



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

(Incorporated in the Cayman Islands with limited liability)  
(Stock code: 00474)

## CONTENTS

2	Corporate Information
4	Director's Statement
6	Interim Dividend
6	Management Discussion and Analysis
11	Disclosure of Interests
14	Corporate Governance
16	Report on Review of Condensed Consolidated Financial Statements
18	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
21	Condensed Consolidated Statement of Financial Position
23	Condensed Consolidated Statement of Changes in Equity
25	Condensed Consolidated Statement of Cash Flows
27	Notes to the Condensed Consolidated Financial Statements

## CORPORATE INFORMATION

### Executive Directors

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

### Independent Non-Executive Directors

Mr. Chan Ming Sun, Jonathan  
 Mr. Ma Lin  
 (resigned on 30 September 2014)  
 Mr. Lam Kwan Sing  
 Mr. Lee Chi Hwa, Joshua  
 (appointed on 30 September 2014)

### Audit Committee

Mr. Chan Ming Sun, Jonathan  
*(Chairman of Committee)*  
 Mr. Ma Lin  
 (resigned on 30 September 2014)  
 Mr. Lam Kwan Sing  
 Mr. Lee Chi Hwa, Joshua  
 (appointed on 30 September 2014)

### Executive Committee

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

### Remuneration Committee

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

### Nomination Committee

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

### Company Secretary

Ms. Chan Lai Ping

### Legal Advisers

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

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

### Auditor

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

## Principal Bankers

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

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

China Citic Bank International Limited  
61-65 Des Voeux Road Central  
Hong Kong

Nanyang Commercial Bank, Ltd.  
2/F., 359-361 Queen's Road Central,  
Hong Kong

United Overseas Bank Limited  
25/F., Gloucester Tower,  
The Landmark, 15 Queen's Road  
Central, Hong Kong

## Principal Share Registrar and Transfer Office in Cayman Islands

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

## Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716,  
17th Floor Hopewell Centre  
183 Queen's Road East  
Hong Kong

## Registered office

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Principal Place of Business in Hong Kong

Rooms 4917-4932, 49/F.,  
Sun Hung Kai Centre,  
30 Harbour Road, Wan Chai,  
Hong Kong

## Website

[www.haotianhk.com](http://www.haotianhk.com)

## DIRECTOR'S STATEMENT

Dear Shareholders,

On behalf of Hao Tian Development Group Limited ("Hao Tian Development" or the "Company", and together with its subsidiaries, collectively referred to as the "Group"), I hereby present the unaudited interim results of the Group for the six months ended 30 September 2014 (the "period under review").

### Business Review

The current principal businesses of the Group are provision of financial services, securities investment and trading of commodities.

During the period under review, the money lending business of the Group generated interest income of approximately HK\$31.5 million (2013: approximately HK\$15.2 million). Revenue from the money lending business increased by 107.2% year-on-year, accounting for 98.4% of the Group's total revenue during the period under review and has been one of the major revenue streams of the Group. The main services of this segment include secured personal loans to high net worth clients, alongside with provision of mortgage loans. The Group has been prudently growing the money lending business, utilizing internal resources as well as bank loans. The Group has raised approximately HK\$190.0 million in the recent open offer (with bonus issue) and approximately HK\$134.5 million has been utilized for the development and expansion of its money lending business.

The Company has been involved in securities investment as part of its strategy to diversify income streams. The realised gains from disposal of available-for-sale investments of the Group were approximately HK\$128.6 million (2013: approximately HK\$0.4 million) and the unrealised fair value gains from investment comprising listed equity securities held for trading were approximately HK\$1,595.6 million (2013: nil). The Company has recently started trading in listed securities since July 2014 and saw solid performance in the securities trading segment in the period under review.

During the period under review, the commodities trading business of the Group recorded a gross revenue of approximately HK\$51.4 million (2013: approximately HK\$24.1 million) and a net profit of approximately HK\$0.5 million (2013: approximately HK\$0.5 million). The Company will review the trading risks and gradually scale down the trading volume.

The Group's natural gas business was still at the preliminary stage, hence no revenue was recorded during the period under review. Having considered the local social instability, the Group has been adopting stringent and prudent approach in the development plan and its implementation schedule for its natural gas projects in Xinjiang and will adjust the development plan and pace as and when appropriate.

Taking advantage of the Group's low gearing ratio and credit worthiness, the Company has raised long-to-medium term debt finance to strengthen the Group's working capital. As on 30 September 2014, the Company issued unsecured bonds and notes with principal amount of approximately HK\$99.6 million to several independent third party investors, some of them are affluent investment immigration applicants from the mainland China.

## Business Prospects

Opportunities and challenges both lie ahead in the context of fierce competition and mixed consumer sentiment in slower economic growth. Yet we remain generally optimistic as to the prospect and profitability of the Group's money lending business in Hong Kong. Looking forward, the Group will seek to further expand its loan portfolio and customer base by deploying more resources and move to optimize the operational scale. We will also endeavor to review and improve our risk control and loan process.

Slower economic growth in the mainland China and the decision to roll back of quantitative easing measures in the United States presents downside risks affecting the performance of the stock market in Hong Kong. It's the Company's investment strategy to also engage in and focus on short term trading of listed securities, in addition to holding available-for-sale investment portfolio. We believe this strategy provides the Company with greater flexibility. We will continue to pursue investment opportunities and to grow and manage our trade portfolio in financial instruments in a measured and prudent manner.

The Company continues to be optimistic about the development of energy and logistics and warehousing services in the mainland China and will endeavor to look for development opportunities in relevant sectors. The Group has been working with the counter-party to complete the acquisition of a piece of land located in Urumqi designated for logistics and warehousing development purpose.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all shareholders for their great support and trust, and to our directors, management and staff for their invaluable contributions to the Group over the past six months. The Group will also actively develop its own businesses to achieve fabulous returns for our shareholders.

### **Dr. Zhiliang Ou**

*Executive Director*

Hong Kong, 26 November 2014

## INTERIM DIVIDEND

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

The Group's net profit for the six months ended 30 September 2014 substantially increased to approximately HK\$1,065.7 million (2013: approximately HK\$7.7 million) for the corresponding period last year. The increased profit was mainly attributable to (a) fair value gain on investments held for trading; (b) gain on disposal of available-for-sale investments; and (c) interest income derived from money lending business.

Interest income from money lending business was amounted to approximately HK\$31.5 million (2013: approximately HK\$15.2 million). Interest expense of approximately HK\$8.7 million (2013: nil) was incurred for borrowings obtained solely for the Group's money lending business. The Group financed the money lending business by external and internal resources during the period under review.

For the six months ended 30 September 2014, the Group recorded other income of approximately HK\$6.0 million (2013: approximately HK\$2.1 million), this increase was mainly attributable to (a) imputed interest income on consideration receivable; and (b) sundry income.

The Group recorded substantial other gains and losses from its continuing operations resulting from the fair value gain on investments held for trading by the Group, gain on disposal of available-for-sale investments and fair value loss on derivative financial instruments. The market value of the investment portfolio of the Group appreciated giving rise to a gain of approximately HK\$1,363.3 million (2013: loss of approximately HK\$55.0 million) during the period under review.

## Administrative Expenses

For the six months ended 30 September 2014, administrative expenses from continuing operations were approximately HK\$40.1 million (2013: approximately HK\$36.6 million), representing an increase of approximately HK\$3.5 million or 9.6% as compared with the same period last year. The increase was mainly due to increase in transaction costs attributable to securities investments, overseas travelling, depreciation and rental expenses.

## Finance Costs

For the six months ended 30 September 2014, the finance costs from continuing operations were approximately HK\$31.3 million (2013: approximately HK\$6.1 million) in the period under review, representing a substantial increase of approximately HK\$25.2 million or 4 times as compared with the same period last year. The increase was mainly due to the increase in (a) interest expenses incurred on borrowings for the Group's money lending business and (b) issuance cost of corporate bonds and notes.

## Taxation

For the six months ended 30 September 2014, income tax expenses from continuing operations was approximately HK\$264.2 million (2013: nil). The increase was mainly due to (a) increase of income tax in Hong Kong and (b) provision of deferred tax of approximately HK\$262.9 million in Hong Kong.

