亞洲煤業
ASIA COAL

Asia Coal Limited
亞洲煤業有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 835)

ANNOUNCEMENT OF ANNUAL AUDITED RESULTS FOR THE YEAR ENDED 31ST MARCH 2015

The board of directors (the "Board") of Asia Coal Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2015

	Notes	**2015** ***HK$'000***	2014 *HK$'000* (Restated)
Continuing operations			
Revenue	*3 & 4*	**29,200**	–
Cost of sales		**(27,498)**	–
Gross profit		**1,702**	–
Other income	*5*	**12**	498
Selling and distribution expenses		**(295)**	–
Administrative expenses		**(31,745)**	(28,739)
Finance costs	*6*	**(348)**	(123)
Impairment loss on exploration and evaluation assets		**–**	(114,931)
Loss before tax		**(30,674)**	(143,295)
Income tax expense	*7*	**(173)**	–
Loss for the year from continuing operations	*8*	**(30,847)**	(143,295)
Discontinued operation			
Profit (loss) for the year from discontinued operation	*9*	**5,702**	(802)
Loss for the year		**(25,145)**	(144,097)

	Notes	**2015** **HK$'000**	2014 *HK$'000* (Restated)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**2,942**	745
Reclassification adjustment of translation reserve upon disposal/liquidation of subsidiaries		**–**	438
Other comprehensive income for the year		**2,942**	1,183
Total comprehensive expense for the year		**(22,203)**	(142,914)
(Loss) profit for the year attributable to owners of the Company:			
– from continuing operations		**(30,846)**	(143,292)
– from discontinued operation		**5,702**	(802)
		(25,144)	(144,094)
Loss for the year attributable to non-controlling interests:			
– from continuing operations		**(1)**	(3)
		(25,145)	(144,097)
Total comprehensive expense attributable to:			
Owners of the Company		**(22,202)**	(142,913)
Non-controlling interests		**(1)**	(1)
		(22,203)	(142,914)
LOSS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS	*10*		
Basic and diluted (HK cents)		**(0.28)**	(1.60)
LOSS PER SHARE FROM CONTINUING OPERATIONS	*10*		
Basic and diluted (HK cents)		**(0.34)**	(1.59)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST MARCH 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**6,994**	8,890
Exploration and evaluation assets		**–**	–
		6,994	8,890
Current assets			
Inventories – finished goods		**–**	2,908
Trade and other receivables	*12*	**13,536**	4,762
Bank balances and cash		**36,583**	20,131
		50,119	27,801
Current liabilities			
Trade and other payables and accrued charges	*13*	**5,516**	14,183
Amounts due to related parties		**19,696**	14,700
Bank and other borrowings		**2,662**	9,781
Obligations under finance leases		**134**	–
Tax payables		**101**	–
		28,109	38,664
Net current assets (liabilities)		**22,010**	(10,863)
Total assets less current liabilities		**29,004**	(1,973)
Non-current liabilities			
Other borrowings		**2,718**	–
Obligations under finance leases		**411**	–
		3,129	–
Net assets (liabilities)		**25,875**	(1,973)
CAPITAL AND RESERVES			
Share capital		**94,539**	90,211
Reserves		**(68,696)**	(92,217)
Equity attributable to owners of the Company		**25,843**	(2,006)
Non-controlling interests		**32**	33
Total equity		**25,875**	(1,973)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2015

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on the historical cost basis and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs and a new interpretation issued by the HKICPA that are relevant for the preparation of the Group's consolidated financial statements:

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

Except as described below, the application of the amendments to HKFRSs and the new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[6]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[5]

1 Effective for annual periods beginning on or after 1st January 2018.
2 Effective for annual periods beginning on or after 1st July 2014.
3 Effective for annual periods beginning on or after 1st January 2017.
4 Effective for annual periods beginning on or after 1st July 2014 with limited exception.
5 Effective for annual periods beginning on or after 1st January 2016.
6 Effective for first annual HKFRS financial statements beginning on or after 1st January 2016.

The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group.

3. REVENUE

Revenue represents the amounts received and receivable for goods sold, net of discounts, to outside customers during the year.

