



# Market Announcement

6 May 2019

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## Fortune Asia Group Limited (ASX: FYA) – Removal from Official List

### Description

Fortune Asia Group Limited ('FYA') will be removed from the Official List of ASX Limited ('ASX') at the close of trading today, Monday 6 May 2019, under Listing Rule 17.12.

The reasons for the removal are explained in ASX's letter to FYA dated 18 April 2019 and FYA's letter to ASX in response dated 29 April 2019, copies of which are attached to this notice.

ASX has formed the view that it is appropriate to remove FYA from the Official List having regard in particular to the following factors:

1. FYA's failure to perform any exploration work on its tenements since listing, as documented in paragraphs 4 to 40 of ASX's letter, resulting in an insufficient level of operations in breach of Listing Rule 12.1.
2. The inadequacy of FYA's financial condition, as described in paragraph 41 of ASX's letter, in breach of Listing Rule 12.2.
3. FYA's breaches of Listing Rule 3.1 identified in paragraphs 42 and 43 of ASX's letter and the further breach of Listing Rule 3.1 arising from its failure to disclose to the market the matters referred to in paragraph 1.1(b) of FYA's response to ASX's letter.
4. The likelihood that any future transaction entered into by FYA will, pursuant to Listing Rule 11.1.3, require re-compliance with Chapters 1 and 2 of the Listing Rules in any event.

### Issued by

**Charlotte Hope**

Senior Adviser, Listings Compliance (Sydney)

Charlotte Hope  
Senior Adviser, Listing Compliance (Sydney)  
ASX Limited  
20 Bridge Street, Sydney NSW 2000

Delivered by Email: [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au)

Monday 29 April 2019

Dear Ms Hope,

In response to your letter dated 18 April 2019 in relation to proposed removal of Fortune Asia Group Ltd (the “**Company**”) from the ASX Official List, the Company’s responses are as follows:

1. Listing Rule 12.1 – Level of Operations

1.1 Kyzyl Leto Copper Tenement

- (a) The Company has been trying its best to operate its mining and exploration business and lodged its application to renew its exploration licence in relation to the Kyzyl Copper Project on 22 June 2017 before its expiry date on 27 June 2017. The renewal application is still in progress and the delay in renewing the exploration licence was because the Chinese government is rezoning its nature reserves to which the Kyzyl Copper Project is next.
- (b) The Land and Resources Bureau in Nileke County (the “**LRB**”), responsible governing agency renewing the exploration licence, issued two Status Reports to the Company, respectively on 16 July 2018 and 18 March 2019, stating that LRB has temporarily suspended all new and renewal applications for exploration and mining licence pending on confirmation of a nature reserve rezoning in Yili, Xinjiang Province, China and confirming with the Company that there was no disputes over mining rights, no overlapping rights and no existing objection in the tenement areas concerning the Company, and LRB will start renewing the Company’s exploration and mining licence once the nature reserve boundary is confirmed. There was no clear timeline provided on when the Company’s exploration licence will be renewed, but there is no any ground for the Company at the moment to believe its Kyzyl exploration licence would not be renewed.

- (c) The Company has committed to commence its exploration work once the Kyzyl exploration licence is renewed.
- (d) Four of the Company's China-based directors, being, Mr Yuhan Chen, Mr Geng Lin, Mr Yiguang Lin, and Mr Min Yu have agreed and committed to provide funding to the Company for its exploration costs and expenses associated to its Kyzyl copper project once the Company's exploration licence is renewed.

1.2 The Company has been actively seeking for opportunities to acquire active operation

1.2.1 Negotiation on Acquiring Marble Mines and Processing Centre in Spain and China

- (a) The Company entered into a *Memorandum of Understandings in Equity Restructuring* with a Spanish mining and resources company Marmoles Mamaso S.L and Chinese mine processing company Kaicheng Shiye Co., Ltd. on 9 July 2015 in order to acquire their respective mining and processing operations ("**Marble MoU**");
- (b) The mining tenements and operational business of these two companies include:
  - (i) An 89 years mining lease for a dark brown marble mine with a reserve of 4.2Million cubic meters. The 7.7Ha marble mine tenement locates in Caudete (Albacete, Castilla-La Mancha, Spain);
  - (ii) A 30 years mining lease for a Valencia yellow marble mine with a reserve of 2.2Million cubic meters. The 5Ha marble mine tenement locates in Jumilla (Murcia, Spain);
  - (iii) A 70 years mining lease for a Simi marble mine with a reserve of 3.5Million cubic meters. The 13Ha marble mine tenement locates in Coto (Alicante, Spain);
  - (iv) A large size marble processing centre located in Beijing (China);
- (c) Main terms under the Marble MoU are as follows:
  - (i) All shareholders of Marmoles Mamaso S.L sells their 100% equity to the Company for a total consideration of EURO 5Million;
  - (ii) All shareholders of Kaicheng Shiye Co., Ltd sell their 100% equity to the Company for a total consideration of RMB 15Million;
  - (iii) The Company will acquire 100% shares of Marmoles Mamaso S.L and Kaicheng Shiye Co., Ltd by issuing new shares of the Company to their respective shareholders at a price of AUD 0.20 per share as consideration.
- (d) Upon completion due diligence upon these two companies, the Company's Board of Directors found the valuation of these two companies provided by themselves were much higher than their reasonable value and there were unresolved legal proceedings in China as well, and therefore the deal didn't go through.