## Profit Attributable to Owners

For the six months ended 30 September 2014, the Group recorded a profit from continuing operations of approximately HK\$1,065.7 million (2013: approximately HK\$7.7 million), while there was no profit from discontinued operations for the period under review (2013: a profit of approximately HK\$87.6 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 2014 was approximately HK\$1,065.8 million (2013: approximately HK\$7.9 million). The basic and diluted profit per share from continuing operations and discontinued operations were approximately HK63.65 cents and HK53.64 cents respectively (2013: basic and diluted HK0.49 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 2014, the Group had cash and cash equivalents including pledged bank deposits amounted to approximately HK\$305.3 million (31 March 2014: approximately HK\$460.9 million). The Group's working capital increased to approximately HK\$2,271.2 million (31 March 2014: approximately HK\$725.2 million). Such increase was mainly resulted from the increase in fair value gain on investments held for trading during the period under review.

As at 30 September 2014, the Group had outstanding borrowings of approximately HK\$271.9 million (31 March 2014: approximately HK\$224.0 million). On 26 September 2014, the Group renewed 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 a further term of 12 months, subject to the next 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 Company Limited and its immediate holding company as well as securities with fair market value of approximately HK\$1,327.5 million as at 30 September 2014 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 2014 was 5.2% (31 March 2014: 7.9%), such decrease was due to fair value gain on investments held for trading during the period under review.

## Significant Investment, Material Acquisitions and Disposals

On 4 July 2014, Hao Tian Management (Hong Kong) Limited ("HTM"), a wholly-owned subsidiary of the Company, and the optionholder (the "Optionholder") entered into a call option deed, pursuant to which HTM has granted a call option (the "Call Option") to the Optionholder at a premium of HK\$5 million. The Call Option is exercisable at any time during the period from 4 July 2014 to 3 July 2016 at the discretion of the Optionholder, who may purchase up to 240,000,000 option shares at the exercise price of HK\$0.55 per option share.

On 5 August 2014, the Company, through HTM, executed an order with its broker to sell 37,500,000 shares in Willie International Holdings Limited at a price of HK\$1.60 per share, generating gross sale proceeds of HK\$60 million and a net gain of approximately HK\$45.9 million.

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 2014, the Group had no capital commitment (31 March 2014: capital commitment amounted to HK\$150.0 million). The decrease in capital commitment was a result of the reduction in the consideration payable under the sale and purchase agreement for the entire interest in the logistics project located in Urumqi, the People's Republic of China.

The Group had no material contingent liabilities as at the close of business on 30 September 2014.

## Exposure to Fluctuations in Exchange Rates

The Group's sales are denominated mainly in Hong Kong dollars ("HK\$"), United States dollars ("US\$") and Renminbi ("RMB"). The Group's purchases and expenses are mostly denominated in HK\$ and RMB. 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 2014, the Group had a total of approximately 60 employees (31 March 2014: 70 employees) in Hong Kong and the PRC. 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. 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 in note 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 Menggang 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-fulfillment 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.

An arbitration award was delivered in favour of the Group on 27 June 2014 and Shuangxin filed an application to the Beijing No. 2 Intermediate People’s Court to set aside the arbitration award. We are now waiting for the court decision.

The final instalment in the amount of RMB40,500,000 payable by Shuangxin, which is in addition to the aforementioned RMB80,000,000, under the Menggang Agreement (as supplemented by a supplemental agreement dated 19 November 2012) has been due and owing. Another arbitration claim has been filed with the China International Economic and Trade Arbitration Commission for such outstanding amount.

The Board is also seeking legal advice on a potential litigation stemmed from the transaction under the Menggang Agreement and will provide updates on the position of the Group as and when appropriate.

## DISCLOSURE OF INTERESTS

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

As at 30 September 2014, the interests and short positions of the directors and chief executives of the Company in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), were as follows:

#### Long positions in ordinary shares and underlying shares of the Company

Name of director/ chief executive	Capacity	Nature of interest	Number of shares held	Number of underlying shares held	Total interests	Approximate percentage of total issued share capital (Note 1)
Li Shao Yu	Interest held by controlled corporations	Corporate interest	1,237,644,016 (Note 2)	-	1,247,714,776	62.82%
	Beneficial owner	Personal interest		10,070,760 (Note 3)		
Fok Chi Tak	Beneficial owner	Personal interest		1,514,400 (Note 3)	1,514,400	0.08%

Notes:

- The percentage of shareholding is calculated on the basis of 1,986,017,900 shares in issue as at 30 September 2014.
- These shares were held (a) directly by Tai Rong Xin Ye International Power Generation Inc., which was a wholly-owned subsidiary of Hao Tian Integrated Group Development Limited; (b) both directly and indirectly by TRXY Development (HK) Limited, which was wholly-owned by Ms. Li through her personal interest and controlling interests in Hao Tian Integrated Group Development Limited; (c) directly by Real Power Holdings Limited, which is beneficially owned as to 99.9% by TRXY Development (HK) Limited and (d) directly by Asia Link Capital Investment Holdings Limited, which is wholly and beneficially owned by Ms. Li. Accordingly, Ms. Li was deemed to be interested in 1,237,644,016 shares under the SFO.
- These are the number of shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to the share options granted by the Company under the share option scheme adopted on 16 May 2006.

Other than as disclosed above, as at 30 September 2014, none of the directors or chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Share Option Schemes

The Company has adopted a share option scheme on 16 May 2006 and a share award scheme on 27 September 2013, respectively. Particulars of the Company's share option schemes and details of movements in the share options are set out in note 25 to the condensed consolidated financial statements. There is no outstanding award granted under the share award scheme as at 30 September 2014.

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

As at 30 September 2014, so far as is known to the directors or chief executives of the Company, the following entities (other than a director or chief executive of the Company) have interests or short positions of 5% or more in the shares and underlying shares of the Company which were recorded in the register of substantial shareholders maintained under Section 336 of the SFO or had otherwise notified to the Company:

Name of shareholder	Number of shares held	Number of underlying shares held	Capacity	Total interests	Approximate percentage of total issued share capital (Note 1)
Asia Link Capital Investment Holdings Limited	1,123,463,532 (Note 2)	–	Beneficial owner	1,123,463,532	56.57%
Atlantis Capital Holdings Limited	102,510,000 (Note 3)	–	Beneficial owner	102,510,000	5.16%
Liu Yang	102,510,000	–	Interest of a controlled corporation	102,510,000	5.16%

Notes:

1. The percentage of shareholding is calculated on the basis of 1,986,017,900 shares in issue as at 30 September 2014.
2. Asia Link Capital Investment Holdings Limited is beneficially wholly-owned by Ms. Li Shao Yu.
3. These shares were held by Atlantis Capital Holdings Limited, which, in return, was wholly-owned by Liu Yang.

Other than as disclosed above, as at 30 September 2014, none of the directors or their associates had any interests or short positions in any shares, underlying shares and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## CORPORATE GOVERNANCE

### **Compliance with the Corporate Governance Code**

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

The Company has applied the principles and complied with all relevant code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the period ended 30 September 2014 except that the Nomination Committee is chaired by an executive director instead of an independent non-executive director because the Board believed that an executive director involved in operations of the Company may be better positioned to review the composition of the Board so as to complement the Group's corporate strategy.

### **Compliance with the Model Code**

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

### **Purchase, Sales or Redemption of Securities**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period ended 30 September 2014.

## Refreshment of General Mandate

On 26 September 2014, an ordinary resolution approving the grant of general mandate was duly passed by way of poll in the Annual General Meeting of the Company. The grant 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 Annual General Meeting.

## 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 2014. Such condensed consolidated interim financial information of the Group has not been audited but has been reviewed by the Company's independent auditor.

