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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL SUMMARY

- Revenue for the year ended 31 December 2013 amounted to approximately HK$322.9 million (2012: approximately HK$188.7 million), representing an increase of approximately 71.1% as compared with the preceding year.
- Gross loss improved from approximately HK$157.0 million for the year ended 31 December 2012, to approximately HK$21.1 million for the year ended 31 December 2013.
- Net loss for the year ended 31 December 2013 amounted to approximately HK$347.5 million (2012: approximately HK$377.3 million).
- No final dividend was proposed by the Board for the year ended 31 December 2013 (2012: nil).

The board of directors (the "**Board**") of Rosan Resources Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2013, together with comparative figures for the year ended 31 December 2012. These final results have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Notes	**2013**	2012
		HK$'000	*HK$'000*
Continuing operations			
Revenue	*4*	**322,896**	188,702
Cost of sales		**(343,965)**	(345,751)
Gross loss		**(21,069)**	(157,049)
Other income	*4*	**34,036**	28,207
Selling and distribution expenses		**(9,015)**	(6,655)
Administrative expenses		**(128,793)**	(122,304)
Other operating expenses		**(8,877)**	(8,265)
Finance costs	*5*	**(93,802)**	(90,687)
Share of (losses)/profits of associates		**(45,339)**	5,668
Share of losses of a joint venture		**(454)**	(1,977)
Gain on disposal of a joint venture		**–**	16,574
Impairment loss on goodwill		**(70,276)**	(47,427)
Loss before income tax	*6*	**(343,589)**	(383,915)
Income tax (expense)/credit	*7*	**(3,922)**	1,377
Loss for the year from continuing operations		**(347,511)**	(382,538)
Discontinued operations			
Profit for the year from discontinued operations		**–**	5,204
Loss for the year		**(347,511)**	(377,334)
Loss for the year attributable to:			
Owners of the Company		**(323,455)**	(344,249)
Non-controlling interest		**(24,056)**	(33,085)
		(347,511)	(377,334)
Loss for the year attributable to the owners of the Company:			
Continuing operations		**(323,455)**	(349,453)
Discontinued operations		**–**	5,204
		(323,455)	(344,249)
		2013	2012
		HK cents	*HK cents*
Loss per share for loss attributable to the owners of the Company during the year			
Basic and diluted			
– from continuing and discontinued operations	*8*	**(45.386)**	(48.304)
– from continuing operations	*8*	**(45.386)**	(49.034)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Loss for the year	**(347,511)**	(377,334)
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange gain/(loss) on translation of financial statements of foreign operations		
– subsidiaries	**30,255**	5,041
– a joint venture	**181**	(775)
– associates	**4,309**	2,168
	34,745	6,434
Release of exchange fluctuation reserve upon disposal of subsidiaries	**–**	(2,483)
Release of exchange fluctuation reserve upon disposal of a joint venture	**–**	(6,681)
Total comprehensive income for the year	**(312,766)**	(380,064)
Total comprehensive income attributable to:		
Owners of the Company	**(291,463)**	(347,546)
Non-controlling interest	**(21,303)**	(32,518)
	(312,766)	(380,064)
Total comprehensive income attributable to the owners of the Company:		
Continuing operations	**(312,766)**	(349,575)
Discontinued operations	**–**	2,029
	(312,766)	(347,546)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**525,206**	389,061
Prepaid lease payments		**–**	130
Goodwill		**69,032**	135,334
Mining rights		**647,373**	646,653
Other intangible assets		**–**	293
Interests in associates		**125,816**	129,514
Interest in a joint venture		**6,067**	6,340
Deposits paid for potential investments		**–**	68,442
Available-for-sale financial assets		**26,566**	–
		1,400,060	1,375,767
Current assets			
Inventories		**13,779**	14,322
Accounts and bills receivables	9	**298,216**	521,637
Prepayments, deposits and other receivables		**207,867**	446,258
Tax recoverable		**9,774**	10,508
Available-for-sale financial assets		**–**	24,888
Pledged bank deposits		**124,286**	318,815
Cash and cash equivalents		**580,835**	633,273
		1,234,757	1,969,701
Current liabilities			
Accounts and bills payables	10	**301,465**	569,764
Other payables and accruals		**548,649**	306,857
Provision for reclamation obligations		**85,249**	74,021
Provision for tax		**–**	93
Bank loans	11	**461,112**	709,308
		1,396,475	1,660,043
Net current (liabilities)/assets		**(161,718)**	309,658
Total assets less current liabilities		**1,238,342**	1,685,425
Non-current liabilities			
Other payables		**11,532**	–
Amount due to an associate		**38,439**	–
Convertible bonds		**–**	184,050
Deferred tax liabilities		**23,126**	19,264
		73,097	203,314
Net assets		**1,165,245**	1,482,111
EQUITY			
Share capital	12	**71,267**	71,267
Reserves		**1,053,439**	1,353,910
Equity attributable to the owners of the Company		**1,124,706**	1,425,177
Non-controlling interest		**40,539**	56,934
Total equity		**1,165,245**	1,482,111

NOTES:

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, excluding 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.

