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 2016

The board (the "Board") of directors (the "Directors") 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 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March 2016

	NOTES	**2016** **HK$'000**	2015 HK$'000
Continuing operations			
Revenue	4 & 5	**11,659**	29,200
Cost of sales		**(11,036)**	(27,498)
Gross profit		**623**	1,702
Other income	6	**39**	12
Selling and distribution expenses		**(82)**	(295)
Administrative expenses		**(50,598)**	(31,745)
Finance costs	7	**(390)**	(348)
Loss before tax		**(50,408)**	(30,674)
Income tax credit (expense)	8	**70**	(173)
Loss for the year from continuing operations	9	**(50,338)**	(30,847)

	NOTES	**2016** *HK$'000*	2015 *HK$'000*
Discontinued operation			
Profit for the year from discontinued operation		**–**	5,702
Loss for the year		**(50,338)**	(25,145)
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(6)**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**873**	2,942
Total comprehensive expense for the year		**(49,471)**	(22,203)
(Loss) profit for the year attributable to owners of the Company:			
– from continuing operations		**(50,338)**	(30,846)
– from discontinued operation		**–**	5,702
		(50,338)	(25,144)
Loss for the year attributable to non-controlling interests:			
– from continuing operations		**–**	(1)
		(50,338)	(25,145)
Total comprehensive expense attributable to:			
Owners of the Company		**(49,471)**	(22,202)
Non-controlling interests		**–**	(1)
		(49,471)	(22,203)
LOSS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS	10		
Basic and diluted (HK cents)		**(0.52)**	(0.28)
LOSS PER SHARE FROM CONTINUING OPERATIONS	10		
Basic and diluted (HK cents)		**(0.52)**	(0.34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2016

	NOTES	**2016** **HK$'000**	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**4,598**	6,994
Exploration and evaluation assets		**–**	–
		4,598	6,994
Current assets			
Trade and other receivables	12	**10,109**	13,536
Bank balances and cash		**7,367**	36,583
		17,476	50,119
Current liabilities			
Trade and other payables and accrued charges	13	**11,403**	5,516
Amounts due to related parties		**9,407**	19,696
Other borrowings		**2,803**	2,662
Obligations under finance leases		**139**	134
Tax payables		**–**	101
		23,752	28,109
Net current (liabilities) assets		**(6,276)**	22,010
Total assets less current liabilities		**(1,678)**	29,004
Non-current liabilities			
Other borrowings		**1,727**	2,718
Obligations under finance leases		**272**	411
		1,999	3,129
Net (liabilities) assets		**(3,677)**	25,875
CAPITAL AND RESERVES			
Share capital		**96,078**	94,539
Reserves		**(99,755)**	(68,696)
Equity attributable to owners of the Company		**(3,677)**	25,843
Non-controlling interests		**–**	32
Total equity		**(3,677)**	25,875

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2016

1. GENERAL

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 include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

In prior years, the Company regarded Hong Kong dollars ("HKD" or "HK$") as its functional currency and presented its financial statements in HK$. During the year, the Group generated revenue solely from coal trading business in the People's Republic of China (the "PRC"). The Directors have reassessed the Company's business strategy and determined that the functional currency of the Company was changed from HK$ to Renminbi ("RMB"). The change in functional currency of the Company was applied prospectively from date of change in accordance with HKAS 21 "The Effect of Changes in Foreign Exchange Rate". On the date of the change of functional currency, all assets, liabilities, issued capital and other components of equity and profit and loss items were translated into RMB at the exchange rate on that date.

Despite the change of functional currency of the Company from HK$ to RMB, the Directors continued to select HK$ as the presentation currency because the shares of the Company are listed on the Stock Exchange.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets by approximately HK$6,276,000 as at 31st March 2016, its total liabilities exceeded its total assets by approximately HK$3,677,000 as of that date and the Group incurred a loss of approximately HK$50,338,000 for the year then ended.

In order to improve the Group's financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the Group has been implementing a number of measures, including but not limited to:

(i) As detailed in note 14, up to the date of approval of the consolidated financial statements, the Bonds of principal amount of HK$30 million have been fully subscribed.

(ii) The management will continue to reduce all non-essential costs of development of mine basin until the Group has sufficient funding for the operation.

(iii) Subsequent to the end of the reporting period, Sharp Victory Holdings Limited ("Sharp Victory"), the immediate holding company and ultimate holding company of the Company, has agreed not to demand repayment of the amount due to it of approximately HK$9.4 million as at 31st March 2016 in the next twelve months from the date of approval of the consolidated financial statements. Sharp Victory has also agreed to provide continuous financial support to the Group as necessary to enable the Group to meet its financial obligations, as and when they fall due for the foreseeable future.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of amendments to HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the amendments to HKFRSs 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 the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1st January 2016, with earlier application permitted.