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Deloitte.**  
**德勤**

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Hong Kong

### TO THE BOARD OF DIRECTORS OF HAO TIAN DEVELOPMENT GROUP LIMITED

昊天發展集團有限公司

*(incorporated in the Cayman Islands with limited liability)*

### Introduction

We have reviewed the condensed consolidated financial statements of Hao Tian Development Group Limited (the “Company”) and its subsidiaries set out on pages 18 to 66, which comprise the condensed consolidated statement of financial position as of 30 September 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of review

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

## Conclusion

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

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

26 November 2014

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	NOTES	Six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited) (restated)
<b>Continuing operations</b>			
Revenue	3	<b>31,966</b>	15,674
Other income	5	<b>5,994</b>	2,119
Other gains and losses	5	<b>1,363,299</b>	(55,021)
Administrative expenses		<b>(40,119)</b>	(36,568)
Finance costs	6	<b>(31,327)</b>	(6,054)
Profit (loss) before taxation		<b>1,329,813</b>	(79,850)
Taxation	7	<b>(264,150)</b>	–
Profit (loss) for the period from continuing operations	8	<b>1,065,663</b>	(79,850)
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	18	–	87,550
Profit for the period		<b>1,065,663</b>	7,700

Six months ended 30 September	
2014	2013
HK\$'000	HK\$'000
(unaudited)	(unaudited) (restated)

Other comprehensive (expense) income:		
Items that will not be reclassified to profit or loss:		
Reclassification adjustments relating to foreign operations disposed of during the period	–	(77,771)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial instruments of foreign operations	9	13,291
Net fair value gain (loss) on available-for-sale investments:		
– Fair value change during the period	697,979	(9,441)
– Impairment loss recognised	–	54,033
– Reclassified to profit or loss upon disposal	<b>(128,617)</b>	<b>(792)</b>
Other comprehensive income (expense) for the period (net of tax)	<b>569,371</b>	<b>(20,680)</b>
Total comprehensive income (expense) for the period	<b>1,635,034</b>	<b>(12,980)</b>
Profit (loss) for the period attributable to:		
Owners of the Company	<b>1,065,817</b>	7,893
Non-controlling interests	<b>(154)</b>	(193)
	<b>1,065,663</b>	7,700

		<b>Six months ended 30 September</b>	
		<b>2014</b>	2013
		<b>HK\$'000</b>	HK\$'000
NOTE		<b>(unaudited)</b>	(unaudited) (restated)
<hr/>			
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		<b>1,635,188</b>	(12,787)
Non-controlling interests		<b>(154)</b>	(193)
		<b><u>1,635,034</u></b>	<u>(12,980)</u>
Earnings (loss) per share			
	9		
From continuing and discontinued operations			
Basic (HK cents)		<b><u>63.65</u></b>	<u>0.49</u>
Diluted (HK cents)		<b><u>53.64</u></b>	<u>0.49</u>
From continuing operations			
Basic (HK cents)		<b><u>63.65</u></b>	<u>(4.94)</u>
Diluted (HK cents)		<b><u>53.64</u></b>	<u>(4.94)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	NOTES	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	71,324	73,410
Available-for-sale investments	11	1,501,439	1,056,319
Financial asset designated at fair value through profit or loss	12	–	4,745
Derivative financial instruments	12	446,877	550,573
Loan receivables	13	36,601	6,572
Deposits	14	151,011	151,011
		<b>2,207,252</b>	<b>1,842,630</b>
Current assets			
Inventories		1,968	2,776
Trade and bills receivables	15	54,218	80,473
Other receivables, deposits and prepayments		20,862	9,332
Loan receivables	13	127,310	267,035
Consideration receivables	16	157,726	166,946
Investments held for trading	17	2,354,625	–
Pledged bank deposits		45,179	44,613
Bank balances and cash		260,113	416,322
		<b>3,022,001</b>	<b>987,497</b>

	NOTES	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Current liabilities			
Bill payables	19	19,781	24,748
Other payables, deposits received and accruals		5,149	8,866
Borrowings	20	172,313	210,000
Derivative financial instruments	12	270,713	–
Tax payable		19,892	18,656
Deferred tax liability	21	262,940	–
		<b>750,788</b>	262,270
Net current assets		<b>2,271,213</b>	725,227
Total assets less current liabilities		<b>4,478,465</b>	2,567,857
Non-current liabilities			
Borrowings	20	99,550	14,000
Net assets		<b>4,378,915</b>	2,553,857
Capital and reserves			
Share capital	22	19,860	198,602
Reserves		4,354,255	2,350,301
Equity attributable to owners of the Company		<b>4,374,115</b>	2,548,903
Non-controlling interests		4,800	4,954
Total equity		<b>4,378,915</b>	2,553,857

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Share capital HK\$'000	Share premium HK\$'000	Share Warrant reserve HK\$'000	Statutory surplus reserve HK\$'000 (Note a)	Safety and maintenance reserve HK\$'000	Share options reserve HK\$'000	Asset revaluation reserve HK\$'000	Special reserve HK\$'000 (Note b)	Translation reserve HK\$'000	Accumulated (losses) profits HK\$'000	Total attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>Six months ended 30 September 2014</b>													
At 1 April 2014 (audited)	198,602	2,824,309	7,169	3,539	-	42,208	203,749	(5,754)	1,814	(726,733)	2,548,903	4,954	2,553,857
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	1,065,817	1,065,817	(154)	1,065,663
Other comprehensive income	-	-	-	-	-	-	589,362	-	9	-	589,371	-	589,371
Total comprehensive income (expense) for the period	-	-	-	-	-	-	589,362	-	9	1,065,817	1,635,188	(154)	1,635,034
Capital Reorganisation (Note 22)	(194,630)	-	-	-	-	-	-	-	-	194,630	-	-	-
Share options lapsed	-	-	-	-	-	(35,037)	-	-	-	35,037	-	-	-
Issue of new shares	15,888	182,714	-	-	-	-	-	-	-	-	198,602	-	198,602
Share issue expenses	-	(8,585)	-	-	-	-	-	-	-	-	(8,585)	-	(8,585)
Recognition of equity-settled share-based payments	-	-	-	-	-	7	-	-	-	-	7	-	7
At 30 September 2014 (unaudited)	19,860	2,998,638	7,169	3,539	-	7,178	773,111	(5,754)	1,823	568,751	4,374,115	4,800	4,378,915

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

## Notes:

- (a) As stipulated by the relevant laws and regulations of the People's Republic of China ("PRC"), before distribution of the net profit each year, the Group's subsidiaries established in the PRC shall set aside 10% of its net profit after taxation to the statutory surplus reserve. The reserve fund can only be used, upon approval by the board of directors of these PRC established subsidiaries and by the relevant authority, to offset accumulated losses or increase capital. There was no transfer from retained profits to the statutory reserve since the Group's PRC subsidiaries incurred net loss for both periods.
- (b) Special reserve of HK\$5,754,000 represents the difference between the nominal amount of share capital issued by Winbox (BVI) Limited and the Company and the nominal amount of the share capital of the acquired subsidiaries and Winbox (BVI) Limited respectively arisen from a group reorganisation occurred in prior years.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	NOTE	Six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		<b>(677,040)</b>	13,628
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		<b>(2,198)</b>	(3,823)
Proceeds from disposal of property, plant and equipment		<b>1,648</b>	–
Placement in pledged bank deposits		<b>(566)</b>	(10,000)
Proceeds from disposal of a financial asset designated at fair value through profit or loss		<b>9,500</b>	15,000
Proceeds from disposal of loan receivables		<b>36,500</b>	–
Purchases of available-for-sale investments		<b>(43,527)</b>	(498,756)
Dividend received from available-for-sale investments		<b>297</b>	297
Net cash from a disposal of subsidiaries	23	–	784,655
Proceeds from disposal of available-for-sale investments		<b>296,386</b>	18,212
Collection of consideration receivable from disposal of available-for-sale investment		<b>10,000</b>	–
Proceeds from issue of derivative financial instruments		<b>5,000</b>	–
Interest received		<b>995</b>	2,202
NET CASH FROM INVESTING ACTIVITIES		<b>314,035</b>	307,787
FINANCING ACTIVITIES			
Interest paid		<b>(13,886)</b>	(6,054)
Proceeds from issue of secured notes		–	170,210
Interest paid for secured notes		–	(6,252)
Repayment of secured notes		–	(293,715)
Bank borrowings raised		<b>68,313</b>	310,692
Repayment of bank borrowings		<b>(106,000)</b>	(310,692)
Proceeds from issue of bonds		<b>85,550</b>	–
Issuance cost of bonds		<b>(17,441)</b>	–
Net proceeds from issue of new shares		<b>190,017</b>	–
Net proceeds from issue of new shares upon exercise of warrants		–	6,663
NET CASH FROM (USED IN) FINANCING ACTIVITIES		<b>206,553</b>	(129,148)

	<b>Six months ended 30 September</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<b>(156,452)</b>	192,267
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>416,322</b>	283,231
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<b>243</b>	2,412
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<b>260,113</b>	477,910

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2014*

## **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 principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries include (i) lending of money, (ii) trading of commodities and (iii) securities investment.