#### 1.2.2 Negotiation to Acquire Two Exploration Licences in Western Australia

- (a) The Company entered into a commercial negotiation with a Perth-based mining company APP Gem Mining Pty Ltd (ACN 607 351 431) (“APP”) with an intention to acquire its operation business together with its exploration licences in late 2016;
- (b) APP claimed it owned a gold mining project in Bulgera with two exploration licences – E52/3316 and E52/3276 in Western Australia which cover 36.8 km<sup>2</sup> over the north eastern end of the Plutonic Well Greenstone Belt, 200km northeast of Meekathara. The Bulgera project contains four shallow open pits. Mining of these four pits Bulgera, Mercuri, Venus and Price produced a reported 440,799 tonnes of ore @ 1.65 g/t Au for 23,398 ounces;
- (c) This negotiation didn’t go deeper, because after a brief due diligence upon APP, the Company found that APP didn’t really own the exploration licences.

#### 1.2.3 Negotiation to Acquire Tailings and Mine Waste Processing Operation

- (a) The Company entered into a commercial negotiation with Nanjing Fuya New Building Materials Co., Ltd (“Fuya”) which is a tailing and mine waste processing company with an expertise converting tailing and mine waste into new building materials;
- (b) The Company entered into a *Letter of Intent – Equity Acquisition* with Fuya on 15 January 2018 (“LoI”). The main terms of the LoI were:
  - (i) The Company to acquire 20% equity in Fuya;
  - (ii) The Company to issue new shares to Fuya’s existing shareholders as consideration for the proposed equity acquisition;
  - (iii) The consideration to be decided upon completion of the Company’s due diligence on Fuya; and
  - (iv) This acquisition to be approved by the Company’s EGM and relevant government agencies.
- (c) The Company later engaged Grant Thornton Australia Limited to conduct a financial due diligence on Fuya;
- (d) The deal didn’t go through because Fuya didn’t accept the valuation provided by Grant Thornton Australia Limited.

#### 1.2.4 Current Confidential Negotiation to Acquire Calcite Mines

- (a) The Company is currently in a confidential and commercial negotiation with a Chinese calcite mining company – Shanyang Yuruize Calcite Mining Co., Ltd (“Yuruize”) with an intention to acquire its mining operation together with its mining licence;
- (b) A brief introduction to the background of Yuruize and its operation is as follows:
  - (i) Yuruize owns an existing and valid calcite mining licence in Shaanxi Province, China;
  - (ii) the calcite project has an estimated reserve of 160,000 cubic meters of calcite;
  - (iii) the mining tenement is approx. 5.13km<sup>2</sup> in size;
  - (iv) the estimated annual mining costs and expenses are approx. RMB 200M (AUD 41.67M);
  - (v) the estimated annual turnover is approx. RMB 480M (AUD 101.05M);
  - (vi) the estimated annual gross profits are approx. RMB 280M (AUD 58.95M);
- (c) The Company has conducted brief due diligence on Yuruize and is in an intensive and confidential discussion with Yuruize at the moment;
- (d) The Company is prepared to make a public announcement in the event a formal agreement is reached by the Company and Yuruize.

### 1.3 Company’s Commitments to the Mining and Exploration Activities

The Company’s current Board of Directors have committed to the mining and resources industries and has been trying its best to renew its Kyzyl exploration licence and seeking active mining business globally.

### 1.4 Use of Proceeds

- (a) The Company had raised AUD 4.5M under its replacement prospectus dated 4 August 2014 and paid approx. AUD 1.8M for the acquisition of the Kyzyl Leto and Wutonggou copper/gold tenements, as well as approx. AUD 910,000 for its offer costs. The rest of proceeds raised were spent, in the last 4.5 years since its listing, for the Company’s day-to-day operation and administration, as well as directors’ fees;
- (b) As audited by the Company’s auditor and confirmed in the auditor’s reports, most of the Company’s administration and staff costs were spent for auditor’s professional fees, ASX annual listing and CHES fees, share registry’s monthly maintenance fees, ASIC annual review fee and industry funding levy as well as costs occurred for director’s fees. The Company pays its chairman and Australia-based directors an annual director’s fee of AUD 50,000 and China-based directors an annual director’s fee of AUD 30,000, which were approved by the Company’s shareholders’ meetings. The Company doesn’t consider these directors’ fees are unreasonable or higher than Australian current market practice;

- (c) Those China-based directors, including its chairman, have agreed to accept their directors' fees to be paid in the form of the Company's newly issued shares rather than in the form of cash. The value of those newly issued shares will be equivalent to their normal annual directors' fees on the Company's Board meeting held on 15 February 2019.
- (d) The Company has a clear record of spending and has engaged an external professional auditor to conduct audits upon its accounts and those relevant reports were also disclosed to all its shareholders as well as the public.