On 6 September 2013, Henan Zhongyuan JiuAn Foundation & Investment Company Limited ("**JiuAn**"), an indirectly wholly-owned subsidiary of the Company entered into a capital injection agreement (the "**Agreement**") with Henan Zhongtou Yingke Investment Company Limited* ("**Zhongtou**") (河南中投盈科投資有限公司) and Zhengzhou Huirui Shangmao Company Limited* ("**Huirui**") (鄭州輝瑞商貿有限公司). Pursuant to the Agreement, JiuAn agreed to inject capital of approximately HK$152.1 million (equivalent to RMB120.0 million) (the "**Capital Injection**") to Huirui. Upon the completion of the Capital Injection, the registered capital of Huirui would increase from approximately HK$6.3 million (equivalent to RMB5.0 million) to approximately HK$158.4 million (equivalent to RMB125.0 million). JiuAn and Zhongtou would hold 96% and 4% of the registered capital of Huirui respectively. Huirui is a limited liability company established in the PRC which principally engages in trading of purchased coal, construction materials and accessories of mining machineries in the PRC. The Capital Injection was completed on 16 December 2013. Details of the Capital Injection were set out in the Company's announcements dated 6 September 2013, 11 December 2013 and 16 December 2013 and the Company's circular dated 25 November 2013.

Other than the Capital Injection as described above, there was no other significant change in the Group's operations during the year.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations ("**Int**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Group incurred a loss of approximately HK$347.5 million (2012: approximately HK$377.3 million) for the year ended 31 December 2013 and, as of that date, the Group had net current liabilities of approximately HK$161.7 million (2012: net current assets of approximately HK$309.7 million). 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 and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 31 December 2013 and subsequently thereto up to the date of approval of the consolidated financial statements. 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 these consolidated financial statements which include, but not limited to, the followings:

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

(b) The Group is currently in the process of negotiating with certain banks and independent third parties in the PRC to raise new medium to long term bonds with an aggregate amount of RMB210.0 million (equivalent to approximately HK$269.1 million);

(c) The Group is currently in the process of negotiating with a bank to renew its existing bank loans and banking facilities with an aggregate amount of RMB150.0 million (equivalent to approximately HK$192.2 million); and

(d) The Group has renewed bank loans and banking facilities with an aggregate amount of RMB150.0 million (equivalent to approximately HK$192.2 million) repayable within coming twelve months to repayable after twelve months from 31 December 2013.

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 31 December 2013, the Group had cash and cash equivalents amounted to approximately HK$580.8 million.

(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 the Group will be able to meet in full their financial obligations as they fall due for the twelve months from 31 December 2013. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2013 on a going concern basis.

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 consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2013 were approved for issue by the board of directors on 26 March 2014.

2. ADOPTION OF NEW/REVISED HKFRSs

(a) Adoption of new/revised HKFRSs – effective from 1 January 2013

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 19 (2011)	Employee Benefits
HK(IFRIC) – Int 20	Stripping Costs of the Production Phase of a Surface Mine
Amendments to HKFRS 1	Government Loans

Except as explained below, the adoption of the new/revised standards and interpretations has no significant impact on the Group's financial statements.

HKFRSs (Amendments) – Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest.

HKFRS 11 – Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). HKFRS 11 does not allow proportionate consolidation of a joint venture arrangement. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. The Group has changed its accounting policy for joint arrangements.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

(b) New/revised HKFRSs that have been issued and have been early adopted

Amendments to HKAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014. The Group has early adopted the amendments to HKAS 36 in the current period. The disclosures about the impairment of goodwill have been modified accordingly.

(c) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments
HK (IFRIC) 21	Levies[1]
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HK (IFRIC) 21 – Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs.

3. SEGMENT INFORMATION

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 the internal management reporting information that is provided to and regularly reviewed by the executive directors of the Company (the "**Executive Directors**") in order to allocate resources and assess performance of the segment. For the years presented, the Executive Directors have determined that the Group has only one 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.

Geographical information

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 Company does not have any activities. The Group has 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 asset.

Information on major customers

During the year ended 31 December 2013, approximately HK$101.9 million or 31.6% (2012: approximately HK$146.5 million or 77.6%), approximately HK$115.1 million or 35.6% (2012: approximately HK$42.0 million or 22.3%) and approximately HK$32.6 million or 10.1% (2012: Nil) of the Group's revenue were derived from Customer A, Customer B and Customer C respectively in the sale of coal.