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 “Stock Exchange”).

## **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.

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

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

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

## 3. REVENUE

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

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

#### 4. SEGMENT INFORMATION

The Group is currently organised into below operating divisions:

- (a) Money lending
- (b) Trading of commodities
- (c) Securities investment

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.

During the current period, the board of directors of the Company has conducted a review of the Group's latest business development and strategy going forward and has resolved to engage in trading of listed securities. Securities investment business has been regarded as a reportable segment of the Group during the current period.

During the year ended 31 March 2014, the Group's operations in respect of sale of plastic and paper boxes for luxury consumer goods (the "Package Box Operation") were discontinued. During the period ended 30 September 2013, the Group's operations in respect of development underground coking coal mine, coal production and sale of coal ("Xinjiang Coal Mining Operation") were discontinued. The segment information reported for the period ended 30 September 2013 does not include any amounts for these business segments.

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

#### 4. SEGMENT INFORMATION *(Continued)*

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

##### For the six months ended 30 September 2014

##### Continuing operations

	Money lending HK\$'000 (unaudited)	Trading of commodities HK\$'000 (unaudited)	Securities investment HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Segment revenue	31,466	51,360	–	82,826
Less: Cost of commodities transactions	–	(50,860)	–	(50,860)
Revenue as presented in the condensed consolidated statement of profit or loss and other comprehensive income	<u>31,466</u>	<u>500</u>	<u>–</u>	<u>31,966</u>
Segment results from continuing operations	<u>30,187</u>	<u>500</u>	<u>1,595,646</u>	<u>1,626,333</u>
Other income				5,994
Other gains and losses				(232,347)
Central administration costs				(38,840)
Finance costs				<u>(31,327)</u>
Profit before taxation from continuing operations				<u>1,329,813</u>

#### 4. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2013 (Restated)

##### Continuing operations

	Money lending HK\$'000 (unaudited)	Trading of commodities HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Segment revenue	15,189	24,099	39,288
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	15,189	485	15,674
Segment results from continuing operations	15,103	485	15,588
Other income			2,119
Other gains and losses			(55,021)
Central administration costs			(36,482)
Finance costs			(6,054)
Loss before taxation from continuing operations			(79,850)

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	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)
<u>Other income</u>		
<b>Continuing operations</b>		
Dividend income from available-for-sale investments	297	297
Interest earned on bank deposits	671	541
Interest earned on listed available-for-sale investments	–	119
Interest earned on loan receivables (other than money lending business)	324	438
Imputed interest income on consideration receivable	467	–
Sundry income	4,235	724
	<u>5,994</u>	<u>2,119</u>
<u>Other gains and losses</u>		
<b>Continuing operations</b>		
Fair value gain on investments held for trading	1,595,646	–
Fair value gain on secured notes	–	4,010
Fair value gain on financial assets designated at fair value through profit or loss	4,756	7,391
Initial loss arising from derivative financial instruments	(68,763)	–
Fair value loss on derivative financial instruments	(300,646)	(16,137)
Loss on disposal of property, plant and equipment	(5)	–
Gain on disposal of available-for-sale investments	128,617	387
Gain on disposal of loan receivable	3,689	–
Impairment loss recognised in respect of available-for-sale investments	–	(54,033)
Net exchange gain	5	3,361
	<u>1,363,299</u>	<u>(55,021)</u>

## 6. FINANCE COSTS

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)
<b>Continuing operations</b>		
Interest expense on borrowings		
– wholly repayable within five years	11,815	6,054
– not wholly repayable within five years	2,071	–
Issuance cost of corporate bonds and notes	17,441	–
	<b>31,327</b>	6,054

Note: During the six months period ended 30 September 2014, interest expense of HK\$8,681,000 (2013: nil) was incurred for borrowings obtained solely for the Group's money lending business, which were wholly repayable within five years.

## 7. TAXATION

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)
<b>Continuing operations</b>		
Hong Kong:		
Current tax	1,210	–
Deferred tax	262,940	–
	<b>264,150</b>	–
Income tax expense relating to continuing operations	<b>264,150</b>	–

## 7. TAXATION (Continued)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. During the six months ended 30 September 2013, no provision for Hong Kong Profits Tax had been made since there was no assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 8. PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS

Six months ended 30 September	
2014	2013
HK\$'000	HK\$'000
<b>(unaudited)</b>	(unaudited)
	(restated)

### Continuing operations

Profit (loss) for the period from continuing operations has been arrived at after charging:

Depreciation of property, plant and equipment	<b>2,738</b>	725
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	<b>10,871</b>	12,066
Retirement benefit scheme contributions	<b>198</b>	188
Share-based payments	<b>7</b>	2,273
	<b>11,076</b>	14,527

## 9. EARNINGS (LOSS) PER SHARE

### *From continuing and discontinued operations*

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

	<b>Six months ended 30 September</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited) (restated)

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### Earnings

Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to the owners of the Company)

**1,065,817**

7,893

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

9. EARNINGS (LOSS) PER SHARE *(Continued)**From continuing operations*

The calculation of basic and diluted earnings per share for the current period from continuing operations attributable to the owners of the Company (2013: basic and diluted loss per share from continuing operations attributable to the owners of the Company) is based on the following data:

	<b>Six months ended 30 September</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited) (restated)
<hr/>		
<b><u>Earnings (loss)</u></b>		
Profit for the period attributable to the owners of the Company	<b>1,065,817</b>	7,893
<i>Adjusted for:</i> Profit for the period from discontinued operations	—	(87,550)
	<hr/>	<hr/>
Profit (loss) for the purpose of calculating basic and diluted earnings (loss) per share from continuing operations	<b>1,065,817</b>	(79,657)
	<hr/>	<hr/>

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

### From continuing operations (Continued)

	Six months ended 30 September	
	2014	2013
	'000	'000
		(restated)

### Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share (2013: basic loss per share)	<b>1,674,509</b>	1,612,761
Effect of dilutive potential ordinary shares:		
Warrants issued by the Company	<b>312,570</b>	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share (2013: diluted loss per share)	<b>1,987,079</b>	1,612,761

The weighted average number of ordinary shares for the six months ended 30 September 2013 has been adjusted to reflect the impact of the Capital Reorganisation, Open Offer and Bonus Issue (as defined in Note 22(i) and (iii)) that became effective during the six months ended 30 September 2014.

For the six months ended 30 September 2014, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options because the exercise prices of those options were higher than the average market price for shares for the period.

For the six months ended 30 September 2013, the computation of diluted loss per share did not assume the exercise of the share options and warrants which would reduce loss per share from continuing operations for the period.

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

### *From discontinued operations*

Basic and diluted earnings per share from discontinued operations for the six months ended 30 September 2013 is HK\$5.43 cents, based on the profit for the period from discontinued operations of HK\$87,550,000 and the denominators used are the same as those detailed in the calculation of basic and diluted loss per share from continuing operations for the six months ended 30 September 2013 which has been adjusted to reflect the impact of the Capital Reorganisation, Open Offer and Bonus Issue (as defined in Note 22(i) and (iii)).

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current period, the Group spent HK\$2,198,000 (six months ended 30 September 2013: HK\$3,823,000) on purchase of property, plant and equipment.

