融信資源 RRHL

Rosan Resources Holdings Limited

融信資源控股有限公司

(formerly known as China CBM Group Limited)

(Incorporated in Bermuda with limited liability)

Stock Code: 00578

2012 INTERIM REPORT

The board (the "**Board**") of directors (the "**Directors**") of Rosan Resources Holdings Limited (the "**Company**") is pleased to present the unaudited interim financial report of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2012.

Overview

During the six months ended 30 June 2012 (the "**Period**"), the Group has faced a challenging period. The Group has disposed of its coal trading business by the end of last year and the coalbed methane related business ("**CBM Related Business**") in March 2012. Subsequent to the disposals of the coal trading business and CBM Related Business, the Group has also experienced the prolonged suspension of operation of all the coal mines which constitutes the remaining core business of the Group. As at the date of this report, only one of the five coal mines owned by the Group, namely Xiaohe Coal Mine No. 1, has resumed production and operation with effect from late June 2012. As a result of the prolonged suspension of operation of the coal mines and the significant reduction in coal production by the Group, the revenue of the Group has decreased and the Group's results for the Period have turned to a loss. The duration of suspension of coal mines during the Period was longer than the corresponding period of last year (the "**Last Period**"), that has affected the financial results to a larger extent than the Last Period.

During the Period, the Group has explored investment opportunities outside the original scope of business of the Group in the production and sale of coal ("**Coal Production Business**"), with a view to avoid the over-reliance on a single line of business. More details of those investments are set out in the section headed "Prospect" below.

Financial Review

Revenue

The Group's total revenue for the Period amounted to approximately HK$114.0 million (comprising of approximately HK$113.6 million from continuing operations and approximately HK$0.4 million from discontinued operations), representing a 74.3% reduction in revenue from approximately HK$443.7 million (comprising of approximately HK$372.4 million from continuing operations and approximately HK$71.3 million from discontinued operations) for the Last Period. The significant reduction was mainly due to the prolonged suspension of operation of the Group's coal mines and the significant decrease in production volume and sales volume during the Period. During the Period, the sales volume and production volume of coal were approximately 0.2 million tons ("**mt**") (Last Period: approximately 0.6 mt) and approximately 0.1 mt (Last Period: approximately 0.6 mt) respectively. Despite of the reduction in sales volume and production volume, the Group purchased quality raw coal from other suppliers for further processing and the average selling price of coal has increased during the Period as a result. The average selling price (net of value added tax) of coal from continuing operation was approximately RMB559.8 per ton for the Period, representing an increase of 8.4% as compared with the Last Period approximately RMB516.5 per ton.

Following the disposal of the coal trading business by the end of 31 December 2011 and the disposal of the CBM Related Business in March 2012, the revenue derived from the Coal Production Business has become the major source of revenue of the Group during the Period.

Gross Loss

The gross loss from continuing operations during the Period was approximately HK$47.5 million, compared to gross profit from continuing operations of approximately HK$183.2 million during the Last Period. The overall gross loss margin of continuing operations was approximately 41.8% for the Period, compared to gross profit margin of approximately 49.2% for the Last Period. The occurrence of gross loss and gross loss margin of the Group for the Period were mainly due to (i) the reduction in revenue as described above; and (ii) ongoing expenses incurred by the coal mines despite the suspension of operation to improve the safety standard in preparation for the resumption of operation at any time.

Net Loss

The net loss attributable to the owners of the Company for the Period was approximately HK$121.3 million, representing a turnaround from profit in the amount of approximately HK$49.8 million for Last Period. The reason for the net loss was mainly due to the reduction in sales volume and production volume of coal during the Period resulted from the prolonged suspension of operation of the coal mines.

PROSPECT

Following the disposal of the coal trading business by the end of 31 December 2011 and the disposal of the CBM Related Business during the Period, the remaining core business of the Group is the Coal Production Business which has been profitable in the past few years. Therefore, the management of the Company has decided to focus on this business sector rather than to allocate the Group's resources on the loss making coal trading business and CBM Related Business. However, the suspension of operation of the coal mines in Henan Province by the order of the government has caused a significant reduction in revenue to the Group during the Period.

The management of the Company believes that the government's order for the suspension of operation of the coal mines in Henan is temporary. Once the coal mines are permitted to resume operation, the coal mines of the Group will be able to resume the normal production capacity as in the past few years. The Coal Production Business is still the core business sector of the Group. The management will continue to focus on this sector and seek opportunities to further develop in the coal mining industry.

In the meantime, the management has also explored other investment opportunities in an effort to add value to the Company and its shareholders. Through setting up of a subsidiary, namely 北京凱盛冠華投資有限公司 (Beijing Kaisheng Guanhua Investment Company Limited ("**Kaisheng Guanhua**"))#, the Group can directly and/or indirectly invest in other business areas. During the Period, Kaisheng Guanhua has established a partnership company with a strategic partner, namely 北京碩展中富投資中心(有限合夥)(Beijing Shuozhan Zhongfu Investment Centre (Limited Partnership))# (the "**Partnership**"), with a view to, inter alia, investing indirectly in other business areas such as the stock market in the People's Republic of China (the "**PRC**"). The Partnership is merely at the initial stage of operation and the Group may, depending on its performance, increase, decrease or keep the size of investment of the Partnership in the future.

Other than the existing Coal Production Business and the Partnership, the Group will keep on exploring other investment and development opportunities to increase shareholders' value.

English names for identification purpose only

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2012, the net asset value of the Group was approximately HK$1,707.2 million (31 December 2011: approximately HK$1,862.2 million) and the total cash and bank balance (included pledged bank deposits) was approximately HK$1,249.4 million (31 December 2011: approximately HK$804.8 million). As at 30 June 2012, the Group had net current assets of approximately HK$378.9 million (31 December 2011: approximately HK$593.5 million) and its current ratio decreased from 1.6 times (31 December 2011) to 1.2 times (30 June 2012).

As at 30 June 2012, the Group's total accounts receivable amounted to approximately HK$377.2 million (31 December 2011: approximately HK$302.4 million) and certain accounts receivable were pledged to secure bank loans of the Group. Between 30 June 2012 and 28 August 2012, accounts receivable in the amount of approximately HK$30.6 million has been settled.

As at 30 June 2012, bank deposits amounted to approximately HK$392.5 million (31 December 2011: approximately HK$106.9 million) were pledged and not available for the operation or repayment of debts of the Group. Cash and cash equivalents which are not pledged amounted to approximately HK$856.9 million (31 December 2011: approximately HK$697.9 million).

As at 30 June 2012, the Group's total bank loans amounted to approximately HK$807.6 million (31 December 2011: approximately HK$593.4 million).

As at 30 June 2012, the Group's bills payable in the amount of approximately HK$602.3 million (31 December 2011: approximately HK$111.9 million) were secured by the pledge of the Group's time deposits, bills payable in the amount of approximately HK$177.4 million (31 December 2011: approximately HK$24.7 million) were guaranteed by an independent third party, and bills payable in the amount of approximately HK$61.2 million (31 December 2011: Nil) were co-guaranteed by an independent third party and a director of a major subsidiary of the Group. Bills payable of approximately HK$36.7 million (31 December 2011: approximately HK$9.9 million) were guaranteed by a related company and no bills payable (31 December 2011: approximately HK$61.8 million) were guaranteed by an independent third party and secured by the pledge of certain mining rights owned by the Group.

The Group's gearing ratio (as a ratio calculated by (a) the sum of the bank loans and the liability components of the convertible bonds; divided by (b) the net assets of the Group) was 57.9% (31 December 2011: 41.3%).

MATERIAL DISPOSAL

Except the transaction disclosed in note 27 to the interim financial report for the Period in relation to the Group's disposal of the entire equity interest in Popular Sky International Limited and its subsidiaries (the "**Disposal**"), the Group had no material disposals for the Period. The Group recorded a gain of approximately HK$6.8 million on the Disposal.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (the "**Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the six months ended 30 June 2012 with certain deviation as set out below.

