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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 2014**

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 2014.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31ST MARCH 2014

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
Revenue	3	12,499	8,728
Cost of sales		(2,908)	(3,268)
Gross profit		9,591	5,460
Other income	5	1,427	24,281
Selling and distribution expenses		(23,521)	(20,032)
Administrative expenses		(34,466)	(17,790)
Finance costs	6	(123)	(20,253)
Impairment loss on exploration and evaluation assets		(114,931)	(24,408)
Gain on disposal of a subsidiary		17,926	–
Loss before tax		(144,097)	(52,742)
Taxation	7	–	–
Loss for the year	8	(144,097)	(52,742)

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		745	(71)
Reclassification adjustment of translation reserve upon disposal/liquidation of subsidiaries		438	—
		<u>1,183</u>	<u>(71)</u>
Other comprehensive income (expense) for the year		<u>1,183</u>	<u>(71)</u>
Total comprehensive expense for the year		<u>(142,914)</u>	<u>(52,813)</u>
Loss for the year attributable to:			
Owners of the Company		(144,094)	(52,779)
Non-controlling interests		(3)	37
		<u>(144,097)</u>	<u>(52,742)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(142,913)	(52,850)
Non-controlling interests		(1)	37
		<u>(142,914)</u>	<u>(52,813)</u>
LOSS PER SHARE			
	9		
Basic and diluted (HK cents)		<u>(1.60)</u>	<u>(2.05)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST MARCH 2014

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		8,890	2,747
Exploration and evaluation assets		–	119,410
		<u>8,890</u>	<u>122,157</u>
Current assets			
Inventories – finished goods		2,908	2,334
Trade and other receivables	<i>11</i>	4,762	9,176
Bank balances and cash		20,131	4,592
		<u>27,801</u>	<u>16,102</u>
Current liabilities			
Trade and other payables and accrued charges	<i>12</i>	14,183	17,368
Amounts due to related parties		14,700	27,489
Bank and other borrowings		9,781	–
		<u>38,664</u>	<u>44,857</u>
Net current liabilities		<u>(10,863)</u>	<u>(28,755)</u>
Total assets less current liabilities and net (liabilities) assets		<u>(1,973)</u>	<u>93,402</u>
CAPITAL AND RESERVES			
Share capital		90,211	86,211
Reserves		(92,217)	7,056
Equity attributable to owners of the Company		<u>(2,006)</u>	93,267
Non-controlling interests		33	135
		<u>(1,973)</u>	<u>93,402</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2014

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

- (a) 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.

- (b) In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Company and its subsidiaries (collectively the “Group”) in light of the fact that its current liabilities exceeded its current assets by approximately HK\$10,863,000 as at 31st March 2014, its total liabilities exceeded its total assets by approximately HK\$1,973,000 as of that date and the Group incurred a loss of approximately HK\$144,097,000 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) Sharp Victory Holdings Limited has agreed not to demand repayment of the amount due to it of approximately HK\$14.7 million as at 31st March 2014 in the next twelve months from the date of approval of these consolidated financial statements. Sharp Victory Holdings Limited has also agreed to provide continuous financial support to the Group as necessary to enable the Group to meet its financial obligations as they fall due for the foreseeable future.

- (ii) The Group received a notification from an independent third party to accept the Group’s coal supply tender for the month of June 2014. In the opinion of directors of the Company, the Group intends to further expand and develop its coal trading business, and further action will be taken to capture other business opportunities.

2. APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKFRSs Amendments to HKFRS 7	Annual Improvements to HKFRSs 2009 – 2011 Cycle Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Hong Kong Accounting Standard (“HKAS”) 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”

The Group has applied the amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”. Upon the adoption of the amendments to HKAS 1, the Group “statement of comprehensive income” is renamed as the “statement of profit or loss and other comprehensive income”.

In addition, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Except as described above, the application of new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior year and/or on the disclosure set out in these consolidated financial statements.

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:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 14	Regulatory Deferral Accounts ⁵
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HKFRS 9	Financial Instruments ³
HK(IFRIC) – Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1st January 2014

² Effective for annual periods beginning on or after 1st July 2014

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

⁴ Effective for annual periods beginning on or after 1st July 2014, with limited exceptions

⁵ Effective for annual periods beginning on or after 1st January 2016

The directors of the Company anticipate that the application of these 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 and services provided, net of discounts, to outside customers during the year.

