



**Asia Coal Limited**

亞洲煤業  
ASIA COAL

亞洲煤業有限公司

Stock Code: 835



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



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For the six months ended 30th September 2013

	Notes	Six months ended 30th September	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Revenue	3	<b>5,318</b>	3,789
Cost of sales		<b>(1,866)</b>	(1,245)
Gross profit		<b>3,452</b>	2,544
Other income		<b>129</b>	74
Selling and distribution expenses		<b>(14,029)</b>	(8,546)
Administrative expenses		<b>(18,654)</b>	(4,904)
Finance costs	4	<b>(71)</b>	(10,691)
Loss for the period	6	<b>(29,173)</b>	(21,523)
Other comprehensive income (expense):			
Exchange differences arising on translation of foreign operations which may be subsequently reclassified to profit or loss		<b>417</b>	(27)
Total comprehensive expense for the period		<b>(28,756)</b>	(21,550)
Loss for the period attributable to:			
Owners of the Company		<b>(29,172)</b>	(21,525)
Non-controlling interests		<b>(1)</b>	2
		<b>(29,173)</b>	(21,523)
Total comprehensive (expense) income attributable to:			
Owners of the Company		<b>(28,757)</b>	(21,552)
Non-controlling interests		<b>1</b>	2
		<b>(28,756)</b>	(21,550)
LOSS PER SHARE	7		
Basic and diluted		<b>(0.33) HK cents</b>	(1.02) HK cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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At 30th September 2013

	Notes	At 30th September 2013 HK\$'000 (unaudited)	At 31st March 2013 HK\$'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	14,445	2,747
Exploration and evaluation assets	10	116,155	119,410
		<b>130,600</b>	122,157
<b>Current assets</b>			
Inventories – finished goods		2,927	2,334
Trade and other receivables	11	7,006	9,176
Bank balances and cash		16,304	4,592
		<b>26,237</b>	16,102
<b>Current liabilities</b>			
Trade and other payables and accrued charges	12	14,434	17,368
Amounts due to related parties	13	22,117	27,489
Short term bank loan	14	8,000	–
		<b>44,551</b>	44,857
<b>Net current liabilities</b>		<b>(18,314)</b>	(28,755)
<b>Total assets less current liabilities</b>		<b>112,286</b>	93,402
<b>Net assets</b>		<b>112,286</b>	93,402
<b>CAPITAL AND RESERVES</b>			
Share capital	15	90,211	86,211
Reserves		21,940	7,056
Equity attributable to owners of the Company		<b>112,151</b>	93,267
Non-controlling interests		135	135
		<b>112,286</b>	93,402

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



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For the six months ended 30th September 2013

## Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Capital contribution reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1st April 2012 (audited)	210,528	345,343	4,203	—	119,420	(923)	(749,283)	(70,712)	(2,679)	(73,391)
(Loss) profit for the period	—	—	—	—	—	—	(21,525)	(21,525)	2	(21,523)
Exchange differences arising on translation of foreign operations which may be subsequently reclassified to profit or loss	—	—	—	—	—	(27)	—	(27)	—	(27)
Total comprehensive (expense) income for the period	—	—	—	—	—	(27)	(21,525)	(21,552)	2	(21,550)
Sub-Total	210,528	345,343	4,203	—	119,420	(950)	(770,808)	(92,264)	(2,677)	(94,941)
Lapse of share options Derecognised non-controlling interests on liquidation of a subsidiary	—	—	(685)	—	—	—	685	—	—	—
	—	—	—	—	—	—	—	—	2,777	2,777
At 30th September 2012 (unaudited)	210,528	345,343	3,518	—	119,420	(950)	(770,123)	(92,264)	100	(92,164)
At 1st April 2013 (audited)	86,211	440,471	3,454	57,979	—	(994)	(493,854)	93,267	135	93,402
Loss for the period	—	—	—	—	—	—	(29,172)	(29,172)	(1)	(29,173)
Exchange differences arising on translation of foreign operations which may be subsequently reclassified to profit or loss	—	—	—	—	—	416	—	416	1	417
Total comprehensive (expense) income for the period	—	—	—	—	—	416	(29,172)	(28,756)	—	(28,756)
Sub-Total	86,211	440,471	3,454	57,979	—	(578)	(523,026)	64,511	135	64,646
Lapse of share options Issue of shares	— 4,000	— 43,640	(413) —	— —	— —	— —	413 —	— 47,640	— —	— 47,640
At 30th September 2013 (unaudited)	90,211	484,111	3,041	57,979	—	(578)	(522,613)	112,151	135	112,286

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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For the six months ended 30th September 2013

	<b>Six months ended 30th September</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Net cash used in operating activities	<b>(25,625)</b>	(12,895)
Net cash used in investing activities		
Additions of exploration and evaluation assets	<b>(210)</b>	(208)
Purchase of property, plant and equipment	<b>(13,989)</b>	(26)
Other investing cash flows	–	(3)
	<b>(14,199)</b>	(237)
Net cash from financing activities		
Issue of shares	<b>47,640</b>	–
Increase in amount due to related parties	<b>12,917</b>	11,130
New bank loan	<b>8,000</b>	–
Repayment to related parties	<b>(17,000)</b>	–
Loan from a third party	–	2,500
Other financing cash flows	<b>(33)</b>	(53)
	<b>51,524</b>	13,577
Net increase in cash and cash equivalents	<b>11,700</b>	445
Cash and cash equivalents at 1st April	<b>4,592</b>	2,004
Effect of foreign exchange rate changes	<b>12</b>	(2)
Cash and cash equivalents at 30th September	<b>16,304</b>	2,447
Represented by:		
Bank balances and cash	<b>16,304</b>	3,947
Bank overdrafts	–	(1,500)
	<b>16,304</b>	2,447

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30th September 2013

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## 1. BASIS OF PREPARATION

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

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Company and its subsidiaries (collectively the “Group”) in light of the fact that its current liabilities exceeded its current assets by HK\$18,314,000 as at 30th September 2013 and the Group incurred a loss of approximately HK\$29,173,000 for the period then ended.