Code provision A.4.1 of the Code provides that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive Director and independent non-executive Directors ("**INEDs**") do not have a specific term of appointment, but are subject to rotation in accordance with bye-law 111 of the Bye-laws of the Company. As the non-executive Director and INEDs are subject to rotation in accordance with the Bye-laws of the Company, the Board considers that the non-executive Director and INEDs so appointed with no specific term will not impair the quality of corporate governance of the Company as required by the principle of good governance laid down in A.4 of the Code.

Code provision A.6.7 of the Code requires that the independent non-executive directors and the non-executive directors should attend general meetings. However, the INEDs, Mr. Ma Yueyong and Mr. Li Daomin were unable to attend the special general meeting of the Company held on 29 February 2012 and the annual general meeting of the Company held on 31 May 2012 as they were absent from Hong Kong.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry, all the Directors have fully complied with the required standards set out in the Model Code throughout the six months ended 30 June 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the production and sale of coal in the PRC. The Group was also engaged in trading of purchased coal and CBM Related Business, which had already been disposed of in December 2011 and March 2012 respectively.

CHANGE OF COMPANY NAME

Pursuant to a special resolution of the Company passed in May 2012, the name of the Company has been changed from "China CBM Group Limited" to "Rosan Resources Holdings Limited" and has adopted the Chinese name "融信資源控股有限公司" as the secondary name of the Company with effect from 1 June 2012.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

EXCHANGE RISK EXPOSURE

The sales and purchases of the Group are predominantly in RMB which is the functional currency of the related group entities. The Board therefore is of the opinion that the Group's sensitivity to the change in foreign currency is low. The Group does not hedge its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, the Group had a total of approximately 2,500 employees located in Hong Kong and the PRC. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical insurance and pension funds. A share option scheme was adopted by the Group on 20 October 2004 to enable the Directors to grant share options to eligible participants as an incentive for their valuable contribution to the Group.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three of the INEDs. The members of the audit committee have reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2012 and are of the opinion that such report complied with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosures have been made.

DIRECTORS' INTERESTS AND SHORT POSITION IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2012, the interests and short positions of each Director in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the ordinary shares of the Company

Name of Directors	Nature of interest	Number of shares	Number of underlying shares	Percentage of the Company's issued share capital
Mr. Dong Cunling	Personal interest	5,400,000	–	0.08%
Mr. Li Chun On ("**Mr. Li**")	Personal interest	–	1,275,000 *(Note)*	0.02%
Mr. Wu Jiahong ("**Mr. Wu**")	Personal interest	151,106,250	6,081,750 *(Note)*	2.21%
Mr. Yang Hua	Personal interest	659,785,713	–	9.26%

Note: Mr. Wu is interested as a grantee of share options to subscribe for 6,081,750 shares of the Company and Mr. Li is interested as a grantee of share options to subscribe for 1,275,000 shares of the Company under the share option scheme as disclosed in note 24 to the interim financial report.

Save as disclosed above, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange as at 30 June 2012.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

So far as was known to the Directors or chief executive of the Company, as at 30 June 2012, the person, other than the Directors or chief executive of the Company, who had an interest or short position in the shares or underlying shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

(a) Long positions in the shares of the Company

Name of shareholders	Capacity	Number of shares	Approximate percentage of shareholding
Mr. Wang Chao *(Note 1)*	Beneficial owner	1,414,000,000	19.84%
Asia Mark Development Limited *(Note 2)*	Beneficial owner	1,000,000,000	14.03%
Mr. Kwong Ying Hou *(Note 2)*	Interest in controlled corporation	1,000,000,000	14.03%
Victory Investment China Group Limited *(Note 3)*	Beneficial owner	600,000,000	8.42%
Dr. Wang Ruiyun ("**Dr. Wang**") *(Note 3)*	Interest in controlled corporation	600,000,000	8.42%

(b) Long positions in underlying shares – Derivatives

Name of shareholders	Capacity	Number of underlying shares	Approximate percentage of shareholding
Ringfit Investment Group Limited *(Note 4)*	Beneficial owner	2,000,000,000	28.06%

Notes:

(1) Mr. Wang Chao is independent and not related to the Board or management of the Company.

(2) Asia Mark Development Limited is beneficially and wholly owned by Mr. Kwong Ying Hou. He is independent and not related to the Board or management of the Company.

(3) Victory Investment China Group Limited is beneficially and wholly owned by Dr. Wang. Dr. Wang has resigned as a co-chairman of the Company and a non-executive Director in November 2011.

(4) Ringfit Investment Group Limited is beneficially and wholly owned by Mr. Wang Chao. Mr. Wang Chao is deemed to be interested in the underlying shares held by Ringfit Investment Group Limited.

Save as disclosed above, no persons had an interest or a short position in the shares and the underlying shares as recorded in the register required to be kept under 336 of the SFO.

CONNECTED TRANSACTIONS

Details of the connected transactions are included in note 29 to the interim financial report.

REVIEW OF UNAUDITED INTERIM RESULTS BY AUDITOR

The unaudited consolidated interim financial report of the Group for the six months ended 30 June 2012 have been reviewed by BDO Limited, the Group's auditor. The auditor's independent review report was set out on pages 10 to 11 of this interim report.

By order of the Board

Dong Cunling
Chairman

Hong Kong, 28 August 2012

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REPORT ON REVIEW OF INTERIM FINANCIAL REPORT
TO THE BOARD OF DIRECTORS OF ROSAN RESOURCES HOLDINGS LIMITED 融信資源控股有限公司
(Formerly known as China CBM Group Limited 中國煤層氣集團有限公司)
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 12 to 43, which comprises the consolidated statement of financial position of Rosan Resources Holdings Limited and its subsidiaries (collectively referred to as the "**Group**") as of 30 June 2012 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other 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" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34. Our responsibility is to express a conclusion on this interim financial report based on our review. This report is made 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 interim financial report 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 interim financial report is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

BDO Limited
Certified Public Accountants
Li Wing Yin
Practising Certificate Number P05035

Hong Kong, 28 August 2012

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

		Unaudited Six months ended 30 June	
	Notes	**2012** **HK$'000**	2011 HK$'000 (Re-presented)
Continuing operations			
Revenue	*4*	**113,675**	372,421
Cost of sales		**(161,157)**	(189,186)
Gross (loss)/profit		**(47,482)**	183,235
Other income	*4*	**12,981**	7,851
Selling and distribution expenses		**(2,720)**	(4,337)
Administrative expenses		**(61,290)**	(63,569)
Other operating expenses		**(3,065)**	(10,462)
Finance costs	*5*	**(43,892)**	(32,685)
Share of profits of associates	*12*	**11,590**	–
Share of losses of a jointly controlled entity	*13*	**(1,204)**	(3,238)
(Loss)/Profit before income tax	*6*	**(135,082)**	76,795
Income tax expense	*7*	**(4,440)**	(41,113)
(Loss)/Profit for the period from continuing operations		**(139,522)**	35,682
Discontinued operations			
Profit for the period from discontinued operations	*8*	**5,204**	19,167
(Loss)/Profit for the period		**(134,318)**	54,849
(Loss)/Profit for the period attributable to:			
Owners of the Company		**(121,321)**	49,807
Non-controlling interest		**(12,997)**	5,042
		(134,318)	54,849

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

		Unaudited Six months ended 30 June	
	Notes	**2012** **HK$'000**	2011 *HK$'000* (Re-presented)
(Loss)/Profit for the period attributable to the owners of the Company:			
Continuing operations		**(126,525)**	30,640
Discontinued operations	*8*	**5,204**	19,167
		(121,321)	49,807
(Loss)/Earnings per share for (loss)/profit from continuing and discontinued operations attributable to the owners of the Company during the period	*10*		
– Basic (HK cent(s))		**(1.702)**	0.984
– Diluted (HK cent(s))		**(1.702)**	0.764
(Loss)/Earnings per share for (loss)/profit from continuing operations attributable to the owners of the Company during the period	*10*		
– Basic (HK cent(s))		**(1.775)**	0.605
– Diluted (HK cent(s))		**(1.775)**	0.492

