



Asia Coal Limited

亞洲煤業有限公司

Stock Code: 835



2014
Interim Report

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th September 2014

| | Notes | Six months ended 30th September | |
|--|-------|------------------------------------|---------------------------------|
| | | 2014 HK\$'000 (unaudited) | 2013 HK\$'000 (unaudited) |
| Continuing operations | | | |
| Revenue | 3 | 5,240 | – |
| Cost of sales | | (5,066) | – |
| Gross profit | | 174 | – |
| Other income | | 6 | 129 |
| Selling and distribution expenses | | (92) | – |
| Administrative expenses | | (13,921) | (14,951) |
| Finance costs | 5 | (117) | (71) |
| Loss for the period from continuing operations | | (13,950) | (14,893) |
| Discontinued operation | | | |
| Loss for the period from discontinued operation | 9 | (281) | (14,280) |
| Loss for the period | 7 | (14,231) | (29,173) |
| Other comprehensive income: | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | 850 | 417 |
| Total comprehensive expense for the period | | (13,381) | (28,756) |
| Loss for the period attributable to: | | | |
| Owners of the Company | | | |
| – Continuing operations | | (13,950) | (14,892) |
| – Discontinued operation | | (281) | (14,280) |
| | | (14,231) | (29,172) |
| Non-controlling interests | | – | (1) |
| | | (14,231) | (29,173) |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th September 2014

| | Notes | Six months ended 30th September | |
|---|-------|------------------------------------|---------------------------------|
| | | 2014 HK\$'000 (unaudited) | 2013 HK\$'000 (unaudited) |
| Total comprehensive expense attributable to: | | | |
| Owners of the Company | | | |
| – Continuing operations | | (13,100) | (14,477) |
| – Discontinued operation | | (281) | (14,280) |
| | | (13,381) | (28,757) |
| Non-controlling interests | | – | 1 |
| | | (13,381) | (28,756) |
| LOSS PER SHARE | 8 | | |
| From continuing and discontinued operations | | | |
| Basic and diluted | | (0.16) HK cents | (0.33) HK cents |
| From continuing operations | | | |
| Basic and diluted | | (0.15) HK cents | (0.17) HK cents |
| From discontinued operation | | | |
| Basic and diluted | | (0.01) HK cents | (0.16) HK cents |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September 2014

| | Notes | At 30th September 2014 HK\$'000 (unaudited) | At 31st March 2014 HK\$'000 (audited) |
|---|-------|---|---|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 8,332 | 8,890 |
| Exploration and evaluation assets | 12 | – | – |
| | | 8,332 | 8,890 |
| Current assets | | | |
| Inventories – finished goods | | – | 2,908 |
| Trade and other receivables | 13 | 8,572 | 4,762 |
| Bank balances and cash | | 27,403 | 20,131 |
| | | 35,975 | 27,801 |
| Current liabilities | | | |
| Trade and other payables and accrued charges | 14 | 14,366 | 14,183 |
| Amounts due to related parties | 15 | 14,700 | 14,700 |
| Obligations under finance leases – due within one year | 16 | 131 | – |
| Bank and other borrowings | | 9,785 | 9,781 |
| | | 38,982 | 38,664 |
| Net current liabilities | | (3,007) | (10,863) |
| Total assets less current liabilities | | 5,325 | (1,973) |
| Non-current liabilities | | | |
| Obligations under finance leases – due after one year | 16 | 479 | – |
| | | 479 | – |
| Net assets (liabilities) | | 4,846 | (1,973) |
| CAPITAL AND RESERVES | | | |
| Share capital | 17 | 92,231 | 90,211 |
| Reserves | | (87,418) | (92,217) |
| Equity attributable to owners of the Company | | 4,813 | (2,006) |
| Non-controlling interests | | 33 | 33 |
| | | 4,846 | (1,973) |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2014

