融信資源
R R H L

ROSAN RESOURCES HOLDINGS LIMITED
融信資源控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 578)

INTERIM REPORT 2014

CONTENTS

DIRECTORS

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

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

AUDIT COMMITTEE

Mr. Ma Yueyong
(Chairman of the Committee)
Dr. Chen Renbao
Mr. Jiang Xiaohui

NOMINATION COMMITTEE

Mr. Ma Yeuyong
(Chairman of the Committee)
Dr. Chen Renbao
Mr. Jiang Xiaohui

REMUNERATION COMMITTEE

Dr. Chen Renbao
(Chairman of the Committee)
Mr. Ma Yueyong
Mr. Jiang Xiaohui

COMPANY SECRETARY

Mr. Li Chun On

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WEBSITE

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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 2014.

Overview

During the six months ended 30 June 2014 (the "**Period**"), the Group was still facing its challenging period. On the one hand, it was obvious that the coal industry did not has indication to turnaround from the unfavorable market condition in short term, hence the coal price still maintained at the lower level during the past year. On the other hand, an accident was occurred in a coal mine of the Group in May 2014 that caused all the coal mines of the Group suspended in production and operation for approximately two months since then.

The coal price was continuously to adjust downward during the Period, although the extent of dropping was reducing. Comparing with the same period of last year (the "**Last Period**"), the average coal price for the Period was lower than the Last Period by approximately 2.3% (the Period: approximately RMB306.0 per ton, the Last Period: approximately RMB313.1 per ton). The continuous dropping in coal price was mainly due to the supply of coal in the People's Republic of China (the "**PRC**") was still higher than the overall demand. Moreover, since the PRC government has not yet introduced policies which are favorable to the coal industry, it is expected that the coal price is hardly to have significant improvement in the short term.

In May 2014, an accident was occurred in one of the coal mines of the Group, i.e. Xiangyang Coal Mine. Although the accident was merely an inadvertent industrial accident and not related to the safety problem of the coal mine, it caused all the coal mines of the Group have to be suspended for around two months. Although four of the five coal mines of the Group have been resumed in operation in July 2014, Xiangyang Coal Mine is still in suspension as at the date of this report.

With the recent market information, it indicated that certain large size coal mining companies are now reducing coal supply in order to achieve a balance with the demand. Once the demand and supply can reach a stable level, it is believed that the dropping trend of coal price will be further slowdown. It is expected that the PRC government may issue certain policies in the future which may be favorable to the coal industry.

Although the Group and the coal industry of the PRC are both facing the sluggish period, the Group is still in striving the best effort to maintain competitive power within the county. The management of the Group (the "**Management**") believes that with the continuous support from the Group's stakeholders, the Group is able to overcome the challenges and to sustain its development in the industry.

Financial Review

Revenue

The Group's revenue for the Period amounted to approximately HK$99.7 million, representing a decrease of approximately 36.8% from approximately HK$157.8 million for the Last Period. The reduction in revenue was primarily due to the suspension of all the Group's coal mines since May 2014 resulting from an accident occurred in Xiangyang Coal Mine. During the Period, the total sales volume of coal only reached to approximately 0.26 million tons, represented a reduction of approximately 35.2% comparing with the sales volume of approximately 0.40 million tons for the Last Period.

In addition to the reduction in the sales volume, the average selling price of coal was continuous to drop during the Period resulting from the persistent weak demand of coal in the market. The average selling price of coal has dropped slightly from approximately RMB313.1 per ton for the Last Period to approximately RMB306.0 per ton for the Period.

Gross Loss

The gross loss during the Period was approximately HK$9.1 million, while the gross loss for the Last Period was approximately HK$3.2 million. The increase in gross loss was mainly due to the reduction in revenue overwhelmed the reduction in cost of sales. During the Period, although the revenue has been dropped with the reasons as explained in the precedent paragraph, certain coal mining related costs could not be reduced proportionally, such as staff costs for essential workers, utilities costs, provision for reclamation costs, removal and relocation costs which were necessarily to be incurred continuously.

Administrative Expenses

During the Period, the total administrative expenses amounted to approximately HK$38.8 million (the Last Period: approximately HK$58.2 million) which mainly comprised of: (i) employee benefit expenses of approximately HK$14.8 million (the Last Period: approximately HK$23.5 million); (ii) amortisation of intangible assets, mining rights and prepaid lease payments amounted to approximately HK$5.4 million (the Last Period: approximately HK$8.1 million); and (iii) depreciation of property, plant and equipment amounted to approximately HK$2.8 million (the Last Period: approximately HK$3.1 million). The decrease in total administrative expenses was mainly because of the Company has introduced cost control measurements to reduce the administrative costs, such as reduction of number of staff and staff salaries, shortening the daily electricity consumption time and etc.

Finance Costs

The finance costs of the Period was reduced by approximately 47.9% from approximately HK$54.7 million for the Last Period to approximately HK$28.5 million for the Period. The decrease in the total finance costs was mainly due to the amount of average bank loans during the Period was lower than the Last Period. With the lower average bank borrowings during the Period, less finance costs were incurred.

Net Loss

The net loss attributable to the owners of the Company for the Period was approximately HK$134.5 million, represented a decrease of approximately 18.3% compared with the Last Period of approximately HK$164.7 million. The reasons for the decrease in net loss attributable to the owners of the Company for the Period were mainly due to: (i) the decrease in administrative expenses and finance costs as explained in the precedent paragraph and (ii) the decrease in the share of losses of associates (the Period: approximately HK$7.7 million; the Last Period: approximately HK$46.1 million) resulting from the reduction in unrealised loss incurred on stock investment by a Company's associate during the Period, partially offset by the impairment loss on interest in a Company's associate amounted to approximately HK$26.6 million for the Period.

Accounts and Bills Receivables

As at 30 June 2014 (the "**Period End**"), the accounts and bills receivables amounted to approximately HK$227.6 million. There was a decrease of approximately 23.7% as compared to the accounts and bills receivables as at 31 December 2013 (the "**Last Year End**") of approximately HK$298.2 million. The decrease was mainly because of the average duration of suspension in operation of the coal mines during the Period was longer than that of the second half for the year 2013. Therefore, less revenue was generated during the Period as compared with the second half for the year 2013. In addition, the average repayment period of accounts receivable for the Period was shorter than that of the year ended 31 December 2013.

(1) Amongst the total amount of accounts receivable (excluding the bills receivable) as at the Period End, Henan Zhongfu Dianli Company Limited* ("**Zhongfu**") (河南中孚電力有限公司) was the largest debtor who has contributed approximately HK$108.3 million (equivalent to approximately RMB86.7 million) or approximately 65.8%. The entire outstanding amount of accounts receivable from Zhongfu was past due for less than one year.