The notes on pages 20 to 43 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Unaudited Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
(Loss)/Profit for the period	**(134,318)**	54,849
Other comprehensive income for the period		
Exchange (loss)/gain on translation of financial statements of foreign operations		
– subsidiaries	**(17,245)**	30,077
– jointly controlled entity	**(888)**	1,753
– associates	**(57)**	–
Release of exchange fluctuation reserve upon disposal of subsidiaries	**(2,483)**	–
Total comprehensive income for the period	**(154,991)**	86,679
Total comprehensive income attributable to:		
Owners of the Company	**(140,686)**	79,098
Non-controlling interest	**(14,305)**	7,581
	(154,991)	86,679
Total comprehensive income attributable to the owners of the Company:		
Continuing operations	**(142,715)**	58,531
Discontinued operations	**2,029**	20,567
	(140,686)	79,098

The notes on pages 20 to 43 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	Unaudited 30 June 2012 HK$'000	Audited 31 December 2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	**368,144**	386,826
Prepaid lease payments		**280**	438
Goodwill		**182,761**	182,761
Mining rights		**638,906**	646,593
Other intangible assets		**532**	867
Interests in associates	12	**109,041**	591
Interest in a jointly controlled entity	13	**84,523**	86,615
Deposits paid for potential investments	14	**148,680**	162,560
		1,532,867	1,467,251
Current assets			
Inventories	15	**17,056**	14,278
Accounts and bills receivables	16	**539,356**	468,277
Prepayments, deposits and other receivables	17	**290,675**	355,578
Tax recoverable		**10,013**	8,249
Pledged bank deposits		**392,561**	106,926
Cash and cash equivalents		**856,882**	697,902
		2,106,543	1,651,210
Current liabilities			
Accounts and bills payables	18	**610,011**	121,487
Other payables and accruals	19	**241,156**	273,928
Provision for reclamation obligations		**68,827**	68,027
Provision for tax		**–**	846
Bank loans	20	**807,642**	593,376
		1,727,636	1,057,664
Net current assets		**378,907**	593,546
Total assets less current liabilities		**1,911,774**	2,060,797

	Notes	Unaudited 30 June 2012 HK$'000	Audited 31 December 2011 HK$'000
Non-current liabilities			
Convertible bonds	21	**180,087**	176,253
Deferred tax liabilities	22	**24,503**	22,369
		204,590	198,622
Net assets		**1,707,184**	1,862,175
EQUITY			
Share capital	23	**712,674**	712,674
Reserves		**919,363**	1,060,049
Equity attributable to the owners of the Company		**1,632,037**	1,772,723
Non-controlling interest		**75,147**	89,452
Total equity		**1,707,184**	1,862,175

The notes on pages 20 to 43 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2012

	Attributable to the owners of the Company												Non-controlling interest	Total
	Share capital	Share premium	Equity component of convertible bonds	Share option reserve	Capital redemption reserve	Other reserve	Contributed surplus	Exchange fluctuation reserve	Capital reserve	Retained profits	Statutory reserve fund	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	291,813	225,801	30,829	8,389	50	65,945	8,282	98,735	27,442	414,247	82,854	1,254,387	113,151	1,367,538
Share options forfeited	–	–	–	(4,017)	–	–	–	–	–	4,017	–	–	–	–
Issue of convertible bonds	–	–	23,323	–	–	–	–	–	–	–	–	23,323	–	23,323
Issue of ordinary shares on conversion of convertible bonds *(note 23(b))*	420,000	8,538	(54,152)	–	–	–	–	–	–	–	–	374,386	–	374,386
Exercise of share options *(note 23(a))*	861	995	–	(525)	–	–	–	–	–	–	–	1,331	–	1,331
Transactions with owners	420,861	9,533	(30,829)	(4,542)	–	–	–	–	–	4,017	–	399,040	–	399,040
Transfer to other reserve	–	–	–	–	–	399	–	–	–	(399)	–	–	–	–
Profit for the period	–	–	–	–	–	–	–	–	–	49,807	–	49,807	5,042	54,849
Other comprehensive income for the period														
– Exchange gain on translation of financial statements of foreign operations														
– subsidiaries	–	–	–	–	–	–	–	27,538	–	–	–	27,538	2,539	30,077
– jointly controlled entity	–	–	–	–	–	–	–	1,753	–	–	–	1,753	–	1,753
Total comprehensive income for the period	–	–	–	–	–	–	–	29,291	–	49,807	–	79,098	7,581	86,679
At 30 June 2011	712,674	235,334	–	3,847	50	66,344	8,282	128,026	27,442	467,672	82,854	1,732,525	120,732	1,853,257

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2012

	Attributable to the owners of the Company												Non-controlling interest	Total
	Share capital	Share premium	Equity component of convertible bonds	Share option reserve	Capital redemption reserve	Other reserve	Contributed surplus	Exchange fluctuation reserve	Capital reserve	Retained profits	Statutory reserve fund	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2012	712,674	235,334	24,351	3,847	50	67,948	8,282	168,064	27,442	415,461	109,270	1,772,723	89,452	1,862,175
Transfer to other reserve	-	-	-	-	-	4,355	-	-	-	(4,355)	-	-	-	-
Loss for the period	-	-	-	-	-	-	-	-	-	(121,321)	-	(121,321)	(12,997)	(134,318)
Other comprehensive income for the period														
– Exchange loss on translation of financial statements of foreign operations														
– subsidiaries	-	-	-	-	-	-	-	(15,937)	-	-	-	(15,937)	(1,308)	(17,245)
– jointly controlled entity	-	-	-	-	-	-	-	(888)	-	-	-	(888)	-	(888)
– associates	-	-	-	-	-	-	-	(57)	-	-	-	(57)	-	(57)
– Release of exchange fluctuation reserve upon disposal of subsidiaries *(note 27)*	-	-	-	-	-	-	-	(2,483)	-	-	-	(2,483)	-	(2,483)
Total comprehensive income for the period	-	-	-	-	-	-	-	(19,365)	-	(121,321)	-	(140,686)	(14,305)	(154,991)
At 30 June 2012	712,674	235,334	24,351	3,847	50	72,303	8,282	148,699	27,442	289,785	109,270	1,632,037	75,147	1,707,184

The notes on pages 20 to 43 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Unaudited Six months ended 30 June	
	2012 ***HK$'000***	2011 *HK$'000*
Net cash generated from operating activities	**327,008**	620,391
Net cash used in investing activities	**(431,955)**	(385,225)
Net cash generated from financing activities	**270,082**	294,737
Net increase in cash and cash equivalents	**165,135**	529,903
Cash and cash equivalents at 1 January	**697,902**	173,823
Effect of foreign exchange rate changes on cash and cash equivalents	**(6,155)**	3,317
Cash and cash equivalents at 30 June	**856,882**	707,043

The notes on pages 20 to 43 form part of this interim financial report.

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2011, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) as disclosed in note 2 to this interim financial report.

This interim financial report is unaudited, but has been reviewed by BDO Limited 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 HKICPA.

This interim financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

2. ADOPTION OF NEW OR REVISED HKFRSs

Adoption of new/revised HKFRSs – effective from 1 January 2012

Amendments to Hong Kong Financial Reporting Standard ("**HKFRS**") 7	Disclosures – Transfers of Financial Assets

The adoption of the revised standard has no significant impact on the Group's financial statements.

3. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

During the six months ended 30 June 2011, the executive directors determined the Group's reportable segments to be production and sale of coal; trading of purchased coal; and coalbed methane ("**CBM**") related business. During the year ended 31 December 2011, trading of purchased coal was discontinued as a result of disposal of certain subsidiaries, further details of which are set out in note 8. In addition, during the six months ended 30 June 2012, the management has reassessed and changed the information reported internally for the purposes of resources allocation and assessment of business performance, resulting in the disposed CBM related business not considered when the executive directors allocate resources and assess performance. Hence, for the six months ended 30 June 2012, the executive directors have determined that the Group has only one reportable segment as the Group is only engaged in the business of production and sale of coal, which is the basis to allocate resources and assess performance. As a result, the reportable segments have been changed in the current period and the segment information for the six months ended 30 June 2011 has been restated according to the revised reportable segment.