| | Attributable to owners of the Company | | | | | | Total HK\$'000 | Non- controlling interests HK\$'000 | Total HK\$'000 |
|---|---------------------------------------|------------------------------|---|--|------------------------------------|-----------------------------------|-------------------|--|-------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Share options reserve HK\$'000 | Capital contribution reserve HK\$'000 | Translation reserve HK\$'000 | Accumulated losses HK\$'000 | | | |
| 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 | - | - | - | - | 416 | - | 416 | 1 | 417 |
| Total comprehensive (expense) income for the period | - | - | - | - | 416 | (29,172) | (28,756) | - | (28,756) |
| Subtotal | 86,211 | 440,471 | 3,454 | 57,979 | (578) | (523,026) | 64,511 | 135 | 64,646 |
| Lapse of share options | - | - | (413) | - | - | 413 | - | - | - |
| Issue of shares | 4,000 | 43,640 | - | - | - | - | 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 |
| At 1st April 2014 (audited) | 90,211 | 484,111 | 3,025 | 57,979 | 187 | (637,519) | (2,006) | 33 | (1,973) |
| Loss for the period | - | - | - | - | - | (14,231) | (14,231) | - | (14,231) |
| Exchange differences arising on translation of foreign operations | - | - | - | - | 850 | - | 850 | - | 850 |
| Total comprehensive (expense) income for the period | - | - | - | - | 850 | (14,231) | (13,381) | - | (13,381) |
| Subtotal | 90,211 | 484,111 | 3,025 | 57,979 | 1,037 | (651,750) | (15,387) | 33 | (15,354) |
| Issue of shares | 2,020 | 18,180 | - | - | - | - | 20,200 | - | 20,200 |
| At 30th September 2014 (unaudited) | 92,231 | 502,291 | 3,025 | 57,979 | 1,037 | (651,750) | 4,813 | 33 | 4,846 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September 2014

| | Six months ended 30th September | |
|---|--|--|
| | 2014 HK\$'000 (unaudited) | 2013 HK\$'000 (unaudited) |
| Net cash used in operating activities | (12,682) | (25,625) |
| Net cash used in investing activities | | |
| Purchase of property, plant and equipment | (136) | (13,989) |
| Other investing cash flows | – | (210) |
| | (136) | (14,199) |
| Net cash from financing activities | | |
| Proceeds from issue of shares | 20,200 | 47,640 |
| Increase in amount due to related parties | – | 12,917 |
| New bank loan raised | – | 8,000 |
| Repayment to related parties | – | (17,000) |
| Other financing cash flows | (138) | (33) |
| | 20,062 | 51,524 |
| Net increase in cash and cash equivalents | 7,244 | 11,700 |
| Cash and cash equivalents at 1st April | 20,131 | 4,592 |
| Effect of foreign exchange rate changes | 28 | 12 |
| Cash and cash equivalents at 30th September | 27,403 | 16,304 |
| Represented by: | | |
| Bank balances and cash | 27,403 | 16,304 |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

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 (the “Group”) in light of the fact that its current liabilities exceed its current assets by HK\$3,007,000 as at 30th September 2014 and incurred a loss of approximately HK\$14,231,000 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, Sharp Victory Holdings Limited, the controlling shareholder of the Company, has agreed not to demand repayment of the amount due to it of approximately HK\$14.7 million as at 30th September 2014 in the next twelve months from the date of approval of these condensed consolidated financial statements. Sharp Victory Holdings Limited has also agreed to continue to provide financial support to the Group as and when necessary to enable the Group to meet its financial obligations as they fall due for the foreseeable future.

2. PRINCIPAL ACCOUNTING POLICIES

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

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 2014.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

The application of these 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.

3. REVENUE

Revenue represents the amounts received and receivable for goods sold and services provided, exclusive of value-added or sales taxes and after deduction of any trade discounts, to outside customers during the period.

| | Six months ended 30th September | |
|--|--|-------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Continuing operations: | | |
| Sales of coal | 5,240 | – |
| Discontinued operation: | | |
| Sales of health and beauty products and provision of beauty services | 5,062 | 5,318 |
| | 10,302 | 5,318 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

4. 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. Three operating segments were presented:

- 1) Coal mining
- 2) Coal trading
- 3) Health and beauty products and services (Note)

Note: The segment was discontinued during the period ended 30th September 2014. Details of the discontinued operation are set out in note 9.

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

| | Continuing operations | | | | | | Discontinued operation | | Total | |
|--------------------------------|---------------------------------|-------------|---------------------------------|-------------|---------------------------------|-------------|---|-------------|---------------------------------|----------|
| | Coal mining | | Coal trading | | Total | | Health and beauty products and services | | Total | |
| | Six months ended 30th September | | Six months ended 30th September | | Six months ended 30th September | | Six months ended 30th September | | Six months ended 30th September | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | |
| (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | |
| Revenue | | | | | | | | | | |
| External sales | - | - | 5,240 | - | 5,240 | - | 5,062 | 5,318 | 10,302 | 5,318 |
| Segment loss | (988) | (3,759) | (258) | - | (1,246) | (3,759) | (281) | (14,280) | (1,527) | (18,039) |
| Unallocated income | | | | | | | | | | |
| - Interest income | | | | | 6 | 1 | - | - | 6 | 1 |
| - Other income | | | | | - | 128 | - | - | - | 128 |
| Unallocated expenses | | | | | | | | | | |
| - Central administration costs | | | | | (12,593) | (11,192) | - | - | (12,593) | (11,192) |
| - Finance costs | | | | | (117) | (71) | - | - | (117) | (71) |
| Loss for the period | | | | | (13,950) | (14,893) | (281) | (14,280) | (14,231) | (29,173) |

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

4. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are located in Hong Kong, the People's Republic of China (the "PRC") and Mongolia.