Regarding to the outstanding amounts due from Zhongfu, the Management has performed the following impairment assessment:

(a) By reviewing the settlement since the Last Year End and up to the date of this report, Zhongfu has settled approximately HK$135.0 million (equivalent to approximately RMB108.0 million) or 55.5% of the total outstanding balance as at the Last Year End;

(b) By reviewing the financial status of Zhongfu, it was noted that Zhongfu has generated positive result with sufficient assets in the recent years;

(c) By reviewing the group structure of Zhongfu, the Management believed that feasible financial support can be obtained from its holding company which is a listed company in the PRC;

(d) By reviewing the past transaction history with Zhongfu, Zhongfu has never made bad debts to the Group; and

(e) A repayment schedule was provided by Zhongfu for future settlement of the outstanding accounts, in which, Zhongfu stated that the outstanding balance as at the Last Year End will be fully settled by 31 December 2014.

The Management therefore concluded that no impairment was needed to be made on the outstanding amounts due from Zhongfu.

(2) In order to enhance the operational cash flow and the liquidity within the group companies, Henan Jinfeng Coal Industrial Group Company Limited* ("**Jinfeng**") (河南金豐煤業集團有限公司) (a subsidiary of the Company) has issued bills to its subsidiaries (i.e. Xiangyang Coal Industry Company Limited*, ("**Xiangyang**") (登封市向陽煤業有限公司) and Xingyun Coal Industry Company Limited*, ("**Xingyun**") (登封市興運煤業有限責任公司)), to facilitate the settlement derived from the inter-companies sales and purchases.

The bills receivable has been increased from approximately HK$1.2 million as at the Last Year End to approximately HK$63.0 million as at the Period End. The increase in the amounts of bills receivable was mainly due to the increase in receipt of bills during the period near to the Period End, in order to enhance the liquidity during the period of coal mines suspension.

Accounts and Bills Payables

As mentioned previously, in order to enhance the operational cash flow and the liquidity within the group companies, Jinfeng has issued bills to its subsidiaries, i.e. Xiangyang and Xingyun, to facilitate the settlement derived from the inter-companies sales and purchases.

It is the fact that the principal activities of both Xiangyang and Xingyun are production of coal and Jinfeng was the sole purchaser of their coal produced during the Period. Therefore, the operational cashflow and the liquidity of Xiangyang and Xingyun are relied on the settlement (i.e. either by cash or bills) from Jinfeng.

Bills payable as at the Period End amounted to approximately HK$432.4 million, representing an increase of approximately 55.5% as compared with approximately HK$278.0 million as at the Last Year End. As at the Period End, all the coal mines of the Group had been suspended and less revenue could be generated for cash enhancement. As such, more bills were then issued by Jinfeng to Xiangyang and Xingyun for settlement in order to enhance operational cash flow and liquidity for the intra-group companies. Therefore, the bills payable balance was increased as at the Period End.

Other Payables and Accruals

The total amount of other payables and accruals have been decreased by approximately 16.0% from approximately HK$548.6 million as at the Last Year End to approximately HK$461.0 million as at the Period End. The other payables as at the Period End were mainly comprised of: (i) provision of PRC social insurance amounted to approximately HK$247.6 million (as at the Last Year End: approximately HK$239.7 million), (ii) accrued coal mines related removal and relocation expenses amounted to approximately HK$50.4 million (as at the Last Year End: approximately HK$47.0 million), (iii) accrued workers' wages and benefits amounted to approximately HK$33.6 million (as at the Last Year End: approximately HK$33.7 million) and contingent consideration of investment in the Company's associates amounted to approximately HK$11.2 million (as at the Last Year End: approximately HK$23.1 million). The reduction was mainly due to the Group has settled the advances provided by independent third parties amounted to approximately HK$99.2 million during the Period.

Performance and developments of the coal trading company

In December 2013, the Group had made a capital injection in cash of approximately HK$152.1 million (equivalent to RMB120.0 million) to Zhengzhou Huirui Shangmao Company Limited* ("**Huirui**"), (鄭州輝瑞商貿有限公司), a company principally engaged in trading of purchased coal. The transaction was classified as a major transaction (under the meaning defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**")) and was passed at a special general meeting held on 11 December 2013. The transaction was completed on 16 December 2013 and Huirui has become a subsidiary of the Company thereafter.

During the Period, the Group has derived revenue from coal trading business of Huirui amounting to approximately HK$6.1 million, which contributed approximately 6.1% of the total revenue of the Group. As the coal industry in the PRC has yet to recover, the related coal trading business carried out within the province was still not very active and the results contribute by Huirui to the Group was not significant.

It is expected that once the coal industry gradually recovers, more revenue can be generated through the coal trading business carried out by Huirui.

PROSPECT

Facing with the challenging market condition in the future, the Group will continue to improve its performance by adopting different measurements, such as broaden the customers' base, implement more cost control procedures for the operation, lowering the bank borrowing cost, etc.

In the meantime, the Group will also try to diversify into different kinds of business which might be considered favorable to the Group, such as coal trading business, investment in software development company, indirect investment in stock market of the PRC, etc. It is believed that in the long run, those investments may bring beneficial results to the Group and shareholders as a whole.

LIQUIDITY AND CAPITAL RESOURCES

As at the Period End, the net asset value of the Group was approximately HK$995.7 million (as at the Last Year End: approximately HK$1,165.2 million) and the total cash and bank balance (included pledged bank deposits) was approximately HK$872.9 million (as at the Last Year End: approximately HK$705.1 million). As at the Period End, the Group had net current liabilities of approximately HK$315.1 million (as at the Last Year End: approximately HK$161.7 million) and its current ratio decreased from 0.9 times as at the Last Year End to 0.8 times as at the Period End.

As at the Period End, the Group's total accounts receivable amounted to approximately HK$164.6 million (as at the Last Year End: approximately HK$297.0 million) and certain accounts receivable were pledged to secure bank loans of the Group. Subsequent to 30 June 2014 and up to date of this report, accounts receivable amounted to approximately HK$10.6 million has been settled.

As at the Period End, bank deposits amounted to approximately HK$319.9 million (as at the Last Year End: approximately HK$124.3 million) were pledged and not available for the operation or repayment of debts of the Group. Cash and cash equivalents which were not pledged amounted to approximately HK$552.9 million (as at the Last Year End: approximately HK$580.8 million).