	2015	2014
	HK$'000	*HK$'000*
Trading of coal	**29,200**	–

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker, the Chairman of the Group, for the purposes of resource allocation and performance assessment. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segment. The reports are analysed based on categories of business. During the year ended 31st March 2015, the Group has an additional operating segment of trading of coal purchased from third parties ("Coal trading"). Two operating segments were presented:

1) Coal mining
2) Coal trading

The health and beauty products and services segment was discontinued during the year ended 31st March 2015. The segment information reported on this note does not include any amounts for the discontinued operation, which are described in more detail in note 9.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

	Coal mining		Coal trading		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*
Revenue						
External sales	**–**	–	**29,200**	–	**29,200**	–
Segment loss	**(3,142)**	(120,754)	**(50)**	–	**(3,192)**	(120,754)
Unallocated income						
– Interest income					**12**	1
– Other income					**–**	496
Unallocated expenses						
– Central administration costs					**(27,146)**	(22,915)
– Finance costs					**(348)**	(123)
Loss before tax					**(30,674)**	(143,295)

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

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

	2015	2014
	HK$'000	*HK$'000*
Segment assets		
Coal mining	**1**	6
Coal trading	**9,062**	–
Total segment assets	**9,063**	6
Assets relating to health and beauty products and services (discontinued operation)	**51**	4,599
Other unallocated assets	**47,999**	32,086
Consolidated assets	**57,113**	36,691
Segment liabilities		
Coal mining	**1,994**	2,045
Coal trading	**5,963**	–
Total segment liabilities	**7,957**	2,045
Liabilities relating to health and beauty products and services (discontinued operation)	**210**	10,858
Other unallocated liabilities	**23,071**	25,761
Consolidated liabilities	**31,238**	38,664

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than bank balances and cash and head office assets; and

- all liabilities are allocated to operating segments other than bank borrowing and head office liabilities.

Other segment information

	Coal mining		Coal trading		Unallocated		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Capital expenditure	**–**	396	**75**	–	**731**	10,963	**806**	11,359
Depreciation	**4**	89	**6**	–	**2,692**	2,087	**2,702**	2,176
Impairment loss on exploration and evaluation assets	**–**	114,931	**–**	–	**–**	–	**–**	114,931
Loss on disposal of property, plant and equipment	**–**	–	**–**	–	**–**	15	**–**	15

Geographical information

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

The Group's revenue from external customers based on location of the customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**6,925**	8,885
PRC	**29,200**	–	**69**	–
Mongolia	**–**	–	**–**	5
	29,200	–	**6,994**	8,890

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**23,959**	–
Customer B	**4,825**	–

5. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Interest income	**12**	1
Waive of amount due to a related party	**–**	128
Others	**–**	369
	12	498

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on		
– obligations under finance leases	**17**	–
– amount due to a related party	**–**	38
– bank and other borrowings wholly repayable within five years	**331**	85
	348	123

7. INCOME TAX EXPENSE

Continuing operations

The income tax charge for the year represents the PRC Enterprise Income Tax ("EIT") for the year.

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

PRC subsidiaries of the Group are subject to the PRC EIT at 25%.

8. (LOSS) PROFIT FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Loss for the year has been arrived at after charging:		
Staff costs (including directors' remuneration):		
Salaries and other benefits	**10,591**	4,703
Retirement benefits scheme contributions	**124**	82
Total employee benefits expenses	**10,715**	4,785
Auditors' remuneration	**1,169**	951
Depreciation of property, plant and equipment	**2,702**	2,176
Loss on disposal of property, plant and equipment	**–**	15
Cost of inventories recognised as expense	**27,498**	–
Operating lease rentals in respect of rented premises	**3,900**	4,033
Net exchange loss	**2,797**	5,368
Discontinued operation		
Profit (loss) for the year has been arrived at after charging (crediting):		
Staff costs (including directors' remuneration):		
Salaries and other benefits	**–**	9,747
Retirement benefit scheme continuations	**–**	464
	–	10,211
Auditors' remuneration	**110**	110
Depreciation of property, plant and equipment	**–**	1,668
Loss on disposal of property, plant and equipment	**–**	110
Cost of inventories recognised as an expense	**2,977**	1,405
Write-down of inventories	**–**	176
Operating lease rentals in respect of rented premises	**–**	5,049
Net exchange loss (gain)	**1**	(77)

9. DISCONTINUED OPERATION

On 6th December 2013, a subsidiary of the Company entered into a sales and purchase agreement to dispose of its entire equity interests in Procare (Holdings) Company Limited ("Procare Holdings") to Mr. Andy Kwok Wing Leung ("Mr. Kwok"), a former director of the Company. Procare Holdings was engaged in trading of health and beauty products and investing holding company.