The Group's revenue from external customers based on location of the customers by geographical location of the assets are detailed below:

| | Six months ended 30th September 2014 HK\$'000 (unaudited) | 2013 HK\$'000 (unaudited) |
|--------------------------------------|---|---------------------------------|
| Continuing operations: The PRC | 5,240 | – |
| Discontinued operation: Hong Kong | 5,062 | 5,318 |
| | 10,302 | 5,318 |

5. FINANCE COSTS

| | Six months ended 30th September 2014 HK\$'000 (unaudited) | 2013 HK\$'000 (unaudited) |
|---|---|---------------------------------|
| Continuing operations: | | |
| Interest on: | | |
| – amount due to a related party | – | 38 |
| – bank and other borrowings wholly repayable within five years | 112 | 33 |
| – obligations under finance leases | 5 | – |
| | 117 | 71 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

6. 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.

7. LOSS FOR THE PERIOD

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

| | Continuing operations | | Discontinued operation | | Total | |
|---|-----------------------|-------------|------------------------|-------------|------------------|-------------|
| | Six months ended | | Six months ended | | Six months ended | |
| | 30th September | | 30th September | | 30th September | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Directors' remuneration | 2,582 | 1,058 | - | - | 2,582 | 1,058 |
| Depreciation of property, plant and equipment | 1,324 | 847 | - | 1,185 | 1,324 | 2,032 |
| Loss on disposal of property, plant and equipment | - | 15 | - | 110 | - | 125 |
| Operating lease rentals in respect of rented premises | 1,929 | 2,008 | - | 3,814 | 1,929 | 5,822 |
| Write-down of inventories | - | - | 2,576 | 176 | 2,576 | 176 |
| Net exchange loss (gain) | 766 | 3,654 | 1 | (57) | 767 | 3,597 |
| Interest income | (6) | (1) | - | - | (6) | (1) |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

8. LOSS PER SHARE

From continuing and discontinued operations

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

| | Six months ended 30th September 2014 | | 2013 |
|--|---|--|-------------|
| | HK\$'000 | | HK\$'000 |
| | (unaudited) | | (unaudited) |
| Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share | (14,231) | | (29,172) |

| | Six months ended 30th September 2014 | | 2013 |
|---|---|--|---------------|
| | (unaudited) | | (unaudited) |
| Number of shares | | | |
| Weighted average number of ordinary shares for the purposes of basic and diluted loss per share | 9,065,286,757 | | 8,959,931,566 |

The calculation of diluted loss per share for the six months ended 30th September 2014 and 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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

8. LOSS PER SHARE (CONTINUED)

From continuing operations

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

| | Six months ended 30th September 2014 HK\$'000 (unaudited) | 2013 HK\$'000 (unaudited) |
|--|--|---------------------------------|
| Loss for the period attributable to owners of the Company | (14,231) | (29,172) |
| Less: Loss for the period from discontinued operation | (281) | (14,280) |
| Loss for the purposes of basic and diluted loss per share from continuing operations | (13,950) | (14,892) |

The number of shares used are the same as those detailed above for basic and diluted loss per share from continuing and discontinued operations.

From discontinued operation

Basic and diluted loss per share from discontinued operation for the six months ended 30th September 2014 and 2013 is calculated based on the loss for the period from discontinued operation of approximately HK\$281,000 and HK\$14,280,000 respectively and the number of shares detailed above for basic and diluted loss per share from continuing and discontinued operations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

9. DISCONTINUED OPERATION

On 6th December 2013, the Group entered into a service agreement with Mr. Andy Kwok Wing Leung ("Mr. Kwok"), a former director of the Company, to appoint him as a consultant to manage the health and beauty business of the Group at a monthly fee of HK\$100,000. The service agreement expired on 31st May 2014.

As stated in the announcement made by the Company on 9th June 2014, the Group could not reach any agreement with Mr. Kwok to extend the service agreement after the expiration. As a result, the directors of the Company decided to discontinue the health and beauty business. Accordingly, the operating results of the health and beauty business for the period ended 30th September 2014 are presented as discontinued operation. The presentation of comparative information in respect of the period ended 30th September 2013 has been reclassified to conform to the current period's presentation.