In order to improve the Group’s financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the Group has been implementing a number of measures, including but not limited to:

- (i) A shareholder of the Company has agreed not to demand repayment of the amount due to him of approximately HK\$22 million as at 30th September 2013 in the next twelve months from the date of approval of these condensed consolidated financial statements.
- (ii) The management will continue to reduce all non-essential costs of development of mine basin until the Group has sufficient funding for the operation.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30th September 2013

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March 2013.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30th September 2013

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## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### **Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income***

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30th September 2013

## 3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker, the Chairman of the Group, for the purposes of resource allocation and performance assessment. The reports are analysed based on categories of business. Two operating segments were presented:

- 1) Health and beauty products and services
- 2) Coal mining

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

	Health and beauty products and services		Coal mining		Total	
	Six months ended 30th September		Six months ended 30th September		Six months ended 30th September	
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue						
External sales	5,318	3,789	-	-	5,318	3,789
Segment loss	(14,280)	(8,348)	(3,759)	(157)	(18,039)	(8,505)
Unallocated income						
- Interest income					1	3
- Other income					128	39
Unallocated expenses						
- Central administration costs					(11,192)	(2,369)
- Finance costs					(71)	(10,691)
Loss for the period					(29,173)	(21,523)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30th September 2013

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## 3. SEGMENT INFORMATION (CONTINUED)

Segment loss represents the loss incurred by each segment without allocation of interest income, other income, central administration costs and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's assets by operating segment:

	<b>At 30th September 2013 HK\$'000 (unaudited)</b>	<b>At 31st March 2013 HK\$'000 (audited)</b>
Health and beauty products and services	<b>11,400</b>	11,443
Coal mining	<b>116,205</b>	119,521
Total segment assets	<b>127,605</b>	130,964

## 4. FINANCE COSTS

	<b>Six months ended 30th September 2013 HK\$'000 (unaudited)</b>	<b>2012 HK\$'000 (unaudited)</b>
Interest on:		
– amount due to a related party	<b>38</b>	143
– short term bank loan	<b>33</b>	–
– bank overdrafts	–	41
– loan from to a third party	–	11
– obligations under finance leases	–	1
Effective interest expense on convertible bonds	–	10,495
	<b>71</b>	10,691

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30th September 2013

## 5. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group incurred tax losses for both periods.

No provision for taxation has been made for the Group's subsidiaries operating outside Hong Kong as there was no assessable profit.

The Group has no other significant unprovided deferred tax for the period or at the reporting date.

## 6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging (crediting) the following items:

	Six months ended 30th September	
	2013	2012
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Directors' remuneration	1,058	702
Depreciation of property, plant and equipment	2,032	703
Loss on disposal of property, plant and equipment	125	46
Operating lease rentals in respect of rented premises	5,822	2,347
Write-down of inventories	176	–
Net exchange loss (gain)	3,597	(156)
Interest income	(1)	(3)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30th September 2013

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## 7. LOSS PER SHARE

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

	<b>Six months ended 30th September 2013</b>	
	<b>HK\$'000</b>	2012
	<b>(unaudited)</b>	HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	<b>(29,172)</b>	(21,525)

	<b>Six months ended 30th September 2013</b>	
		2012
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<b>8,959,931,566</b>	2,105,283,438

The calculation of diluted loss per share for the six months ended 30th September 2013 has not assumed the exercise of the share options as the exercise price of these options was higher than the average market price for the corresponding periods.

The calculation of diluted loss per share for the six months ended 30th September 2012 has not assumed the exercise of the share options as the exercise price of these options was higher than the average market price for the corresponding periods, and the conversion of the Company's convertible bonds since its assumed conversion would result in a decrease in loss per share.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30th September 2013

## 8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the period (2012: nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th September 2013, the Group incurred capital expenditure of approximately HK\$13,989,000, of which approximately HK\$591,000 in furniture, fixtures and office equipment, approximately HK\$4,950,000 in leasehold improvements, approximately HK\$202,000 in computer equipment and approximately HK\$8,246,000 in motor vehicles.

## 10. EXPLORATION AND EVALUATION ASSETS

	HK\$'000
At 1st April 2013 (audited)	119,410
Additions of exploration and evaluation works during the period	210
Exchange realignment	(3,465)
At 30th September 2013 (unaudited)	116,155

The exploration and evaluation assets represented the considerations paid for acquisitions of mineral mining licences and exploration licences in respect of the Saikhan Ovoo coal deposits in the Bulgan province of Mongolia in previous year and the costs incurred for subsequent exploration and evaluation works.