2. Listing Rule 12.2 – Financial Condition

- (a) Based on the latest audited report, there is only one existing debt owed by the Company which is a director loan from the Company's chairman Mr Yuhan Chen;
- (b) At the Company's Board of Directors meeting held on 19 April 2019, Mr Yuhan Chen stated that he intends to forgive all his personal loans to the Company and release the Company from repaying any principal and interest. Mr Yuhan Chen will enter into a legal instrument with the Company to document forgiving debt and releasing the Company. The Company will make a public announcement once the forgiveness of debt is documented;
- (c) From the effect date of the abovementioned forgiveness of debt, the Company will then have no outstanding liability ;
- (d) Also at the Board of Directors meeting on 19 April 2019, Mr Yuhan Chen committed to lend USD 150,000, as a director's loan, to the Company by the end of June 2019 upon execution of a formal director's loan agreement;
- (e) As stated in section 1.1(d) above, four of the Company's China-based directors, being, Mr Yuhan Chen, Mr Geng Lin, Mr Yiguang Lin, and Mr Min Yu have agreed and committed to provide funding to the Company for its exploration costs and expenses once the Company's Kyzyl exploration licence is renewed on the Company's Board meeting held on 15 February 2019;
- (f) As stated in section 1.4(d) above, the Company will no longer pay its China-based directors annual director's fees in the form of cash but newly issued shares;
- (g) The Company has a reasonable ground to believe that it has sufficient working capital to run its business.

3. Listing Rule 3.1 – Immediate Notice of Material Information

- (a) The Company's Board of Directors sends its sincere apologies to ASX for their failure to make on time disclosure in the past;
- (b) Each of the Company's Directors has made their commitment to comply with the ASX Listing Rule for the continuous disclosure obligations;
- (c) The Company's Board of Directors is considering to engage an external professional consultant to deliver training courses to each of the Company's directors on the topic of continuous disclosure under the ASX Listing Rules;
- (d) The Company's Board of Directors is considering to engage an external professional consultant to assist it on making appropriate disclosures in the future.

4. Conclusion

The Company together with each of its Directors take their obligations under the Corporations Act, ASX Listing Rules and their commitments seriously, and have been and will continue trying their best to comply with those obligations. The Company's Board of Directors has committed to work more closely with ASX on compliance issues.

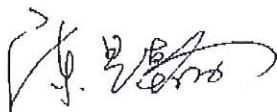
It is the view of the Company's Board of Directors that it is for the best interests of all shareholders of the Company as a whole and the Company itself as well to remain the Company on the ASX official list.

The Company sincerely request ASX to remain the Company on the ASX official list.

Should you have any question please feel free to contact us at any time.

Your sincerely

**Fortune Asia Group Limited**



Yuhan Chen

Chairman



18 April 2019

Ms Sherry Xue  
Company Secretary  
Fortune Asia Group Ltd  
Suite 525, 377 Kent Street  
Sydney NSW 2000

By email

Dear Ms Xue

**Proposed removal of Fortune Asia Group Ltd ('FYA') from the ASX Official List**

ASX refers to:

- A. Listing Rule 12.1 which provides: The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.
- B. Listing Rule 12.2, which provides: An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.
- C. Listing Rule 3.1, which provides: Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information.

- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*

- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following 5 situations applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed."*

- F. Listing Rule 17.12, which provides:



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ASX may at any time remove an entity from the official list if, in ASX's opinion, any of the following applies.

- *The entity is unable or unwilling to comply with, or breaks, a listing rule.*
- *The entity has no quoted securities.*
- *It is appropriate for some other reason.*

For the reasons outlined below, ASX considers that FYA is in breach of Listing Rules 12.1, 12.2 and 3.1 and, unless FYA can show good reason to the contrary, ASX considers it appropriate to remove FYA from the Official List pursuant to Listing Rule 17.12 with effect on and from the commencement of trading on Wednesday 1 May 2019.

If you wish to provide submissions as to why FYA should not be removed from the Official List under Listing Rule 17.12, please ensure they are sent to me by email at [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au) no later than 5pm on Monday 29 April 2019.

#### **Inadequate Financial Condition and Operations**

ASX considers FYA to be in breach of Listing Rules 12.1 and 12.2 having regard to the following.