2 Effective for annual periods beginning on or after 1st January 2018, with earlier application permitted.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1st January 2019, with earlier application permitted.

HKFRS 16 *Leases*

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Total operating lease commitment of the Group in respect of rented premises with terms more than 12 months as at 31st March 2016 amounting to HK$11,221,000. The management of the Group do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The Directors anticipate that the application of other new and amendments to standards will have no material impact on the results and the financial position of the Group.

4. REVENUE

Revenue represents the amounts received and receivable from trading of coal, net of discounts, to outside customers during the year.

5. 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. Two operating segments were presented:

(1) Coal mining
(2) Trading of coal purchased from third parties (“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.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment:

	Coal mining		Coal trading		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue						
External sales	**–**	–	**11,659**	29,200	**11,659**	29,200
Segment loss	**(1,285)**	(3,142)	**(875)**	(50)	**(2,160)**	(3,192)
Unallocated income						
– Interest income					**9**	12
– Other income					**30**	–
Unallocated expenses						
– Central administration costs					**(47,897)**	(27,146)
– Finance costs					**(390)**	(348)
Loss before tax					**(50,408)**	(30,674)

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

Segment assets and liabilities

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

	2016	2015
	HK$'000	*HK$'000*
Segment assets		
Coal mining	**1**	1
Coal trading	**6,696**	9,062
Total segment assets	**6,697**	9,063
Assets relating to health and beauty products and services (discontinued operation)	**–**	51
Other unallocated assets	**15,377**	47,999
Consolidated assets	**22,074**	57,113
Segment liabilities		
Coal mining	**2,104**	1,994
Coal trading	**3,850**	5,963
Total segment liabilities	**5,954**	7,957
Liabilities relating to health and beauty products and services (discontinued operation)	**–**	210
Other unallocated liabilities	**19,797**	23,071
Consolidated liabilities	**25,751**	31,238

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 head office liabilities.

Other segment information

	Coal mining		Coal trading		Unallocated		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	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	**–**	–	**–**	75	**821**	731	**821**	806
Depreciation	**–**	4	**14**	6	**2,846**	2,692	**2,860**	2,702
Loss on disposal of property, plant and equipment	**–**	–	**–**	–	**35**	–	**35**	–

Geographical information

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

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**4,546**	6,925
PRC	**11,659**	29,200	**52**	69
	11,659	29,200	**4,598**	6,994

Information about major customers

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

	2016	2015
	HK$'000	*HK$'000*
Customer A	**11,659**	23,959
Customer B	**–**	4,825

6. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Interest income	**9**	12
Others	**30**	–
	39	12

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on		
– obligations under finance leases	**21**	17
– bank and other borrowings	**369**	331
	390	348

8. INCOME TAX CREDIT (EXPENSE)

	2016	2015
	HK$'000	*HK$'000*
The PRC Enterprise Income Tax ("EIT")		
– Current tax	**–**	(173)
– Overprovision in prior year	**70**	–
	70	(173)

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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

9. (LOSS) PROFIT FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Loss for the year has been arrived at after charging (crediting):		
Staff costs (including directors' remuneration):		
Salaries and other benefits	**15,214**	10,591
Retirement benefit scheme contributions	**197**	124
Total employee benefits expenses	**15,411**	10,715
Auditors' remuneration	**1,107**	1,169
Depreciation of property, plant and equipment	**2,860**	2,702
Loss on disposal of property, plant and equipment	**35**	–
Gain on liquidation of a subsidiary	**(32)**	–
Cost of inventories recognised as an expense	**11,036**	27,498
Operating lease rentals in respect of rented premises	**4,047**	3,900
Net exchange loss	**883**	2,797
Discontinued operation		
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**–**	110
Cost of inventories recognised as an expense	**–**	2,977
Net exchange loss	**–**	1

10. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2016	2015
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**50,338**	25,144

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**9,593,882,031**	9,144,626,273

In calculating the diluted loss per share for the years ended 31st March 2016 and 2015, the potential issue of shares arising from the Company's share option would decrease the loss per share and was therefore not taken into account as they have an anti-dilutive effect.

From continuing operations

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

	2016	2015
	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	**50,338**	30,846

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

From discontinued operation

Basic and diluted earnings per share for the discontinued operation for the year ended 31st March 2015 was HK0.06 cents, based on the profit for the year of HK$5,702,000 from discontinued operation and the denominator detailed above.

11. DIVIDENDS

No dividend was paid or proposed for both years, nor has any dividend been proposed since the end of the reporting period (2015: nil).

12. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**5,808**	8,753
Deposits and prepayments	**4,301**	4,783
	10,109	13,536

As at 31st March 2016, the whole amount of trade receivables was due from the sole customer of the Group. As at 31st March 2015, the whole amount of trade receivables was due from the Group's largest customer. The Group allows its trade customers a credit period ranging from 15 to 60 days (2015: 15 days) from the date of invoices.