On 25th January 2008, the Company as the purchaser, CEC Resources Limited ("CEC Resources") as the vendor, and China Enterprise Capital Limited as the guarantor entered into two sale and purchase agreements pursuant to which the Company conditionally agreed to acquire from the vendor the entire issued share capital of Giant Field Group Limited ("GF") and Power Field Holdings Limited ("PF") respectively. Both CEC Resources and China Enterprise Capital Limited were independent third parties of the Company. The GF acquisition was completed in July 2008, but the PF acquisition was terminated in February 2011. Details of the GF acquisition and the termination of PF acquisition are set out in the Group's annual financial statements for the year ended 31st March 2013.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30th September 2013

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## 10. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Pursuant to the GF sale and purchase agreement, the total consideration for the GF acquisition is subject to adjustment within 24 months following the completion of the GF acquisition and shall be determined based on the proved coal ore reserves and probable coal ore reserves in the Saikhan Ovoo coal deposit held by GF's subsidiary, SMI by reference to the technical assessments (the "SMI Technical Assessment") prepared by a technical adviser. The consideration for the GF acquisition can be up to a maximum of RMB760 million. During the year ended 31st March 2011, the Company entered into extension letters with the vendor and the guarantor to extend the due date for delivery of the SMI Technical Assessment to 31st March 2012. As at 31st March 2012, the delivery date of the SMI Technical Assessment was not further extended. During the current period, the SMI Technical Assessment has not been delivered and is still under negotiation with the vendor at the date of approval of these condensed consolidated financial statements.

During the period ended 30th September 2013, the Group had incurred an amount of approximately HK\$210,000 (for the year ended 31st March 2013: HK\$411,000) for the exploration and evaluation work on the Saikhan Ovoo coal mine, including license fee, labour and other costs directly attributable to exploration activities. The Group has not carried out any development nor production activity on the mine during the period.

In 2009, the Parliament of Mongolia enacted the Mining Prohibition Law (the "MPL") which prohibits minerals exploration and mining in areas such as headwaters of rivers and lakes, forest areas and areas adjacent to rivers and lakes (the "Defined Prohibited Areas"). Pursuant to the MPL, the Mongolian government was supposed to define the boundaries of the relevant prohibited areas by 16th October 2009 but it had not done so by the prescribed time. It also states that any previously granted licenses that overlap the Defined Prohibited Areas will be terminated within five months following the enactment of the law.

The MPL further states that affected license holders shall be compensated but details as to how the compensation is determined have not been specified in the MPL and the Mongolian government has not yet released any further guidance on how to interpret the MPL. The Mineral Resources Authority of Mongolia (the "MRAM") has prepared a preliminary list of licences that overlap with the Defined Prohibited Areas under the MPL.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30th September 2013

## 10. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

During the year ended 31st March 2013, legal counsel of SMI has confirmed two mining rights are within the area designated, on a preliminary basis, as land where mineral exploration and mining are prohibited under the MPL. However, there has been no revocation of these licenses as at 30th September 2013 and the date of approval of these condensed consolidated financial statements. The management also considers that even if the licenses were revoked due to the MPL, the Mongolian government would pay a reasonable compensation to the Group. Hence, the management concluded that there is no impairment on the mining rights in this regard. However, the implementation of the MPL represents a significant uncertainty to the Group, which might have a significant effect on the condensed consolidated financial statements of the Group. If the Group's affected mining concessions were revoked due to the MPL and the Group was paid with compensation significantly less than the carrying amount of the exploration and evaluation assets, the Group would incur a significant impairment loss on the exploration and evaluation assets.

## 11. TRADE AND OTHER RECEIVABLES

The Group's turnover comprises mainly cash and credit card sales. The credit terms with bank/credit card companies are within 120 days from the date of billings.

The following is an analysis of trade receivable by age, presented based on the invoice date at the end of the reporting period:

	<b>At 30th September 2013 HK\$'000 (unaudited)</b>	<b>At 31st March 2013 HK\$'000 (audited)</b>
Trade receivables:		
0 to 90 days	<b>338</b>	422
91 to 120 days	<b>6</b>	126
	<b>344</b>	548
Other receivables, deposits and prepayments	<b>6,662</b>	8,628
	<b>7,006</b>	9,176

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30th September 2013

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## 12. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

The following is an analysis of trade payables by age, presented based on the invoice date at the end of the reporting period:

	<b>At 30th September 2013 HK\$'000 (unaudited)</b>	<b>At 31st March 2013 HK\$'000 (audited)</b>
Trade payables:		
0 to 90 days	<b>1,136</b>	1,340
91 to 180 days	<b>160</b>	92
181 to 365 days	<b>529</b>	92
	<b>1,825</b>	1,524
Deposits received from customers	<b>7,550</b>	5,348
Accrued charges	<b>3,134</b>	8,235
Other payables	<b>1,925</b>	2,261
	<b>14,434</b>	17,368



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30th September 2013

## 13. AMOUNTS DUE TO RELATED PARTIES

	Notes	At 30th September 2013 HK\$'000 (unaudited)	At 31st March 2013 HK\$'000 (audited)
Mr. Sun David Lee	(i)	-	1,200
Mr. Kwok Wing Leung, Andy	(ii)	<b>22,117</b>	9,200
CEC Resources and Minerals Holdings Limited ("CEC")	(iii)	-	7,000
Elmfield Limited	(iv)	-	10,089
		<b>22,117</b>	27,489

Notes:

- (i) Mr. Sun is a director of the Company. The amount is unsecured, interest-free and repayable on demand.
- (ii) Mr. Kwok is a shareholder of the Company. The amount is unsecured, interest-free and repayable on demand.
- (iii) CEC is a shareholder of the Company. The amount is unsecured, carries interest at 4% per annum and shall be repaid in full on the maturity date, i.e. three months from the first drawdown date, unless extended by CEC at its sole discretion.
- (iv) Elmfield Limited is controlled by Dr. Kung Chi Kang, Silver, an ex-director of the Company. The amount is unsecured, carries interest at 4% per annum and shall be repaid in full on maturity date, i.e. six months from the first drawdown date, unless extended by Elmfield Limited at its sole discretion.