As at the Period End, the Group's total bank loans were amounted to approximately HK$562.2 million (as at the Last Year End: approximately HK$461.1 million).

As at the Period End, the Group's bills payable amounted to approximately HK$432.4 million (as at the Last Year End: approximately HK$278.0 million) were secured by the pledge of the Group's time deposits and of approximately HK$112.5 million (as at the Last Year End: approximately HK$153.8 million) were also guaranteed by independent third parties.

As at the Period End, the Group's gearing ratio (as a ratio calculated by (a) the sum of bank loans, advances from third parties and amount due to an associate; divided by (b) the net assets of the Group) was 60.2% (as at the Last Year End: 51.4%).

* *For identification purpose only*

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2014, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules, except for the deviation as set out below.

Code provision A.4.1 of the CG 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 (the "**INEDs**") of the Company do not have a specific term of appointment, but subject to rotation in accordance with Bye-law 111 of the Bye-laws of the Company. As the non-executive director and INEDs of the Company 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 CG Code.

Code provision A.6.7 of the CG Code requires that the independent non-executive directors and the non-executive directors should attend general meetings. However, the independent non-executive director of the Company, Dr. Chen Renbao was unable to attend the annual general meeting of the Company held in Hong Kong on 27 May 2014 as he was absent from Hong Kong.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code throughout the six months ended 30 June 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Group are production and sale of coal and trading of purchased coal in the PRC.

DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 June 2014.

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

During the six months ended 30 June 2014, 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 and the Group does not hedge its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group has a total of approximately 1,000 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 27 May 2014 to enable the directors of the Company to grant share options to eligible participants including any employee of the Group as incentive to their valuable contribution to the Group.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The members of the Audit Committee have reviewed the unaudited financial report of the Group for the six months ended 30 June 2014 and are of the opinion that such report complies with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosure have been made.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of 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 and 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 maintained by the Company; 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:

Long positions in the ordinary shares of the Company

Name of Directors	Capacity	Number of shares	Number of underlying shares	Approximate percentage of shareholding
Mr. Dong Cunling	Beneficial owner	540,000	–	0.08%
Mr. Wu Jiahong ("**Mr. Wu**")	Beneficial owner	–	608,175 *(Note)*	0.09%
Mr. Yang Hua	Beneficial owner	81,089,196	–	11.38%

Note: Mr. Wu is interested as a grantee of share options to subscribe for 608,175 shares of the Company under the share option scheme adopted on 20 October 2004.

Save as disclosed above, as at 30 June 2014, none of the Directors and chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or 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 and 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 maintained by the Company; or were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as was known to the Directors or chief executives of the Company, as at 30 June 2014, the person, other than the Directors or chief executives 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:

Long positions in the shares of the Company

Name of Shareholders	Capacity	Number of shares	Approximate percentage of shareholding
Retop International Investment Limited *(Note 1)*	Beneficial owner	141,400,000	19.84%
Vestfoco International Investment Limited ("**Vestfoco**") *(Note 1)*	Interest in controlled corporation	141,400,000	19.84%
Mr. Bao Hongkai ("**Mr. Bao**") *(Note 1)*	Interest in controlled corporation	141,400,000	19.84%
	Beneficial owner	675,000	0.09%
Asia Mark Development Limited *(Note 2)*	Beneficial owner	100,000,000	14.03%
Mr. Kwong Ying Hou *(Note 2)*	Interest in controlled corporation	100,000,000	14.03%
Victory Investment China Group Limited *(Note 3)*	Beneficial owner	60,000,000	8.42%
Dr. Wang Ruiyun ("**Dr. Wang**") *(Note 3)*	Interest in controlled corporation	60,000,000	8.42%

Notes:

(1) Retop International Investment Limited is beneficially and wholly owned by Vestfoco of which Mr. Bao is the sole beneficial owner. Accordingly, Vestfoco and Mr. Bao are deemed to be interested in the shares of the Company held by Retop International Investment Limited.

(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. He resigned as a non-executive director and a co-chairman of the Company in November 2011.

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had an interest or a short position in the shares and the underlying shares as recorded in the register required to be kept under section 336 of the SFO.

CONNECTED TRANSACTIONS

During the Period, the Group has not conducted any connected transaction or continuing connected transaction (as defined under the Listing Rules) which is subject to reporting requirements under the Listing Rules.

REVIEW OF UNAUDITED INTERIM RESULTS BY AUDITOR

The unaudited consolidated interim financial report of the Group for the six months ended 30 June 2014 has been reviewed by Moore Stephens, the Group's auditor. The auditor's independent review report was set out on pages 14 to 15 of this interim report.

By order of the Board

Dong Cunling
Chairman

Hong Kong, 27 August 2014

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馬施雲
會計師事務所

TO THE BOARD OF DIRECTORS OF ROSAN RESOURCES HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 16 to 44 which comprise the consolidated statement of financial position of Rosan Resources Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") as of 30 June 2014 and the related consolidated income statement, consolidated statements of comprehensive income, consolidated changes in equity and condensed consolidated cash flows for the six months period then ended, and other explanatory notes. The Listing Rules Governing the Listing of Securities on Main Board of 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 of the Company 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 and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with the 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 to the interim financial report which indicates that the Group incurred a loss of approximately HK$145,400,000 for the six months ended 30 June 2014 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$315,116,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Moore Stephens
Certified Public Accountants
Hong Kong
27 August 2014

	Notes	Unaudited Six months ended 30 June 2014 HK$'000	2013 HK$'000
Revenue	5	**99,735**	157,823
Cost of sales		**(108,840)**	(161,022)
Gross loss		**(9,105)**	(3,199)
Other income	5	**12,964**	15,979
Selling and distribution expenses		**(4,093)**	(3,774)
Administrative expenses		**(38,750)**	(58,164)
Other operating expenses		**(13,636)**	(2,487)
Finance costs	6	**(28,482)**	(54,678)
Share of losses of associates		**(7,702)**	(46,060)
Share of profits of a joint venture		**611**	20
Impairment loss on goodwill	12	**(26,545)**	(24,400)
Impairment loss on interest in an associate	13 (b)	**(26,599)**	–
Loss before income tax	7	**(141,337)**	(176,763)
Income tax expense	8	**(4,063)**	(1,326)
Loss for the period		**(145,400)**	(178,089)
Loss for the period attributable to:			
Owners of the Company		**(134,524)**	(164,700)
Non-controlling interest		**(10,876)**	(13,389)
		(145,400)	(178,089)

	Notes	Unaudited Six months ended 30 June 2014 HK cents	2013 HK cents
Loss per share for loss attributable to the owners of the Company during the period			
Basic and diluted loss per share	10	**(18.876)**	(23.110)

The notes on pages 23 to 44 form part of this interim financial report.