On the same date, the Company entered into a service agreement with Mr. Kwok to appoint him as a consultant to manage the health and beauty business of the Group at a monthly fee of HK$100,000. The service agreement expired on 31st May 2014.

After the expiration of the service agreement, the Group could not reach any agreement with Mr. Kwok to extend the service agreement. As a result, the Company had discontinued its health and beauty business.

The results of the discontinued operation included in the profit for the year are set out below. The comparative loss from discontinued operation has been re-presented to include that operation classified as discontinued in the current year.

	2015	2014
	HK$'000	*HK$'000*
Revenue recognised from sales of products and provision of services and expiry of services contracts	**11,153**	12,499
Cost of sales	**(3,016)**	(2,908)
	8,137	9,591
Other income	**–**	929
Administrative expenses	**(352)**	(5,727)
Selling and distribution expenses	**(2,083)**	(23,521)
Gain on disposal of a subsidiary	**–**	17,926
Profit (loss) for the year	**5,702**	(802)

10. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2015	2014
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(25,144)**	(144,094)

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**9,144,626,273**	8,990,448,820

The calculation of diluted (loss) earnings per share for the years ended 31st March 2015 and 2014 has not assumed the exercise of the share options as the exercise price of these options was higher than the average market price for the corresponding periods.

From continuing operations

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

	2015	2014
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share from continuing operations	**(30,846)**	(143,292)

The denominator used is the same as that detailed above for basic and diluted loss per share.

From discontinued operation

Basic and diluted earnings (loss) per share for the discontinued operation for the years ended 31st March 2015 and 2014 are HK$0.06 cents earnings per share and HK$0.01 cents loss per share respectively, based on the profit for the year of HK$5,702,000 and loss for the year of HK$802,000 from discontinued operation respectively and the denominators detailed above for both basic and diluted earnings (loss) per share.

11. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the year (2014: nil).

12. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**8,753**	377
Other receivables, deposits and prepayments	**4,783**	4,385
	13,536	4,762

The Group's turnover comprises mainly cash and credit sales. The credit terms are within 15 days from the date of invoices. As at 31st March 2015 and 2014, all the trade receivables, based on the invoice date, are aged within 90 days.

13. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

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

	2015	2014
	HK$'000	*HK$'000*
Trade payables:		
0 to 90 days	**820**	773
91 to 180 days	**–**	376
181 to 365 days	**–**	164
Over 365 days	**–**	35
	820	1,348
Deposits received from customers	**–**	9,191
Accrued charges	**4,687**	3,511
Other payables	**9**	133
	5,516	14,183

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year, the Group continued to engage in coal mining business and commenced its coal trading business.

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

Financial Review

Results Analysis

For the year ended 31st March 2015, the Group generated an aggregate turnover from continuing and discontinued operations of approximately HK$40 million, representing an increase of HK$28 million or 223% as compared to the previous financial year. The increase in turnover was attributable to the commencement of the coal trading business during the year as detailed in the segmental analysis section below.

The Group recorded an overall gross profit from continuing and discontinued operations of approximately HK$9,839,000, representing a 3% increase from approximately HK$9,591,000 recorded in the previous financial year. The overall gross profit margin from continuing and discontinued operations for the year decreased to 24% from 77% of the previous financial year. The decrease was mainly due to the discontinuation of the health and beauty segment during the year and that in spite of the substantial turnover of the coal trading business, the profit margin of this segment is relatively low.

Loss attributable to owners of the Company decreased to approximately HK$25 million from HK$144 million as recorded in the previous financial year. The decrease in loss was mainly due to the nonrecurring impairment loss on exploration and evaluation assets of approximately HK$115 million as recorded in the previous financial year.

Segmental Analysis

Coal Mining

As disclosed in the Company's Annual Report 2013/14, during the year ended 31st March 2014, a revocation letter (the "Letter") was received from the Minerals Authority of Mongolia (the "Authority") informing SMI LLC ("SMI") that the mining right license MV-011985 (the "License") had been revoked. After seeking the professional legal advice, a formal appeal letter against the Letter was submitted to the Authority on 6th March 2014 and the Group has also taken legal action against the revocation decision in Mongolian Court on 19th March 2014.

SMI received a letter dated 6th April 2015 from the Authority informing SMI that the License has been restored by an order of the Authority dated 3rd April 2015.