## 14. SHORT TERM BANK LOAN

During the six months ended 30th September 2013, the Group obtained new bank loan amounting to HK\$8,000,000, the bank loan carries interest ranging from 1.3% to 1.35% per annum and repayable in full on the maturity date, i.e. one year from the first drawdown date. The bank loan is secured by the personal fixed deposits of Mr. Zhu Xinjiang, a director of the Company.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



For the six months ended 30th September 2013

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## 15. SHARE CAPITAL

	Number of Shares	Nominal value HK\$'000
Ordinary shares of HK\$0.01 each:		
Authorised:		
At 1st April 2013 and 30th September 2013	300,000,000,000	3,000,000
Issued and fully paid:		
At 1st April 2013	8,621,133,752	86,211
Issue of shares (Note (ii))	400,000,000	4,000
At 30th September 2013	9,021,133,752	90,211

Note:

- (i) On 22th April 2013, the Company entered into a placing agreement with the placing agent, Shenyin Wanguo Capital (H.K.) Limited, pursuant to which the placing agent has conditionally agreed to place 400,000,000 shares of the Company at the price of HK\$0.12 per share. The number of 400,000,000 shares represented approximately 4.43% of the issued share capital of the Company as enlarged by the allotment and issue of the shares. The placing was completed on 29th April 2013. These new shares ranked pari passu with the existing shares then in issue in all respects.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30th September 2013

## 16. SHARE-BASED PAYMENT TRANSACTIONS

Details of the share option schemes adopted by the Company are as follows:

### (a) 2003 Scheme

A share option scheme (the "2003 Scheme") was adopted by the Company pursuant to a resolution passed on 26th August 2003. Under the 2003 Scheme, the directors of the Company may invite any director (including non-executive director and independent non-executive director), employee of the Company or any of its subsidiaries or associated companies or any suppliers of goods or services to the Group to take up options to subscribe for share of HK\$0.01 each (which was adjusted to HK\$0.10 per share following the consolidation of the Company's shares on 20th December 2004 and further adjusted to HK\$0.01 per share following the capital reorganisation of the Company's shares on 5th March 2013) in the capital of the Company.

Upon acceptance of the option, a nominal consideration of HK\$1.00 will be paid by each grantee for each lot of share option granted within 21 days from the date of making offer of option. The options are exercisable within ten years after date of grant.

### (b) 2007 Scheme

A share option scheme (the "2007 Scheme") was adopted by the Company pursuant to a resolution passed on 28th September 2007. Under the 2007 Scheme, the directors of the Company may invite any director (including non-executive director and independent non-executive director), employee of the Company or any of its subsidiaries or associated companies or any suppliers of goods or services to the Group to take up options to subscribe for share of HK\$0.10 each (which was adjusted to HK\$0.01 per share following the capital reorganisation of the Company's shares on 5th March 2013) in the capital of the Company.

Upon acceptance of the option, a nominal consideration of HK\$1.00 will be paid by each grantee for each lot of share option granted within 21 days from the date of making offer of option. The options are exercisable within ten years after date of grant.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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For the six months ended 30th September 2013

## 16. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The following table discloses movements in the Company's share options during the six months ended 30th September 2013:

	Option Scheme Type	Date of grant	Vesting period	Exercisable period	Exercise price per share HK\$	At 1st April 2013	Lapsed during the period	At 30th September 2013
Directors	2007	29th July 2010	N/A	29th July 2010 to 28th July 2020	0.200	27,000,000	(7,000,000)	20,000,000
Employees	2007	22nd November 2007	22nd November 2007 to 21st November 2008	22nd November 2008 to 21st November 2017	0.270	170,000	—	170,000
	2007	3rd March 2009	N/A	3rd March 2009 to 2nd March 2019	0.270	2,000,000	—	2,000,000
Consultants	2003	21st August 2006	N/A	21st August 2006 to 21st August 2016	0.210	5,442,320	—	5,442,320
	2007	22nd November 2007	N/A	22nd November 2007 to 21st November 2017	0.270	18,060,000	—	18,060,000
						52,672,320	(7,000,000)	45,672,320
Exercisable at end of the period								45,672,320
						HK\$	HK\$	HK\$
Weighted average exercise price						0.228	0.200	0.232

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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For the six months ended 30th September 2013

## 17. RELATED PARTY DISCLOSURES

The compensation to key management personnel in respect of the period is as follows:

	<b>Six months ended 30th September 2013 HK\$'000 (unaudited)</b>	2012 HK\$'000 (unaudited)
Salaries and other short-term benefits	<b>1,052</b>	702
Equity-settled share-based payment expense	—	—
Contributions to retirement benefit schemes	<b>6</b>	—
	<b>1,058</b>	702

## 18. CAPITAL COMMITMENTS

The capital commitments of the Group as at 30th September 2013 are as follows:

- (i) The capital commitments in respect of the acquisition of property, plant and equipment and exploration work to be performed contracted but not provided for in the condensed consolidated financial statements amounted to HK\$1,333,000 (31st March 2013:HK\$227,000).
- (ii) As set out in note 10, the consideration for the GF acquisition is subject to adjustment. Pursuant to the GF sale and purchase agreement, the total consideration for the GF acquisition will be determined by reference to the SMI Technical Assessment and can be up to a maximum of RMB760 million.

In addition, the Group is committed to issue new shares of the Company to Mr. Yeung Ting Lap, Derek Emory, a director of the Company, upon payment of adjusted consideration for the GF acquisition.