Results of the discontinued operation:

| | Six months ended 30th September 2014 | 2013 |
|-----------------------------------|---|-------------|
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Revenue | 5,062 | 5,318 |
| Cost of sales | (3,016) | (1,866) |
| Selling and distribution expenses | (2,083) | (14,029) |
| Administrative expenses | (244) | (3,703) |
| Loss for the period | (281) | (14,280) |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

9. DISCONTINUED OPERATION (CONTINUED)

The cash flows of the discontinued operation contributed to the Group were as follows:

| | Six months ended 30th September 2014 HK\$'000 (unaudited) | 2013 HK\$'000 (unaudited) |
|---------------------------------------|--|--|
| Net cash used in operating activities | (272) | (10,376) |
| Net cash used in investing activities | – | (3,002) |
| Net cash from financing activities | – | 12,917 |
| Net cash outflows | (272) | (461) |

10. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the period (2013: nil).

11. PROPERTY, PLANT AND EQUIPMENT

At 30th September 2014, the carrying value of the Group's property, plant and equipment included an amount of approximately HK\$686,000 (31st March 2014: Nil) in respect of assets held under finance leases.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

12. EXPLORATION AND EVALUATION ASSETS

As disclosed in the Company's annual report 2013/14, during the year ended 31st March 2014, a revocation letter (the "Letter") was received from the Minerals Authority of Mongolia (the "Authority") informing SMI that the mining license MV-011985 had been revoked. After seeking the professional legal advice, a formal appeal letter against the Letter was submitted to the Authority (the "Appeal") on 6th March 2014 and the Group has also taken legal action against the revocation decision (the "Legal Action") in Mongolian Court on 19th March 2014. Up to the date of approval of these condensed consolidated financial statements, no final decision about the Appeal or the Legal Action has been received.

The directors of the Company will continue to review the carrying amount of the mining rights and assess the recoverable amount by taking into account, among others, the impacts arising from the Appeal and the Legal Action. If the Appeal or the Legal Action is finally successful and the revocation order is subsequently cancelled, the reversal of the impairment of mining right license may be recognised as income in the relevant financial period.

13. TRADE AND OTHER RECEIVABLES

The Group's turnover comprises cash and credit sales. The credit terms 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:

| | At 30th September 2014 HK\$'000 (unaudited) | At 31st March 2014 HK\$'000 (audited) |
|---|--|--|
| Trade receivables: | | |
| 0 to 90 days | 5,318 | 377 |
| Other receivables, deposits and prepayments | 5,318 3,254 | 377 4,385 |
| | 8,572 | 4,762 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

14. 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:

| | At 30th September 2014 HK\$'000 (unaudited) | At 31st March 2014 HK\$'000 (audited) |
|----------------------------------|--|---|
| Trade payables: | | |
| 0 to 90 days | 2,908 | 773 |
| 91 to 180 days | 45 | 376 |
| 181 to 365 days | 115 | 164 |
| Over 365 days | 57 | 35 |
| | 3,125 | 1,348 |
| Deposits received from customers | 6,091 | 9,191 |
| Accrued charges | 3,249 | 3,511 |
| Other payables | 1,901 | 133 |
| | 14,366 | 14,183 |

15. AMOUNTS DUE TO RELATED PARTIES

| | At 30th September 2014 HK\$'000 (unaudited) | At 31st March 2014 HK\$'000 (audited) |
|--------------------------------|--|---|
| Sharp Victory Holdings Limited | 14,700 | 14,700 |

Note: Sharp Victory Holdings Limited is the immediate and ultimate holding company of the Company. The amount is unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

16. OBLIGATIONS UNDER FINANCE LEASES

| | Minimum lease payments | | Present value of minimum lease payments | |
|---|------------------------|-------------|---|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Amounts payable under finance leases: | | | | |
| Within one year | 154 | - | 131 | - |
| In more than one year but not more than two years | 154 | - | 137 | - |
| In more than two years but not more than five years | 360 | - | 342 | - |
| | 668 | - | 610 | - |
| Less: Future finance charges | (58) | - | N/A | N/A |
| Present value of lease obligations | 610 | - | 610 | - |
| Less: Amounts due within one year shown under current liabilities | | | (131) | - |
| Amounts due after one year | | | 479 | - |

The lease terms is five years. The effective borrowing rate was 4.3% per annum. Interest rate underlying the obligations under finance leases is fixed at the contract dates. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The obligations under finance leases are secured by the lessors' charge over the leased assets.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