The following is an aged analysis of trade receivables presented based on the invoice dates.

	2016	2015
	HK$'000	*HK$'000*
Within 90 days	**3,114**	8,753
91 -180 days	**2,694**	–
	5,808	8,753

13. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

The following is an aged analysis of trade payables presented based on the invoice date.

	2016	2015
	HK$'000	*HK$'000*
Trade payables:		
0 to 90 days	**2,633**	820
91 to 180 days	**1,095**	–
181 to 365 days	**98**	–
	3,826	820
Accrued charges	**7,568**	4,687
Other payables	**9**	9
	11,403	5,516

The average credit period on purchases of coals is 15 to 30 days (2015: 15 days).

14. EVENTS AFTER THE REPORTING PERIOD

On 21st April 2016, the Company entered into a placing agreement for the placing of the two-year, unlisted bonds (the "Bonds") in the aggregate principal amount of up to HK$30 million at the issue price of 100% of the principal amount of the Bonds. The Bonds bear fixed interest at a rate of 7% per annum, payable semi-annually. Up to the date of approval of the consolidated financial statements, the Bonds have been fully subscribed. The proceeds from the subscribed Bonds will be used for general working capital of the Group and for its business development.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

Financial Review

Results Analysis

For the year ended 31st March 2016, the Group's consolidated turnover was approximately HK$11,659,000, representing a decrease of HK$17.5 million or 60% as compared to the previous financial year. The Group recorded a gross profit of approximately HK$623,000, representing a 63% decrease from approximately HK$1,702,000 recorded in the previous financial year. The gross profit margin for the year slightly decreased from 6% of the previous financial year to 5% for the year.

Loss attributable to owners of the Company increased to approximately HK$50 million from HK$25 million as recorded in the previous financial year. The increase in loss was mainly attributable to the significant decrease in the turnover of the Group caused by the slow-down of the PRC economy, additional staff costs and legal and professional fees incurred for business development amounting to approximately HK$18 million, and the profit from the discontinued operation of approximately HK$6 million recorded in the previous financial year, was not generated in the year ended 31st March 2016.

Segmental Analysis

Coal Mining

As disclosed in the Company's annual report for the year ended 31st March 2015, during the year ended 31st March 2014, a revocation letter was received from the Minerals Authority of Mongolia (the "Authority") informing SMI LLC ("SMI"), a wholly-owned subsidiary of the Company, that the mining right license MV-011985 (the "License") had been revoked. A formal appeal letter was submitted to the Authority on 6th March 2014 and the Group has also taken legal action against the revocation decision in the 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, the Group's mining rights may be restricted as a result of the enactment of the Mining Prohibition Law (the "MPL") in 2009. According to the MPL, the affected license holders, including SMI are to be compensated but the details of the compensation are not yet available.

SMI further received a letter dated 11th September 2015 from the Authority informing SMI that the two mining rights are partially within the designated areas where mineral exploration and mining activities are prohibited under the MPL. Accordingly, such overlapped areas may be expropriated and the relevant licenses may be revised. The Group is currently in the process of negotiating with the Authority in view that the prospective underground mining operations would not affect the aforementioned prohibited areas.

After seeking the legal advice, the Directors consider no reversal of the impairment loss of the mining right licenses at this stage is appropriate in the current year, because of the following:

- The MPL may significantly restrict the mining exploration activities of the Group;

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

- The legal and political environment of Mongolia remains uncertain; and

- There are no precedent cases of compensation paid by the Authority in respect of expropriated area of mining activities.

The Directors 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 loss of the mining right licenses may be recognised as income immediately.

Coal Trading

Turnover contributed by the coal trading segment for the year amounted to HK$11,659,000, representing a 60% decrease as compared to the previous financial year. The gross profit generated by this segment decreased by 63% to approximately HK$623,000 and the gross profit margin of this segment also decreased from 6% of the previous financial year to 5% for the year. The significant decrease in turnover was mainly due to the domestic economic downturn, the imbalanced situation of supply and demand in the coal market became much significant and negatively impact the coal industry. The Group will closely review the market development and seek for the best opportunities for the Group.

The Group has concentration of credit risk as the whole amount of trade receivables was due from the Group's sole customer within the coal trading segment. The management assessed and considered the Group's outstanding trade receivables were in good credit quality as there are no history of default of payments from the sole customer. The Group will explore for new customers to minimize the risk of being too relying on the existing sole customer.

Liquidity, Financial Position and Capital Structure

As at 31st March 2016, the Group held cash and bank balances amounting to approximately HK$7,367,000 (2015: HK$36,583,000) while the total borrowings of the Group were approximately HK$14,348,000 (2015: HK$25,621,000). As at 31st March 2016, the borrowings included amounts due to related parties, 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 (7)% (2015: (42)%).