## BUSINESS REVIEW

During the six months ended 30th September 2013 (the “Period”), the Group continued to engage in coal mining business and distribution of health and beauty products and services.

In the coal mining segment, the Group continued to hold the mining rights to the Saikhan Ovoo coal deposit in the Bulgan province of Mongolia. The JORC compliant resources report prepared by independent technical advisers shows estimated resources for the Saikhan Ovoo coal deposit in excess of 190 million tonnes. The coal resources estimated (on air dry basis) based on the analytical work on 165 coal samples taken from 27 boreholes with a total of 5,222 metres drilled are as follows:

JORC Class	Volume, m <sup>3</sup>	Tonnes
Measured	6,565,000	11,467,000
Indicated	64,852,000	112,831,000
Inferred	39,057,000	69,494,000
<b>Total</b>	<b>110,474,000</b>	<b>193,792,000</b>

Owing to the tight cashflow and the cost-saving measures of the Group, minimal exploration work has been carried out on the mine during the Period.

In the health and beauty segment, the Group continued to operate its retail branches to deliver quality beauty products and services to customers.



## FINANCIAL REVIEW

### Results Analysis

The Group's unaudited consolidated turnover for the Period was approximately HK\$5,318,000, representing a 40% increase from approximately HK\$3,789,000 recorded in the corresponding period last year. The Group recorded a gross profit of approximately HK\$3,452,000, representing a 36% increase from approximately HK\$2,544,000 recorded in the corresponding period last year. The gross profit margin for the Period slightly decreased to 65% from 67% of the corresponding period last year. The turnover and gross profit for the Period were attributable to the health and beauty segment as detailed in the segmental analysis section below.

Loss attributable to owners of the Company for the Period increased to approximately HK\$29,172,000 from HK\$21,525,000 as recorded in the corresponding period last year. The increase in loss was mainly due to the increase in selling and distribution expenses by HK\$5 million, as more marketing expenses and staff cost was incurred during the Period. Also, the administrative expenses increased by HK\$14 million, which was mainly due to the exchange difference, increase in legal and professional fee, staff costs and rental expenses. The effect of which was partly offset by the decrease in the finance costs on the convertible bonds amounting to HK\$11 million as the Company redeemed all the convertible bonds in March 2013.

### Segmental Analysis

#### *Coal Mining*

Owing to the tight cashflow and the cost-saving measures of the Group, minimal exploration work has been carried out on the mine during the Period.

#### *Health and Beauty Products and Services*

Turnover contributed by the health and beauty segment for the Period amounted to HK\$5,318,000, representing a 40% increase as compared to the corresponding period last year and the gross profit for the Period amounted to HK\$3,452,000, representing a 36% increase as compared to the corresponding period last year. The improvements over the corresponding period last year are mainly due to the Group has allocated more resources in strengthening its brand image and more retail branches with beauty service have been operated during the Period. However, the gross profit margin of the segment slightly decreased from 67% of the corresponding period last year to 65% for the Period under review, which was mainly due to the product costs increased significantly during the Period.



## FINANCIAL REVIEW (CONTINUED)

### Liquidity, Financial Position and Capital Structure

As at 30th September 2013, the Group held cash and bank balances amounting to approximately HK\$16,304,000 (31st March 2013: HK\$4,592,000) while the total borrowings were approximately HK\$30,117,000 (31st March 2013: HK\$26,289,000). As at 30th September 2013, the borrowings included short term interest-bearing bank loan and amounts due to related parties, which are unsecured, interest-free and repayable on demand. The gearing ratio, defined as the ratio of total borrowings less cash and bank balances to equity attributable to owners of the Company, was 12% (31st March 2013: 23%).

On 22nd April 2013, the Company entered into a placing agreement (the "Placing") with a placing agent, pursuant to which the placing agent has conditionally agreed to place, on a best effort basis, to not less than six independent placees for up to 400,000,000 placing shares at the placing price of HK\$0.12 per placing share.

The Placing was completed on 29th April 2013. An aggregate of 400,000,000 placing shares have been successfully placed to not less than six independent placees at the placing price of HK\$0.12 per placing share. The net proceeds from the Placing amounted to HK\$47.6 million which has been used for repaying the outstanding debts due to CEC Resources and Minerals Holdings Limited and Elmfield Limited and for general working capital of the Group.

In view of the liquidity position of the Group, the Group has been implementing a number of measures, including but not limited to, a shareholder of the Company has agreed not to demand repayment of the amount due to him of approximately HK\$22 million as at 30th September 2013 in the next twelve months from the date of approval of these condensed consolidated financial statements and the management will continue to reduce all non-essential costs of development of mine basin until the Group has sufficient funding for the operation. Provided that the above measures are successful and can effectively improve the liquidity of the Group, the directors are satisfied that the Group has sufficient financial resources to fund its operational requirements.





### FINANCIAL REVIEW (CONTINUED)

#### Foreign Exchange Risk Management

The majority of the Group's assets and liabilities are either denominated in Hong Kong dollars or United States dollars and most of the Group's cash balances are deposited in Hong Kong dollars or United States dollars with banks in Hong Kong and the PRC. Certain portions of the Group's purchases and expenses were denominated in foreign currencies which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered not significant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and will consider hedging significant foreign exchange exposure when necessary.