3. SEGMENT INFORMATION *(Continued)*

The Group's revenue from external customers is derived from the People's Republic of China, except Hong Kong (the "**PRC**") and its non-current assets (other than deferred tax assets) located outside the PRC are less than 5%. The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities. The Group has the majority of its operations and workforce in the PRC, and therefore, the PRC is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "*Operating Segments*".

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of assets.

4. REVENUE AND OTHER INCOME

Turnover from continuing operations represents the revenue arising from the Group's principal activities which are the production and sale of coal. Trading of purchased coal and CBM related business have been presented as discontinued operations, further details of which are set out in note 8.

Turnover and other income recognised during the period are as follows:

	Unaudited Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
		(Re-presented)
Revenue/Turnover		
Continuing operations		
Production and sale of coal	**113,675**	372,421
Discontinued operations		
Trading of purchased coal	**–**	70,030
CBM related business	**361**	1,270
	361	71,300
	114,036	443,721
Other income		
Continuing operations		
Bank interest income	**8,621**	3,914
Interest income from loans to third parties	**2,383**	1,872
Sale of consumable tools	**191**	1,000
Gain on disposals of property, plant and equipment	**–**	204
Gain on disposals of financial assets at fair value through profit or loss	**–**	94
Amortisation of financial guarantee contracts issued	**1,559**	–
Others	**227**	767
	12,981	7,851

5. FINANCE COSTS

	Unaudited Six months ended 30 June 2012 HK$'000	2011 HK$'000 (Re-presented)
Continuing operations		
Interest charge on bank loans wholly repayable within one year	**27,367**	20,082
Effective interest expense on convertible bonds repayable within five years	**3,834**	3,981
Interest expenses on financial liabilities stated at amortised cost	**31,201**	24,063
Bank charges on bills receivable discounted without recourse	**15,148**	8,622
	46,349	32,685
Less: interest capitalised in property, plant and equipment*	**(2,457)**	–
	43,892	32,685

* The borrowing cost was capitalised at the rate of 7.14% per annum for the six months ended 30 June 2012 (Six months ended 30 June 2011: Nil).

6. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is arrived at after charging:

	Unaudited Six months ended 30 June 2012 HK$'000	2011 HK$'000 (Re-presented)
Continuing operations		
Cost of inventories sold	**159,155**	180,176
Depreciation	**18,117**	14,933
Operating lease charges on land and buildings	**1,320**	902
Amortisation of prepaid lease payments	**154**	149
Amortisation of mining rights	**1,154**	7,735
Amortisation of intangible assets	**328**	133
Employee benefit expenses (including directors' remuneration and retirement benefit scheme contributions)	**68,323**	100,035
Exchange loss, net	**2**	661
Provision for financial guarantee contracts issued	**–**	4,226
Write off of inventories	**272**	–

7. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Current tax		
– PRC income tax	**2,069**	38,899
Deferred tax *(note 22)*	**2,371**	2,214
	4,440	41,113

Hong Kong Profits Tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the period (Six months ended 30 June 2011: Nil).

Corporate income tax arising in the PRC is calculated at the statutory income tax rate of 25% (Six months ended 30 June 2011: 25%) of the estimated assessable profits as determined in accordance with the relevant income tax rules and regulations in the PRC.

8. DISCONTINUED OPERATIONS

On 30 December 2011, the business of trading of purchased coal carried out by the subsidiaries, namely 河南汴龍商貿有限公司 (Henan Bianlong Shangmao Company Limited, "**Bianlong**")# and its subsidiary, namely 貴州中安貴隆能源發展有限公司 (Guizhou Zhongan Guilong Energy Development Company Limited)#, were disposed of to two independent third parties for a total cash consideration of RMB10.0 million (equivalent to approximately HK$12.4 million) as there had been unsatisfactory financial results in Bianlong.

On 13 January 2012, the business of CBM related business carried out by the subsidiaries, namely Popular Sky International Limited ("**Popular Sky**") and its subsidiaries, i.e. CFT Henan (HK) Limited ("**CFT**") and 河南煌龍新能源發展有限公司 (Henan Huanglong New Energy Development Company Limited, "**Huanglong**")# were disposed of to Dragon Rich Resources Limited ("**Dragon Rich**"), for a total consideration of HK$71.2 million, as the financial results of the CBM related business were considered unsatisfactory. Dragon Rich is a company incorporated in the British Virgin Islands which is beneficially owned as to 60% by Mr. Wu Jiahong ("**Mr. Wu**") and as to 40% by Mr. Xu Lidi ("**Mr. Xu**") respectively. Mr. Wu is the executive director of the Company and Mr. Xu is a former director of the Company and existing directors of certain subsidiaries of the Group and both Mr. Wu and Mr. Xu are the directors of Dragon Rich. The disposal was completed on 2 March 2012. Details of the disposal of the subsidiaries are set out in note 27.

Since the abovementioned represented the disposal of certain business segments of the Group, these business segments are presented as discontinued operations in accordance with HKFRS 5.

English names for identification purpose only

8. DISCONTINUED OPERATIONS *(Continued)*

The results and cash flows of the disposed companies mentioned above were as follows:

	Unaudited	
	Period from 1 January 2012 to 2 March 2012	Six months ended 30 June 2011
	HK$'000	*HK$'000* (Re-presented)
Income	**424**	70,306
Expenses	**(2,005)**	(74,317)
Excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost *(note 26)*	**–**	23,392
(Loss)/Profit before income tax	**(1,581)**	19,381
Income tax expense	**–**	(214)
(Loss)/Profit after tax	**(1,581)**	19,167
Gain on disposal of subsidiaries *(note 27)*	**6,785**	–
Profit for the period from discontinued operations	**5,204**	19,167

	Unaudited	
	Period from 1 January 2012 to 2 March 2012	Six months ended 30 June 2011
	HK$'000	*HK$'000* (Re-presented)
Net cash (used in)/generated from operating activities	**(12,335)**	55,277
Net cash used in investing activities	**(1,597)**	(2,231)
Net cash used in financing activities	**–**	(16,893)
Net cash (outflows)/inflows	**(13,932)**	36,153

For the purpose of presenting discontinued operations, the comparative consolidated income statement and the related notes have been re-presented as if these operations had been discontinued at the beginning of the comparative period.

9. DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (Six months ended 30 June 2011: Nil).

10. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

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

	Unaudited Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
(Loss)/Profit from continuing and discontinued operations		
(Loss)/Profit for the period attributable to the owners of the Company for the purpose of basic (loss)/earnings per share	**(121,321)**	49,807
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**–**	3,981
(Loss)/Profit for the period attributable to the owners of the Company for the purpose of diluted (loss)/earnings per share computation	**(121,321)**	53,788

	Unaudited Six months ended 30 June	
	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**7,126,737**	5,064,213
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**–**	6,114
Convertible bonds	**–**	1,970,166
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**7,126,737**	7,040,493

(Loss)/Earnings per share attributable to the owners of the Company for the six months ended 30 June 2012 is based on the loss attributable to the owners of the Company of approximately HK$121.3 million (Six months ended 30 June 2011: profit of approximately HK$49.8 million) and the weighted average number of 7,126,737,000 ordinary shares (Six months ended 30 June 2011: 5,064,213,000) outstanding during the six months ended 30 June 2012.

10. (LOSS)/EARNINGS PER SHARE *(Continued)*

From continuing and discontinued operations *(Continued)*

In calculating the diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2012, the potential issue of shares arising from the conversion of the Company's convertible bonds would decrease the loss per share attributable to the owners of the Company and is not taken into account as they have an anti-dilutive effect. Share options of the Company are not dilutive as the exercise price of the options exceeds the average market price of ordinary shares during the six months ended 30 June 2012. Therefore, the diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2012 is based on the loss attributable to the owners of the Company of approximately HK$121.3 million and on the weighted average of 7,126,737,000 ordinary shares outstanding during the six months ended 30 June 2012, being the weighted average number of 7,126,737,000 ordinary shares used in basic loss per share calculation.