As at 31 December 2013, 96.1% (2012: 98.9%) of the Group's accounts receivable were due from these customers.

4. REVENUE AND OTHER INCOME

Turnover from continuing operations represents the revenue arising from the Group's principal activities which are the production and sale of coal. Coalbed methane ("**CBM**") related business had been presented as discontinued operations.

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

	2013	2012
	HK$'000	*HK$'000*
Revenue/Turnover		
Continuing operations		
Production and sale of coal	**322,896**	188,702
Discontinued operations		
CBM related business	**–**	361
	322,896	189,063
Other income		
Continuing operations		
Bank interest income	**23,766**	17,747
Interest income from loans to third parties	**308**	4,446
Exchange gain, net	**721**	–
Sale of ancillary materials	**243**	24
Sale of consumable tools	**147**	424
Service income	**994**	–
Gain on early redemption of convertible bonds	**129**	–
Gain on disposals of financial assets at fair value through profit or loss	**102**	829
Amortisation of financial guarantee contracts issued	**–**	1,656
Government grant	**–**	1,848
Reversal of provision for impairment loss on deposits paid	**3,791**	–
Write-back of accruals	**2,655**	–
Others	**1,180**	1,233
	34,036	28,207

5. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Interest charge on bank loans wholly repayable within one year	**60,360**	58,094
Effective interest expense on convertible bonds repayable within five years	**7,072**	7,797
Interest expenses on financial liabilities stated at amortised cost	**67,432**	65,891
Bank charges on bills receivable discounted without recourse	**28,014**	27,304
	95,446	93,195
Less: interest capitalised in construction in progress*	**(1,644)**	(2,508)
	93,802	90,687

* The borrowing cost was captialised at the rate of 6.45% (2012: 5.71%) per annum for the year ended 31 December 2013.

6. LOSS BEFORE INCOME TAX

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

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Cost of inventories sold	**336,682**	342,456
Auditors' remuneration	**1,640**	1,562
Depreciation	**37,902**	35,014
Operating lease charges on land, buildings and office equipment	**3,291**	2,873
Amortisation of prepaid lease payments	**130**	308
Amortisation of mining rights	**18,198**	4,188
Amortisation of other intangible assets	**293**	574
Employee benefit expense (including directors' remuneration and retirement benefit scheme contributions)	**193,548**	144,222
Exchange (gain)/loss, net	**(721)**	659
Loss on disposals of property, plant and equipment	**1,232**	1,144
Impairment loss on deposits and other receivables	**11,867**	–
Provision for reclamation obligations	**10,236**	7,551

7. INCOME TAX EXPENSE/(CREDIT)

No Hong Kong Profits Tax has been provided for the year in the financial statements as the Group has tax losses brought forward from previous years (2012: Nil).

Enterprise income tax arising from operations in the PRC is calculated at the statutory income tax rate of 25% (2012: 25%) of the estimated assessable profits as determined in accordance with the relevant income tax rules and regulations in the PRC.

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
Current tax – PRC income tax		
– Current year	**268**	898
– Under-provision in respect of prior year	**410**	946
	678	1,844
Deferred tax		
– Current year	**3,244**	(3,221)
	3,922	(1,377)

8. LOSS PER SHARE

From continuing and discontinued operations

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

	2013	2012
	HK$'000	*HK$'000*
Loss from continuing and discontinued operations		
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share computation	**(323,455)**	(344,249)

	2013	2012
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share computation	**712,674**	712,674

The calculation of basic loss per share attributable to the owners of the Company for the year ended 31 December 2013 is based on the loss attributable to the owners of the Company of approximately HK$323.5 million (2012: approximately HK$344.2 million) and on the weighted average of 712,674,000 (2012: 712,674,000) ordinary shares during the year.

In calculating the diluted loss per share attributable to the owners of the Company for the year ended 31 December 2013 and 2012, the potential issue of shares arising from the conversion of the Company's convertible bonds would decrease the loss per share attributable to the owners of the Company and is not taken into account as they have an anti-dilutive effect. Share options of the Company are not dilutive as the exercise price of the options exceeds the average market price of ordinary shares during the year ended 31 December 2013 and 2012. Therefore, the diluted loss per share attributable to the owners of the Company for the year ended 31 December 2013 and 2012 is based on the loss attributable to the owners of the Company of approximately HK$323.5 million (2012: approximately HK$344.2 million) and on the weighted average of 712,674,000 (2012: 712,674,000) ordinary shares during the year ended 31 December 2013.