## 11. AVAILABLE-FOR-SALE INVESTMENTS

	<b>30.9.2014</b>	31.3.2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Available-for-sale investments include:		
Equity securities listed in Hong Kong, at fair value	<b>1,138,204</b>	693,084
Unlisted equity securities, at cost	<b>363,235</b>	363,235
	<b>1,501,439</b>	1,056,319

During the current period, the Group spent HK\$43,527,000 (six months ended 30 September 2013: HK\$176,470,000), HK\$nil (six months ended 30 September 2013: HK\$320,000,000) and HK\$nil (2013: HK\$2,286,000) on purchase of listed equity securities, unlisted equity securities and unlisted debenture respectively.

Unlisted equity securities represent investments in unlisted securities issued by two private entities. The business of these companies are investment holding and securities trading. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

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

	<b>30.9.2014</b>	31.3.2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Financial asset designated at fair value through profit or loss		
Convertible ICube Bond (Note i)	–	4,745
Derivative financial instruments		
Financial assets:		
Options consideration received (Note ii)	<b>446,877</b>	550,573
Financial liabilities:		
Option granted (Note iii)	<b>270,713</b>	–

### Notes:

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

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

Notes: *(Continued)*

(i) *(Continued)*

On 8 February 2013, ICube Technology Holdings Limited, the Group and other noteholders of the ICube Bond entered into a deed of variation and agreed to vary certain terms and conditions of the ICube Bond. On 26 March 2013, such variations became effective. The ICube Bond is notionally divided into two equal portions, namely Interest Bearing ICube Bond and Convertible ICube Bond, and the maturity date is changed to 30 November 2016. The Interest Bearing ICube Bond bears interest at 2.5% per annum, which is accrued since 26 March 2013 and is payable upon maturity with no conversion right being embedded. The Convertible ICube Bond is non-interest bearing and the Group has the right to convert the Convertible ICube Bond to ordinary shares of ICube Technology Holdings Limited, at any time before the maturity date, at a conversion price of HK\$0.33 per share. If the Group does not exercise the conversion right, the Convertible ICube Bond will be repayable at the maturity date at 100% of the principal amount. On 26 March 2013, the Group derecognised the ICube Bond as the terms and conditions of the ICube Bond have been significantly changed and recognised the Interest Bearing ICube Bond and Convertible ICube Bond as loan receivables and financial assets designated at fair value through profit or loss respectively in accordance with the revised terms and conditions. During the six months period ended 30 September 2013, the conversion price was adjusted from HK\$0.330 to HK\$0.285 per share due to the rights issue of ICube Technology Holdings Limited.

During the current period, the Group disposed of its entire investment in Convertible ICube Bond and Interest Bearing ICube Bond to an independent third parties at a total consideration of HK\$19,000,000 and resulted a fair value gain on financial assets designated at fair value through profit or loss of HK\$4,756,000 and gain on disposal of loan receivables of HK\$3,689,000.

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

Notes: *(Continued)*

- (ii) On 12 October 2012, the Group and Up Energy Mining Limited, an independent third party, entered into a sale and purchase agreement (“S&P Agreement”). Pursuant to the S&P Agreement, the Group conditionally agreed to dispose of its entire interest in Champ Universe Limited and its subsidiaries (collectively referred as the “Champ Universe Group”), which operated 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 a consideration of HK\$1,580,000,000 subject to adjustments pursuant to the terms of the S&P Agreement (the “Champ Universe Disposal”). The Champ Universe Disposal was completed on 28 June 2013.

The consideration was 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 this disposal (“Third Anniversary Date”), the average closing price of 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 Share to the Company (the “Top-up Options”); (ii) HK\$845,000,000 by way of cash payment; (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 Up Energy Shares (the “Put Options”), up to a maximum of 140,000,000 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”). If the Placing Price is less than HK\$2.2 per share, Up Energy shall pay the shortfall as cash compensation to the Company.

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

Notes: *(Continued)*

(ii) *(Continued)*

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

***Top-up Options***

	<b>At 30 September 2014</b>
Stock price of Up Energy	HK\$0.910
Strike price	HK\$2.000
Risk free rate (Note a)	0.375%
Expected life (Note b)	1.744 years
Expected volatility (Note c)	54.597%

***Put Options***

	<b>At 30 September 2014</b>
Stock price of Up Energy	HK\$0.910
Strike price	HK\$2.200
Risk free rate (Note a)	0.405%
Expected life (Note b)	1.826 years
Expected volatility (Note c)	55.397%

As at 30 September 2014, the fair value of the Top-up Options and Put Options were HK\$260,033,000 and HK\$186,844,000 respectively, with an aggregate fair value loss of HK\$103,696,000 charged to profit and loss.

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

Notes: *(Continued)*

(ii) *(Continued)*

Notes:

- (a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the options.
  - (b) Expected life is the expected remaining life of the options.
  - (c) Expected volatility is estimated by calculating the historical weekly share price volatility of the stock price of Up Energy.
- (iii) During the current period, the Group entered into a call option deed (the "Call Option Deed") with an independent third party (the "Optionholder"). Pursuant to the Call Option Deed, the Optionholder is granted a right to purchase up to 240,000,000 shares of Imperial Pacific International Holdings Limited ("Imperial Pacific"), whose shares are listed on the Stock Exchange, at an exercise price of HK\$0.55 per share. The Group received a premium of HK\$5,000,000 for this transaction. The Optionholder is entitled to exercise the option at any time before 3 July 2016.

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

Notes: (Continued)

(iii) (Continued)

The fair value of the option was calculated using the Black Scholes Option Pricing Model. The inputs into the valuation were as follows:

	<b>At date of issue</b>	<b>At 30 September 2014</b>
Stock price of the Imperial Pacific	HK\$0.710	HK\$1.640
Strike price	HK\$0.550	HK\$0.550
Risk free rate (Note a)	0.397%	0.381%
Expected life (Note b)	1.998 years	1.757 years
Expected volatility (Note c)	63.050%	63.738%

As at date of issue, the fair value of the option was HK\$73,763,000, an initial loss of HK\$68,763,000 was recognised to profit or loss.

As at 30 September 2014, the fair value of the option was HK\$270,713,000. The change in fair value of HK\$196,950,000 was charged to profit and loss.

Notes:

- (a) Risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the option.
- (b) Expected life is the expected remaining life of the option.
- (c) Expected volatility is estimated by calculating the historical weekly share price volatility of the stock price of Imperial Pacific.

## 13. LOAN RECEIVABLES

	<b>30.9.2014</b>	31.3.2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Non-current:		
Interest Bearing ICube Bond (Note 12 (i))	–	5,572
Secured, fixed-rate loan receivables	<b>36,601</b>	1,000
	<b>36,601</b>	6,572
Current:		
Promissory note (Note a)	–	25,000
Secured, fixed-rate loan receivables (Note b)	<b>127,310</b>	193,535
Unsecured, fixed-rate loan receivables	–	48,500
	<b>127,310</b>	267,035
	<b>163,911</b>	273,607

## Notes:

- (a) On 6 December 2012, the Group purchased promissory note (“Carnival Note”) issued by Carnival Group International Holdings Limited, which is a company with its shares listed on the Stock Exchange with principal amount of HK\$25 million from an independent third party at a consideration of HK\$25 million. The Carnival Note is denominated in HK\$ and will mature on 21 December 2014. The Carnival Note bears interest at 3.5% per annum which is payable on the maturity date. The Carnival Note will be repayable at the maturity date at 100% of the principal amount with the accrued interest.

During the current period, the Group disposed the Carnival Note and its accrued interests with aggregated carrying value of HK\$27,000,000 to an independent third party for a total consideration of HK\$27,000,000. No gain or loss was resulted from this disposal.

- (b) As at 30 September 2014, included in secured fixed-rate loan receivables, a loan receivable of HK\$27,014,000 has been due, on which the Group has not provided for impairment loss. The Group assessed the financial position of the borrower as well as the guarantee and security of the loan receivables, in the opinion of the directors, no impairment is required as at 30 September 2014.