Diluted earnings per share attributable to the owners of the Company for the six months ended 30 June 2011 is based on the profit attributable to the owners of the Company of approximately HK$53.8 million and the weighted average number of 7,040,493,000 ordinary shares, outstanding during the six months ended 30 June 2011.

From continuing operations

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

	Unaudited Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
		(Re-presented)
(Loss)/Profit from continuing operations		
(Loss)/Profit for the period attributable to the owners of the Company	**(121,321)**	49,807
Less: Profit for the period from discontinued operations	**5,204**	19,167
(Loss)/Profit for the period attributable to the owners of the Company for the purpose of basic (loss)/earnings per share from continuing operations computation	**(126,525)**	30,640
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**–**	3,981
(Loss)/Profit for the period attributable to the owners of the Company for the purpose of diluted (loss)/earnings per share from continuing operations computation	**(126,525)**	34,621

10. (LOSS)/EARNINGS PER SHARE *(Continued)*

From continuing operations *(Continued)*

In calculating the diluted loss per share from continuing operations attributable to the owners of the Company for the six months ended 30 June 2012, the potential issue of shares arising from the conversion of the Company's convertible bonds would decrease the loss per share from continuing operations attributable to the owners of the Company and is not taken into account as they have an anti-dilutive effect. Share options of the Company are not dilutive as the exercise price of the options exceeds the average market price of ordinary shares during the six months ended 30 June 2012. Therefore, the diluted loss per share from continuing operations attributable to the owners of the Company for the six months ended 30 June 2012 is based on the loss from continuing operations attributable to the owners of the Company of approximately HK$126.5 million and on the weighted average of 7,126,737,000 ordinary shares outstanding during the six months ended 30 June 2012, being the weighted average number of 7,126,737,000 ordinary shares used in basic loss per share from continuing operations calculation.

From discontinued operations

Basic earnings per share from discontinued operations is 0.073 HK cent per share (Six months ended 30 June 2011: 0.379 HK cent per share) and diluted earnings per share from discontinued operations is 0.073 HK cent per share (Six months ended 30 June 2011: 0.272 HK cent per share), based on the profit for the period from discontinued operations of approximately HK$5.2 million (Six months ended 30 June 2011: approximately HK$19.2 million) and the denominators detailed above for both basic and diluted losses or earnings per share.

The computation of diluted earnings per share from discontinued operations does not taken into account the potential issue of shares arising from conversion of the Company's convertible bonds since their conversion would result in a decrease in loss per share from continuing operations.

11. PROPERTY, PLANT AND EQUIPMENT

(a) During the six months ended 30 June 2012, the Group incurred capital expenditure of approximately HK$9.2 million (Six months ended 30 June 2011: approximately HK$3.6 million) in buildings and mining structures, approximately HK$0.6 million (Six months ended 30 June 2011: approximately HK$2.0 million) in plant and machineries, approximately HK$12.3 million (Six months ended 30 June 2011: approximately HK$8.2 million) in mining related machinery and equipment, approximately HK$0.2 million (Six months ended 30 June 2011: approximately HK$0.2 million) in furniture, fixtures, equipment and leasehold improvement and approximately HK$22.4 million (Six months ended 30 June 2011: approximately HK$21.8 million) in construction in progress. No motor vehicles have been acquired for the six months ended 30 June 2012 (Six months ended 30 June 2011: approximately HK$0.8 million).

(b) During the six months ended 30 June 2011, the Group acquired, through the acquisition of a subsidiary *(note 26)*, certain items with fair value of approximately HK$30.1 million in plant and machineries, approximately HK$0.1 million in furniture, fixtures, equipment and leasehold improvement, approximately HK$1.1 million in motor vehicles and approximately HK$0.1 million in construction in progress. No property, plant and equipment of the Group were acquired through the acquisition of subsidiaries for the six months ended 30 June 2012.

(c) During the six months ended 30 June 2012, the Group transferred certain items from construction in progress amounted to approximately HK$1.8 million to buildings and mining structures and mining related machinery and equipment, amounted to approximately HK$1.7 million and HK$0.1 million respectively upon completion of the respective constructions. During the six months ended 30 June 2011, the Group transferred certain items from construction in progress amounted to approximately HK$2.3 million to buildings and mining structures and plant and machineries amounted to approximately HK$2.2 million and HK$0.1 million respectively upon completion of the respective constructions.

(d) During the six months ended 30 June 2011, the Group disposed of certain items of property, plant and equipment with carrying value amounted to approximately HK$0.3 million and recognised a gain of approximately HK$0.2 million in the consolidated income statement. No property, plant and equipment of the Group were disposed of for the six months ended 30 June 2012.

(e) During the six months ended 30 June 2012, the Group disposed, through the disposal of subsidiaries *(note 27)*, certain items with carrying value of approximately HK$0.6 million in buildings and mining structures, approximately HK$26.8 million in plant and machineries, approximately HK$0.2 million in furniture, fixtures, equipment and leasehold improvement, approximately HK$0.9 million in motor vehicles and approximately HK$12.1 million in construction in progress. No property, plant and equipment of the Group were disposed of through the disposal of subsidiaries for the six months ended 30 June 2011.

12. INTERESTS IN ASSOCIATES

	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
Share of net assets	**109,041**	591

Particulars of the associates of the Group as at 30 June 2012 were as follows:

Name	Place of incorporation/ operations and type of legal entity	Particulars of registered capital	Percentage of issued capital held by the Group	Principal activities
北京兆華合富投資管理有限公司 (Beijing Zhaohua Hefu Investment Management Limited, "**Zhaohua Hefu**")#	PRC, limited liability company	RMB2,000,000	25%	Investment management, asset management and consultation of investment in the PRC
北京碩展中富投資中心（有限合夥） (Beijing Shuozhan Zhongfu Investment Centre (Limited Partnership), the "**Partnership**")# *(Note)*	PRC, limited partnership	RMB100,000,000	99%	Project investment, investment management, assets management and consultation service

Note: Pursuant to the partnership agreements entered in May 2012 and June 2012, the general partner of the Partnership is Zhaohua Hefu (the "**General Partner**"), which is an associate of the Group, owns 1% of the equity interest of the Partnership. The General Partner is responsible for management and control of the business of the Partnership while 北京凱盛冠華投資有限公司 (Beijing Kaisheng Guanhua Investment Company Limited)#, a subsidiary of the Group and the limited partner of the Partnership, possesses significant influence over the operating and financial policies of the Partnership through its participation in the investment committee. As abovementioned, although the Group owned 99% equity interest in the Partnership, the Group only possessed significant influence over the operating and financial policies of the Partnership, therefore, the investment has been classified as interests in associates in the consolidated statement of financial position as at the reporting date.

English names for identification purpose only

The following illustrates the summarised financial information of the Group's associates extracted from their management accounts which have been adjusted to ensure consistency in accounting policies adopted by the Group.

12. INTERESTS IN ASSOCIATES *(Continued)*

The summarised financial information in respect of the Group's associates is set out below:

	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
Total assets	**118,888**	2,370
Total liabilities	**(6,129)**	(8)
	112,759	2,362
Group's share of net assets of the associates	**109,041**	591

	Unaudited Six months ended 30 June	
	2012 *HK$'000*	2011 *HK$'000*
Income	**13,673**	–
Expenses	**(110)**	–
Profit after income tax expense for the period	**13,563**	–
Group's share of profits of the associates for the period	**11,590**	–

The Group has not incurred any contingent liabilities or other commitments relating to its associates.

13. INTEREST IN A JOINTLY CONTROLLED ENTITY

	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
Share of net assets	**84,523**	86,615

Particulars of the jointly controlled entity of the Group at 30 June 2012 were as follows:

Name	Place of incorporation/ operations and type of legal entity	Particulars of registered capital	Percentage of issued capital held by the Group	Principal activities
Henan Yulong Energy Development Company Limited ("**Yulong**")	PRC, sino-foreign equity joint venture	RMB200,000,000	40%	Coal mine production safety and gas management

13. INTEREST IN A JOINTLY CONTROLLED ENTITY *(Continued)*

The following illustrates the summarised financial information of the Group's jointly controlled entity extracted from its management accounts which have been adjusted to ensure consistency in accounting policies adopted by the Group.