	Unaudited Six months ended 30 June 2014 HK$'000	2013 HK$'000
Loss for the period	**(145,400)**	(178,089)
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange (loss)/gain on translation of financial statements of foreign operations		
– subsidiaries	**(20,888)**	19,592
– a joint venture	**(151)**	107
– associates	**(3,068)**	2,467
Total comprehensive income for the period	**(169,507)**	(155,923)
Total comprehensive income attributable to:		
Owners of the Company	**(156,566)**	(144,139)
Non-controlling interest	**(12,941)**	(11,784)
	(169,507)	(155,923)

The notes on pages 23 to 44 form part of this interim financial report.

	Notes	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*11*	**581,615**	525,206
Goodwill	*12*	**42,390**	69,032
Mining rights		**626,129**	647,373
Other intangible assets		**119**	–
Interests in associates	*13*	**88,534**	125,816
Interest in a joint venture	*14*	**6,527**	6,067
Available-for-sale financial assets	*15*	**26,566**	26,566
Deposit paid	*18 (iii)*	**3,044**	–
		1,374,924	1,400,060
Current assets			
Inventories	*16*	**13,888**	13,779
Accounts and bills receivables	*17*	**227,562**	298,216
Prepayments, deposits and other receivables	*18*	**135,602**	207,867
Tax recoverable		**9,541**	9,774
Pledged bank deposits		**319,949**	124,286
Cash and cash equivalents		**552,910**	580,835
		1,259,452	1,234,757
Current liabilities			
Accounts and bills payables	*19*	**465,995**	301,465
Other payables and accruals		**461,043**	548,649
Provision for reclamation obligations		**85,313**	85,249
Bank loans	*20*	**562,217**	461,112
		1,574,568	1,396,475
Net current liabilities		**(315,116)**	(161,718)
Total assets less current liabilities		**1,059,808**	1,238,342

	Notes	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Non-current liabilities			
Other payables		**–**	11,532
Amount due to an associate		**37,494**	38,439
Deferred tax liabilities	*21*	**26,576**	23,126
		64,070	73,097
Net assets		**995,738**	1,165,245
EQUITY			
Share capital	*22*	**71,267**	71,267
Reserves		**896,873**	1,053,439
Equity attributable to the owners of the Company		**968,140**	1,124,706
Non-controlling interest		**27,598**	40,539
Total equity		**995,738**	1,165,245

The notes on pages 23 to 44 form part of this interim financial report.

	Attributable to the owners of the Company												Non-controlling interest	Total
	Share capital HK$'000	Share premium HK$'000	Equity component of convertible bonds HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Other reserve HK$'000	Contributed surplus HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK$'000	Statutory reserve fund HK$'000	Retained profits HK$'000	Total HK$'000	HK$'000	HK$'000
At 1 January 2013	71,267	235,334	24,351	3,847	50	72,544	491,671	164,767	27,442	134,457	199,447	1,425,177	56,934	1,482,111
Loss for the period	–	–	–	–	–	–	–	–	–	–	(164,700)	(164,700)	(13,389)	(178,089)
Other comprehensive income for the period														
– Exchange gain on translation of financial statements of foreign operations														
– subsidiaries	–	–	–	–	–	–	–	18,245	–	–	–	18,245	1,347	19,592
– a joint venture	–	–	–	–	–	–	–	96	–	–	–	96	11	107
– associates	–	–	–	–	–	–	–	2,220	–	–	–	2,220	247	2,467
Total comprehensive income for the period	–	–	–	–	–	–	–	20,561	–	–	(164,700)	(144,139)	(11,784)	(155,923)
Transfer to other reserve	–	–	–	–	–	5,361	–	–	–	–	(5,361)	–	–	–
At 30 June 2013	71,267	235,334	24,351	3,847	50	77,905	491,671	185,328	27,442	134,457	29,386	1,281,038	45,150	1,326,188

	Attributable to the owners of the Company											Non-controlling interest	Total
	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Other reserve HK$'000	Contributed surplus HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK$'000	Statutory reserve fund HK$'000	Accumulated losses HK$'000	Total HK$'000	HK$'000	HK$'000
At 1 January 2014	71,267	235,334	2,106	50	72,957	486,317	196,759	27,442	134,492	(102,018)	1,124,706	40,539	1,165,245
Loss for the period	–	–	–	–	–	–	–	–	–	(134,524)	(134,524)	(10,876)	(145,400)
Other comprehensive income for the period													
– Exchange loss on translation of financial statements of foreign operations													
– subsidiaries	–	–	–	–	–	–	(19,146)	–	–	–	(19,146)	(1,742)	(20,888)
– a joint venture	–	–	–	–	–	–	(136)	–	–	–	(136)	(15)	(151)
– associates	–	–	–	–	–	–	(2,760)	–	–	–	(2,760)	(308)	(3,068)
Total comprehensive income for the period	–	–	–	–	–	–	(22,042)	–	–	(134,524)	(156,566)	(12,941)	(169,507)
Transfer to other reserve	–	–	–	–	(7,882)	–	–	–	–	7,882	–	–	–
At 30 June 2014	71,267	235,334	2,106	50	65,075	486,317	174,717	27,442	134,492	(228,660)	968,140	27,598	995,738

The notes on pages 23 to 44 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Unaudited Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Net cash generated from operating activities	**128,048**	79,793
Net cash used in investing activities	**(253,018)**	(458,506)
Net cash generated from financing activities	**112,810**	258,711
Net decrease in cash and cash equivalents	**(12,160)**	(120,002)
Cash and cash equivalents at 1 January	**580,835**	633,273
Effect of foreign exchange rate changes on cash and cash equivalents	**(15,765)**	4,532
Cash and cash equivalents at 30 June	**552,910**	517,803

The notes on pages 23 to 44 form part of this interim financial report.

1. GENERAL INFORMATION

Rosan Resources Holdings Limited (the "**Company**") is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is in the People's Republic of China, except Hong Kong (the "**PRC**"). The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The principal activities of the Company and its subsidiaries (the "**Group**") are the production and sale of coal and trading of purchased coal in the PRC.

2. 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 (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 2013, 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 ("**HKASs**") and Interpretations ("**Int**")) as disclosed in note 3 to this interim financial report.