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of health and beauty products	4,462	4,881
Provision of beauty services	8,037	3,847
	12,499	8,728

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker, the Chairman of the Group, for the purposes of resource allocation and performance assessment. The reports are analysed based on categories of business. Two operating segments were presented:

- 1) Health and beauty products and services
- 2) Coal mining

Segment revenue and results

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

	Health and beauty products and services		Coal mining		Total	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue						
External sales	12,499	8,728	–	–	12,499	8,728
Segment loss	(18,728)	(19,793)	(120,754)	(26,460)	(139,482)	(46,253)
Unallocated income						
– Interest income					1	3
– Other income					496	23,836
Unallocated expenses						
– Central administration costs					(22,915)	(10,075)
– Finance costs					(123)	(20,253)
– Gain on disposal of a subsidiary					17,926	–
Loss before tax					(144,097)	(52,742)

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

Other segment information

	Health and beauty products and services		Coal mining		Unallocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	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	2,913	2,248	396	411	10,963	2	14,272	2,661
Depreciation	1,668	1,241	89	111	2,087	84	3,844	1,436
Impairment loss on exploration and evaluation assets	-	-	114,931	24,408	-	-	114,931	24,408
Loss on disposal of property, plant and equipment	110	25	-	3	15	22	125	50
Write-down of inventories	176	-	-	-	-	-	176	-
	<u>176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176</u>	<u>-</u>

5. OTHER INCOME

	2014	2013
	HK\$'000	HK\$'000
Interest income	1	3
Gain on redemption of convertible bonds	-	23,269
Waive of amount due to a related party	128	-
Others	1,298	1,009
	<u>1,427</u>	<u>24,281</u>

6. FINANCE COSTS

	2014	2013
	HK\$'000	HK\$'000
Interest on		
– bank overdrafts	-	52
– obligations under finance leases	-	1
– amounts due to related parties	38	358
– bank and other borrowings wholly repayable within five years	85	-
Effective interest expense on convertible bonds	-	19,842
	<u>123</u>	<u>20,253</u>

7. TAXATION

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

No provision for taxation has been made for the Group's subsidiaries operating outside Hong Kong (i.e. PRC and Mongolia) as there was no assessable profit and incurred tax losses.

8. LOSS FOR THE YEAR

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Staff costs (including directors' remuneration):		
Salaries and other benefits	14,450	15,492
Retirement benefits scheme contributions	546	595
Total employee benefits expenses	<u>14,996</u>	<u>16,087</u>
Auditors' remuneration	1,061	1,217
Cost of inventories recognised as an expense	1,405	1,414
Write-down of inventories	176	–
Depreciation of property, plant and equipment	3,844	1,436
Loss on disposal of property, plant and equipment	125	50
Operating lease rentals in respect of rented premises	9,082	5,965
Net exchange loss	<u>5,291</u>	<u>1,357</u>

9. LOSS PER SHARE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(144,094)</u>	<u>(52,779)</u>
Number of shares	2014	2013
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>8,990,448,820</u>	<u>2,570,204,692</u>

The calculation of diluted loss per share for the year ended 31st March 2014 and 2013 has not assumed the exercise of the share options as the exercise price of these options was higher than the average market price for the corresponding periods.

10. DIVIDENDS

The directors do not recommend the payment of any dividend for the year (2013: Nil).

11. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	377	548
Other receivables, deposits and prepayments	4,385	8,628
	<hr/> 4,762 <hr/>	<hr/> 9,176 <hr/>

The Group's turnover comprises mainly cash and credit sales. The credit terms are within 120 days from the date of billings. The following is an analysis of trade receivables by age, presented based on the invoice date at the end of the reporting period:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 90 days	377	422
91 to 120 days	–	126
	<hr/> 377 <hr/>	<hr/> 548 <hr/>

12. 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables:		
0 to 90 days	773	1,340
91 to 180 days	376	92
181 to 365 days	164	92
Over 365 days	35	–
	<hr/> 1,348 <hr/>	<hr/> 1,524 <hr/>
Deposits received from customers	9,191	5,348
Accrued charges	3,511	8,235
Other payables	133	2,261
	<hr/> 14,183 <hr/>	<hr/> 17,368 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year, the Group engaged in coal mining business and distribution of beauty products and services.

Pursuant to the announcement made by the Company on 9th June 2014, the Group discontinued the health and beauty segment upon the expiration of the services agreement as detailed in the segmental analysis section below.

It is the Company's long term business development strategy to establish the Group as a coal and energy company. On 30th May 2014, the Group received a notification from an independent third party that it has accepted the tender of the Group to supply coal for the month of June 2014. With the acceptance of the tender, the Group commenced the coal trading business. As the Company intends to further expand and develop its coal trading business, further actions will be taken to capture other business opportunities.