From continuing operations

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

	2013	2012
	HK$'000	*HK$'000*
Loss from continuing operations		
Loss for the year attributable to the owners of the Company	**(323,455)**	(344,249)
Less: Profit for the year from discontinued operations	**–**	5,204
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share from continuing operations computation	**(323,455)**	(349,453)

In calculating the diluted loss per share from continuing operations attributable to the owners of the Company for the year ended 31 December 2013 and 2012, the potential issue of shares arising from the conversion of the Company's convertible bonds would decrease the loss per share from continuing operations attributable to the owners of the Company and is not taken into account as they have an anti-dilutive effect. Share options of the Company are not dilutive as the exercise price of the options exceeds the average market price of ordinary shares during the year ended 31 December 2013 and 2012. Therefore, the diluted loss per share from continuing operations attributable to the owners of the Company for the year ended 31 December 2013 and 2012 is based on the loss from continuing operations attributable to the owners of the Company of approximately HK$323.5 million (2012: approximately HK$349.5 million) and on the weighted average of 712,674,000 (2012: 712,674,000) ordinary shares during the year ended 31 December 2013.

From discontinued operations

For the year ended 31 December 2012, basic and diluted earnings per share for the discontinued operations was 0.730 HK cent per share based on the profit for the year from the discontinued operations of approximately HK$5.2 million and the denominators detailed above for both basic and diluted earnings per share.

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

9. ACCOUNTS AND BILLS RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Accounts receivable	**297,024**	265,912
Bills receivable	**1,192**	255,725
	298,216	521,637

The Group's sales are billed to customers according to the terms of the relevant agreement. Normally credit periods ranging from 60 to 180 days (2012: 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:

	2013	2012
	HK$'000	*HK$'000*
0 – 90 days	**47,585**	40,376
91 – 180 days	**42,259**	25,140
181 – 365 days	**88,384**	123,237
Over 365 days	**131,094**	89,103
	309,322	277,856
Less: Provision for impairment	**(12,298)**	(11,944)
	297,024	265,912

At 31 December 2013, accounts receivable of approximately HK$179.2 million (2012: approximately HK$236.4 million) were pledged to secure bank loans of the Group.

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

	2013	2012
	HK$'000	*HK$'000*
Neither past due nor impaired	**87,306**	65,516
Past due for less than 3 months	**65,881**	28,102
Past due for more than 3 months but less than 6 months	**25,041**	95,135
Past due for more than 6 months but less than 1 year	**51,608**	74,424
Past due for more than 1 year	**67,188**	2,735
	297,024	265,912

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

	2013	2012
	HK$'000	*HK$'000*
At 1 January	**11,944**	11,866
Exchange difference	**354**	78
At 31 December	**12,298**	11,944

At each reporting date, the Group reviews accounts receivable for evidence of impairment on an individual and collective bases. As at 31 December 2013, the Group determined accounts receivable of approximately HK$12.3 million as individually impaired (2012: approximately HK$11.9 million). No impairment loss was recognised during the year (2012: Nil).

Accounts receivable that were neither past due nor impaired related to customers for whom there was no recent history of default.

Accounts receivable that were past due but not impaired related to customers that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of accounts receivable past due but not impaired.

10. ACCOUNTS AND BILLS PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Accounts payable	**23,422**	15,113
Bills payable	**278,043**	554,651
	301,465	569,764

The Group was granted by its suppliers' credit periods ranging from 30 to 90 days (2012: 30 to 90 days). Based on the invoice dates, the ageing analysis of the Group's accounts payable at the reporting date is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 90 days	**10,005**	12,745
91 – 180 days	**5,000**	1,237
181 – 365 days	**5,825**	337
Over 365 days	**2,592**	794
	23,422	15,113

As at 31 December 2013, the Group's bills payable of approximately HK$278.0 million (2012: approximately HK$554.7 million) were secured by the pledge of time deposits. As at 31 December 2013, bills payable of approximately HK$153.8 million (2012: approximately HK$242.7 million) were guaranteed by independent third parties.

11. BANK LOANS

	2013	2012
	HK$'000	*HK$'000*
Bank loans repayable within one year and classified as current liabilities	**461,112**	709,308
Analysed as follows:		
Secured	**204,852**	609,756
Unsecured	**256,260**	99,552
	461,112	709,308

12. SHARE CAPITAL

	2013		2012	
	Number of shares	***HK$'000***	*Number of shares*	*HK$'000*
Authorised:				
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013, 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, ordinary shares of HK$0.1 each	**712,673,692**	**71,267**	7,126,736,924	712,674
Share consolidation (increase in par value from HK$0.1 each to HK$1.0 each)	**–**	**–**	(6,414,063,232)	–
Capital reduction (decrease in par value from HK$1.0 each to HK$0.1 each)	**–**	**–**	–	(641,407)
At 31 December, ordinary shares of HK$0.1 each	**712,673,692**	**71,267**	712,673,692	71,267