17. SHARE CAPITAL

| | Number of shares | Nominal value HK\$'000 |
|--|---------------------|------------------------------|
| Ordinary shares of HK\$0.10 each: | | |
| Authorised: | | |
| At 1st April 2014 and 30th September 2014 | 300,000,000,000 | 3,000,000 |
| Issued and fully paid: | | |
| At 1st April 2014 | 9,021,133,752 | 90,211 |
| Subscription of shares (Note) | 202,000,000 | 2,020 |
| At 30th September 2014 | 9,223,133,752 | 92,231 |

Note:

On 13th August 2014, the Company entered into two subscription agreements with two independent subscribers, pursuant to which the subscribers could subscribe for 200,000,000 and 2,000,000 subscription shares respectively at the subscription price of HK\$0.10 per subscription share. The total number of 202,000,000 shares represented approximately 2.24% of the issued share capital of the Company as enlarged by the allotment and issue of the shares. The net proceeds from the subscription amounted to approximately HK\$20 million is intended to be used as general working capital of the Group and for its business development. The subscription was completed on 22nd August 2014. The new shares rank pari passu with all other shares in all respects.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

18. 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

For the six months ended 30th September 2014

18. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The following table discloses movements in the Company's share options during the six months ended 30th September 2014:

| | Option Scheme type | Date of grant | Vesting period | Exercisable period | Exercise price per share HK\$ | At 1st April 2014 | Lapsed during the period | At 30th September 2014 |
|----------------------------------|--------------------|--------------------|----------------|--|-------------------------------|-------------------|--------------------------|------------------------|
| Directors | 2007 | 29th July 2010 | N/A | 29th July 2010 to 28th July 2020 | 0.200 | 20,000,000 | - | 20,000,000 |
| Employees | 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 |
| | | | | | | 45,502,320 | - | 45,502,320 |
| Exercisable at end of the period | | | | | | | | 45,502,320 |
| | | | | | | HK\$ | HK\$ | HK\$ |
| Weighted average exercise price | | | | | | 0.232 | - | 0.232 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September 2014

19. PLEDGE OF ASSETS

As at 30th September 2014, certain assets of the Group with the following carrying amounts had been pledged to secure the finance lease arrangements granted to the Group:

| | At 30th September 2014 HK\$'000 (unaudited) | At 31st March 2014 HK\$'000 (audited) |
|-------------------------------|--|---|
| Property, plant and equipment | 686 | – |

20. RELATED PARTY DISCLOSURES

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

| | Six months ended 30th September 2014 HK\$'000 (unaudited) | 2013 HK\$'000 (unaudited) |
|---|--|---------------------------------|
| Salaries and other short-term benefits | 2,582 | 1,052 |
| Equity-settled share-based payment expense | – | – |
| Contributions to retirement benefit schemes | – | 6 |
| | 2,582 | 1,058 |



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30th September 2014 (the “Period”), the Group continued to engage in coal mining business and commenced its coal trading business.

As stated in the announcement made by the Company on 9th June 2014, the Group discontinued the health and beauty segment upon the expiration of the services agreement, details are set out in the segmental analysis section below.

Following the commencement of the coal trading business and discontinuation of the health and beauty segment, the Group has refined its strategy in the coal and energy sector. It is the Group’s long term business strategy to grow and develop the Group into a coal and energy company.

FINANCIAL REVIEW

Results Analysis

The Group’s unaudited consolidated turnover from continuing and discontinued operations for the Period was approximately HK\$10,302,000, representing a 94% increase from approximately HK\$5,318,000 recorded in the corresponding period last year. The increase was attributable to the commencement of the new coal trading business during the Period. The Group recorded an overall gross profit from continuing and discontinued operations of approximately HK\$2,220,000, representing a 36% decrease from approximately HK\$3,452,000 recorded in the corresponding period last year. The overall gross profit margin from continuing and discontinued operations for the Period decreased to 22% from 65% of the corresponding period last year. Such decrease was mainly due to the discontinuance of the health and beauty segment during the Period and that in spite of the substantial turnover of the coal trading business, its profit margin is relatively low. Details are set out in the segmental analysis section below.

Loss attributable to owners of the Company for the Period decreased to approximately HK\$14,231,000 from HK\$29,172,000 as recorded in the corresponding period last year. The decrease in loss was mainly due to the discontinuance of the health and beauty segment during the Period, as it reduced the segment loss from approximately HK\$14,280,000 to HK\$281,000.