## 14. DEPOSITS

	<b>30.9.2014</b>	31.3.2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Deposits for purchase of property, plant and equipment	<b>1,011</b>	1,011
Deposit paid for purchase of a land use right (Note)	<b>150,000</b>	150,000
	<b>151,011</b>	151,011

Note: During the year ended 31 March 2013, the Group entered into a memorandum of understanding with Sunshine Zhong Xing Capital Holdings Limited ("Sunshine Zhong Xing"), which is an entity controlled by directors of a subsidiary of the Company, pursuant to which, the Group intends to acquire the entire share capital of Access Profit Global Enterprises Group Limited which owns a land use right in Xinjiang Uygur Autonomous Region in the PRC from Sunshine Zhong Xing. A refundable deposit of HK\$150,000,000 has been paid. On 20 June 2014, the Group entered into a supplemental agreement with Sunshine Zhong Xing to finalise the total consideration to be HK\$150,000,000.

## 15. TRADE AND BILLS RECEIVABLES

	<b>30.9.2014</b>	31.3.2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Trade receivables	<b>7,650</b>	9,774
Bills receivables arising from trading of commodities	<b>40,261</b>	57,627
	<b>47,911</b>	67,401
Interest receivables in relation to money lending business	<b>6,307</b>	13,072
	<b>54,218</b>	80,473

The Group allows credit period of 90 days to its customers of trading of commodities business and 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, which approximated the respective revenue recognition dates is stated as follows:

	<b>30.9.2014</b>	31.3.2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
0 to 30 days	–	17,357
31 to 60 days	–	2,106
61 to 90 days	<b>33,905</b>	19,306
Over 90 days	<b>14,006</b>	28,632
	<b>47,911</b>	67,401

Interest in relation to money lending business is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable. Settlement of interest receivables is in accordance with the terms stated in agreement entered with its customers ranging from 1 month to 10 months (31.3.2014: 1 month to 10 months).

## 16. CONSIDERATION RECEIVABLES

	<b>30.9.2014</b>	31.3.2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Consideration receivables from:		
Menggang Group Disposal (Note i)	<b>151,557</b>	151,244
Winbox Group Disposal (Note ii)	<b>6,169</b>	5,702
Disposal of available-for-sale investment	–	10,000
	<b>157,726</b>	166,946

Notes:

**(i) Consideration receivable from disposal of the Menggang Group**

On 7 September 2011, the Group entered into a sale and purchase agreement with an independent third party not connected with the Group, Inner-Mongolia Shuangxin Resources Group Co., Ltd. (the "Purchaser"). Pursuant to this sale and purchase agreement, the Group agreed to dispose of Wuhai City Menggang Industrial Development Co., Ltd. and its subsidiaries (collectively referred to as the "Menggang Group") (the "Menggang Group Disposal"), which operated the Group's coal mines in the Inner-Mongolia Autonomous Region in the PRC (the "Inner-Mongolia Coal Mining Operation"), for a cash consideration of RMB1,503,000,000 ("Total Consideration"). The Menggang Group Disposal was completed on 30 May 2012. The Total Consideration shall be satisfied by four instalments: RMB781,560,000 by completion; RMB420,840,000 by 90 days subsequent to the completion; RMB225,450,000 by 180 days subsequent to the completion and the remaining RMB75,150,000 by fifteen months subsequent to the completion. On 19 November 2012, the Group and the Purchaser entered into a supplemental agreement in relation to the Menggang Group Disposal ("Supplemental Agreement"), pursuant to which the Group and the Purchaser agreed to reduce the Total Consideration by RMB75,000,000. Such reduction shall be settled by deducting the third installment by RMB40,000,000 and deducting the final installment by RMB35,000,000.

**16. CONSIDERATION RECEIVABLES** *(Continued)*

Notes: *(Continued)*

**(i) Consideration receivable from disposal of the Menggang Group** *(Continued)*

On 6 December 2012, the Purchaser received a notice (the “Notice”) from the tax bureau of Wuhai City Hainan District in the Inner Mongolia Autonomous Region (the “Tax Bureau”), pursuant to which, the Tax Bureau requested the Purchaser to withhold additional business tax of RMB80 million. The directors of the Company are of the view that such additional business tax is not applicable to this transaction. Hence the Group negotiated with the Tax Bureau and finally the Tax Bureau revoked the Notice on 3 April 2013. However, the Purchaser continues to withhold this RMB80 million.

On 16 May 2013, an arbitration (the “First Arbitration”) was filed by the Group to China International Economic and Trade Arbitration Commission (the “Commission”) to claim this unsettled amount. On 8 August 2013, the Purchaser provided its written defense to the arbitration court and argued that the Notice issued by the Tax Bureau did not clearly state that additional business tax is not applicable to this transaction and the Tax Bureau’s revocation of the Notice could not remove the obligation for the Purchaser to withhold and pay the additional business tax.

On 30 August 2013, the final installment of the Total Consideration, RMB40,150,000 has been due. On 8 October 2013, the Purchaser filed a counter arbitration (the “Counter-claim”) request to the Commission and claimed that the Group had failed to fulfil certain terms and obligations in accordance with the sale and purchase agreement. Due to this non-compliance, the Purchaser has to incur additional costs before the Menggang Group’s coal mines could be put into operations. Therefore, the Purchaser withheld the final installment of the Total Consideration and claimed an aggregate compensation amount of approximately RMB65 million (approximately equivalent to HK\$82 million).

**16. CONSIDERATION RECEIVABLES** *(Continued)*

Notes: *(Continued)*

**(i) Consideration receivable from disposal of the Menggang Group** *(Continued)*

On 13 January 2014, the Group filed another arbitration to the Commission to claim the unsettled final installment (the “Second Arbitration”).

On 27 June 2014, the decision of the First Arbitration was concluded by the Commission. The decision is in favour of the Group and the Commission ordered the Purchaser to settle the unsettled portion of the third instalment of RMB80 million and dismissed the Counter-claim. The Purchaser, however, filed a litigation to the Beijing Second Intermediate People’s Court (the “Court”) to request the Court to void the decision made in the First Arbitration and applied to temporarily suspend the Second Arbitration.

On 22 September 2014, the Purchaser revoked its request about the temporarily suspension of the Second Arbitration and the Second Arbitration is pending for re-scheduling.

Up to the date of the report, the decision from the Court and the result of Second Arbitration have not been announced. In view of the Notice was revoked by the Tax Bureau and the decision of the First Arbitration, the directors considered that the Group had fully complied with the terms of the sale and purchase agreement. After taking legal advice, in the opinion of the directors, the Group has a meritorious ground on the arbitrations and litigation, so the risk of not recovering of the amount is minimal, and no impairment loss is required as at 30 September 2014.

As at 30 September 2014, the remaining unsettled consideration of RMB120,150,000 (or equivalent to HK\$151,557,000; 31 March 2014: HK\$151,244,000) was included in the condensed consolidated statement of financial position as consideration receivable.

## 16. CONSIDERATION RECEIVABLES (Continued)

Notes: (Continued)

### (ii) Consideration receivable from disposal of the Winbox Group

On 16 December 2013, the Group entered into a sale and purchase agreement with Goodwill International (Holdings) Limited (“Goodwill International”) to dispose of the entire 100% equity interest of Winbox (BVI) Limited and its subsidiaries (the “Winbox Group”), which operated the Group’s Package Box Operation for a total consideration of HK\$80,000,000 (the “Winbox Group Disposal”). The consideration would be satisfied by (i) HK\$6,500,000 by way of cash payment at the date of the completion of the Winbox Group Disposal; (ii) cash consideration of HK\$6,500,000 which will be settled at the first anniversary date of the date of the completion of the Winbox Group Disposal; and (iii) issue of 39,000,000 new shares (the “Consideration Shares”) of HK\$0.5 each at HK\$1.7179 per share of Goodwill International, which represents approximately 7.54% of the equity interests of Goodwill International.

The Winbox Group Disposal was completed on 14 March 2014. As part of the cash consideration will be settled on 14 March 2015, fair value of this consideration receivable is estimated by using discounted cash flow method with imputed interest rate of 14% per annum at initial recognition and subsequently measured at amortised cost.

As at 30 September 2014, the carrying amount of the cash consideration receivable was HK\$6,169,000 (31 March 2014: HK\$5,702,000).