1. FYA (formerly known as Emperor Range Group Limited), a mining exploration entity, was admitted to the official list of ASX on 4 November 2014, having raised \$4,500,000 under its replacement prospectus dated 4 August 2014 ("Prospectus"). As a condition of admission, FYA completed the acquisition of the Kyzyl Leto and Wutonggou copper/gold tenements in Xinjiang Province, China, from vendors He Jie and Zhang Fang. The consideration payable to the vendors, which was proposed to be paid after listing out of the funds raised under the Prospectus, was RMB 9.8 million (approximately \$1,803,200 at the prevailing exchange rate).
2. The Prospectus, a copy of which was released on the ASX Market Announcements Platform ("MAP") on 19 September 2014, contained the following statements as to FYA's proposed activities and business model:
  - 2.1 *"The Company plans to bring the Kyzyl project into production as soon as possible."*
  - 2.2 *"The Company's priority is to complete purchase of the two tenements and seek a mining licence for Kyzyl in order to bring it into production as soon as practicable thereby assisting in the company's medium term plan of further acquisitions and solid dividend returns to investors. The Company intends to be a producer not an explorer."*
  - 2.3 *"The Board and Management of Emperor Range Group Limited have demonstrable technical, operational and corporate experience in development and production of gold mines in China."*
  - 2.4 *"The Kyzyl Leto East and West prospects remain prospective for additional copper mineralisation targeting potential extensions to currently known mineralisation. The priority is to target higher copper grades, increase tonnage and confidence in the mineralisation at the Kyzyl Leto East and West prospects. Post infill drilling JORC Compliant Resources could be estimated and economic studies applied to the appropriate level of classified resource. Within the broader Kyzyl license there remains strong exploration potential to discover additional outcropping and possibly concealed mineralisation related to other QAP intrusive bodies. Initial exploration completed has identified several other QAP dykes with low to moderate grade copper mineralisation at surface. Additional work programmes are proposed that will evaluate known copper anomalies but also assist in discovering potentially concealed mineralisation."*
  - 2.5 *"We plan to expand the business through conducting additional drilling on our existing tenements. We also intend to contract with an experienced Australian EPCM company to provide plans for mining and design, construction and management of a plant to produce copper from Kyzyl."*

- 2.6 *“Approximately \$1.8 million will be used to complete purchase of the Kyzyl and Wutonggou tenements. \$1.15 million will be used to undertake an exploration program on Kyzyl and Wutonggou as per the detailed exploration program in the Independent Geologists Report in Chapter 9. The balance will be used as working capital and to cover the costs of the listing.”*
- 2.7 *“The company believes sufficient funding to complete the purchase of the Kyzyl and Wutonggou tenements and undertake completion of the exploration programs for both projects will be available following a successful capital raise pursuant to this prospectus. Further funding will be required if the company is to bring Kyzyl into production.”*
- 2.8 *“It is intended that the funds raised from the Offer will be used as follows:*

<b>Use of Proceeds</b>	<b>Full Subscription \$4.5 million</b>
<i>Balance of purchase contracts for Kyzyl and Wutonggou (approximately)</i>	<i>\$1,800,000</i>
<i>Two year Exploration and Evaluation Program</i>	<i>\$1,150,000</i>
<i>Two year corporate administration costs</i>	<i>\$400,000</i>
<i>General working capital</i>	<i>\$240,000</i>
<i>Costs of offer</i>	<i>\$910,000</i>
<i>Total</i>	<i>\$4,500,000</i>

Notes:

- *The 2 year budgets for the projects are itemized and commented upon in the Independent Geologist’s Report – Chapter 9.*
- *The costs of the Offer are detailed in Chapter 14.*
- *Exchange rate used is RMB: AUD 0.184.”*

- 2.9 *“The company’s business model is to bring its existing high grade gold and copper projects into production as quickly as possible. Initially the Company intends to bring the Kyzyl project into production. To do so it will need to obtain a Mining Licence. The company intends to sub-contract the mining of the ore but undertake the gold and copper processing itself. Utilising the low cost production techniques available to efficient Chinese gold and copper miners, the company expects to generate significant profit margins. In the medium term the company intends to aggressively target further acquisitions of local gold and copper projects including operating mines after risk management and appropriate due diligence are conducted.”*
- 2.10 In the Independent Geologist’s Report prepared by Westoria: *“It is considered that Emperor has proposed a reasonable exploration and development budget over two years consistent with its stated objectives and that this program is warranted and justified on the basis of the high amount of historical exploration activity, and demonstrated potential for the discovery of additional copper and gold mineralisation within the Kyzyl-Leto and Wutonggou licenses.”*
3. Official quotation of FYA’s securities commenced at 10.30am AEDT on 12 November 2014.
4. On 30 January 2015, FYA lodged on MAP its Quarterly Activities Report for the quarter ended 31 December 2014, which contained the following statements:
- 4.1 *“Emperor Range Group Limited listed on the Australian Securities Exchange on 12 November 2014 after successfully raising \$4.5 million dollars.”*