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year ended 31 December 2013 (the "**Year**"), the Group was continuously facing a challenging environment. The occasional suspension of certain coal mines continues to cast an obstacle on the production volume of the Group. Nevertheless, as the length of the suspension period during the Year was shorter than the year ended 31 December 2012 (the "**Last Year**"), the total production volume has been improved for the Year. The Group presently has three coal mines which are in normal operation, including Xiaohe Coal Mine No.2, Xiangyang Coal Mine and Xingyun Coal Mine. The another two coal mines of the Group, namely Xiaohe Coal Mine No.1 and Xiaohe Coal Mine No.3, have not yet obtained the government's approval for resumption in operation and are still in suspension stage.

Despite of the dropping in average coal price during the Year, the total revenue of the Group for the Year has been increased as compared with the Last Year resulting from the improvement in the sales and production volume. However, the total cost incurred by the Group during the Year was still significant to the Group and therefore a result with net loss was obtained for the Year.

Market Review

During the Year, the coal industry in the People's Republic of China (the "**PRC**") has been facing a "sluggish period". Coal enterprises in the PRC were confronting with the facts of dropping in coal price and weakening in demand. People nowadays have increased their awareness on environment protection, different enterprises are trying to seek different kinds of clean-energy to replace the traditional coal energy source. However, coal energy is still one of the cheapest and most commonly adopted energy sources for enterprises' power generation and for people's daily life. It is expected that coal energy will not be easily replaced by other energy sources in the short to medium terms.

From certain statistics in relation to the PRC coal industry, it indicated that the coal inventories accumulated in warehouses or ports have reached to a high level in the recent few months. It represented that the recent coal supply has been increased in a speed faster than the coal demand, which has caused the pressure on the coal price in the short run. Nonetheless, the trading activities of coal in the PRC are still vigorous. In 2013, the proportion of the PRC's coal imports was accounting for approximately 25% of international coal trade. Net coal imports in 2013 totalled 320 million tons, with 40 million tons increased from 2012.

To protect the environment, different coal enterprises in the industry are striving to explore high quality coal as well as to minimize the pollution to the environment. It is believed that the coal industry is not only made reference to the quality of products to be provided, but also the strength of the social responsibilities for an enterprise can be put.

Financial Review

Revenue

The Group's total revenue for the Year amounted to approximately HK$322.9 million, representing an increase of 71.1% from approximately HK$188.7 million for the Last Year. The improvement in revenue was primarily due to the resumption of certain coal mines during the Year and the suspension period was comparatively shorter than the Last Year. During the Year, the total sales volume of coal has reached to approximately 877,000 tons which was higher than the sales volume of the Last Year (approximately 347,000 tons) by 152.7%.

Despite of the improvement in sales volume, the selling price of coal continued to drop during the Year resulting from the persistent weak demand of coal in the domestic market. The average selling price of coal has dropped from approximately RMB441.4 per ton for the Last Year to RMB291.5 per ton for the Year.

Gross Loss

The gross loss during the Year was approximately HK$21.1 million, while the gross loss for the Last Year was approximately HK$157.0 million. The total gross loss has been improved by 86.6% mainly due to the increase in revenue as explained above as well as the cost incurred for the Year was comparable to the Last Year. During the Last Year, the amount of cost of sales was significant to the revenue because certain costs such as removal and allocation expenses for coal mines and other recurring coal mines' related costs, were necessarily to be incurred regardless of the drop in the production volume resulting from the longer suspension period of coal mines. Furthermore, due to the longer period of suspension of coal mines for the Last Year, the Group needed to purchase coal from outsiders with higher cost in order to fulfil the sales orders from customers. During the Year, all the coal was produced by the Group itself without out-sourcing. Therefore, the cost of sales for the Last Year was comparatively higher than the Year and the gross loss for the Last Year was higher than the Year.

Administrative Expenses

During the Year, the total administrative expenses amounted to approximately HK$128.8 million (the Last Year: approximately HK$122.3 million) which mainly comprised of, (i) employee benefit expenses of approximately HK$40.9 million (the Last Year: approximately HK$44.5 million), (ii) amortisation of intangible assets, mining rights and prepaid lease payments amounted to approximately HK$18.6 million (the Last Year: approximately HK$5.1 million), and (iii) impairment loss on certain deposits and other receivables amounted to approximately HK$11.9 million (the Last Year: nil). There was only a slightly increment in the total administrative expenses mainly due to the increase in the amortisation of mining rights during the Year resulting from the increase in the production volume. Furthermore, an impairment on certain long outstanding deposits and other receivables amounted to approximately HK$11.9 million was provided for the Year.