FINANCIAL REVIEW (CONTINUED)

Segmental Analysis

Coal Mining

As disclosed in the Company's Annual Report 2013/14, during the year ended 31st March 2014, a revocation letter (the "Letter") was received from the Minerals Authority of Mongolia (the "Authority") informing SMI LLC that the mining license MV-011985 had been revoked. After seeking the professional legal advice, a formal appeal letter against the Letter was submitted to the Authority (the "Appeal") on 6th March 2014 and the Group has also taken legal action against the revocation decision (the "Legal Action") in Mongolian Court on 19th March 2014. Up to the date of approval of these condensed consolidated financial statements, no final decision about the Appeal or the Legal Action has been received.

The directors of the Company ("Directors") will continue to review the carrying amount of the mining rights and assess the recoverable amount by taking into account, among others, the impacts arising from the Appeal and the Legal Action. If the Appeal or the Legal Action is finally successful and the revocation order is subsequently cancelled, the reversal of the impairment of mining right license may be recognised as income in the relevant financial period.

Coal Trading

During the Period, the Group commenced the coal trading business through the selling of purchased coal so as to refine its strategy in the coal and energy sector.

Turnover contributed by the coal trading segment for the Period amounted to approximately HK\$5,240,000 and the gross profit for the Period amounted to approximately HK\$174,000, representing a 3% gross profit margin. The coal trading business was in its initial setup stage and will continue to benefit the Group by providing stable income stream. The Group will closely review the market development and seek for the best opportunities for the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Segmental Analysis (Continued)

Health and Beauty Products and Services

As disclosed in the Company's Annual Report 2013/14, the Group disposed one of the subsidiaries at a consideration of HK\$1 to Mr. Andy Kwok Wing Leung ("Mr. Kwok") on 6th December 2013, because of the continuing losses of the subsidiary. On the same date, the Company entered into an agreement (the "Services Agreement") with Mr. Kwok whereby the Company has appointed Mr. Kwok to manage the health and beauty segment for the Group for a period of six months ended 31st May 2014 at a monthly fee of HK\$100,000 and Mr. Kwok has undertaken to the Company that during the said six months there would not be any net loss suffered from the health and beauty segment.

As stated in the announcement made by the Company on 9th June 2014, the Group could not reach any agreement with Mr. Kwok to extend the term of the Services Agreement after its expiration. Upon the expiration of the Services Agreement, the Directors decided to discontinue the health and beauty segment. Since the health and beauty segment had been recording loss, the discontinuation of the health and beauty segment did not result in adverse effect on the condensed consolidated financial position of the Group.

Turnover contributed by the health and beauty segment for the Period amounted to HK\$5,062,000, representing a 5% decrease as compared to the corresponding period last year. The gross profit for the Period amounted to HK\$2,046,000, representing a 41% decrease as compared to the corresponding period last year. The gross profit margin of the segment decreased from 65% to 41% for the Period under review. Such decrease were mainly due to the write down of inventories amounting to approximately HK\$2,576,000 that recognised in the profit and loss account as a result of the discontinuance of the health and beauty segment.

FINANCIAL REVIEW (CONTINUED)

Liquidity, Financial Position and Capital Structure

As at 30th September 2014, the Group held cash and bank balances amounting to approximately HK\$27,403,000 (31st March 2014: HK\$20,131,000) while the total borrowings of the Group were approximately HK\$25,095,000 (31st March 2014: HK\$24,481,000). As at 30th September 2014, the borrowings included amounts due to related parties, bank and other borrowings and obligations under finance leases.

The gearing ratio, defined as the ratio of total borrowings less cash and bank balances to equity attributable to owners of the Company, was (48.0)% (31st March 2014: (216.8)%).

On 22nd April 2013, the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent had 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 share (collectively, the "Placing"). The Directors considered it beneficial for the Group to raise fund through the Placing. The Placing represented a good opportunity to raise additional funds for the Company while broadening the shareholder and capital base of the Company as well as strengthening the financial position of the Group. The Directors considered that the Placing was fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The Placing was completed on 29th April 2013. An aggregate of 400,000,000 placing shares were successfully placed to not less than six independent placees at the placing price of HK\$0.12 per share. The net proceeds from the Placing amounted to HK\$47.6 million. The net price of each placing share is approximately HK\$0.119 per share. The placing price represented a discount of approximately 9.8% to the closing price of HK\$0.133 per share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the placing agreement.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Liquidity, Financial Position and Capital Structure (Continued)

The net proceeds from the Placing were intended to be used for repaying the outstanding debts due to CEC Resources and Mineral Holdings Limited and Elmfield Limited amounting to HK\$17 million (the “Debts”) and the remaining for general working capital of the Group. Up to the date of approval of these condensed consolidated financial statements, the net proceeds were utilised as to HK\$17 million for repayment of the Debts and the remaining HK\$30.6 million as the Group’s general working capital with major items detailed below:

| | HK\$’million |
|---|--------------|
| Staff costs (including Directors’ remuneration) | 9.3 |
| Professional fees | 8.4 |
| Rental expenses and rental deposits | 8.7 |
| Other administrative costs | 4.2 |
| Total | 30.6 |

The Directors confirmed that the proceeds from the Placing have been applied in accordance with its intended uses.