The Group's share of the jointly controlled entity assets, liabilities, income and expenses are as follows:

	Unaudited 30 June 2012 ***HK$'000***	Audited 31 December 2011 *HK$'000*
Non-current assets	**23,109**	25,023
Current assets	**75,759**	62,861
Current liabilities	**(14,345)**	(1,269)
	84,523	86,615

	Unaudited Six months ended 30 June	
	2012 ***HK$'000***	2011 *HK$'000*
Income	**1,758**	1,411
Expenses	**(2,962)**	(4,649)
Loss after income tax expense attributable to the Group	**(1,204)**	(3,238)

During the period, the Group entered into a preliminary non-legally binding framework agreement with the other party of Yulong regarding the disposal of the Group's interest (i.e. 40%) in Yulong. Up to the date of this report, details of the transaction have not been fixed and materialised.

The Group has not incurred any contingent liabilities or other commitments relating to its jointly controlled entity.

14. DEPOSITS PAID FOR POTENTIAL INVESTMENTS

As at 30 June 2012, the Group paid deposits amounted to approximately HK$148.7 million (equivalent to RMB121.5 million) (31 December 2011: approximately HK$162.6 million (equivalent to RMB131.5 million)) to independent third parties in relation to potential investments in certain PRC operations. During the period, deposits paid as at 31 December 2011 of approximately HK$12.3 million (equivalent to RMB10.0 million) was refunded.

15. INVENTORIES

	Unaudited 30 June 2012 ***HK$'000***	Audited 31 December 2011 *HK$'000*
Coal	**2,777**	3,138
Spare parts and consumables	**14,279**	11,140
	17,056	14,278

16. ACCOUNTS AND BILLS RECEIVABLES

	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
Accounts receivable	**377,216**	302,441
Bills receivable	**162,140**	165,836
	539,356	468,277

The Group's sales are billed to customers according to the terms of the relevant agreement. Normally credit periods ranging from 60 to 180 days (31 December 2011: 30 to 180 days) are allowed. Based on the invoice dates, ageing analysis of the Group's accounts receivable at the reporting date is as follows:

	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
0 – 90 days	**27,635**	149,865
91 – 180 days	**93,552**	128,938
181 – 365 days	**234,716**	12,772
Over 365 days	**33,059**	22,732
	388,962	314,307
Less: Provision for impairment	**(11,746)**	(11,866)
	377,216	302,441

Movement in the allowance for impairment of accounts receivable is as follows:

	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
At 1 January	**11,866**	11,345
Exchange difference	**(120)**	521
At 30 June/31 December	**11,746**	11,866

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2012, included in prepayments, deposits and other receivables is amount due from Bianlong amounted to approximately HK$69.4 million (equivalent to approximately RMB56.7 million) (31 December 2011: HK$75.7 million (equivalent to approximately RMB61.2 million)). The amount due is unsecured, interest bearing at prevailing bank interest rate and repayable within one year.

As at 30 June 2012, balance of prepayments, deposits and other receivables also included loan to a third party amounted to approximately HK$7.3 million (equivalent to RMB6.0 million) (31 December 2011: Nil). The amount due is unsecured and repayable on demand, and bear interest at the prevailing bank interest rate for July 2012 and at 1.5 times of prevailing bank interest rate thereafter.

18. ACCOUNTS AND BILLS PAYABLES

	Unaudited 30 June 2012 ***HK$'000***	Audited 31 December 2011 *HK$'000*
Accounts payable	**7,719**	9,636
Bills payable	**602,292**	111,851
	610,011	121,487

The Group was granted by its suppliers credit periods ranging from 30 to 90 days. Based on the invoice dates, ageing analysis of the Group's accounts payable at the reporting date is as follows:

	Unaudited 30 June 2012 ***HK$'000***	Audited 31 December 2011 *HK$'000*
0 – 90 days	**6,992**	9,165
91 – 180 days	**89**	1
Over 180 days	**638**	470
	7,719	9,636

19. OTHER PAYABLES AND ACCRUALS

As at 31 December 2011, included in other payables and accruals was dividend payable to a non-controlling shareholder of a subsidiary amounted to approximately HK$24.7 million (equivalent to RMB20.0 million). The amount due was unsecured, interest-free and repayable on demand. During the six months ended 30 June 2012, the dividend payable was fully settled.

As at 30 June 2012, balance of other payables and accruals included amount due to a director amounted to approximately HK$7.5 million (31 December 2011: Nil). The amount due is unsecured, interest-free and repayable on demand. The amount due was fully settled in August 2012.

20. BANK LOANS

	Unaudited 30 June 2012 *HK$'000*	Audited 31 December 2011 *HK$'000*
Bank loans repayable within one year and classified as current liabilities	**807,642**	593,376

At 30 June 2012, bank loans of approximately HK$489.5 million (31 December 2011: approximately HK$154.5 million) were secured by certain accounts receivable and equity interests in certain subsidiaries of the Company (31 December 2011: secured by certain accounts receivable and certain deposits at bank).

At 30 June 2012, bank loans of approximately HK$807.6 million (31 December 2011: approximately HK$451.2 million) were guaranteed by an independent third party.

As at 31 December 2011, bank loans of approximately HK$43.3 million were co-guaranteed by an independent third party and a director of a major subsidiary of the Group and bank loans of approximately HK$24.7 million were guaranteed by a related party. These bank loans were fully repaid and the related guarantees were released during the period.

At 30 June 2012, all bank loans bear interest at fixed rates ranging from 5.21% to 8.58% per annum (31 December 2011: 5.85% to 9.22% per annum).

21. CONVERTIBLE BONDS

On 12 March 2010, the Company and Victory Investment China Group Limited (the "**Subscriber**") entered into a subscription agreement (the "**Subscription Agreement**") in respect of the proposed issuance of zero coupon bonds ("**CB4**") in the maximum principal amount of HK$1,200.0 million. CB4 will be repayable after 3 years from the date of issuance or convertible into shares of the Company at the conversion price of HK$0.1 per share (subject to the standard adjustment clauses relating to share sub-division, share consolidation and/or rights issues).

On 31 May 2010, the Company issued zero coupon bonds in the principal amount of HK$200.0 million (the "**First Tranche of CB4**") mainly for the purpose of settlement of the 2% coupon convertible bonds with principal amount of US$25.0 million (equivalent to approximately HK$194.5 million) issued on 10 December 2007. Partial of the First Tranche of CB4 with principal amount of HK$80.0 million was converted by its holder on 7 June 2010. On 3 September 2010, the Company issued zero coupon bonds in the principal amount of HK$100.0 million (the "**Second Tranche of CB4**").

On 7 January 2011, the Company issued zero coupon bonds in the principal amount of HK$100.0 million (the "**Third Tranche of CB4**"). On 11 January 2011, the Company issued zero coupon bonds in the principal amount of HK$100.0 million (the "**Fourth Tranche of CB4**").

On 28 January 2011, the Company announced that it received a conditional conversion notice from the Subscriber, stating that the Subscriber shall, subject to the conversion conditions, exercise its right under the Subscription Agreement, to convert the CB4 into the shares of the Company in the principal amount of HK$420.0 million at the conversion price of HK$0.1.

21. CONVERTIBLE BONDS *(Continued)*

According to the terms and conditions of the CB4, a holder of CB4 may only exercise its conversion rights if the public float of the Company's shares of not less than 25% (or such lower percentage allowable under the Listing Rules) can be maintained. As the shares of the Company held by Dragon Rich, Mr. Bao Hongkai, Mr. Li Chun On and Mr. Xu shall not be considered as in the public hands under the Listing Rules, the maximum amount of CB4 that may be converted is HK$360.0 million and the maximum number of shares of the Company the Subscriber can convert pursuant to the conditional conversion notice will be 3,600,000,000 shares. The Subscriber agreed to only convert the CB4 in the principal amount of HK$360.0 million.