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- 4.2 *“Following the capital raising and ASX listing, and subsequent to the end of the quarter, Emperor Range Group has made the contracted payments and completed the acquisition of the Kyzyl-Leto Copper Project and the Wutonggou Gold Project, both situated in the resource rich Xinjiang Province in north western China.”*
- 4.3 *“Commenting, Mr Chen Yuan, Executive Chairman of Emperor Range Group, said ‘We have made an encouraging start to our life as a listed company. Our projects are very promising and we look forward to commencement of drilling as soon as we practicably can’.”*
5. The corresponding Quarterly Cashflow Report, lodged on MAP on the same date, disclosed that FYA spent \$0 on exploration and evaluation, and \$437,000 on administration (with \$25,000 comprising directors’ fees), during the quarter, and had an estimated spend of \$2,065,000 on exploration and evaluation in the quarter ending 31 March 2015.
6. On 31 March 2015, FYA lodged on MAP its Annual Report for the year ended 31 December 2014 (“2014 Annual Report”), which contained the following statements:
- 6.1 *“It is increasingly difficult to develop new projects because of the regulatory risk, sovereign risk, environmental factors and financing issues. Combined with the falling value of the Australian Dollar this has proved to be even more difficult for Companies seeking to develop offshore assets.”*
- 6.2 *“Until the Company is able to carry out its plan to develop its existing assets the directors are committed to carrying out meaningful work by identifying and assessing opportunities that may be valuable to the Company. With a solid mineral asset base and sufficient cash from its initial public offering to carry out its work programs, Emperor Range remains in a strong position to generate future wealth for shareholders.”*
- 6.3 *“The principal activities of the consolidated entity are the exploration for copper, gold and other mineral deposits in Xinjiang Uygur Autonomous Region of the People’s Republic of China with the objective to develop the discoveries into profitable operating mines.”*

In addition, the 2014 Annual Report disclosed that FYA had recorded a loss of \$271,850 for the period.

7. On 8 April 2015, FYA lodged on MAP an addendum to its 2014 Annual Report, which included the following statement.
- 7.1 *“In accordance with ASX Listing Rule 4.10.19 the Company confirms that for the period since the date of admission to the ASX to the end of its financial year ended 31 December 2014 it used the cash and assets in a form readily convertible to cash that it had at the time of admission to the ASX in a way consistent with its business objectives.”*
8. On 30 April 2015, FYA lodged on MAP its Quarterly Activities Report for the quarter ended 31 March 2015 (“March 2015 Activities Report”), which contained the following statements:
- 8.1 *“The Company will take advantage of the current market downturn in the mining section [sic] across the globe and look to acquire mining projects with good potential.”*
- 8.2 *“No further exploration activities occurred in the two tenements held by the company in Xinjiang Autonomous Region due to extremely unfavourable weather conditions.”*
- 8.3 *“As stated in the Company’s 2014 Annual Report it is increasingly difficult to develop new projects in China because of regulatory risk, sovereign risk, environmental factors and financing issues. Combined with the falling value of the Australian Dollar this has proved to be even more difficult for Companies seeking to develop offshore assets.”*
- 8.4 *“Until the Company is able to carry out its plan to develop its existing assets the directors are committed to carrying out meaningful work by identifying and assessing opportunities that may be*

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*valuable to the Company. With a solid mineral asset base and sufficient cash from its initial public offering to carry out its work programs, Emperor Range remains in a strong position to generate future wealth for shareholders."*

8.5 With respect to the Kyzyl-Leto tenement:

8.5.1 *"The Company plans to bring this project into production as soon as possible."*

8.5.2 *"Additional work programs are proposed that will evaluate known copper anomalies but also assist in discovering potentially concealed mineralization."*

9. The corresponding Quarterly Cashflow Report, lodged on MAP on the same date, disclosed that while FYA had made no exploration and evaluation related payments during the quarter, it had spent \$521,000 on administration (with \$25,000 comprising directors' fees) and \$1,975,000 on tenements (presumably the consideration for the Kyzyl-Leto and Wutonggou tenements), and estimated that \$200,000 would be spent on exploration and evaluation in the quarter ending 30 June 2015.
10. On 4 May 2015, FYA announced on MAP the resignation of its non-executive directors, Mick Billing and Brendan Connell, as well as its company secretary, James Church, resulting in its securities being suspended from quotation for contravention of section 201A of the Corporations Act. FYA's securities were reinstated to official quotation on 6 May 2015 following the appointment of two non-executive directors and a company secretary.
11. On 22 July 2015, FYA lodged on MAP its Quarterly Activities and Cashflow Reports for the quarter ended 30 June 2015. The Activities Report ("June 2015 Activities Report") included statements that were substantially the same as those in the March 2015 Activities Report (see paragraph 8 above). The Cashflow Report confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$81,000 had been spent on administration (with \$73,000 comprising directors' fees), and that FYA estimated it would spend \$20,000 on exploration and evaluation in the quarter ending 30 September 2015.
12. On 14 September 2015, following a brief suspension for contravention of Listing Rule 4.2B, FYA lodged on MAP its Half Year Financial Report for the period ended 30 June 2015 ("2015 HY Report"), in which it reported a loss of \$146,623 for the period. The Half Year Financial Report also included the following statement:
  - 12.1 *"The principal activity of the consolidated entity during the financial year was exploration of tenements situated in Xinjiang Uygur Autonomous Region of the People's Republic of China."*
13. On 16 October 2015, FYA lodged on MAP its Quarterly Activities and Cashflow Reports for the quarter ended 30 September 2015. The Activities Report ("September 2015 Activities Report") included statements that were substantially the same as those in the March 2015 and June 2015 Activities Reports (see paragraph 8 above). The Cashflow Report confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$80,000 had been spent on administration (with \$37,000 comprising directors' fees), and that FYA did not expect to make any exploration and evaluation related payments in the quarter ending 31 December 2015.
14. On 19 January 2016, FYA lodged on MAP its Quarterly Activities and Cashflow Reports for the quarter ended 31 December 2015. The Activities Report ("December 2015 Activities Report") included statements that were substantially the same as those in the March 2015, June 2015 and September 2015 Activities Reports (see paragraph 8 above). The Cashflow Report confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$168,000 had been spent on administration (of which \$148,000 comprised directors' fees), and that FYA did not expect to make any payments on exploration and evaluation in the quarter ending 31 March 2016.