On 13th August 2014, the Company entered into two subscription agreements with two subscribers, pursuant to which the subscribers could subscribe for 200,000,000 and 2,000,000 subscription shares respectively at the subscription price of HK\$0.10 per share (the “Subscription”). The Directors believed that the Subscription represented an opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. The Directors considered that the Subscription was fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The Subscription was completed on 22nd August 2014. An aggregate of 202,000,000 subscription shares were successfully issued to the subscribers at the subscription price of HK\$0.10 per share. The net proceeds from the Subscription amounted to approximately HK\$20 million. The net price of each subscription share is approximately HK\$0.10 per share. The subscription price represented a discount of approximately 4.76% to the closing price of HK\$0.105 per share as quoted on the Stock Exchange on the date of the subscription agreements.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

Liquidity, Financial Position and Capital Structure (Continued)

The Group intended to utilise the net proceeds of approximately HK\$20 million from the Subscription for general working capital and business development of the Group. Up to the date of approval of these condensed consolidated financial statements, the net proceeds from the Subscription were held as bank deposits and not yet utilised.

In view of the cash position of the Group, the Group had obtained a confirmation from Sharp Victory Holdings Limited, the controlling shareholder of the Company, that it has agreed not demand the repayment of the amount due to it of approximately HK\$14.7 million in the next twelve months from the date of approval of these condensed consolidated financial statements. The Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future.

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.

Charges on Assets

As at 30th September 2014, property, plant and equipment with carrying values of approximately HK\$686,000 were pledged to secure the Group's finance lease obligations.

Contingent Liabilities

As at 30th September 2014, the Group had no significant contingent liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOK

The Group will continue to develop into a coal and energy company. It has been exploiting opportunities in building its capability in the coal supply chain. Going forward, the Group plans to scale up its core business through mergers and acquisitions of suitable energy projects, and will increase its efforts in developing its business.

The recent rebound of coal price and anticipated stability in demand present a good backdrop for our business and expansion plan. The PRC government announced a series of policies that are in favor of the coal industry's long-term development, including but not limited to, cutting the coal tax to help boost the coal industry. Coal price recovery and improvement in industry fundamentals are expected in both the short-term and medium-term as a result of supportive policies and market consolidations.

The management believes the Group is well poised to capture growth opportunities in the energy sector. The Group is proactively seeking quality assets that will help the Group's long-term development. The Group will leverage different platforms and the management's expertise and networks to increase its access to potential coal and energy projects, and continue to strengthen its foothold in the coal industry.

HUMAN RESOURCES

As at 30th September 2014, the Group had a total of 16 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 Group's performance.

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

As at 30th September 2014, the interests of the 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 (the "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 | 70.10 |
| 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

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 Xinjiang.
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 represent 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 2014, 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.

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 2014, the following corporations, 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 | 70.10 |
| China Enterprise Capital Limited (Note 2) | Interests of a controlled corporation | Long position | 2,217,006,219 | 24.04 |
| CEC Resources and Minerals Holdings Limited (Note 2) | Interests of a controlled corporation | Long position | 1,625,094,481 | 17.62 |
| | Beneficial owner | Long position | 591,911,738 | 6.42 |
| CEC Resources Limited (Note 2) | Beneficial owner | Long position | 1,625,094,481 | 17.62 |



OTHER INFORMATION

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 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 and 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 of the Company dated 19th May 2008.

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.

Other than 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 2014.

SHARE OPTION SCHEMES

The Company adopted a share option scheme on 26th August 2003 (“2003 Scheme”) and a share option scheme on 28th September 2007 (“2007 Scheme”). The 2003 Scheme was terminated when the 2007 Scheme came into effect on 28th September 2007. Details of the 2003 Scheme and the 2007 Scheme are set out in the published Annual Report of the Company for the year ended 31st March 2014.