#### Major Events

##### *Consideration adjustment of GF Acquisition*

As disclosed in the Company's annual report 2012/13, on 25th January 2008, the Group entered into an agreement (the "GF Agreement") to acquire Giant Field Group Limited ("GF") which, through its wholly-owned subsidiary, SMI LLC ("SMI"), holds the mineral mining and other rights to the Saikhan Ovoo coal deposit. As at 30th September 2013, the total consideration for the GF acquisition is subject to adjustment and will be determined based on the Proved Coal Ore Reserves and Probable Coal Ore Reserves held by SMI pursuant to the Saikhan Uul Licences by reference to the technical assessment (the "SMI Technical Assessment") prepared by technical advisers. The consideration for the GF acquisition can be up to a maximum of RMB760 million. Pursuant to the GF Agreement, the Company should deliver to the vendor the SMI Technical Assessment within 24 months following the completion of the GF acquisition, i.e. on or before 29th July 2010. The Company entered into extension letters with the vendor and the guarantor to extend the delivery date of the SMI Technical Assessment to 31st March 2012. As at the date of the approval of these condensed consolidated financial statements, the Company had not delivered the SMI Technical Assessment and the delivery date of the SMI Technical Assessment was not further extended, the Company had been in on-going negotiations with the vendor in relation to waiving the Company's obligation to deliver the SMI Technical Assessment and the consideration adjustment, however no agreement has yet been reached.



## FINANCIAL REVIEW (CONTINUED)

### Major Events (Continued)

#### *Mining Prohibition Law*

On 16th July 2009, the Parliament of Mongolia enacted the Law of Mongolia on the Prohibition of Minerals Exploration and Mining in Headwater Areas, Protected Zones for Water Reserves and Forest Lands (the “MPL”) which prohibits minerals exploration and mining in areas such as headwaters of rivers and lakes, forest areas and areas adjacent to rivers and lakes.

During the year ended 31st March 2013, legal counsel of the Mongolian subsidiary has confirmed two mining rights of the Group are within the area designated, on a preliminary basis, as land where mineral exploration and mining are prohibited under the MPL. However, there has been no revocation of these licenses as at the date of approval of these condensed consolidated financial statements. The management also considers that even if the licenses were revoked due to the MPL, the Mongolian government would pay a reasonable compensation to the Group. Hence, the management concluded that there is no impairment on the mining rights in this regard.

### Charges on Assets

As at 30th September 2013, the Group had no charges on assets.

### Contingent Liabilities

As at 30th September 2013, the Group had no significant contingent liabilities.



### PROSPECTS AND OUTLOOK

With a foothold built in the coal industry, the Group is developing itself as a professional and environmental-friendly energy company with a global presence. The Group is accelerating its development to tap the rising demand for coal worldwide.

Industry figures point to the high potential of the future development of the coal industry. According to the World Coal Association's analysis, the PRC's rich mineral resources and rapid economic growth have already seen the country become the world's largest producer and importer of coal in 2012. Moreover, the International Energy Agency expects coal will overtake oil to become the world's largest energy source by 2017.

The Group plans to participate directly in every aspects of the coal supply chain to maximize the utilization of coal resources and secure a stable source of income for the company. This will include coal mining, production, trading and selling, as well as the coal chemical sector. In the short term, the Group will mainly targeting on the development of coal trade and production business while preparing for future participation in the whole coal supply chain.

The Group is actively seeking quality coal and mineral mines, as well as relevant coal industry projects in the PRC and globally. Project selection is based on three major principles: namely projects under production, projects with stable and proven sales and liquidity, and projects with potential growth. All projects would be managed and operated by experienced technical professionals. Returns to the Group could be enhanced with the introduction of advanced technology and management skills to improve production efficiency.

Capitalizing on the strong base already established, the Group will speed up its development in the coming year to capture new opportunities in the coal industry and improve returns to shareholders.

### HUMAN RESOURCES

As at 30th September 2013, the Group had a total of 69 employees. The Group believes its success and long-term growth depends primarily on the quality, performance and commitment of its employees. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Discretionary bonuses and share options are also offered to qualified employees based on individual and the Group performance.



At 30th September 2013

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## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 2013, the interests of the directors of the Company ("Directors") and chief executives and their associates of the Company 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 ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

### Long positions in ordinary shares of HK\$0.01 each of the Company

Name of Director	Number of shares/underlying shares held			% of the issued share capital
	Personal interests	Corporate interests	Total	
Zhu Xinjiang	–	6,465,850,314 <i>(Note 1)</i>	6,465,850,314	71.67
Sun David Lee	9,000,000 <i>(Note 2)</i>	–	9,000,000	0.10
Yeung Ting Lap, Derek Emory	7,000,000 <i>(Note 3)</i>	–	7,000,000	0.08
Ho Man Kin, Tony	2,000,000 <i>(Note 4)</i>	–	2,000,000	0.02
Li Kar Fai, Peter	2,000,000 <i>(Note 5)</i>	–	2,000,000	0.02

## OTHER INFORMATION

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At 30th September 2013

### **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)**

Notes:

1. These 6,465,850,314 shares are held by Sharp Victory Holdings Limited which is wholly owned by Mr. Zhu.
2. The personal interests of Mr. Sun David Lee represent an interest in underlying shares in respect of 9,000,000 share options granted by the Company entitling Mr. Sun David Lee to subscribe for 9,000,000 shares of HK\$0.01 each in the share capital of the Company as detailed in the section "Share Option Schemes" below.
3. The personal interests of Mr. Yeung Ting Lap, Derek Emory include an interest in underlying shares in respect of 7,000,000 share options granted by the Company entitling Mr. Yeung Ting Lap, Derek Emory to subscribe for 7,000,000 shares of HK\$0.01 each in the share capital of the Company as detailed in the section "Share Option Schemes" below.
4. The personal interests of Mr. Ho Man Kin, Tony represent an interest in underlying shares in respect of 2,000,000 share options granted by the Company entitling Mr. Ho Man Kin, Tony to subscribe for 2,000,000 shares of HK\$0.01 each in the share capital of the Company as detailed in the section "Share Option Schemes" below.
5. The personal interests of Mr. Li Kar Fai, Peter represent an interest in underlying shares in respect of 2,000,000 share options granted by the Company entitling Mr. Li Kar Fai, Peter to subscribe for 2,000,000 shares of HK\$0.01 each in the share capital of the Company as detailed in the section "Share Option Schemes" below.