Notwithstanding the restoration of the License, no reversal of impairment loss of the mining right licenses is made for the year. The following are factors which have been considered by the directors of the Company:

- The Mining Prohibition Law ("MPL"), as defined in the Company's Annual Report 2012/13, may significantly restrict the mining exploration activities of the Group;

- The compensation investigation of any enforcement of the MPL is still in progress by the Authority and the related departments, and accordingly the amount and timing of any compensation cannot be determined; and

- The legal and political environment of Mongolia remains uncertain.

The directors of the Company will continue to review the carrying amount of the mining rights and assess the recoverable amount by taking into account, among others, the overall market conditions for coal and any impact arising from the MPL. If the compensation amount and timing of receipt under the MPL could be accurately determined, the reversal of the impairment of mining right license may be recognised as income immediately.

Coal Trading

During the year ended 31st March 2015, the Group commenced the coal trading business through the selling of purchased coal so as to refine its strategy in the coal and energy sector.

Turnover contributed by the coal trading segment for the year amounted to approximately HK$29 million and the gross profit for the year amounted to approximately HK$2 million, representing a 6% gross profit margin. The coal trading business was in its initial setup stage and will continue to benefit the Group by providing stable income stream. The Group will closely review the market development and seek for the best opportunities for the Group.

Health and Beauty Products and Services

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

As stated in the announcement made by the Company on 9th June 2014, the Group could not reach any agreement with Mr. Kwok to extend the term of the Service Agreement after its expiration. Upon the expiration of the Service Agreement, the Company had discontinued the health and beauty segment.

As a result of the discontinuation of the health and beauty segment, the turnover contributed by the health and beauty segment for the year amounted to HK$11 million, representing a 11% decrease as compared to the previous financial year, the gross profit amounted to HK$8 million, representing a 15% decrease as compared to the previous financial year and the gross profit margin of the segment decreased from 77% as recorded in previous year to 73% for this year.

Liquidity, Financial Position and Capital Structure

As at 31st March 2015, the Group held cash and bank balances amounting to approximately HK$36,583,000 (2014: HK$20,131,000) while the total borrowings of the Group were approximately HK$25,621,000 (2014: HK$24,481,000). As at 31st March 2015, the borrowings included amounts due to related parties, bank and other borrowings and obligations under finance leases.

The gearing ratio, defined as the ratio of total borrowings less cash and bank balances to equity attributable to owners of the Company, was (42.4)% (2014: (216.8)%).

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

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

The Group intended to utilise the net proceeds of approximately HK$20 million from the August Subscription for general working capital and business development of the Group. Up to the date of approval of these consolidated financial statements, the net proceeds were utilised as to HK$4 million for repayment of the bank borrowings and HK$16 million as the Group's general working capital, of which HK$7 million for staff costs, HK$4 million for rental expenses and the remaining for other administrative and professional expenses. The directors of the Company confirmed that the proceeds from the August Subscription have been applied in accordance with its intended uses.

On 25th March 2015, the Company entered into two subscription agreements with two subscribers, pursuant to which the subscribers could subscribe for 230,770,000 (the "First March Subscription") and 153,850,000 (the "Second March Subscription") subscription shares respectively at the subscription price of HK$0.13 per share (collectively the "March Subscription"). The directors of the Company believed that the March Subscription represented an opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. The directors of the Company considered that the March Subscription was fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The First March Subscription and Second March Subscription was completed on 31st March 2015 and 4th May 2015 respectively. An aggregate of 384,620,000 subscription shares were successfully issued to the subscribers at the subscription price of HK$0.13 per share. The net proceeds from the March Subscription amounted to approximately HK$50 million. The net price of each subscription share is approximately HK$0.13 per share. The subscription price represented a discount of approximately 13.33% to the closing price of HK$0.15 per share as quoted on the Stock Exchange on the date of the subscription agreements. The Group intended to utilise the net proceeds of approximately HK$50 million from the March Subscription for general working capital and business development of the Group. Up to the date of approval of these consolidated financial statements, the net proceeds from the March Subscription were held as bank deposits and not yet utilised.

The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future.

Foreign Exchange Risk Management

During the year ended 31st March 2015, the Group experienced only immaterial exchange rate fluctuations as the functional currencies of the Group's operations were mainly Hong Kong dollars and Renminbi. The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered not significant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and will consider hedging significant foreign exchange exposure when necessary.