## 17. INVESTMENTS HELD FOR TRADING

During the current period, the Group acquired 740,000,000 shares of Heritage International Holdings Limited (“Heritage”), which was subsequently adjusted to 1,110,000,000 shares due to the bonus issue of Heritage. It represents approximately 26.20% of the issued share capital of Heritage. The investment in Heritage is classified as investments held for trading, as in the opinion of the directors, the investment is owned for short-term trading purpose and the Group has irrevocably undertaken to Heritage that the Group shall not participate or otherwise exercise any influence over the management or the operating and financial policy decisions of Heritage and shall not nominate any directors to or remove any directors from the board of directors of Heritage.

As at 30 September 2014, included in the Group’s investments held for trading, carrying amount of HK\$756,000,000 (31.3.2014: nil) (the “Pledged Shares”) are pledged to a bank to secure a banking facility of HK\$450,000,000 with a term of twelve months. The Pledged Shares as security will be released upon the full repayment of the loan.

**18. DISCONTINUED OPERATIONS**

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

Six months ended  
30 September  
2013  
HK\$'000  
(unaudited)  
(restated)

Profit for the period from discontinued operations is analysed as follows:

Revenue	99,703
Cost of sales	(69,630)
Other income, gain and loss	1,038
Share of result of associates	(19)
Distribution and selling costs	(3,207)
Administrative expenses	(25,111)
Finance costs – interest on borrowings wholly repayable within five years	(1,060)
Tax charge	(6,589)
	<u>(4,875)</u>
Gain on disposal of operations (Note 23)	<u>92,425</u>
Profit for the period from discontinued operations	<u>87,550</u>

## 18. DISCONTINUED OPERATIONS (Continued)

Six months ended  
30 September  
2013  
HK\$'000  
(unaudited)  
(restated)

Profit for the period from discontinued operations  
had been arrived at after charging (crediting):

Depreciation of property, plant and equipment	484
Directors' emoluments	—
Other staff costs	
Fees, salaries, bonus and other allowances	33,012
Retirement benefit scheme contributions	2,530
	35,542
Interest income	(296)
Cash flows from discontinued operations:	
Net cash flows from operating activities	16,978
Net cash flows used in investing activities	(10,297)
Net cash flows from financing activities	27,325
Net cash flows	34,006

**19. BILL PAYABLES**

	<b>30.9.2014</b>	31.3.2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Bill payables arising from trading of commodities	<b>19,781</b>	24,748

Bill payables principally comprise amounts outstanding for trade purchases. The credit period taken for trading of commodities is 0 to 90 days. The aged analysis of bill payables presented based on the invoice date at the end of the reporting period is stated as follows:

	<b>30.9.2014</b>	31.3.2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
0 to 30 days	<b>19,781</b>	23,264
31 to 60 days	–	1,484
	<b>19,781</b>	24,748

**20. BORROWINGS**

During the current period, the Group obtained new bank borrowings and issued corporate bonds and notes (the "Corporate Bonds and Notes") amounting to HK\$68,313,000 (2013: HK\$310,692,000) and HK\$85,550,000 (2013: nil) respectively and repaid bank borrowings amounting to HK\$106,000,000 (2013: HK\$310,692,000).

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

During the current period, the Group paid HK\$17,441,000 (2013: nil) as issuance cost of the Corporate Bonds and Notes.

## 21. DEFERRED TAXATION

The following is the major deferred tax liability recognised and movement thereon during the current period:

	Fair value change of investments held for trading HK\$'000
At 1 April 2014 (audited)	–
Charge to profit or loss	<u>(262,940)</u>
At 30 September 2014 (unaudited)	<u>(262,940)</u>

## 22. SHARE CAPITAL

	Nominal value per share HK\$	Number of shares	Share capital HK\$'000
Ordinary shares			
<i>Authorised:</i>			
At 1 April 2014	0.05	10,000,000,000	500,000
Decrease in authorised share capital (Note i)		(9,000,000,000)	–
Increase in authorised share capital (Note ii)		<u>49,000,000,000</u>	<u>–</u>
At 30 September 2014	0.01	<u>50,000,000,000</u>	<u>500,000</u>
<i>Issued:</i>			
At 1 April 2014	0.05	3,972,035,804	198,602
Capital Reorganisation (Note i)		(3,574,832,224)	(194,630)
Open offer with bonus issue (Note iii)		<u>1,588,814,320</u>	<u>15,888</u>
At 30 September 2014	0.01	<u>1,986,017,900</u>	<u>19,860</u>

**22. SHARE CAPITAL** *(Continued)*

Notes:

- (i) On 30 July 2014, the Company completed capital reorganisation which comprised of (i) the share consolidation; (ii) the capital reduction; and (iii) the share subdivision (collectively known as the “Capital Reorganisation”). Every 10 shares of nominal value of HK\$0.05 each in issued and unissued of the Company were consolidated into 1 share of nominal value of HK\$0.50 each (the “Consolidated Shares”). The nominal value, HK\$0.50, of each Consolidated Share is reduced to HK\$0.01 each by the cancellation of HK\$0.49 on each of the issued Consolidated Shares.
- (ii) Pursuant to a special resolution passed on 12 May 2014, each of the Company’s issued and unissued shares of par value HK\$0.50 each were subdivided into fifty subdivided shares of par value of HK\$0.01 each (the “Share Subdivision”). The Share Subdivision was effective on 30 July 2014, the authorised share capital of the Company was divided into 50,000,000,000 shares of HK\$0.01 each.
- (iii) During the current period, the Company issued 794,407,160 new shares by way of open offer (the “Open Offer”) at HK\$0.25 per offer share, and issued 794,407,160 bonus shares (the “Bonus Issue”) based on one bonus share for every one offer share taken up. Details are stated in the Company’s prospectus issued on 12 August 2014. The Open Offer and Bonus Issue were completed on 2 September 2014.

All the shares issued during the period ended 30 September 2014 rank *pari passu* with the then existing shares of the Company in all respects.

## 23. DISPOSAL OF SUBSIDIARIES

### *Champ Universe Disposal*

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

#### **Net gain on disposal of subsidiaries:**

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

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

#### **Net cash inflow arising on disposal:**

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

## 24. COMMITMENTS

*(a) Operating lease commitments***The group as lessee**

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

	<b>30.9.2014</b>	31.3.2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Within one year	<b>8,672</b>	7,570
Within two to five years inclusive	<b>6,055</b>	4,669
	<b>14,727</b>	12,239

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

*(b) Capital commitment*

	<b>30.9.2014</b>	31.3.2014
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Capital expenditure in respect of addition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements (Note)	-	150,000

Note: On 20 June 2014, the Group entered into a supplemental agreement with Sunshine Zhong Xing to finalise the total consideration to be HK\$150,000,000. As the Group already paid for HK\$150,000,000, there was no capital commitment as at 30 September 2014.