The Group incurred a loss of approximately HK$145,400,000 (six months ended 30 June 2013: approximately HK$178,089,000) for the six months ended 30 June 2014 and, as of that date, the Group had net current liabilities of approximately HK$315,116,000 (as at 31 December 2013: approximately HK$161,718,000). These conditions indicate the existence of a material uncertainty that may cast significant doubts about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In presenting the interim financial report for the six months ended 30 June 2014, the directors of the Company have given consideration to the future financial positions of the Group in light of the financial conditions as described in the preceding paragraphs. The directors of the Company are taking active steps to improve the financial positions of the Group as described below.

2. BASIS OF PREPARATION *(Continued)*

The interim financial report have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 30 June 2014 and subsequently thereto up to the date of approval of the interim financial report. In order to improve the Group's financial positions, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted several measures together with other measures in progress at the date of approval of this interim financial report which include, but not limited to, the followings:

(a) The Group has been taking stringent cost controls in cost of sales and administrative expenses; and

(b) The Group has entered into a strategic framework agreement with a bank in PRC. According to the framework agreement, the bank has agreed to renew the current banking facility granted to the Group with amount of RMB100.0 million (equivalent to approximately HK$125.0 million) upon its expiry. Besides, the bank has preliminarily agreed to offer a subsidiary of the Company for an additional banking facility with an amount of RMB300.0 million (equivalent to approximately HK$374.9 million) when it is required by the Group in the next two years from August 2014. This facility is subject to certain conditions which the bank has the final and conclusive right to determine the granting of such facility.

In addition to the above measures, the directors of the Company also considered the following current and forecasted cash positions of the Group:

(a) As at 30 June 2014, the Group had cash and cash equivalents amounted to approximately HK$552,910,000; and

(b) The directors of the Company have prepared a cash flow forecast for the next twelve months and are of the opinion that the Group would generate positive cash inflows from its operations.

On the basis of the successful implementation of the measures described above in the foreseeable future and after assessing the Group's current and forecasted cash positions, the directors of the Company are satisfied that both the Group and the Company will be able to meet in full their financial obligations as they fall due for the twelve months from 30 June 2014. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the interim financial report for the six months ended 30 June 2014 on a going concern basis.

2. BASIS OF PREPARATION *(Continued)*

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities which may arise. The effects of these potential adjustments have not been reflected in the interim financial report.

3. ADOPTION OF NEW AND REVISED HKFRSs

Adoption of new and revised HKFRSs – effective from 1 January 2014

HKAS 32 Amendments	Offsetting Financial Assets and Financial Liabilities
HKAS 36 Amendments	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 Amendments	Novation of Derivatives and Continuation of Hedge Accounting
HKFRSs 10, 12 and HKAS 27 Amendments	Investment Entities
HK(IFRIC) – Int 21	Levies

The adoption of these new and revised standards and interpretations has no significant impact on the Group's interim financial report.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Amendments to HKAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

These amendments remove the unintended consequences of HKFRS 13 Fair Value Measurement on the disclosures required under HKAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. The Group early adopted these disclosure requirements in the annual consolidated financial statements for the year ended 31 December 2013.

Amendments to HKAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Group as the Group has not novated its derivatives during the current or prior periods.

3. ADOPTION OF NEW AND REVISED HKFRSs *(Continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 – Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under HKFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Group, since none of the entities in the Group qualifies to be an investment entity under HKFRS 10.

HK(IFRIC)-Int 21 – Levies

Int 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., HKAS 12 Income Taxes) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial report.

4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company 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 of the Company are determined following the Group's major product and service lines.

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of internal management reporting information that is provided to and regularly reviewed by the executive directors of the Company in order to allocate resources and assess performance of the segment. For the periods presented, the executive directors of the Company have determined that the Group has only one major operating segment as the Group is principally engaged in the business of production and sale of coal which is the basis to allocate resources and assess performance. The Group has also engaged in trading of purchased coal during the six months ended 30 June 2014, the directors of the Company are of the opinion that this business has no significant financial impacts to the Group during the six months ended 30 June 2014, accordingly, no segment information is disclosed in the interim financial report.

4. SEGMENT INFORMATION *(Continued)*

The Group's revenue from external customers is derived from 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 delivered. The geographical location of the non-current assets is based on the physical location of assets.

5. REVENUE AND OTHER INCOME

Turnover represents the revenue arising from the Group's principal activities which are the production and sale of coal and trading of purchased coal.

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

	Unaudited Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Revenue/turnover		
Production and sale of coal	**93,659**	157,823
Trading of purchased coal	**6,076**	–
	99,735	157,823

	Unaudited Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Other income		
Bank interest income	**12,727**	10,766
Interest income from loans to third parties	**–**	2,085
Write-back of accruals	**–**	2,502
Others	**237**	626
	12,964	15,979

6. FINANCE COSTS

	Unaudited Six months ended 30 June 2014 HK$'000	2013 HK$'000
Interest charge on bank loans wholly repayable within one year	**17,764**	36,105
Effective interest expense on convertible bonds repayable within five years	**–**	4,036
Interest expenses on financial liabilities stated at amortised cost	**17,764**	40,141
Bank charges on bills receivable discounted without recourse	**10,718**	15,637
	28,482	55,778
Less: interest capitalised in property, plant and equipment	**–**	(1,100)
	28,482	54,678

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Unaudited Six months ended 30 June 2014 HK$'000	2013 HK$'000
Cost of inventories sold	**106,437**	157,898
Depreciation	**20,569**	18,396
Operating lease charges on land and buildings	**1,462**	1,469
Amortisation of prepaid lease payments	**–**	130
Amortisation of mining rights	**5,346**	7,787
Amortisation of other intangible assets	**17**	201
Employee benefit expenses (including directors' remuneration and retirement benefit scheme contributions)	**60,846**	107,875
Exchange loss, net	**1,383**	959
Loss on disposal of property, plant and equipment	**–**	43
Impairment loss on goodwill	**26,545**	24,400
Impairment loss on interest in an associate	**26,599**	–
Provision for reclamation obligations	**2,794**	5,654

8. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June 2014 HK$'000	2013 HK$'000
Current tax		
– Current period	**31**	158
– Over-provision in respect of prior period	**–**	(498)
	31	(340)
Deferred tax *(note 21)*	**4,032**	1,666
	4,063	1,326

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 2013: Nil).

Corporate income tax arising in the PRC is calculated at the statutory income tax rate of 25% (six months ended 30 June 2013: 25%) of the estimated assessable profits as determined in accordance with the relevant income tax rules and regulations in the PRC.