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15. On 31 March 2016, FYA lodged on MAP its Annual Report for the year ended 31 December 2015 (“2015 Annual Report”), which included statements that were substantially the same as those in the 2014 Annual Report (see paragraph 6 above). FYA also reported a loss of \$495,908 for the period.
  16. On 12 April 2016, FYA lodged on MAP its Quarterly Activities Report for the quarter ended 31 March 2016. The Activities Report (“March 2016 Activities Report”) included statements that were substantially the same as those in the March 2015, June 2015, September 2015 and December 2015 Activities Reports (see paragraph 8 above), with the exception that the statement in paragraph 8.3 was replaced with the following:
    - 16.1 *“As it is increasingly difficult to develop new projects because of regulatory risk, sovereign risk, environmental factors and financing issues, therefore **there are no clear likely developments in the Group’s operations** [emphasis added].”*
  17. The corresponding Quarterly Cashflow Report, lodged on MAP on the same date, confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$76,000 was spent on administration (with \$64,000 comprising directors’ fees) and that FYA did not expect to make any exploration and evaluation related payments in the quarter ending 30 June 2016.
  18. On 21 July 2016, FYA lodged on MAP its Quarterly Activities Report for the quarter ended 30 June 2016 (“June 2016 Activities Report”). The June 2016 Activities Report included statements that were substantially the same as those in the March 2016 Activities Report (see paragraph 16 above).
  19. The corresponding Quarterly Cashflow Report, lodged on MAP on the same date, confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$111,000 was spent on administration (with \$58,000 comprising directors’ fees) and that FYA did not expect to make any exploration and evaluation related payments in the quarter ending 30 September 2016.
  20. On 12 September 2016, FYA lodged on MAP its Half Year Financial Report for the period ended 30 June 2016 (“2016 HY Report”), in which FYA reported a loss of \$180,654 for the period. The 2016 HY Report included a statement as to FYA’s principal activities that was identical to the statement in the 2015 HY Report (see paragraph 12 above).
  21. On 18 October 2016, FYA lodged on MAP its Quarterly Activities and Cashflow Reports for the quarter ended 30 September 2016. The Activities Report (“September 2016 Activities Report”) included statements that were substantially the same as those in the March 2016 and June 2016 Activities Report (see paragraph 16 above). The Cashflow Report confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$58,000 was spent on directors’ fees and \$28,000 on administration and corporate costs, and that FYA did not expect to make any exploration and evaluation related payments in the quarter ending 31 December 2016.
  22. On 13 January 2017, FYA lodged on MAP its Quarterly Activities and Cashflow Reports for the quarter ended 31 December 2016. The Activities Report (“December 2016 Activities Report”) included statements that were substantially the same as those in the March 2016, June 2016 and September 2016 Activities Reports (see paragraph 16 above), but for the exclusion of the statement in paragraph 16.1. The Cashflow Report confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$56,000 had been spent on directors’ fees and \$11,000 on administration and corporate costs, and that FYA did not expect to make any exploration and evaluation related payments in the quarter ending 31 March 2017.
  23. On 31 March 2017, FYA lodged on MAP its Annual Report for the year ended 31 December 2016 (“2016 Annual Report”), which included statements that were substantially the same as those in the 2014 and 2015 Annual Reports (see paragraph 6 above). FYA also reported a loss of \$985,908 for the period, \$590,722 of which was attributable to an impairment charge associated with the proposed relinquishment of the Wutonggou tenement.