One of the conversion conditions is the grant of a waiver from the executive director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "**Whitewash Waiver**") in respect of the obligation of the Subscriber to make a mandatory general offer to shareholders of the Company for all the issued shares of HK$0.1 each of the Company not already owned or agreed to be acquired by the Subscriber as a result of the Subscriber converting the CB4 under the Subscription Agreement in respect of 3,600,000,000 shares. The grant of the Whitewash Waiver was subject to approval by independent shareholders by way of poll at a special general meeting under Note 1 of the Notes on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers. Pursuant to an ordinary resolution passed in a special general meeting held on 21 March 2011, the independent shareholders approved the Whitewash Waiver. Accordingly, 3,600,000,000 shares have been issued, at the conversion price of HK$0.1, to the Subscriber upon the conversion of the CB4 with principal amount of HK$360.0 million. Remaining portion of First Tranche of CB4, Second Tranche of CB4, Third Tranche of CB4 and partial of Fourth Tranche of CB4 with principal amount of HK$120.0 million, HK$100.0 million, HK$100.0 million and HK$40.0 million respectively were converted by the Subscriber as a result on 21 March 2011.

The remaining portion of the Fourth Tranche of CB4 with principal amount of HK$40.0 million and HK$20.0 million were converted by its holders on 13 May 2011 and 24 June 2011 respectively.

On 24 November 2011, the Subscriber assigned all of its rights under the Subscription Agreement to Ringfit Investment Group Limited pursuant to a deed of assignment.

On 2 December 2011, the Company issued zero coupon bonds in the principal amount of HK$200,000,000 (the "**Fifth Tranche of CB4**") to Ringfit Investment Group Limited.

Movement of liability component of CB4 for the six months ended 30 June 2012 and 2011 is as follows:

	Unaudited Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
At beginning of the period	**176,253**	193,728
Initial recognition upon issuance of bonds	**–**	176,677
Interest expense	**3,834**	3,981
Conversion of convertible bonds	**–**	(374,386)
At end of the period	**180,087**	–

Interest expense on the convertible bonds is calculated using the effective interest method by applying the effective interest rates of approximately 5.36%, 4.93%, 4.23%, 4.21% and 4.42% per annum to the liability components of the First Tranche, the Second Tranche, the Third Tranche, the Fourth Tranche and the Fifth Tranche of CB4 respectively.

22. DEFERRED TAX

As at 30 June 2012, all tax losses and deductible temporary differences of the Group have no expiry dates under the current tax legislation except for the tax losses amounted to approximately HK$207.4 million (equivalent to approximately RMB169.5 million) (31 December 2011: approximately HK$95.7 million (equivalent to approximately RMB77.4 million)) incurred by three subsidiaries in the PRC, which will expire after 5 years from the year in which the losses were incurred. The Group has taxable losses arising in Hong Kong of approximately HK$2.8 million (31 December 2011: approximately HK$2.8 million). Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and the unpredictability of future profits.

Movement in deferred tax liabilities during the six months ended 30 June 2012 and 2011 is as follows:

	Unaudited Six months ended 30 June 2012			Unaudited Six months ended 30 June 2011		
	Mining funds *HK$'000*	**Amortisation allowance on mining rights in excess of related amortisation** *HK$'000*	**Total** *HK$'000*	Mining funds *HK$'000*	Amortisation allowance on mining rights in excess of related amortisation *HK$'000*	Total *HK$'000*
At beginning of the period	**7,395**	**14,974**	**22,369**	6,581	10,913	17,494
Charged to profit or loss *(note 7)*	**–**	**2,371**	**2,371**	100	2,114	2,214
Exchange difference	**(75)**	**(162)**	**(237)**	132	235	367
At end of the period	**7,320**	**17,183**	**24,503**	6,813	13,262	20,075

As at 30 June 2012, deferred tax liabilities amounted to approximately HK$62.2 million (31 December 2011: approximately HK$69.8 million) in respect of the aggregate amount of temporary differences of approximately HK$622.0 million (31 December 2011: approximately HK$698.4 million) associated with the undistributed earnings of certain of the Group's subsidiaries have not been recognised. No deferred tax liabilities have been recognised in respect of the differences because it is considered that the Group's subsidiaries in the PRC will not pay any dividend to their overseas holding companies in the foreseeable future and the Group is in a position to control the dividend policies of these subsidiaries and it is probable that such differences will not reverse in the foreseeable future.

23. SHARE CAPITAL

	Notes	Unaudited Six months ended 30 June 2012 Number of shares	Unaudited Six months ended 30 June 2012 HK$'000	Unaudited Six months ended 30 June 2011 Number of shares	Unaudited Six months ended 30 June 2011 HK$'000
Authorised:					
Ordinary shares of HK$0.1 each		**30,000,000,000**	**3,000,000**	30,000,000,000	3,000,000
Issued and fully paid:					
At 1 January		**7,126,736,924**	**712,674**	2,918,130,674	291,813
Exercise of share options for ordinary shares of HK$0.1 each	*(a)*	**–**	**–**	8,606,250	861
Conversion of convertible bonds for ordinary shares of HK$0.1 each	*(b)*	**–**	**–**	4,200,000,000	420,000
At 30 June		**7,126,736,924**	**712,674**	7,126,736,924	712,674

Notes:

(a) During the six months ended 30 June 2011, 8,606,250 share options were exercised at the subscription price of HK$0.1547 per share, giving rise to the issue of 8,606,250 new ordinary shares of HK$0.1 each for a consideration of approximately HK$1.3 million. Accordingly, additional share capital of approximately HK$0.9 million and share premium of approximately HK$1.0 million, including the amount transferred from share option reserve, were resulted.

(b) During the six months ended 30 June 2011, 4,200,000,000 ordinary shares were issued in aggregate, at the conversion price of HK$0.1 per share to the Subscriber upon the conversion of CB4 *(note 21)*. As a result, there were increases in share capital and share premium of HK$420.0 million and approximately HK$8.5 million respectively. Excluding the amount that would be transferred from equity component of convertible bonds to share capital, the decrease in the liability component of convertible bonds was approximately HK$374.4 million.

The ordinary shares issued above have the same rights as the other shares in issue.

24. SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants ("**Participants**") of the Scheme include any employee of the Company or any of its subsidiaries (including any director of the Company or any of its subsidiaries). The Scheme was approved by shareholders at a Special General Meeting on 20 October 2004 in substitution of the old share option scheme of the Company adopted on 15 May 1997. The Scheme became effective on 20 October 2004 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

Under the Scheme, the board of directors of the Company (the "**Board**") may at its discretion grant options to the Participants to subscribe for shares provided that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme(s) of the Company shall not in aggregate exceed 10% of the shares in issue as at the adoption date. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme(s) of the Company shall not in aggregate exceed 30% of the shares in issue from time to time.

No share options was granted nor allotted during the six months ended 30 June 2011 and 30 June 2012.

During the six months ended 30 June 2011, a director of the Company exercised options to subscribe for 8,606,250 ordinary shares of the Company. No share options were exercised during the six months ended 30 June 2012.

27,540,000 share options of the employees of the Group were forfeited during the six months ended 30 June 2011. No share options were forfeited during the six months ended 30 June 2012.

25. CAPITAL COMMITMENTS

As at 30 June 2012, the Group had capital expenditure commitments in relation to the purchase of property, plant and equipment contracted but not provided for, net of deposit paid, amounted to approximately HK$14.1 million (31 December 2011: approximately HK$57.6 million).

As at 30 June 2012, the Group had capital expenditure commitments authorised but not contracted for in relation to the potential investments in certain PRC operations, net of deposit paid, amounted to approximately HK$53.2 million (31 December 2011: approximately HK$115.6 million).

26. ACQUISITION OF A SUBSIDIARY

On 18 January 2011, the Group acquired 100% of the issued ordinary shares of CFT, a company incorporated in Hong Kong, at a consideration of HK$0.99 million, from a third party to develop in CBM related business. CBM related business is a new and clean energy section which is highly advocated by the PRC government. The Group would like to explore in this business through the acquisition of CFT. As at the acquisition date, two directors of the Company were also the directors of CFT. The Group has control over CFT through nominating members to the board of directors of CFT. CFT is an investment holding company which has controlling interest in Huanglong which is principally engaged in the business of CBM management.