Finance Cost

The finance cost was slightly increased from approximately HK$90.7 million for the Last Year to approximately HK$93.8 million for the Year. The increase in the total finance cost was mainly due to the amount of average bank borrowings such as bank loans during the Year were higher than the Last Year. With the higher average bank borrowings during the Year, higher finance cost were incurred for the Year. Nevertheless, the Group has put effort to improve the settlement period of outstanding amounts from trade debtors during the second half of the Year. Therefore, the total bank borrowing balances has been reduced as at 31 December 2013 (the "**Current Year End**").

Net Loss

The net loss attributable to the owners of the Company for the Year was approximately HK$323.5 million, represented a reduction of approximately 6.0% compared with the net loss made in Last Year of approximately HK$344.2 million. The reasons for the continuous occurrence of net loss for the Year were mainly due to: (i) continuous dropping in average selling price of coal during the Year that caused the Group did not achieve a favorable gross profit on its coal sales; (ii) an increase in the share of losses of associates resulting from the unrealized loss incurred on stock market investment by an associate; and (iii) impairment loss on goodwill amounted to approximately HK$70.3 million for the Year (Last Year: approximately HK$47.4 million).

Accounts and Bills Receivables

(i) As at the Current Year End, the accounts receivable was amounted to approximately HK$297.0 million. There was an increase of 11.7% as compared to the accounts receivable of approximately HK$265.9 million as at 31 December 2012 (the "**Last Year End**"). The increase in the amount of accounts receivable was mainly because the Company has made more sales to customers during the Year. Hence, a higher trade debtors balance as at the Current Year End.

    Amongst the total amount of accounts receivable, 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$249.4 million (equivalent to approximately RMB194.7 million) or approximately 84.0% of the total accounts receivable amount as at the Current Year End, of which approximately HK$67.2 million has been past due more than one year.

Regarding to the long outstanding amount due from Zhongfu, the management of the Group (the "**Management**") has performed the following impairment assessment:

(a) By reviewing the subsequent settlement since the Current Year End and up to the date of this announcement, Zhongfu has further settled approximately HK$99.9 million (equivalent to approximately RMB78.0 million) or 40.1% of its outstanding balance as at the Current Year End;

(b) By reviewing the financial status of Zhongfu, it was noted that Zhongfu has sufficient assets for debt repayment;

(c) By interviewing with the representatives of Zhongfu, it was noted that Zhongfu are in normal operation;

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

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

(f) A repayment schedule was provided by Zhongfu in January 2014 for the future settlement of the outstanding balance, of which, Zhongfu agreed that the outstanding balance will be fully settled by 31 December 2014.

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

(ii) The bills receivable has been reduced from approximately HK$255.7 million as at the Last Year End to approximately HK$1.2 million as at the Current Year End. The reduction in the amounts of bills receivable was mainly due to the settlement of trade debtors through bills receivable during the last quarter of the Year was less than the same period of Last Year.

Prepayment, deposits and other receivables

As at the Current Year End, major material balances of prepayments, deposits and other receivables were mainly comprised of the following items:

(i) The deposits paid to a supplier for the purchase of coal amounted to approximately HK$44.3 million (equivalent to approximately RMB34.6 million) (Last Year End: nil). Since the balance has been subsequently settled for more than 94% by the date of this announcement, no impairment was considered by the Management.

(ii) The amount due from Henan Bianlong Shangmao Company Limited* ("**Bianlong**") (河南汴龍商貿有限公司) of approximately HK$8.6 million (equivalent to approximately RMB6.7 million) (Last Year End: approximately HK$72.7 million (equivalent to approximately RMB58.4 million)). The outstanding amount is unsecured and interest-free (Last Year End: interest bearing at prevailing bank interest rate). Bianlong was a subsidiary of the Company and had been disposed by the Company in December 2011. The original outstanding amount was an inter-subsidiaries current account balance derived in the period before its disposal. After considering the loan aged, the Group waived the interest charged in prior years in order to speed up the settlement. Impairment of approximately HK$6.8 million for the interest receivable was made during the Year. Bianlong has settled majority of its original outstanding amount as at Last Year End (i.e. 87%) by the Current Year End and agreed with a settlement agreement to fully settle all the outstanding amount by 30 September 2014.

(iii) The amount due from Henan Provincial Coal Seam Gas Development and Utilization Company Limited* ("**Coal Seam Gas**") (河南省煤層氣開發利用有限公司) of approximately HK$63.3 million (equivalent to approximately RMB49.4 million). In September 2012, the Group disposed of its entire interest in a joint venture, Henan Yulong Energy Development Co., Ltd., to Coal Seam Gas 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 balance of approximately HK$63.3 million (equivalent to approximately RMB49.4 million) is unsecured and interest-free.