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24. On 26 April 2017, FYA lodged on MAP its Quarterly Activities Report for the quarter ended 31 March 2017 (“March 2017 Activities Report”), which included statements that were substantially the same as those in the December 2016 Activities Report (see paragraph 22 above). In addition, it included the following statement:
- 24.1 *“On 9 March 2017, the board had reassessed the prospects of Wutonggou project and, based on recommendations from the project manager in China as well accounting for prevailing negative market conditions, has determined that it can no longer be considered commercially viable. Unless there is a significant change in market conditions, it is likely that that the Wutonggou exploration licence will not be further renewed upon expiration of its current term. The Company has prepared to extend the Kyzyl-Leto tenement holdings for further three years.”*
25. The corresponding Quarterly Cashflow Report, lodged on MAP on the same date, confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$56,000 had been spent on directors’ fees and \$3,000 on administration and corporate costs, and that FYA did not expect to make any exploration and evaluation related payments in the quarter ending 30 June 2017.
26. On 18 July 2017, FYA lodged on MAP its Quarterly Activities and Cashflow Reports for the quarter ended 30 June 2017. The Activities Report (“June 2017 Activities Report”) included statements that were substantially the same as those in the December 2016 Activities Report (see paragraph 22 above). The Cashflow Report disclosed that FYA had spent \$43,000 on exploration and evaluation (presumably to renew the Kyzyl-Leto licence), \$57,000 on directors’ fees and \$44,000 on administration and corporate costs during the quarter, and that it did not expect to make any exploration and evaluation related payments in the quarter ending 30 September 2017.
27. On 13 September 2017, FYA lodged on MAP its Half Year Financial Report for the period ended 30 June 2017 (“2017 HY Report”), in which it reported a loss of \$144,128 for the period. The 2017 HY Report included a statement as to FYA’s principal activities that was identical to the statement in the 2015 and 2016 HY Reports (see paragraph 12 above).
28. On 23 October 2017, FYA announced on MAP that the name of the company had changed from Emperor Range Group Limited to Fortune Asia Group Limited. The reason given for the name change, as set out in the associated notice of meeting lodged by FYA on MAP on 6 September 2017, was as follows:
- 28.1 *“The Board proposes this change of name reflects the Company’s current focus and growing business activities as it evaluates potential corporate opportunities in the mining sector.”*
29. On 24 October 2017, FYA lodged on MAP its Quarterly Activities and Cashflow Reports for the quarter ended 30 September 2017. The Activities Report (“September 2017 Activities Report”) included statements that were substantially the same as those in the June 2017 Activities Report (see paragraph 26 above). The Cashflow Report confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$67,000 had been spent on directors’ fees and \$42,000 on administration and corporate costs, and that FYA did not expect to make any exploration and evaluation related payments in the quarter ending 31 December 2017.
30. On 15 January 2018, FYA lodged on MAP its Quarterly Activities and Cashflow Reports for the quarter ended 31 December 2017, which included statements that were substantially the same as those in the June 2017 and September 2017 Activities Reports (see paragraph 26 above). The Cashflow Report confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$65,000 had been spent on directors’ fees and \$24,000 on administration and corporate costs, and that FYA did not expect to make any exploration and evaluation related payments in the quarter ending 31 March 2018.

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31. On 28 March 2018, FYA lodged on MAP its Annual Report for the year ended 31 December 2017 (“2017 Annual Report”), which included statements that were substantially the same as those in the 2014, 2015 and 2016 Annual Reports (see paragraph 6 above). FYA also reported a loss of \$340,380 for the period.
  32. On 27 April 2018, FYA lodged on MAP its Quarterly Activities Report for the quarter ended 31 March 2018 (“March 2018 Activities Report”), which included statements that were substantially the same as those in the June 2017, September 2017 and December 2017 Activities Reports (see paragraph 26 above), however with the statement regarding potential opportunities replaced with:
    - 32.1 *“The Company released 2018 AGM notice of meeting on 28 March 2018 and the Board seeks shareholder approval on the Annual General Meeting (which will be held on 2 May 2018) by way of a special resolution to have the ability to issue equity securities under the Additional Placement Capacity to enable the Company to pursue its growth strategy with the flexibility to act quickly as potential business opportunities arise.”*
  33. The corresponding Quarterly Cashflow Report, lodged on MAP on the same date, disclosed that FYA had spent \$0 on exploration and evaluation, \$60,000 on directors’ fees and \$23,000 on exploration and evaluation during the quarter, and that it did not expect to make any exploration and evaluation related payments in the quarter ending 30 June 2018.
  34. On 25 July 2018, FYA lodged on MAP its Quarterly Activities and Cashflow Reports for the quarter ended 30 June 2018. The Activities Report included statements that were substantially the same as those set out in the March 2018 Activities Report (see paragraph 32 above), but for the exclusion of the statement referred to in paragraph 32.1. The Cashflow Report confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$55,000 had been spent on directors’ fees and \$91,000 on administration and corporate costs, and that FYA did not expect to make any exploration and evaluation related payments in the quarter ending 30 September 2018.
  35. On 13 September 2018, FYA lodged on MAP its Half Year Financial Report for the period ended 30 June 2018 (“2018 HY Report”), in which it reported a loss of \$138,235 for the period. The 2017 HY Report included a statement as to FYA’s principal activities that was identical to the statement in the 2015, 2016 and 2017 HY Reports (see paragraph 12 above).
  36. On 29 October 2018, FYA lodged on MAP its Quarterly Activities and Cashflow Reports for the quarter ended 30 September 2018. The Activities Report (“September 2018 Activities Report”) included statements that were substantially the same as those set out in June 2017, September 2017 and December 2017 Activities Reports (see paragraph 26 above), but for the exclusion of the words, *“With a solid mineral base and sufficient cash from its initial public offering to carry out its work programs, the Company remains in a strong position to generate future wealth for shareholders”*. The Cashflow Report confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$63,000 was spent on directors’ fees and \$61,000 on administration and corporate costs, and that FYA did not expect to make any exploration and evaluation related payments in the quarter ending 31 December 2018.
  37. On 29 January 2019, FYA lodged on MAP its Quarterly Activities and Cashflow Reports for the quarter ended 31 December 2018. The Activities Report (“December 2018 Activities Report”) included statements that were substantially the same as those set out in the September 2018 Activities Report (see paragraph 36 above). The Cashflow Report confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$63,000 was spent on directors’ fees and \$16,000 on administration and corporate costs, and that FYA did not expect to make any exploration and evaluation payments in the quarter ending 31 March 2019.
  38. On 28 March 2019, FYA lodged on MAP its Annual Report for the year ended 31 December 2018 (“2018 Annual Report”), which included statements that were substantially the same as those in the 2014, 2015, 2016 and 2017 Annual Reports (see paragraph 6 above). FYA also reported a loss of \$339,422 for the period,