Details of the net assets acquired and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost are as follows:

	HK$'000
Total consideration	990
Fair value of net assets acquired	(24,382)
Excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost	(23,392)

In the opinion of the management, the excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost arose in the business combination was mainly attributable to the divestment by the precedent investor in view of the capital requirement for the development of the CBM project.

26. ACQUISITION OF A SUBSIDIARY *(Continued)*

Assets and liabilities arising from the acquisition are as follows:

	Fair value	Acquirees' carrying amount
	HK$'000	*HK$'000*
Property, plant and equipment	31,439	31,439
Accounts receivable	1,426	1,426
Prepayments, deposits and other receivables	9,169	9,169
Cash and cash equivalents	3,414	3,414
Other payables and accruals	(3,336)	(3,336)
Bank loans	(17,730)	(17,730)
Net assets acquired	24,382	24,382
Total consideration satisfied by:		
Cash		990
Net cash inflow arising on acquisition:		
Cash consideration paid		(990)
Cash and cash equivalents acquired		3,414
		2,424

Since the acquisition, the subsidiary contributed approximately HK$1.3 million to the Group's turnover and a loss of approximately HK$3.2 million to the Group's profit for the six months ended 30 June 2011.

Had the combination taken place at 1 January 2011, the revenue and the profit of the Group for the six months ended 30 June 2011 would have been approximately HK$443.7 million and HK$54.7 million respectively. These pro forma information are for illustrative purposes only and are not necessarily an indication of revenue and result of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2011 nor are they intended to be a projection of future results.

27. DISPOSAL OF SUBSIDIARIES

As mentioned in note 8, on 2 March 2012, the Group disposed of its entire equity interest in Popular Sky and its subsidiaries for a total consideration of HK$71.2 million. Popular Sky and its subsidiaries were engaged in the CBM related business during the period.

	HK$'000
Net assets disposed of comprise:	
Property, plant and equipment	40,640
Accounts and bills receivables	4,757
Prepayments, deposits and other receivables	3,044
Financial assets at fair value through profit or loss	12,237
Cash and cash equivalents	12,238
Accounts and bills payables	(1,038)
Other payables and accruals	(61,750)
	10,128
Exchange fluctuation reserve	(2,483)
Liabilities due to the Group by Popular Sky and CFT assumed by Dragon Rich	56,770
Gain on disposal of subsidiaries	6,785
Total consideration	71,200
Satisfied by:	
Cash	10,000
Promissory note *(Note)*	61,200
	71,200
Net cash outflow arising on disposal:	
Cash consideration received	10,000
Cash and cash equivalents disposed of	(12,238)
	(2,238)

Note:

An interest-free promissory note in the aggregate principal amount of HK$61.2 million issued by Dragon Rich to the Company for part of the consideration which shall be due on 30 June 2012. The balance was fully settled during the period.

28. FINANCIAL GUARANTEE CONTRACTS

On 2 March 2011, 18 April 2011 and 25 July 2011, Henan Jinfeng Coal Industrial Group Company Limited ("**Jinfeng**"), a subsidiary of the Group, executed guarantees with respect to certain bank loans, amounted to approximately HK$148.3 million, approximately HK$61.8 million and approximately HK$65.5 million respectively (equivalent to RMB223.0 million in aggregate), granted to independent third parties, under which Jinfeng would reimburse the loss of the banks if the banks are unable to recover these loans from these independent third parties.

As at 30 June 2012, included in other payables and accruals were the unamortised balance of the Group's deferred income arising from the guarantee contracts amounted to approximately HK$0.1 million (equivalent to approximately RMB0.1 million) (31 December 2011: approximately HK$1.7 million (equivalent to approximately RMB1.3 million)).

As at 30 June 2012, no contingent liability for the Group's obligation (31 December 2011: Nil) under the guarantee contracts has been disclosed as the directors consider that the possibility of cash outflow on the guarantee contracts is remote.

29. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the interim financial report, the Group had the following material transactions with related parties during the period:

(a) Compensation of key management personnel

	Unaudited Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Total remuneration of key management personnel during the period	**4,624**	3,187

(b) Purchase of coal

During the six months ended 30 June 2011, the Group purchased coal of approximately HK$6.1 million (equivalent to approximately RMB5.1 million) from subsidiaries of the jointly controlled entity. The purchases were conducted in the Group's normal course of business. No purchase of coal was made from subsidiaries of the jointly controlled entity during the six months ended 30 June 2012. As at 31 December 2011 and 30 June 2012, none of the accounts payable was due to the jointly controlled entity.

As at 30 June 2012, included in prepayments, deposits and other receivables were deposits amounted to approximately HK$42.8 million (equivalent to RMB35.0 million) (31 December 2011: approximately HK$43.3 million (equivalent to RMB35.0 million)) arising from the purchase of coal paid to a company, in which a director of a major subsidiary of the Group is a director of the company. The deposits were paid in the Group's normal course of business.

29. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Sales of coal

During the six months ended 30 June 2012, the Group sold coal of approximately HK$0.2 million (equivalent to approximately RMB0.1 million) (Six months ended 30 June 2011: approximately HK$21.7 million (equivalent to approximately RMB18.2 million)) to a company, in which a director of a major subsidiary of the Group is also a director of the holding company of this company. The sales were conducted in the Group's normal course of business. As at 30 June 2012, accounts receivable amounted to approximately HK$21.5 million (equivalent to approximately RMB17.6 million) (31 December 2011: approximately HK$22.8 million (equivalent to approximately RMB18.4 million)) arose from the sales of coal to this company. The amount due from this company is non-interest bearing and unsecured. A credit period of 180 days was granted to this company.

(d) Sales of consumable tools

During the six months ended 30 June 2011, the Group sold consumable tools of approximately HK$0.9 million (equivalent to approximately RMB0.8 million) to a company, in which a director of a major subsidiary of the Group became a director of this company on 1 December 2010 and ceased to be the director of this company on 12 May 2011. Yet, the director of the major subsidiary of the Group also has been a director of the holding company of this company since 1 December 2010. Moreover, a director of the Company, who has been appointed on 2 December 2011, is a director of this company. So the company is considered to be a related party to the Group. The sales were conducted in the Group's normal course of business. No consumable tools were sold to this company during the six months ended 30 June 2012. As at 31 December 2011 and 30 June 2012, none of the other receivables were due from this company.

During the six months ended 30 June 2011, the Group sold consumable tools of approximately HK$3.2 million (equivalent to RMB2.7 million) to a company, in which a director of a major subsidiary of the Group was a director of the company. The sales were conducted in the Group's normal course of business. On 1 July 2011, the director of the major subsidiary of the Group ceased to be the director of the customer.

(e) Selling and distribution expenses

During the six months ended 30 June 2012, the Group paid distribution expenses of approximately HK$0.4 million (equivalent to approximately RMB0.3 million) (Six months ended 30 June 2011: Nil) to a company, in which one of its directors is also a director of the Group's major subsidiary.

30. APPROVAL OF THE INTERIM FINANCIAL REPORT

This unaudited interim financial report was approved and authorised for issue by the Board on 28 August 2012.

CORPORATE INFORMATION

DIRECTORS

Mr. Dong Cunling *(Chairman)*
Mr. Yang Hua *(Chief Executive Officer)*
Mr. Li Chun On
Mr. Wu Jiahong
Mr. Zhou Guangwen
Mr. Li Chunyan#
Dr. Chen Renbao*
Mr. Li Daomin*
Mr. Ma Yueyong*

Non-Executive Director
* *Independent Non-Executive Directors*

AUDIT COMMITTEE

Mr. Ma Yueyong
(Chairman of the Committee)
Dr. Chen Renbao
Mr. Li Daomin

NOMINATION COMMITTEE

Mr. Ma Yeuyong
(Chairman of the Committee)
Dr. Chen Renbao
Mr. Li Daomin

REMUNERATION COMMITTEE

Dr. Chen Renbao
(Chairman of the Committee)
Mr. Li Daomin
Mr. Ma Yueyong

COMPANY SECRETARY

Mr. Li Chun On

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