Financial Review

Results Analysis

For the year ended 31st March 2014, the Group generated a consolidated turnover of approximately HK\$12.5 million, representing an increase of HK\$3.8 million or 43.2% as compared to that of last financial year. The increase in turnover was attributable by the health and beauty segment as detailed in the segmental analysis section below.

The Group recorded a gross profit of approximately HK\$9.6 million, representing an increase of HK\$4.1 million as compared to that of last year. The gross profit margin also increased from 62.6% as recorded in previous year to 76.7% for the year. The higher gross profit and gross profit margin were attributable by the health and beauty segment as detailed in the segmental analysis section below.

Loss attributable to owners of the Company increased to approximately HK\$144 million, from HK\$53 million as recorded in the previous financial year. The increase in loss was mainly due to the impairment loss on exploration and evaluation assets amounting to approximately HK\$115 million, arising from the revocation of the mining license for mining in Saikan Uul held by SMI LLC as detailed in the segmental analysis section below.

Segmental Analysis

Coal Mining

SMI LLC ("SMI", a wholly-owned subsidiary of the Company) has received a letter from the Minerals Authority of Mongolia (the "Letter") informing SMI that the mining license number MV-011985 for mining in Saikan Uul (the "License") held by SMI had been revoked. The License was revoked initially on 22nd September 2008 because the relevant annual license fee was paid on 17th September 2008, a few days after the due date of 5th September 2008. However, the License was subsequently restored by an order of the then director of Minerals Authority on 13th November 2008 (the "Restoration Order"). SMI has paid the relevant annual license fee in a timely manner since 2008. The Letter states that the Restoration Order has been invalidated and that the initial decision to revoke the License has been restored.

The Company disputes the revocation of the License and has submitted a formal request to the Office of Government Cabinet of Mongolia and Ministry of Mining of Mongolia and filed an appeal to the court to cancel the decision to revoke the License (the “Appeal”). Up to the date of approval of these consolidated financial statements, no final decision about the Appeal has been received by the Group.

After seeking the professional legal advice, as the ultimate outcome of the Appeal cannot presently be estimated, the full impairment loss on the exploration and evaluation asset of approximately HK\$115 million was recognised during the year. However, if the Appeal is finally successful for and the revocation order is subsequently cancelled, the impairment of exploration and evaluation assets may be reversed in a subsequent period.

Health and Beauty Products and Services

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

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

During the year under review, turnover contributed by the health and beauty segment amounted to approximately HK\$12.5 million, representing an increase of HK\$3.8 million or 43.2% as compared with that of last financial year. The gross profit of the segment increased by HK\$4.1 million to approximately HK\$9.6 million this year and the gross profit margin of the segment increased from 62.6% as recorded in previous year to 76.7% for this year. Such increase is mainly due to the Group appointed Mr. Kwok to manage the health and beauty segment, who is experienced in the beauty industry, the sales and gross profit was therefore boosted up under his management.

The segmental loss for the year decreased slightly to approximately HK\$18.7 million from HK\$19.8 million as recorded in the previous financial year mainly due to Mr. Kwok has undertaken to the Company that during the six months ended 31st May 2014 there will not be any net loss suffered from the health and beauty segment pursuant to the Services Agreement.

Liquidity, Financial Position and Capital Structure

As at 31st March 2014, the Group held cash and bank balances amounting to approximately HK\$20,131,000 (2013: HK\$4,592,000) while the total borrowings of the Group were approximately HK\$24,481,000 (2013: HK\$26,289,000). As at 31st March 2014, the borrowings included amounts due to related parties and bank and other borrowings.

The gearing ratio, defined as the ratio of total borrowings less cash and bank balances to equity attributable to owners of the Company, was (216.8)% (2013: 23.3%).

On 22nd April 2013, the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent has conditionally agreed to place, on a best effort basis, to not less than six independent places for up to 400,000,000 placing shares at the placing price of HK\$0.12 per placing share (collectively, the “Placing”). The Placing was completed on 29th April 2013. An aggregate of 400,000,000 placing shares have been successfully placed to not less than six independent places at the placing price of HK\$0.12 per placing share. The net proceeds from the Placing amounted to HK\$47.6 million. The net proceeds from the Placing is intended to be used for repaying the outstanding debts due to CEC Resources and Mineral Holdings Limited and Elmfield Limited and the remaining for general working capital of the Group.