9. DIVIDEND

The board of directors of the Company does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

10. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company for the six months ended 30 June 2014 is based on the loss attributable to the owners of the Company of approximately HK$134.5 million (six months ended 30 June 2013: loss of approximately HK$164.7 million) and on the weighted average of 712,674,000 ordinary shares (six months ended 30 June 2013: 712,674,000) during the six months ended 30 June 2014.

In calculating the diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2013, 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. In calculating the diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2013 and 2014, 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 2013 and 2014. Therefore, the diluted loss per share attributable to the owners of the Company for the six months ended 30 June 2013 and 2014 is the same as the basic loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

(a) During the six months ended 30 June 2014, the Group incurred capital expenditure of approximately HK$77.9 million (six months ended 30 June 2013: approximately HK$0.7 million) in buildings and mining structures, approximately HK$0.4 million (six months ended 30 June 2013: approximately HK$2.2 million) in plant and machineries, approximately HK$8.2 million (six months ended 30 June 2013: approximately HK$13.5 million) in mining related machinery and equipment, approximately HK$0.2 million (six months ended 30 June 2013: approximately HK$0.1 million) in furniture, fixtures, equipment and leasehold improvement, none (six months ended 30 June 2013: approximately HK$18.5 million) in construction in progress and none (six months ended 30 June 2013: approximately HK$0.7 million) in motor vehicles.

(b) During the six months ended 30 June 2014, the Group disposed of certain items of property, plant and equipment with carrying value amounted to approximately HK$0.1 million (six months ended 30 June 2013: approximately HK$0.8 million) and recognised a gain of approximately HK$0.06 million (six months ended 30 June 2013: loss of approximately HK$0.04 million) in the consolidated income statement.

12. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
At beginning of the period/year		
Gross carrying amount	**272,720**	268,746
Accumulated impairment loss	**(203,688)**	(133,412)
Net carrying amount	**69,032**	135,334
For the period/year		
Opening net carrying amount	**69,032**	135,334
Exchange difference	**(97)**	41
Acquisition of a subsidiary	**–**	3,933
Impairment loss	**(26,545)**	(70,276)
Closing net carrying amount	**42,390**	69,032
At end of the period/year		
Gross carrying amount	**272,623**	272,720
Accumulated impairment loss	**(230,233)**	(203,688)
Net carrying amount	**42,390**	69,032

12. GOODWILL *(Continued)*

For the purpose of impairment testing, goodwill before impairment loss for the period/year is allocated to the following cash generating units ("**CGUs**"):

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Production and sale of coal *(note a)*	**65,058**	135,334
Trading of purchased coal *(note b)*	**3,877**	3,974
Net carrying amount (before impairment loss for the period/year)	**68,935**	139,308

(a) Production and sale of coal

Goodwill as at 30 June 2014 and 31 December 2013 arose from the acquisitions of Clear Interest Limited ("**CIL**") and its subsidiaries (the "**CIL Group**") represented the future economic benefits from the production and sale of coal.

As at 30 June 2014, the recoverable amount of the CGU was determined using fair value less costs to sell calculations, covering a detailed five-year budget plan, followed by an extrapolation of discounted cash flows by reference to the average market coal price with similar heating power in the PRC with adjustments, where necessary, to reflect the differences. In determining the value of the Group's mining assets/goodwill, the directors of the Company have taken into account of the estimated coal reserves of the coal mines after deducting the cumulative amounts of coal already extracted and sold. Accordingly, as the Group depletes its coal reserves, the value of its mining assets/goodwill will also decrease. The recoverable amount of the CGU as at 30 June 2014 was approximately HK$1,169.1 million (as at 31 December 2013: approximately HK$1,243.0 million). As a result, the related impairment loss of approximately HK$26.5 million (year ended 31 December 2013: approximately HK$70.3 million) was recognised in the consolidated income statement for the period. The fair value less costs to sell calculations is classified as a level 3 measurement.

Management's key assumptions were used in the fair value less costs to sell calculation of the CGU for the six months ended 30 June 2014. The following described each key assumption on which management has based its cash flow projects to undertake impairment testing of goodwill.

12. GOODWILL *(Continued)*

(a) Production and sale of coal *(Continued)*

Stable net profit margins – Management determined net profit margin based on past experience in this market and its expectations for market development.

Discount rate – The discount rate reflects specific risks relating to the mining industry.

The discount rate and growth rate used in the cash flow projection are shown as below:

	Unaudited 30 June 2014	Audited 31 December 2013
Growth rate	**3.8% per annum**	3.8% per annum
Post-tax discount rate	**12.2% per annum**	14.5% per annum

Apart from the assumptions described in determining the fair value less costs to sell calculation of the CGU above, the Group's management is not currently aware of any other reasonably possible changes that would necessitate changes in its key estimates.

(b) Trading of purchased coal

Goodwill as at 30 June 2014 and 31 December 2013 arose from the acquisition of Zhengzhou Huirui Shangmao Company Limited# ("**Huirui**") (鄭州輝瑞商貿有限公司) represented the future economic benefits from the trading of purchased coal.

As at 30 June 2014, the recoverable amount of the CGU was determined using fair value less costs to sell calculations, covering a detailed five-year budget plan, followed by an extrapolation of discounted cash flows by reference to the average market coal price with similar heating power in the PRC with adjustments, where necessary, to reflect the differences. The fair value less costs to sell calculations is classified as a level 3 measurement.

Management's key assumptions were used in the fair value less costs to sell calculation of the CGU for the six months ended 30 June 2014. The following described each key assumption on which management has based its cash flow projects to undertake impairment testing of goodwill.

Stable net profit margins – Management determined net profit margin based on past experience in this market and its expectations for market development.

\# *For identification purpose only*

12. GOODWILL *(Continued)*

(b) Trading of purchased coal *(Continued)*

Discount rate – The discount rate reflects specific risks relating to the trading of purchased coal industry.

The discount rate and growth rate used in the cash flow projection are shown as below:

	Unaudited 30 June 2014	Audited 31 December 2013
Growth rate	**3.8% per annum**	3.8% per annum
Post-tax discount rate	**12.2% per annum**	14.5% per annum

Apart from the assumptions described in determining the fair value less costs to sell calculation of the CGU above, the Group's management is not currently aware of any other reasonably possible changes that would necessitate changes in its key estimates.