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exploration and evaluation assets of \$1,779,589 (attributable to the Kyzyl-Leto tenement) and net current liabilities of \$222,310. With respect to the latter, ASX notes that Note 20 to the financial statements stated: *“The consolidated entity’s ability to continue as a going concern is contingent on raising additional capital, access to financing through shareholders and/or the successful exploration and subsequent exploitation of its areas of interest through sale or development”*.

39. On 4 April 2019, FYA lodged on MAP its Quarterly Activities and Cashflow Reports for the quarter ended 31 March 2019. The Activities Report included statements that were substantially the same as those set out in the September 2018 and December 2018 Activities Reports. The Cashflow Report confirmed that FYA had spent \$0 on exploration and evaluation during the quarter. The Cashflow Report also disclosed that \$63,000 was spent on directors’ fees and \$59,000 on administration and corporate costs, and that FYA does not expect to make any exploration and evaluation related payments in the quarter ending 30 June 2019. ASX notes that as at 31 March 2019, FYA had \$178,000 in cash and cash equivalents.
40. It is clear from the above description of FYA’s circumstances that FYA has had a grossly inadequate level of operations since it listed on ASX. In particular, despite the various representations made in its Prospectus and Quarterly Activities Reports referred to above, FYA has inexplicably performed no exploration or evaluation work on its tenements (noting that it relinquished one of its two tenements in 2018), and has depleted the majority of the \$4,500,000 raised under the Prospectus on administration and staff costs, including approximately \$1,100,000 in directors’ fees. Similarly, it appears that FYA has taken no steps to pursue new exploration projects or activities, despite repeated assurances in its Quarterly Activities Reports that it would do so.
41. It is also clear to ASX that FYA’s financial condition is inadequate for a listed entity. In particular, FYA has been operating at a loss since listing, with its only source of revenue being nominal amounts of interest earned on cash deposits. FYA’s current liabilities (which ASX notes are largely comprised of related party loans) exceed its current assets by \$222,310, with FYA having only \$178,000 in cash and cash equivalents as at 31 March 2019. In the circumstances, ASX questions whether FYA’s working capital position is tenable, given it has no reasonable prospects of earning operating revenue and has, thus far, only obtained debt financing from related parties. ASX also questions the carrying value of the Kyzyl-Leto tenement, given FYA’s previous statements as to the weather conditions in the region and, more generally, FYA’s inability to carry out exploration work on the tenement over a period of 4.5 years.

#### **Failure to comply with Continuous Disclosure Obligations**

ASX considers FYA to be in breach of Listing Rule 3.1 having regard to the following:

42. As set out in paragraphs 23 and 24 above, on 9 March 2017 the board of FYA formed the view that the Wutonggou project could no longer be considered commercially viable, and that it was unlikely the licence would be renewed upon the expiration of its initial term.
43. A corresponding impairment charge of \$590,722 was recorded in the 2016 Annual Report, which was released on MAP on 31 March 2017, 16 business days after the board’s decision regarding the Wutonggou tenement. Additionally, FYA did not make a qualitative announcement regarding the board’s decision until 26 April 2017, being the date of the March 2017 Activities Report, 31 business days after the decision was taken. This is a clear breach of Listing Rule 3.1.

#### **Proposed termination of ASX Listing**

In light of FYA’s breach of Listing Rule 3.1, and the seriousness of its sustained breaches of Listing Rules 12.1 and 12.2, unless FYA can demonstrate good reason to the contrary, ASX considers it appropriate to terminate FYA’s admission to the Official List under Listing Rule 17.12.

ASX reserves the right to release a copy of this letter to the market under Listing Rule 18.7A so that the market is informed of the reasons why ASX has taken this action against FYA.



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If you have any queries regarding this letter please contact me immediately.

Yours sincerely

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**Charlotte Hope**  
Senior Adviser, Listings Compliance (Sydney)