In view of the cash position of the Group, the Group had obtained a confirmation from Sharp Victory Holdings Limited (“Sharp Victory”), the substantial shareholder of the Company, that it has agreed not demand the repayment of the amount due to it of approximately HK\$14.7 million in the next twelve months from the date of approval of these consolidated financial statements. In addition, Sharp Victory has also agreed to provide continuous financial support to the Group as is necessary to enable the Group to meet its financial obligations as they fall due. Moreover, the Group commenced the coal trading business in June 2014, the Group intends to further expand and develop its coal trading business, and further actions will be taken to capture other business opportunities. Additionally, the directors of the Company have a plan to raise additional funds to improve the cash position of the Group. Provided that these measures are successful and can effectively improve the liquidity position of the Group, 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

The majority of the Group’s assets and liabilities are either denominated in Hong Kong dollars or United States dollars and most of the Group’s cash balances are deposited in Hong Kong dollars or United States dollars with banks in Hong Kong and the PRC. Certain portions of the Group’s purchases and expenses were denominated in foreign currencies which exposed the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered not significant. However, the management will continue to closely monitor the Group’s foreign exchange risk exposure and will consider hedging significant foreign exchange exposure when necessary.

Charges on Assets

As at 31st March 2014, the Group had no charges on assets.

Contingent Liabilities

As at 31st March 2014, the Group had no significant contingent liabilities.

Prospects and Outlook

The global demand for energy has been robust for decades. In view of the scarcity of conventional energy and the high exploration cost of non-conventional energy, coal has become a new source of energy for some Asian countries to support the economic growth. With the PRC remains as one of the economic powerhouses in the world, it is now consuming more than 3.5 billion tonnes of coal per year. Coal now provides more than two-thirds of the PRC's total energy and four-fifths of its electricity. According to the International Energy Agency, coal demand will grow at an average rate of 2.3% per year through 2018. The market situation provides enormous opportunities for energy companies to explore.

After a year of transformation, the Group is well poised to capture growth opportunities in the energy sector, especially in the sector of coal energy. Following the commencement of the coal trading business in the PRC and the discontinuation of the health and beauty segment, the Group has refined its focus on the coal energy sector and will proactively leverage different platforms and networks to increase access to coal energy projects with high potential. The Group will continue expanding its customer base across different industries and markets, providing quality coal sourcing and supplying services to the customers.

The Group has set the following goals:

- To increase asset value and coal production capacity through merger and acquisition;
- To increase coal trading volume, both domestically and internationally;
- To seek collaboration with leading energy companies or availability of joint venture opportunities with peers to expand the outreach to different opportunities in the market.

Backed by a strong business foundation and an experienced management team, the management believes the year 2014 would be a year of progression to grow the business and to work towards the goal of becoming an international energy company.

Human Resources

As at 31st March 2014, the Group had a total of 14 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

At no time during the year, did the Company nor any of its subsidiaries purchase, sell or redeem any of the Company's listed securities.

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 2014, 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 of Hong Kong Limited 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 to enable the Board members to react timely and carry out expeditious decision making in respect of certain business updates 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 all directors of the Company for that time being. 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.

During the period from 1st April 2013 to 1st May 2013, the Company did not officially have a position of chief executive officer and Mr. Sun David Lee was the chairman of the Board and provided leadership to the Board to ensure that the Board works effectively and all important issues were discussed in a timely manner. On 2nd May 2013, Mr. Zhu Xinjiang was appointed as the chairman of the Board and Dr. Kung Chi Kang, Silver ("Dr. Kung") was appointed as the chief executive officer of the Company. During the period from 2nd May 2013 to 14th October 2013, the positions of the chairman and the chief executive officer of the Company were held by separate individuals so as to maintain an effective segregation of duties.

Subsequent to Dr. Kung's resignation as the chief executive officer of the Company on 15th October 2013, the Company did not officially have a position of chief executive officer and Mr. Zhu Xinjiang, the chairman of the Board, still provides leadership to the Board to ensure that the Board works effectively and all important issues were discussed in a timely manner. The day-to-day management of the Group's business was 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 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. During the year, the Company did not have any policy concerning diversity of Board members.

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, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 19th August 2013 (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. As at the date of the AGM, Mr. Sun David Lee and Mr. Yeung Ting Lap, Derek Emory, both being non-executive directors of the Company, and Mr. Ho Man Kin, Tony and Mr. Edward John Hill III, both being independent non-executive directors 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 2014.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) is responsible to review the accounting principles and practices adopted by the Group, as well as to discuss and review the internal control and financial report matters of the Company. The Audit Committee has reviewed the Group’s annual results for the year ended 31st March 2014. The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Ho Man Kin, Tony, Mr. Li Kar Fai, Peter and Mr. Edward John Hill III. Mr. Li Kar Fai, Peter, the chairman of the Audit Committee, has professional qualification and in-depth experience in accounting and corporate finance. No member of the Audit Committee is a member of the former or existing auditors 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 2014 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 the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.asiacoallimited.com. The annual report 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 2014

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