13. INTERESTS IN ASSOCIATES

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Unlisted investments:		
Share of net assets	**88,534**	98,636
Goodwill	**–**	27,180
	88,534	125,816

13. INTERESTS IN ASSOCIATES *(Continued)*

Particulars of the associates of the Group as at 30 June 2014 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
Beijing Zhaohua Hefu Investment Management Limited#, ("**Zhaohua Hefu**") (北京兆華合富投資管理有限公司)	PRC, limited liability company	RMB2,000,000	25%	Investment management, asset management and consultation of investment in the PRC
Beijing Shuozhan Zhongfu Investment Centre (Limited Partnership)# (the "**Partnership**") (北京碩展中富投資中心(有限合夥)) *(Note a)*	PRC, limited partnership	RMB100,000,000	99%	Project investment, investment management, assets management and consultation service in the PRC
Beijing Baiyitong Technology Co., Ltd# ("**Baiyitong**") (北京佰鎰通科技有限公司) *(Note b)*	PRC, limited liability company	RMB22,250,000	34%	Development of computer software and provision of information technology services in the PRC

Note:

(a) 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 Beijing Kaisheng Guanhua Investment Company Limited# ("**Kaisheng**") (北京凱盛冠華投資有限公司), a subsidiary of the Company 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.

\# *For identification purpose only*

13. INTERESTS IN ASSOCIATES *(Continued)*

Note: (Continued)

(b) Pursuant to the capital injection agreement entered in January 2013, Kaisheng agreed to inject a cash of approximately HK$15.2 million (equivalent to RMB12.0 million) (the "**First Capital Injection**") to Baiyitong. According to the agreement, Kaisheng is entitled to 34% of equity interests of Baiyitong when the First Capital Injection is completed. After the first year and second year from the date of the First Capital Injection, Kaisheng is required to inject a further cash of approximately HK$11.4 million (equivalent to RMB9.0 million) (the "**Second Capital Injection**") and approximately HK$11.4 million (equivalent to RMB9.0 million) (the "**Third Capital Injection**") respectively, if the number of customers reaches to the agreed amount in the first year and second year from date of the First Capital Injection. The equity interests of Baiyitong to be held by Kaisheng will remain at 34% when the Second Capital Injection and Third Capital Injection are completed. The Second Capital Injection was paid during the six months ended 30 June 2014.

On initial recognition, the management considered that the Group was liable to pay the Second Capital Injection and the Third Capital Injection and estimated that the fair value of the contingent consideration at the acquisition date was approximately HK$22.8 million (equivalent to RMB18.0 million). The contingent consideration was included as part of the cost of acquisition and the liabilities were recognised as other payables under current liabilities and non-current liabilities based on the payment terms. Moreover, the difference between the cost of acquisition and the Group's share of the net assets in Baiyitong was recognised as goodwill of approximately HK$26.8 million (equivalent to approximately RMB21.2 million) at the acquisition date. In the opinion of the directors of the Company, the fair values of intangible assets of Baiyitong at the date of the First Capital Injection were minimal, as such, no intangible assets have been separated from goodwill as at the date of the First Capital Injection.

The directors of the Company had performed an impairment testing on the goodwill included in the interests in associates as at 30 June 2014 and concluded that the carrying amount was in excess of its recoverable amount. Accordingly, a full provision for impairment of approximately HK$26.6 million in relation to goodwill included in the interests of associates was charged to the consolidated income statement during the six months ended 30 June 2014.

The discount rate and growth rate used in the cash flow projection are shown as below:

	Unaudited 30 June 2014	Audited 31 December 2013
Growth rate	**3.8% per annum**	3.8% per annum
Post-tax discount rate	**12.9% per annum**	12.9% per annum

For identification purpose only

14. INTEREST IN A JOINT VENTURE

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Share of net assets	**6,527**	6,067

Particulars of the joint venture of the Group as at 30 June 2014 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 Chalco Li Chuang Resources Company Limited# ("**Henan Chalco**") (河南中鋁立創礦業有限公司) *(Note)*	PRC, other limited liability company	RMB10,000,000	51%	Sale of alumina in the PRC

\# *For identification purpose only*

Note: Although the Group owned 51% equity interest in Henan Chalco, the Group and the other equity owner of Henan Chalco have joint control over Henan Chalco and none of the participating parties has unilateral control over the economic activity pursuant to the joint venture agreement entered in July 2012. Therefore this investment has been classified as interest in a joint venture as at the reporting date.

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

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The available-for-sale financial assets are comprised of unlisted equity securities in Indonesia. The unlisted available-for-sale equity securities are measured at cost less impairment at each reporting date. The directors of the Company are of the opinion that the fair value cannot be reliably measured because the range of reasonable fair value estimates and the probability of the various estimates are significant.

16. INVENTORIES

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Coal	**277**	1,780
Spare parts and consumables	**13,611**	11,999
	13,888	13,779

17. ACCOUNTS AND BILLS RECEIVABLES

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Accounts receivable	**164,572**	297,024
Bills receivable	**62,990**	1,192
	227,562	298,216

The Group's sales are billed to customers according to the terms of the relevant agreements. Normally, credit periods ranging from 60 to 180 days (as at 31 December 2013: 60 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 2014 HK$'000	Audited 31 December 2013 HK$'000
0 – 90 days	**52,607**	47,585
91 – 180 days	**1,940**	42,259
181 – 365 days	**42,916**	88,384
Over 365 days	**79,105**	131,094
	176,568	309,322
Less: Provision for impairment	**(11,996)**	(12,298)
	164,572	297,024

17. ACCOUNTS AND BILLS RECEIVABLES *(Continued)*

Ageing analysis of the Group's accounts receivable that were not impaired, based on due date is as follows:

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Neither past due nor impaired	**52,607**	87,306
Past due for less than 3 months	**1,457**	65,881
Past due for more than 3 months but less than 6 months	**43,382**	25,041
Past due for more than 6 months but less than 1 year	**67,126**	51,608
Past due for more than 1 year	**–**	67,188
	164,572	297,024

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

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
At 1 January	**12,298**	11,944
Exchange difference	**(302)**	354
At 30 June/31 December	**11,996**	12,298

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2014, prepayments, deposits and other receivables are comprised of the following major items:

(i) The deposits paid for the purchase of coal amounted to approximately HK$5.0 million (equivalent to approximately RMB4.0 million) (as at 31 December 2013: approximately HK$49.5 million (equivalent to approximately RMB38.6 million)). In the opinion of the Company's directors, the amount is expected to be utilised within one year. Included in the deposits paid for the purchase of coal, there were deposits amounted to approximately HK$4.8 million (equivalent to approximately RMB3.9 million) were paid to a related company as disclosed in note 26 (ii) to this interim financial report;

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

(ii) In September 2012, the Group disposed of its entire interest in a joint venture, Henan Yulong Energy Development Co., Ltd ("**Yulong**"), to the other equity owner of Yulong at a consideration of approximately HK$93.6 million (equivalent to approximately RMB76.5 million) as set out in the Company's announcement dated 3 September 2012. The outstanding consideration of approximately HK$36.8 million (equivalent to approximately RMB29.4 million) has been included in other receivables as at 30 June 2014 (31 December 2013: approximately HK$63.3 million (equivalent to approximately RMB49.4 million)). The balance is unsecured and interest-free. In the opinion of the Company's directors, the amount is expected to be repayable within one year; and

(iii) The deposits of approximately HK$3.0 million (equivalent to approximately RMB2.4 million) paid to independent third parties for the purchase of property, plant and equipment are classified as non-current assets as of the end of the reporting period.

