一輕集團(控股) 有限公司	Interest of controlled corporation	Corporate interests	1,194,675,732(L) (Note 5)	27.72%
China Huarong International Holdings Limited ("China Huarong")	Interest of controlled corporation	Corporate interests	1,695,843,025(L) (Note 6)	39.34%

## Notes:

- These shares are beneficially owned by GNR. Each of GND and GNI holds 40% equity interest in GNR while GNG, Mr. Tsoi Ming Chi and Mr. Cai hold 50% 35% and 5% equity interests in each of GND and GNI respectively. GNG is wholly owned by Mr. Cai. Accordingly each of GND, GNI, GNG, Mr. Tsoi Ming Chi and Mr. Cai is deemed to be interested in such shares held by GNR under the SFO.
- Pursuant to the exchangeable bonds subscription agreement dated 18 May 2015 entered into between GNR and China Huarong, GNR has agreed to issue to China Huarong (or a group company of China Huarong) a 3-year exchangeable bonds (the "Exchangeable Bonds") in the aggregate principal amount of HK\$100 million with an initial exchange price of HK\$0.33 per share. 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.
- Loudong Trading is deemed to be interested in the shares held by Xin Lou by virtue of the fact that Xin Lou is its wholly owned subsidiary.
- These shares are beneficially owned by Wise Perfection Limited which is wholly owned by Carter-Mackintosh, Adam, accordingly Carter-Mackintosh, Adam is deemed to be interested in the shares held by Wise Perfection Limited.

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



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5. These interests comprise 388,224,120 issued shares of the Company beneficially owned by Xinya Global Limited and 806,451,612 underlying shares which may be allotted and issued to Xinya Global Limited upon full exercise of the conversion rights attaching to the convertible bonds with the principal amount of HK\$300,000,000 at a conversion price of HK\$0.372 per share (as adjusted). Xinya Global Limited 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 24.64% by Tianjin Tian Yuen Investment Limited and 75.36% by Tewoo Group Co. Limited. Tianjin Tian Yuen Investment Limited is wholly owned by Tianjin Guo Xiang Asset Management Limited. Each of Tianjin Yi Qing Asset Management Limited and Tianjin Guo Xiang Asset Operation Limited owns 50% of Tianjin Guo Xiang Asset Management Limited. Tianjin Yi Qing Asset Management Limited is wholly owned by Tianjin Yi Qing Group Holdings Limited. Tewoo Group (Hong Kong) Limited is wholly owned by Tewoo Group Co., Limited.
6. According to the records of the Company, China Huarong Investment Management Limited is interested in 1,695,843,025 underlying shares (of which 1,393,728,222 shares (as adjusted subsequent to the adjustment of the conversion price to HK\$0.287 per 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 conversion price of HK\$0.287 (as adjusted) 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 owns 100% of China Huarong Investment Management Limited and is deemed to be interested in 1,695,843,025 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 2017, 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 2017, except the following deviations:

# General Information

## Code Provision A.2.1

Under code provision A.2.1, the role of chairman and chief executive should be separate and should not be performed by the same individual. On 1 January 2017, Mr. Geng Tao (“Mr. Geng”) was appointed chairman and chief executive officer of the Company and he resigned as chairman and chief executive officer of the Company on 25 May 2017. Ms. Gao Zhenyun (“Ms. Gao”) was appointed chairman and chief executive officer of the Company on 7 June 2017 to fill the vacancy left after the resignation of Mr. Geng. The Board considers that vesting the roles of both chairman and chief executive officer in the same person can facilitate the effective implementation and execution of its business strategies by and ensure a consistent leadership, for the Group. Further, a balance of power and authority between the Board and the management can be ensured by the operation of the Board which currently comprises executive Directors and independent non-executive Directors. The Company will from time to time review the structure and composition of the Board to ensure that a balance of power and authority between the Board and the management is appropriately maintained for the Group.

## 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. Two independent non-executive Directors namely, Ms. Choy So Yuk and Mr. Leung Yuen Wing were not 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

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. The independent non-executive Director Mr. Zhu Dengkai (“Mr. Zhu”) had not attended the annual general meeting held on 30 June 2017 as he was not in Hong Kong.

## Code Provision A.7.1

Under code provision A.7.1, for regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors at least 3 days before the intended date of a board meeting or board committee meeting. As additional time was required to prepare the board papers, the board papers were not sent to all Directors 3 days before the meeting.

## 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 2017.

# General Information

## CHANGE OF INFORMATION OF DIRECTORS

Mr. Cai resigned as executive Director and chairman of the Company and Mr. Lau Yu ("Mr. Lau") resigned as executive Director and chief executive officer of the Company with effect from 1 January 2017. Mr. Geng was appointed executive Director, chairman and chief executive officer of the Company; and Mr. Han Binke ("Mr. Han") was appointed executive Director of the Company to fill the vacancies left after the resignation of Mr. Cai and Mr. Lau on 1 January 2017. Mr. Geng resigned as executive Director, chairman and chief executive officer of the Company on 25 May 2017. Mr. Han resigned as executive Director of the Company on 7 June 2017. Ms. Gao was appointed an executive Director, chairman and chief executive officer of the Company with effect from 7 June 2017 to fill the vacancy left after the resignation of Mr. Geng. Ms Gao resigned as executive Director, chairman and the chief executive officer of the Company on 6 September 2017.

Mr. Gao Wen Ping resigned as independent non-executive Director of the Company with effect from 1 January 2017. Mr. Zhu was appointed independent non-executive Director of the Company on 1 January 2017. Please refer to the announcement of the Company dated 30 December 2016 for details of Mr. Zhu.

## REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises four independent non-executive Directors, namely, Mr. Leung Yuen Wing (chairman), Ms. Choy So Yuk, Mr. Wu Zhao and Mr. Zhu Dengkai. The Interim Report of the Group for the six months ended 30 June 2017 has not been audited or reviewed by the Company's auditors but has been reviewed by the Audit Committee.

On behalf of the Board

**Gao Zhenyun**  
Chairman

Hong Kong, 30 August 2017