Save as disclosed above, none of the Directors nor chief executives and their associates of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30th September 2013, as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



At 30th September 2013

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## DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS UNDER THE SFO

Save as disclosed in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", as at 30th September 2013, the following corporations and person, other than a Director or chief executive of the Company, had the following interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Long/Short position	Number of shares and underlying shares held	% of the issued share capital
Sharp Victory Holdings Limited (Note 1)	Beneficial owner	Long position	6,465,850,314	71.67
Hammer Capital Investment Limited (Note 2)	Security Interest	Long position	6,465,850,314	71.67
Sheng Kai Investment Limited (Note 2)	Security Interest	Long position	6,465,850,314	71.67
Chen Wenpei (Note 2)	Security Interest	Long position	6,465,850,314	71.67
China Enterprise Capital Limited (Note 3)	Interests of a controlled corporation	Long position	2,222,341,312	24.63
CEC Resources and Minerals Holdings Limited (Note 3)	Interests of a controlled corporation and beneficial owner	Long position	2,222,341,312	24.63
CEC Resources Limited (Note 3)	Beneficial owner	Long position	1,630,429,574	18.07

## OTHER INFORMATION

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At 30th September 2013

### DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS UNDER THE SFO (CONTINUED)

Notes:

1. Sharp Victory Holdings Limited is wholly owned by Mr. Zhu Xinjiang who is the Chairman and Executive Director of the Company.
2. The 6,465,850,314 shares refer to same parcel of shares. Hammer Capital Investment Limited is a corporation reported to be controlled by Sheng Kai Investment Limited which is in turn reported to be a corporation controlled by Chen Wenpei.
3. The shares and the underlying shares in the Company were held by CEC Resources Limited ("CEC"). CEC Resources and Minerals Holdings Limited, a wholly-owned subsidiary of China Enterprise Capital Limited, is interested in more than one-third of the issued share capital of CEC. As a result of such relationship as described in this paragraph, China Enterprise Capital Limited, CEC Resources and Minerals Holdings Limited are deemed to be interested in the shares and the underlying shares in the Company held by CEC by virtue of the SFO. CEC is beneficially interested in the shares and the underlying shares in the Company in accordance with the terms of the agreements dated 25th January 2008 into which CEC and the Company entered, the details of which were disclosed in the Circular.

CEC Resources and Minerals Holdings Limited, a wholly-owned subsidiary of China Enterprise Capital Limited, is also directly interested in the shares and the underlying shares in the Company. In particular, CEC Resources and Minerals Holdings Limited is interested in the underlying shares in the Company in accordance with the terms of the deed of settlement dated 1st November 2010 into which CEC and the Company entered, the details of which were disclosed in the circular of the Company dated 28th January 2011 (the "2011 Circular"). As such, China Enterprise Capital Limited is deemed to be interested in the shares and the underlying shares in the Company held by CEC Resources and Minerals Holdings Limited by virtue of the SFO.

The percentage of share capital is shown for illustration purpose only as pursuant to the terms of the convertible bond, the details of which were disclosed in the Circular and the 2011 Circular. The holder of the convertible bond shall have the right to convert the convertible bond into shares of the Company provided that (i) any conversion of the convertible bond does not trigger a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers on the part of the holder of the convertible bond which exercised the conversion rights attached to the convertible bond; and (ii) the public float of the shares of the Company shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued shares at any one time in compliance with the Listing Rules.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30th September 2013.



At 30th September 2013

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## SHARE OPTION SCHEMES

Details of the outstanding options under the share option schemes of the Company during the six months ended 30th September 2013 are as follows:

Grantee	Option Scheme Type	Date of Grant	Exercisable Period	Exercise price per share HK\$	Number of share options				
					Balance at 01/04/2013	Granted during the Period	Exercised during the Period	Lapsed during the Period	Balance at 30/09/2013
<b>Directors</b>									
Sun David Lee	2007	29/07/2010	29/07/2010 to 28/07/2020	0.20	9,000,000	-	-	-	9,000,000
Kwok Wing Leung, Andy (resigned on 7/3/2013)	2007	29/07/2010	29/07/2010 to 28/07/2020	0.20	7,000,000	-	-	(7,000,000)	-
Yeung Ting Lap, Derek Emory	2007	29/07/2010	29/07/2010 to 28/07/2020	0.20	7,000,000	-	-	-	7,000,000
Ho Man Kin, Tony	2007	29/07/2010	29/07/2010 to 28/07/2020	0.20	2,000,000	-	-	-	2,000,000
Li Kar Fai, Peter	2007	29/07/2010	29/07/2010 to 28/07/2020	0.20	2,000,000	-	-	-	2,000,000
<b>Sub-total:</b>					27,000,000	-	-	(7,000,000)	20,000,000



## OTHER INFORMATION

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At 30th September 2013

### SHARE OPTION SCHEMES (CONTINUED)

Grantee	Option Scheme Type	Date of Grant	Exercisable Period	Exercise price per share HK\$	Number of share options				Balance at 30/09/2013
					Balance at 01/04/2013	Granted during the Period	Exercised during the Period	Lapsed during the Period	
Employees	2007	22/11/2007	22/11/2008 to 21/11/2017	0.27	170,000	-	-	-	170,000
	2007	03/03/2009	03/03/2009 to 02/03/2019	0.27	2,000,000	-	-	-	2,000,000
Consultants	2003	21/08/2006	21/08/2006 to 21/08/2016	0.21	5,442,320	-	-	-	5,442,320
	2007	22/11/2007	22/11/2007 to 21/11/2017	0.27	18,060,000	-	-	-	18,060,000
Sub-total:					25,672,320	-	-	-	25,672,320
Total:					52,672,320	-	-	(7,000,000)	45,672,320

Save as disclosed above, no other options were outstanding, granted, exercised, cancelled or lapsed under the share option schemes of the Company at any time during the Period.

### PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There have been no purchases, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Period.



### **CORPORATE GOVERNANCE CODE**

The Company has, throughout the six months ended 30th September 2013, met the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules. The current practices will be reviewed and updated regularly so that the latest development in corporate governance can be followed and observed.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company, having made specific enquiry, confirms that all Directors have fully complied with the Model Code throughout the six months ended 30th September 2013.

### **NOMINATION COMMITTEE**

The nomination committee of the Company (the “Nomination Committee”) was established by the Company on 23rd March 2012 in compliance with the CG Code provision. The Nomination Committee comprising one executive Director namely Mr. Zhu Xinjiang (chairman) and two independent non-executive Directors namely Mr. Ho Man Kin, Tony and Mr. Li Kar Fai, Peter.

The primary duties of the Nomination Committee are to review its composition, identifying and selecting suitable Board members, assessing independence of the independent non-executive Directors, considering appointment or reappointment of the Directors and mark recommendations to the Board and succession planning for the Directors and ensure the proposed Director’s knowledge, experience and contribution to the Group.

## OTHER INFORMATION

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At 30th September 2013

### REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) was established by the Company to establish policies, review and determine the remuneration of the Directors and the senior management. The Remuneration Committee comprises three independent non-executive Directors namely Mr. Ho Man Kin, Tony (chairman), Mr. Li Kar Fai, Peter and Mr. Edward John Hill III.

The remuneration policies for the Company as well as the Directors are market alignment and reward for performance. The Company reviews the remuneration package annually taking into consideration the market practice, competitive market position and individual performance.

### AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors namely, Mr. Li Kar Fai, Peter (chairman), Mr. Ho Man Kin, Tony and Mr. Edward John Hill III. Mr. Li Kar Fai, Peter, the chairman of the Audit Committee, has professional qualification and in-depth experience in accounting and corporate finance. No member of the Audit Committee is a member of the former or existing auditors of the Company.

The primary duties of the Audit Committee are to review the accounting principles and practices adopted by the Group, as well as to discuss and review the internal control and financial reporting matters of the Company. The Audit Committee has reviewed the unaudited interim financial report for the six months ended 30th September 2013 with the management.

### DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors since the date of Annual Report 2012/2013 of the Company are set out as follows:

Dr. Kung Chi Kang, Silver resigned as Chief Executive Officer and Executive Director on 15th October 2013. Mr. Sun David Lee and Mr. Yeung Ting Lap, Derek Emory were re-designated as Executive Directors from Non-executive Directors on 23rd October 2013. On 23rd October 2013, Mr. Yeung Ting Lap, Derek Emory has resigned as a Member of the Audit Committee and a Member of Remuneration Committee and Mr. Edward John Hill III has been appointed as a Member of the Audit Committee and a Member of the Remuneration Committee.



## PUBLICATION OF INTERIM REPORT

The Company's 2013 Interim Report containing all the information required by Appendix 16 to the Listing Rules will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in due course.

By Order of the Board  
**Asia Coal Limited**  
**Zhu Xinjiang**  
*Chairman*

Hong Kong, 28th November 2013

## CORPORATE INFORMATION

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At 30th September 2013

### DIRECTORS

#### Executive directors

Zhu Xinjiang (*Chairman*)  
Sun David Lee  
Yeung Ting Lap, Derek Emory

#### Independent non-executive directors

Ho Man Kin, Tony  
Li Kar Fai, Peter  
Edward John Hill III

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE PRINCIPAL PLACE OF BUSINESS

Unit A  
60/F, Bank of China Tower  
1 Garden Road  
Central, Hong Kong

### COMPANY SECRETARY

Chen Kwok Wang

### AUDITOR

Deloitte Touche Tohmatsu  
35/F., One Pacific Place  
88 Queensway  
Hong Kong

### PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited  
Rosebank Centre  
26 Burnaby Street  
Hamilton HM 11  
Bermuda

### BRANCH SHARE REGISTRAR

Tricor Tengis Limited  
26/F., Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### AUDIT COMMITTEE

Li Kar Fai, Peter  
Ho Man Kin, Tony  
Edward John Hill III

### REMUNERATION COMMITTEE

Ho Man Kin, Tony  
Li Kar Fai, Peter  
Edward John Hill III

### NOMINATION COMMITTEE

Zhu Xinjiang  
Ho Man Kin, Tony  
Li Kar Fai, Peter

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
Standard Chartered Bank (Hong Kong) Limited  
DBS Bank (Hong Kong) Limited

### LEGAL ADVISERS

Patrick Mak & Tse  
16th Floor, Nan Fung Tower  
173 Des Voeux Road Central  
Hong Kong

### WEBSITE ADDRESS

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

### SHARE LISTING

Listed on The Stock Exchange of  
Hong Kong Limited  
Stock Code: 835