Regarding to the above long outstanding amount due from Coal Seam Gas as at the Current Year End, the Management has performed the following impairment assessment:

(1) By reviewing the subsequent settlement since the Current Year End and up to the date of this announcement, Coal Seam Gas has further settled approximately HK$6.4 million (equivalent to approximately RMB5.0 million);

(2) By reviewing the background of Coal Seam Gas, it is a state-owned company and is possible to obtain support from government;

(3) By reviewing the assets owned by Coal Seam Gas, it owns several coal mines in the PRC with sufficient asset base;

(4) Coal Seam Gas initiatively provided to the Company a repayment schedule in March 2014 to show its sincere intention for repayment; and

(5) Coal Seam Gas agreed in the above mentioned repayment schedule that all the balances will be progressively repaid by 30 September 2014.

By considering of the above, the Management therefore concluded that no impairment is needed to be made on the outstanding balance.

Accounts and Bills Payables

Bills payable as at the Current Year End amounted to approximately HK$278.0 million (Last Year End: approximately HK$554.7 million) which contributed approximately 92.2% of the total amount of accounts and bills payables as at the Current Year End, i.e. approximately HK$301.5 million (Last Year End: approximately HK$569.8 million). The bills payables has been reduced significantly by approximately HK$276.6 million or 49.9% because the collectability from trade debtors of the Company has been improving in the second half of the Year and the Company has less reliance on settlement through bills.

Other Payables and Accruals

As at the Current Year End, the amount of other payables and accruals were mainly comprised of, amongst others, advances from third parties and contingent consideration of investment in associates amounted to approximately HK$99.2 million (equivalent to approximately RMB77.4 million) and HK$11.5 million (equivalent to RMB9.0 million) respectively. The amounts due were unsecured and interest-free.

PROSPECT

In the foreseeable future, the Group will continue to put focus on its core business in coal mining business with further improving its profit generating ability and the cost control effectiveness. Moreover, the Group will further broaden the customers' base in order to improve the debt collectability and liquidity.

Other than the coal mining business, the Group is undergoing to diversify its business to coal trading. Subsequent to the acquisition of a coal trading company in December 2013, the Group will be able to explore the opportunities for local and overseas coal trading business in order to enhance the revenue of the Group.

Furthermore, the Group will try seizing the favorable return through the different direct or indirect investments made by the Group, such as the investment in a software development company in PRC, indirect investment in the PRC stock market and the other investment. It is believed that those investments may bring beneficial results to the Group in the long term.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2013, the net asset value of the Group was approximately HK$1,165.2 million (as at 31 December 2012: approximately HK$1,482.1 million) and the total cash and bank balance (included pledged bank deposit) was approximately HK$705.1 million (as at 31 December 2012: approximately HK$952.1 million). As at 31 December 2013, the Group had net current liabilities of approximately HK$161.7 million (as at 31 December 2012: net current assets of approximately HK$309.7 million) and its current ratio decreased from 1.2 times as at 31 December 2012 to 0.9 times as at 31 December 2013.

As at 31 December 2013, the Group's total accounts receivable amounted to approximately HK$297.0 million (as at 31 December 2012: approximately HK$265.9 million) and certain accounts receivable were pledged to secure bank loans of the Group. Subsequent to 31 December 2013 and up to the date of this announcement, accounts receivable amounted to approximately HK$142.6 million has been settled.

As at 31 December 2013, bank deposits amounted to approximately HK$124.3 million (as at 31 December 2012: approximately HK$318.8 million) were pledged and not available for the operation or repayment of debts of the Group. Cash and cash equivalents which was not pledged amounted to approximately HK$580.8 million (as at 31 December 2012: approximately HK$633.3 million).

As at 31 December 2013, the Group's total bank loans amounted to approximately HK$461.1 million (as at 31 December 2012: approximately HK$709.3 million).

As at 31 December 2013, the Group's bills payable amounted to approximately HK$278.0 million (as at 31 December 2012: approximately HK$554.7 million) were secured by the pledge of the Group's time deposits and of approximately HK$153.8 million (as at 31 December 2012: approximately HK$242.7 million), were also guaranteed by independent third parties.

The Group's gearing ratio (as a ratio calculated by (a) the sum of bank loans and liability components of the convertible bonds; divided by (b) the net assets of the Group) was 39.6% (as at 31 December 2012: 60.3%).