The movements in the share options granted under the 2003 Scheme and the 2007 Scheme during the six months ended 30th September 2014 are as follows:

| Grantee | Option Scheme Type | Date of Grant | Exercisable Period | Exercise price per Share HK\$ | Number of share options | | | Balance at 30/09/2014 | |
|-----------------------------|--------------------|---------------|--------------------------|-------------------------------|-------------------------|---------------------------|-----------------------------|-----------------------|--------------------------|
| | | | | | Balance at 01/04/2014 | Granted during the Period | Exercised during the Period | | Lapsed during the Period |
| Directors | | | | | | | | | |
| Sun David Lee | 2007 | 29/07/2010 | 29/07/2010 to 28/07/2020 | 0.20 | 9,000,000 | - | - | - | 9,000,000 |
| 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 |
| Sub-total: | | | | | 20,000,000 | - | - | - | 20,000,000 |

OTHER INFORMATION

SHARE OPTION SCHEMES (CONTINUED)

| Grantee | Option Scheme Type | Date of Grant | Exercisable Period | Exercise price per Share HK\$ | Number of share options | | | | |
|-------------|--------------------|---------------|--------------------------|----------------------------------|-------------------------|---------------------------|-----------------------------|--------------------------|-----------------------|
| | | | | | Balance at 01/04/2014 | Granted during the Period | Exercised during the Period | Lapsed during the Period | Balance at 30/09/2014 |
| Employees | 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: | | | | | 25,502,320 | - | - | - | 25,502,320 |
| Total: | | | | | 45,502,320 | - | - | - | 45,502,320 |

Save as disclosed above, no other share options were outstanding, granted, exercised, cancelled or lapsed under the 2003 Scheme and 2007 Scheme at any time during the Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the 2003 Scheme and 2007 Scheme disclosed in the section "Share Option Schemes" above, at no time during the Period was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

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

CORPORATE GOVERNANCE

The Company has, throughout the six months ended 30th September 2014, applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for the following deviations:

Code Provision A.2.1

Code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company did not officially have a position of chief executive officer since 15th October 2013 and Mr. Zhu Xinjiang, the chairman of the Board, provides leadership to the Board to ensure that the Board works effectively and all important issues are discussed in a timely manner. The day-to-day management of the Group's business is handled by the executive Directors collectively. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's business operations. The Board will continue to review the effectiveness of the Group's structure as business continues to grow and develop in order to assess whether any changes, including the appointment of a chief executive officer, are necessary.

Code Provision E.1.2

Code provision E.1.2 of the CG Code requires that the chairman of the board should attend the annual general meeting. Mr. Zhu Xinjiang, the chairman of the Board, was unable to attend the annual general meeting of the Company (the "AGM") held on 25th August 2014 due to his other business engagement.



OTHER INFORMATION

CORPORATE GOVERNANCE (CONTINUED)

Code Provision A.6.7

Code provision A.6.7 of the CG Code requires that the independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Sun David Lee, an executive Director, and Mr. Ho Man Kin, Tony, an independent non-executive Director, were unable to attend the AGM due to their other business engagements.

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 2014.

NOMINATION COMMITTEE

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board on a regular basis and making recommendations regarding any proposed changes, identifying and recommending individuals suitably qualified to become Board members, and assessing the independence of independent non-executive Directors. As at 30th September 2014, the Nomination Committee comprises 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.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for establishing policies, reviewing and determining the remuneration of the Directors and the senior management of the Company. The Remuneration Committee is also responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all Directors and senior management of the Company. No individual Director is involved in decisions relating to his own remuneration. The Remuneration Committee has adopted the model under code provision B.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company. As at 30th September 2014, 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.

AUDIT COMMITTEE

The Audit Committee is responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing the internal control and financial report matters of the Company. The Audit Committee has reviewed the unaudited interim report for the six months ended 30th September 2014 with the management. As at 30th September 2014, 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 auditor of the Company.

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, change in the information of the Directors since the date of Annual Report of the Company for the year ended 31st March 2014 is set out as follows:

On 28 July 2014, Mr. Yeung Ting Lap, Derek Emory was appointed as a member of the Telecommunications Users and Consumers Advisory Committee Of Office of the Communications Authority for the period from 1st August 2014 to 31st July 2016.

By Order of the Board
Asia Coal Limited
Zhu Xinjiang
Chairman

Hong Kong, 19th November 2014



CORPORATE INFORMATION

At 30th September 2014

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

Li Kar Fai, Peter (*Chairman*)
Edward John Hill III
Ho Man Kin, Tony

REMUNERATION COMMITTEE

Ho Man Kin, Tony (*Chairman*)
Edward John Hill III
Li Kar Fai, Peter

NOMINATION COMMITTEE

Zhu Xinjiang (*Chairman*)
Ho Man Kin, Tony
Li Kar Fai, Peter

COMPANY SECRETARY

Chan Kwong Leung, Eric

AUDITOR

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Central
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