Charges on Assets

As at 31st March 2015, property, plant and equipment with carrying values of approximately HK$5,464,000 were pledged to secure the Group's borrowings from a non-bank financial institution and obligations under finance leases.

Contingent Liabilities

As at 31st March 2015, the Group had no significant contingent liabilities.

Prospects and Outlook

In 2015, the PRC Government will focus on maintaining a steady GDP growth, projected to be around 7 percent. A progressive real economy will be conducive to maintaining steady demand for energy. Coal price is expected to reach its bottom entering 2015 and is expected to rebound gradually with the implementation of supportive coal policies by the PRC Government and market consolidations continue. To comply with tightening international environmental standards, the PRC Government will take further proactive measures to guide the energy industry onto the path of sustainable development, including the development of clean coal.

The current environment presents the Group with both challenges and opportunities. The Group has set clear goals and targets which will lead the Group towards future success in the coal industry in the long run. Going forward, the Group aims to scale up its core business through mergers and acquisitions of suitable energy projects, and will step up its efforts in developing new business and expanding market footholds.

The Group will continue to expand its customer base across different industries and markets by responding proactively to market changes while continuing to pursue its development strategies. To maintain its coal sourcing and supply services to customers, the Company has set the following long-term goals:

– Acquire operating projects and increase coal production capacity through mergers and acquisitions;

– Maximize the potential of projects by enlisting support from technical experts on clean energy technologies;

– Collaborate with other leading organizations in the industry and extend the Company's reach in the coal and natural resources market.

With a solid commercial foundation and an experienced management team, the Company is well-poised for growth, targeting to become an internationally respected organization and create greater value for shareholders of the Company.

Human Resources

As at 31st March 2015, the Group had a total of 20 employees. The Group believes its success and long-term growth depends primarily on the quality, performance and commitment of its employees. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Discretionary bonuses and share options are also offered to qualified employees based on individual and Group's performance.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31st March 2015.

CORPORATE GOVERNANCE

The Board has always recognised the importance of shareholders' accountability and transparency and is committed to maintaining high standards of corporate governance. The Company has, throughout the year ended 31st March 2015, applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange except for the following deviations.

Code Provision A.1.3

Code provision A.1.3 of the CG Code requires that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year, certain regular Board meetings were convened with less than 14 days' notice in order to enable the Board members to react timely and carry out expeditious decision making in respect of certain business matters which were significant to the Group's business. As a result, the aforesaid regular Board meetings were held with a shorter notice period than required with the consent of the directors of the Company. The Board will do its best endeavor to meet the requirement of code provision A.1.3 of the CG Code in the future.

Code Provision A.2.1

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

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

Code Provision A.5.6

With effect from 1st September 2013, code provision A.5.6 of the CG Code requires that the nomination committee (or the board) should have a policy concerning diversity of board members.

The Company did not have any policy concerning diversity of Board members until 26th June 2014. On 27th June 2014, the Board has approved the adoption of the board diversity policy and hence the Company has duly complied with the code provision A.5.6 of the CG Code as from 27th June 2014.

Code Provision E.1.2

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

Code Provision A.6.7

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company, having made specific enquiry, confirms that all directors of the Company have fully complied with the Model Code throughout the financial year ended 31st March 2015.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") is responsible for reviewing the accounting principles and practices adopted by the Group, as well as to discuss and review the internal control and financial reporting matters of the Company. The Audit Committee has reviewed the Group's annual results for the year ended 31st March 2015. The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Li Kar Fai, Peter (chairman), Mr. Edward John Hill III and Mr. Ho Man Kin, Tony. Mr. Li Kar Fai, Peter, chairman of the Audit Committee, has professional qualification and in-depth experience in accounting and corporate finance. No member of the Audit Committee is a member of the former or existing auditor of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st March 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.asiacoallimited.com. The annual report of the Company for the year ended 31st March 2015 will be dispatched to the shareholders of the Company and will be published on the same websites in due course.

By Order of the Board
Asia Coal Limited
ZHU Xinjiang
Chairman

Hong Kong, 30th June 2015

As at the date of this announcement, the Board comprises Mr. ZHU Xinjiang, Mr. CHEUNG Siu Fai, Mr. SUN David Lee and Mr. YEUNG Ting Lap, Derek Emory as executive directors; and Mr. Edward John HILL III, Mr. HO Man Kin, Tony and Mr. LI Kar Fai, Peter as independent non-executive directors.