昊天發展集團有限公司

Hao Tian Development Group Limited

(formerly known as Hao Tian Resources Group Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00474)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

The board of directors (the "Board") of Hao Tian Development Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2013 together with the comparative figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

		Six months ended 30 September	
		2013	2012
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited) (restated)
Continuing operations			
Revenue	*3*	**85,333**	61,628
Cost of sales		**(46,356)**	(55,013)
Gross profit		**38,977**	6,615
Other income	*5*	**3,172**	608
Other gains and losses	*5*	**(55,038)**	(42,898)
Distribution and selling costs		**(3,091)**	(1,299)
Administrative expenses		**(48,553)**	(35,394)
Share of results of associates		**(19)**	–
Finance costs	*6*	**(6,054)**	(1,293)

	NOTES	Six months ended 30 September 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited) (restated)
Loss before taxation		**(70,606)**	(73,661)
Taxation	*7*	**(6,589)**	(172)
Loss for the period from continuing operations	*8*	**(77,195)**	(73,833)
Discontinued operations			
Profit (loss) for the period from discontinued operations	*12*	**84,895**	(11,753)
Profit (loss) for the period		**7,700**	(85,586)
Other comprehensive (expense) income:			
Items that will not be reclassified to profit or loss:			
Reclassification adjustments relating to foreign operations disposed of during the period		**(77,771)**	(110,316)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial instruments of foreign operations		**13,291**	(15,186)
Net fair value (loss) gain on available-for-sale investments:			
– Fair value change during the period		**(9,441)**	(15,533)
– Impairment loss recognised		**54,033**	11,890
– Reclassified to profit or loss upon disposal		**(792)**	3,234

	NOTE	Six months ended 30 September 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited) (restated)
Other comprehensive expense for the period (net of tax)		**(20,680)**	(125,911)
Total comprehensive expense for the period		**(12,980)**	(211,497)
Profit (loss) for the period attributable to:			
Owners of the Company		**7,893**	(85,586)
Non-controlling interests		**(193)**	–
		7,700	(85,586)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(12,787)**	(211,497)
Non-controlling interests		**(193)**	–
		(12,980)	(211,497)
Earnings (loss) per share	*9*		
From continuing and discontinued operations			
Basic and diluted *(HK cents)*		**0.19**	(2.18)
From continuing operations			
Basic and diluted *(HK cents)*		**(1.95)**	(1.88)

CONDENSED CONSOLIDATED STATEMENT OF FINANICAL POSITION

AT 30 SEPTEMBER 2013

	NOTES	**30.9.2013** ***HK$'000*** **(unaudited)**	31.3.2013 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**87,595**	86,352
Investment property		**944**	961
Interest in associates		**–**	19
Amounts due from associates		**3,669**	3,669
Available-for-sale investments		**820,982**	173,479
Financial assets designated at fair value through profit or loss		**13,945**	21,556
Derivative financial instruments		**583,970**	–
Loan receivables		**30,572**	30,572
Deposits		**151,014**	150,991
Deferred tax asset		**205**	205
		1,692,896	467,804
Current assets			
Inventories		**28,340**	19,277
Trade and bills receivables	*10*	**73,764**	13,395
Other receivables, deposits and prepayments		**17,244**	7,424
Loan receivables		**64,000**	110,000
Consideration receivable		**151,641**	149,875
Investments held for trading		**160**	142
Tax recoverable		**6,816**	6,075
Pledged bank deposit		**10,000**	–
Bank balances and cash		**477,910**	283,231
		829,875	589,419
Assets classified as held for sale	*11*	**–**	1,631,993
		829,875	2,221,412
Current liabilities			
Trade payables	*13*	**25,105**	7,832
Other payables, deposits received and accruals		**25,495**	21,112
Secured notes		**–**	122,582
Tax payable		**29,881**	23,804
		80,481	175,330
Liabilities associated with assets classified as held for sale		**–**	65,462
		80,481	240,792

	NOTE	30.9.2013	31.3.2013
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Net current assets		**749,394**	1,980,620
Total assets less current liabilities		**2,442,290**	2,448,424
Non-current liabilities			
Retirement benefits obligations		**1,177**	1,121
Net assets		**2,441,113**	2,447,303
Capital and reserves			
Share capital	*14*	**198,577**	196,527
Reserves		**2,237,731**	2,180,597
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale		**–**	65,181
Equity attributable to owners of the Company		**2,436,308**	2,442,305
Non-controlling interests		**4,805**	4,998
Total equity		**2,441,113**	2,447,303

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

Service income

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

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

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

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

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

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

Impact of the application of HKFRS 10

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

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

HKFRS 13 "Fair value measurement"

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

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

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

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

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

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

3. REVENUE

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

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

4. SEGMENT INFORMATION

The Group is currently organised into below operating divisions:

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

   (i) France Operation – Dardel S.A.S.

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

(b) Money lending – Hao Tian Finance Company Limited

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

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

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

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

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

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

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

For the six months ended 30 September 2013

Continuing operations

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

For the six months ended 30 September 2012

Continuing operations

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

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

5. OTHER INCOME/OTHER GAINS AND LOSSES

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

6. FINANCE COSTS

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

7. TAXATION

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

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

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

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

8. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

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

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

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

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

From continuing operations

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

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

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

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

From discontinued operations

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

10. TRADE AND BILLS RECEIVABLES

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

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

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

11. ASSETS CLASSIFIED AS HELD FOR SALE

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

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

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

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

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

12. DISCONTINUED OPERATIONS

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

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

13. TRADE PAYABLES

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

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

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

14. SHARE CAPITAL

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

15. DIVIDENDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Natural Gas Business

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

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

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

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

Packaging Box Business

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

Money Lending Business

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

Trading of Commodities Business

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

FINANCIAL REVIEW

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

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

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

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

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

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

Finance Costs

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

Administrative Expenses

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

Taxation

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

Profit Attributable to Owners

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

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

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

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

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

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

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

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

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

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

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

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

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

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

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

EMPLOYEE INFORMATION

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

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

SIGNIFICANT LITIGATIONS

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

BUSINESS PROSPECT

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

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

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

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

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

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

PURCHASE, SALES OR REDEMPTION OF SECURITIES

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

REFRESHMENT OF GENERAL MANDATE

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

COMPLIANCE WITH THE MODEL CODE

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

INTERIM DIVIDEND

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

AUDIT COMMITTEE

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

PUBLICATION OF INTERIM RESULTS

This results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.haotianhk.com). The interim report will be despatched to the shareholders and will be published on the websites of the Stock Exchange and that of the Company, respectively in due course.

By Order of the Board of
Hao Tian Development Group Limited
Fok Chi Tak
Executive Director

Hong Kong, 22 November 2013

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Xu Hai Ying, Dr. Zhiliang Ou, JP (Australia) *and Mr. Fok Chi Tak and three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan, Mr. Ma Lin, and Mr. Lam Kwan Sing.*