MATERIAL ACQUISITIONS AND SIGNIFICANT INVESTMENTS

i) In December 2013, Henan Zhoungyuan JiuAn Foundation & Investment Co., Ltd. (an indirectly wholly-owned subsidiary of the Company) completed the capital injection in cash of RMB120.0 million to a coal trading company, called Zhengzhou Huirui Shangmao Company Limited* ("**Huirui**") (鄭州輝瑞商貿有限公司). Huirui principally engages in trading of purchased coal, construction materials and accessories of mining machineries. Details of the transaction were disclosed in the Company's announcements dated 6 September 2013, 11 December 2013 and 16 December 2013 and the Company's circular dated 25 November 2013.

ii) In August 2013, Xinfa Investments Limited ("**Xinfa**", a wholly-owned subsidiary of the Company) and Honest Oasis Limited ("**Honest Oasis**", an independent third party) entered into a capital injection agreement that both parties agreed to make further capital injection in an Indonesian company (the "**Target Company**") which established in June 2013 by Xinfa and Honest Oasis. The Target Company is a company incorporated in Indonesia and is principally engaged in the aluminum mining-related business in Indonesia through its subsidiaries. Details of the transaction were disclosed in the Company's announcement dated 21 August 2013.

iii) In January 2013, Beijing Kaisheng Guanhua Investment Company Limited* (北京凱盛冠華投資有限公司), an indirectly non-wholly owned subsidiary of the Company, entered into an agreement in relation to the capital injection in Beijing Baiyitong Technology Co., Ltd* ("**Baiyitong**") (北京佰鎰通科技有限公司) in the amount of RMB30.0 million representing 34% of the total registered capital of Baiyitong. Baiyitong is principally engaged in the development of computer software and provision of information technology services. Details of the transaction were disclosed in the Company's announcement dated 14 January 2013.

Other than the aforementioned, there was no material acquisition and significant investment during the Year.

EARLY REDEMPTION OF CONVERTIBLE NOTES

In November 2013, the Company exercised its right to redeem the convertible notes (the "**Redemption**") before its maturity in the aggregate principal amount of HK$200.0 million in full which were held by Retop International Investment Limited. Upon the Redemption, the Company has no outstanding convertible notes. Details of the transaction were disclosed in the Company's announcement dated 14 November 2013.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of this announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Company's auditor, BDO Limited and are in line with the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 3.1 in the financial statements which indicates that the Group incurred a loss of approximately HK$347,511,000 during the year ended 31 December 2013 and, as of that date, the Group and the Company had net current liabilities of approximately HK$161,718,000 and HK$1,731,000 respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

SAFETY PRODUCTION AND ENVIRONMENT PROTECTION

The Group has always been paying great attention to production safety and environmental protection while achieving growth in coal production. Thus, the Group makes great efforts in promoting safety management and strengthening measures for environmental protection, aiming at building itself into a safety-oriented and environmentally-friendly enterprise. During the Year under review, except for occasion suspension of coal mines as mentioned, all coal mines of the Group operated normally and no material safety incidents were recorded.

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.

DIVIDEND

The Board does not recommend the payment of any dividend for the Year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group has a total of approximately 2,800 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 a Mandatory Provident Fund. A share option scheme was adopted by the Group on 20 October 2004 to enable the directors to grant share options to eligible participants including any employee of the Group as incentive to their valuable contribution to the Group.

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

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.

CORPORATE GOVERNANCE

During the year ended 31 December 2013, 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 Rules Governing the Listing of Securities on the Stock Exchange (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 ("**INEDs**") of the Company do not have a specific term of appointment, but are subject to rotation in accordance with bye-law 111 of the Bye-laws of the Company. As the non-executive director and INEDs 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 of the Company 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 non-executive director of the Company, Mr. Li Chunyan ("**Mr. Li**") and INEDs of the Company, Dr. Chen Renbao ("**Dr. Chen**") and Mr. Li Daomin was unable to attend the special general meeting of the Company held on 11 December 2013 and Mr. Li and Dr. Chen was unable to attend the annual general meeting of the Company held on 24 May 2013 respectively due to other business engagement.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three of the INEDs of the Company. The Audit Committee has reviewed the financial statements of the Group for the year ended 31 December 2013 and are of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosure have been made.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.irasia.com/listco/hk/rrhl). The 2013 annual report will be despatched to the shareholders and available on the same websites on or before 30 April 2014.

APPRECIATION

I would like to take this opportunity to express my most sincere thanks and gratitude to our shareholders, and various parties for their continuing support, and our directors and staff for their dedication and hard work.

By order of the Board
Rosan Resources Holdings Limited
Dong Cunling
Chairman

Hong Kong 26 March 2014

As at the date of this announcement, the executive directors of the Company are Mr. Chen Xu, Mr. Dong Cunling, Mr. Wu Jiahong, Mr. Yang Hua and Mr. Zhou Guangwen; the non-executive director of the Company is Mr. Li Chunyan; the INEDs of the Company are Dr. Chen Renbao, Mr. Li Daomin and Mr. Ma Yueyong.

* *For identification purpose only*