19. ACCOUNTS AND BILLS PAYABLES

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Accounts payable	**33,564**	23,422
Bills payable	**432,431**	278,043
	465,995	301,465

Bills payable were secured by the pledge of the Group's time deposits amounted to approximately HK$319.9 million (as at 31 December 2013: approximately HK$124.3 million).

19. ACCOUNTS AND BILLS PAYABLES *(Continued)*

The Group was granted by its suppliers' credit periods ranging from 30 to 90 days (as at 31 December 2013: 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 2014 HK$'000	Audited 31 December 2013 HK$'000
0 – 90 days	**19,638**	10,005
91 – 180 days	**3,688**	5,000
181 – 365 days	**4,725**	5,825
Over 365 days	**5,513**	2,592
	33,564	23,422

20. BANK LOANS

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Bank loans repayable within one year and classified as current liabilities	**562,217**	461,112
Analysed as follows:		
– Secured	**299,759**	204,852
– Unsecured	**262,458**	256,260
	562,217	461,112

As at 30 June 2014, bank loans of approximately HK$299.8 million (as at 31 December 2013: approximately HK$204.9 million) were secured by certain accounts receivable and mining rights of the Group (31 December 2013: secured by certain accounts receivable and pledged time deposit).

As at 30 June 2014, bank loans of approximately HK$462.2 million (as at 31 December 2013: approximately HK$435.5 million) were guaranteed by independent third parties.

As at 30 June 2014, all bank loans bear interest at fixed rates ranging from 5.60% to 9.99% per annum (as at 31 December 2013: at fixed rates ranging from 5.59% to 9.99% per annum).

21. DEFERRED TAX

As at 30 June 2014, 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$279.5 million (equivalent to approximately RMB223.7 million) (as at 31 December 2013: approximately HK$490.0 million (equivalent to approximately RMB382.4 million)) incurred by three subsidiaries in the PRC, which will expire after five years from the year in which the losses were incurred. The Group has taxable losses arising in Hong Kong of approximately HK$2.3 million (as at 31 December 2013: approximately HK$2.5 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 2014 and 2013 is as follows:

	Unaudited Six months ended 30 June 2014 Amortisation allowance on mining rights in excess of related amortisation HK$'000	Unaudited Six months ended 30 June 2013 Amortisation allowance on mining rights in excess of related amortisation HK$'000
At beginning of the period	**23,126**	19,264
Charged to profit or loss *(note 8)*	**4,032**	1,666
Exchange difference	**(582)**	339
At end of the period	**26,576**	21,269

21. DEFERRED TAX *(Continued)*

As at 30 June 2014, deferred tax liabilities amounted to approximately HK$24.0 million (as at 31 December 2013: approximately HK$22.7 million) in respect of the aggregate amount of temporary differences of approximately HK$240.1 million (as at 31 December 2013: approximately HK$226.8 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.

22. SHARE CAPITAL

	Unaudited 30 June 2014		Audited 31 December 2013	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorised:				
At 1 January 2013, 31 December 2013, 1 January 2014 and 30 June 2014, 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 2013, 31 December 2013, 1 January 2014 and 30 June 2014, ordinary shares of HK$0.1 each	**712,673,692**	**71,267**	712,673,692	71,267

23. SHARE OPTION SCHEME

The Company operated 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 shareholders of the Company approved the termination of the share option scheme adopted on 20 October 2004 (the "**Old Scheme**") and adoption of the new share option scheme (the "**New Scheme**") in place of the Old Scheme at the annual general meeting on 27 May 2014. The New Scheme became effective on 27 May 2014 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

23. SHARE OPTION SCHEME *(Continued)*

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 were granted nor allotted, exercised and forfeited under the New Scheme or the Old Scheme during the six months ended 30 June 2014 and 30 June 2013. As at 30 June 2014, 735,675 options (as at 31 December 2013: 735,675 options) granted under the Old Scheme were outstanding and would continue to be valid and exercisable in accordance with the rules of the Old Scheme.

Details of the said termination of the Old Scheme and adoption of the New Scheme were also set out in the Company's circular dated 24 April 2014.

24. CAPITAL COMMITMENTS

As at 30 June 2014, 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$11.8 million (as at 31 December 2013: approximately HK$29.1 million).

25. OPERATING LEASE COMMITMENTS

As at 30 June 2014, total future minimum lease payments under non-cancellable operating leases in respect of land and buildings and office equipment payable by the Group are as follows:

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Within one year	**2,776**	2,063
In the second to fifth years inclusive	**1,557**	727
More than five years	**19**	26
	4,352	2,816

The Group leases certain properties under operating leases. The leases run for an initial period of one to ten years, without option to renew the lease term at the expiry date. None of the lease includes contingent rentals.

26. 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:

(i) Compensation of key management personnel

	Unaudited Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Total remuneration of key management personnel during the period	**3,993**	3,940

(ii) Purchase of coal

As at 30 June 2014, included in prepayments, deposits and other receivables were deposits amounted to approximately HK$4.8 million (equivalent to approximately RMB3.9 million) (as at 31 December 2013: approximately HK$4.9 million (equivalent to approximately RMB3.9 million)) arising from the purchase of coal paid to a company, in which a director of a subsidiary of the Group is a director of this supplier. The deposits were paid in the Group's normal course of business.

27. SUBSEQUENT EVENTS

On 17 May 2014, an accident was occurred in Xiangyang Coal Mine, i.e. one of the coal mines owned by a subsidiary of the Company, located at Dengfeng City, Henan Province. Following the accident, the government authority has immediately ordered that all the coal mines within Dengfeng City (including the Group's five coal mines) have to be suspended the production and operation for safety inspection.

In July 2014, the Group has obtained approvals from the relevant government authority for the resumption in operation for its coal mines except Xiangyang Coal Mines.

28. APPROVAL OF THE INTERIM FINANCIAL REPORT

This unaudited interim financial report was approved and authorised for issue by the Board on 27 August 2014.