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 of the Company respectively at the subscription price of HK$0.13 per share (collectively the "March Subscription"). The Directors 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 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 the Second March Subscription was completed on 31st March 2015 and 4th May 2015 respectively. An aggregate of 384,620,000 subscription shares of the Company 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 Proceeds"). 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 for the general working capital and business development of the Group.

Up to the date of approval of the consolidated financial statements, the Net Proceeds were fully utilised for the Group's general working capital, of which HK$5 million was utilised for rental expenses, HK$19 million for staff costs, HK$19 million for legal and professional expenses and the remaining for other operating activities. The Directors confirmed that the Net Proceeds have been applied in accordance with its intended uses.

On 21st April 2016, the Company entered into a placing agreement for the placing of the two-year unlisted bonds with interest rate of 7% p.a., up to an aggregate principal amount of HK$30,000,000. The net proceeds from the bonds of HK$25,200,000 will be used for general working capital and business development of the Group. Up to the date of approval of the consolidated financial statements, the bonds have been fully subscribed and the net proceeds were utilised as to HK$5 million for the Group's general working capital and the remaining were held as bank deposits and not yet utilised.

The Directors are satisfied that, after taking into account of the present available financial resources and facilities, 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 2016, the Group experienced immaterial exchange rate fluctuations as the functional currency of the Group's operations was mainly 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 2016, property, plant and equipment with carrying values of approximately HK$3,791,000 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 2016, the Group had no significant contingent liabilities.

Prospects and Outlook

Moving on to the second half of the year, it is expected that the PRC's economy will continue to face further slowing pressure, and the coal industry will continue to undergo restructuring. As the PRC government has rolled out supply-side reform initiatives, the latest coal capacity guideline issued by the State Council set strict requirements for the operation of domestic coal companies. The coal industry's supply and demand is expected to rebalance in three to five years. Given that coal remains the country's key energy source, the Group remains positive about the long-term development of the industry.

The PRC government is attempting to reduce the industry's capacity with bolder moves in 2016 including the 276 working days limit for coal mines, hoping to accelerate the process of industry restructuring. It is expected that major coal companies are likely to raise retail coal prices, and so the supply-side reform will gradually yield results and coal prices will begin to stabilize. Meanwhile, with environmental standards tightening and the restructuring of global energy industry continues, it is believed that the PRC government will implement more proactive measures to set the energy industry onto a path of sustainable development.

Facing the challenging operating environment, the Group will focus on the long-term potential of the coal industry with a clear development blueprint riding the wave of opportunities that arise, as the coal industry consolidates. The Group's development goals include the scaling up of its core business through mergers and acquisitions of suitable energy projects. The Group will also strive to pursue new business opportunities to expand its market foothold and diversify its customer base in order to be a leading clean coal company and create value for its shareholders.

Human Resources

As at 31st March 2016, the Group had a total of 23 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.

The principal activities of the Group are coal mining and coal trading. Nevertheless, the Group has not commenced any development or production activity on the coal mines up to the date of approval of the consolidated financial statements. Meanwhile, the coal trading is a business process through third parties. Hence, the principal activities of the Group do not give rise to any material adverse influence to the environment. The Group will take appropriate measures and action as and when necessary to deal with or otherwise minimize any possible emission of hazardous materials which may arise from its business activity processes.

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 2016.

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 2016, applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules except for the following deviations.

Code Provision A.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. 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, the Chairman of the Board, provides leadership to the Board to ensure that the Board works effectively and all important issues are discussed in a timely manner. The day-to-day management of the Group's business is handled by the Executive Directors collectively. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's business operations. The Board will continue to review the effectiveness of the Group's structure as business continues to grow and develop in order to assess whether any changes, including the appointment of a chief executive officer, are necessary.

Code Provision 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. Cheung Siu Fai, an Executive Director, Mr. Edward John Hill III and Mr. Ho Man Kin, Tony, Independent Non-executive Directors, were unable to attend the annual general meeting of the Company held on 23rd September 2015 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 as its code of conduct regarding securities transaction by Directors. The Company, having made specific enquiry, confirms that all Directors have fully complied with the Model Code throughout the financial year ended 31st March 2016.

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 discussing and reviewing 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 2016. As at the date of this announcement, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Li Kar Fai, Peter (chairman), Mr. Edward John Hill III and Mr. Ho Man Kin, Tony. Mr. Li Kar Fai, Peter, the chairman of the Audit Committee, has professional qualification and in-depth experience in accounting and corporate finance. No member of the Audit Committee is a member of the former or existing auditor of the Company.

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 2016 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 2016 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, 27th June 2016

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.