## 25. SHARE-BASED PAYMENTS

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

Grantee	Date of grant	Exercising period	Exercise price per share HK\$ (Note c)	Number of share options				Outstanding at 30 September 2014
				Outstanding at 1 April 2014	Lapsed during the period	Forfeited during the period	Adjusted during the period (Note d)	
<b>Director</b>								
Fok Chi Tak ("Mr. Fok") (Note a)	8.4.2011	8.4.2012 to 7.4.2015	0.977	600,000	-	-	(145,680)	454,320
	8.4.2011	8.4.2013 to 7.4.2016	0.977	600,000	-	-	(145,680)	454,320
	8.4.2011	8.4.2014 to 7.4.2017	0.977	800,000	-	-	(194,240)	605,760
<b>Chief Executive</b>								
Li Shao Yu ("Ms. Li") (Note b)	27.9.2010	27.9.2011 to 26.9.2014	1.057	5,700,000	(4,316,040)	-	(1,383,960)	-
	27.9.2010	27.9.2012 to 26.9.2015	1.057	5,700,000	-	-	(1,383,960)	4,316,040
	27.9.2010	27.9.2013 to 26.9.2016	1.057	7,600,000	-	-	(1,845,280)	5,754,720
Other employees	1.4.2010	1.4.2012 to 31.3.2015	1.587	6,000,000	-	(4,543,200)	(1,456,800)	-
	1.4.2010	1.4.2013 to 31.3.2016	1.587	8,000,000	-	(6,057,600)	(1,942,400)	-
	27.8.2010	27.8.2011 to 26.8.2014	1.057	1,950,000	-	(1,950,000)	-	-
	27.8.2010	27.8.2012 to 26.8.2015	1.057	1,950,000	-	(1,476,540)	(473,460)	-
	27.8.2010	27.8.2013 to 26.8.2016	1.057	2,600,000	-	(1,968,720)	(631,280)	-
	27.9.2010	27.9.2011 to 26.9.2014	1.057	13,170,000	(4,481,264)	(5,491,060)	(3,197,676)	-
	27.9.2010	27.9.2012 to 26.9.2015	1.057	13,170,000	(2,810,572)	(3,443,900)	(3,197,676)	3,717,852
	27.9.2010	27.9.2013 to 26.9.2016	1.057	17,560,000	-	-	(4,263,568)	13,296,432
	8.4.2011	8.4.2012 to 8.4.2015	0.977	1,350,000	-	-	(327,780)	1,022,220
	8.4.2011	8.4.2013 to 8.4.2016	0.977	1,350,000	-	-	(327,780)	1,022,220
	8.4.2011	8.4.2014 to 8.4.2017	0.977	1,800,000	-	-	(437,040)	1,362,960
				89,900,000	(11,607,876)	(24,931,020)	(21,354,260)	32,006,844

Notes:

- (a) Mr. Fok is the Chief Financial Officer of the Company and was appointed as executive director of the Company on 27 September 2013.
- (b) Ms. Li is a controlling shareholder and the Chief Executive Officer of the Company.

**25. SHARE-BASED PAYMENTS** *(Continued)*

Notes: *(Continued)*

- (c) The exercise price per share option was adjusted upon the (i) completion of Capital Reorganisation; and (ii) completion of the Open Offer with the Bonus Issue on 2 September 2014.
- (d) The numbers of share options were adjusted upon the (i) completion of Capital Reorganisation; and (ii) completion of the Open Offer with the Bonus Issue on 2 September 2014.

In the current period, share option expenses of HK\$7,000 (six months ended 30 September 2013: HK\$2,273,000) were recognised with a corresponding credit in the share options reserve.

**26. RELATED PARTY TRANSACTIONS**

The remuneration of directors and other key management personnel of the Group during the period was HK\$2,724,000 (six months ended 30 September 2013: HK\$1,591,000) which included HK\$1,062,000 (six months ended 30 September 2013: HK\$908,000) remuneration paid/payable to Ms. Li. Ms. Li is a controlling shareholder of the Company who can exercise significant influence to the Group and is the Chief Executive Officer of the Company.

During the six months ended 30 September 2013, the Group traded commodities with the ultimate holding company of the non-controlling interests of a subsidiary amounted to HK\$7,810,000. The revenue as presented in the condensed consolidated of profit or loss and other comprehensive income was HK\$301,000.

## 27. PLEDGE OF ASSETS

The Group obtained a HK\$450 million banking facility from a bank to develop money lending business. As at 30 September 2014, commitment of HK\$450 million (31.3.2014: HK\$200 million) has been approved by the bank. The banking facility is secured by certain of the Group's assets, including the Group's investments held-for-trading of HK\$756,000,000, available-for-sale investments of HK\$571,463,000, 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 (31.3.2014: Available-for-sale investments of HK\$205,800,000, 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 2014, the Group has drawn HK\$100,000,000 (31.3.2014:HK\$197,000,000) in respect to this banking facility.

The Group also obtained HK\$70,000,000 (31.3.2014: HK\$70,000,000) banking facilities from banks to develop trading of commodities business. As at 30 September 2014, the banking facilities are secured by deposits of HK\$45,000,000 (31.3.2014: HK\$40,000,000) and the Group has drawn HK\$26,000,000 (31.3.2014: HK\$17,000,000) in respect of these banking facilities.

The Group also obtained HK\$141,487,000 (31.3.2014: nil) loan facilities from banks to support daily operations. As at 30 September 2014, the loan facilities are secured by standby letters of credit to be issued by the banks and the Group has drawn HK\$46,313,000 (31.3.2014: nil) in respect of these loan facilities.

Other than disclosed in above, the Group also pledged HK\$4,613,000 bank deposit for the settlement of certain of its trade and bills payables as at 31 March 2014 (30.9.2014: nil).

## 28. MAJOR NON-CASH TRANSACTIONS

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

## 29. DIVIDENDS

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

### 30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2014 HK\$'000	31 March 2014 HK\$'000				
Listed equity securities classified as available-for-sale investments	1,138,204	693,084	Level 1	Quoted prices in an active market	N/A	N/A
Listed equity securities classified as investments held for trading	2,354,625	–	Level 1	Quoted prices in an active market	N/A	N/A

## 30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2014 HK\$'000	31 March 2014 HK\$'000				
Debt securities classified as financial assets designated at fair value through profit or loss	-	4,745	Level 3	Discounted cash flow and binomial model. Future cash flows are estimated based on the prevailing market rate of interest of similar instruments	Discount rates which are with reference to the average yields of comparable bonds, the country risk premiums and the risk premium. Expected volatility of the share price for the conversion component is determined based on the historical trend of the market price of the bond issuers.	The higher the discount rate, the lower the fair value. The higher the volatility, the higher the fair value.
Derivative financial instruments	446,877	550,573	Level 3	Black-Scholes Option Pricing Model. The key inputs are: spot price, strike price, risk free rate and expected volatility	Expected volatilities of the share price are determined based on the historical trend of the market price of the option issuer. (Note a)	The higher of the volatility, the higher the fair value.
Financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 September 2014 HK\$'000	31 March 2014 HK\$'000				
Derivative financial instruments	270,713	-	Level 3	Black-Scholes Option Pricing Model. The key inputs are: spot price, strike price, risk free rate and expected volatility	Expected volatilities of the share price are determined based on the historical trend of the market price of the underlying equity shares. (Note b)	The higher of the volatility, the higher the fair value.

**30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS** *(Continued)****Fair value of the Group's financial instruments that are measured at fair value on a recurring basis*** *(Continued)*

Notes:

- (a) If the expected volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of derivative financial instruments would increase/decrease by approximately HK\$3,757,000/HK\$3,574,000. In the opinion of the directors, the sensitivity analysis is unrepresentative of the inherent price risk as the period end exposure does not reflect the exposure during the period.
- (b) If the expected volatility to the valuation model had been 5% higher/lower while all other variables were held constant, the carrying amount of derivative financial instruments would increase/decrease by approximately HK\$2,327,000/HK\$2,334,000. In the opinion of the directors, the sensitivity analysis is unrepresentative of the inherent price risk as the period end exposure does not reflect the exposure during the period.

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

## 30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

	<b>Financial assets designated at fair value through profit or loss HK\$'000</b>	<b>Derivative financial assets HK\$'000</b>	<b>Derivative financial liabilities HK\$'000</b>
At 1 April 2014 (audited)	4,745	550,573	–
Addition	–	–	(5,000)
Total gain or loss recognised in profit or loss			
– Loss on initial recognition	–	–	(68,763)
– Change in fair value	4,756	(103,696)	(196,950)
Transferred out of Level 3:			
– Disposal	(9,501)	–	–
At 30 September 2014 (unaudited)	–	446,877	(270,713)

Of the total gains or losses for the period included in profit or loss, HK\$364,653,000 relates to financial assets designated as at fair value through profit or loss and derivative financial instruments held at the end of the current reporting period. Fair value gains or losses on financial assets designated as at fair value through profit or loss and derivative financial instruments are included in "other gains and losses".

**30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS** *(Continued)****Fair value measurements and valuation processes***

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

**31. EVENT AFTER THE REPORTING PERIOD**

On 23 October 2014, 397,200,000 new ordinary shares of the Company of HK\$0.01 each have been issued by way of placing at HK\$0.48 per share. Net proceeds of approximately HK\$185.9 million has been raised for the expansion of the Group's money lending business.