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 2018

The board (the "Board") of directors (the "Directors") of Asia Coal Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March 2018

		2018	2017
	NOTES	***HK$'000***	*HK$'000*
Revenue	4 & 5	**4,744**	11,219
Cost of sales		**(4,536)**	(10,702)
Gross profit		**208**	517
Other income	6	**147**	6
Other gains and losses	6	**5,597**	–
Selling and distribution expenses		**(25)**	(28)
Administrative expenses		**(29,913)**	(52,211)
Finance costs	7	**(12,909)**	(5,198)
Loss before tax		**(36,895)**	(56,914)
Taxation	8	**–**	–
Loss for the year attributable to owners of the Company	9	**(36,895)**	(56,914)

	NOTES	2018 HK$'000	2017 HK$'000
Other comprehensive (expense) income			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency		**(7,581)**	2,897
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(280)**	(806)
Other comprehensive (expense) income for the year		**(7,861)**	2,091
Total comprehensive expense for the year attributable to owners of the Company		**(44,756)**	(54,823)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	10		
Basic and diluted (HK cents)		**(0.38)**	(0.59)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2018

	NOTES	**2018** **HK$'000**	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**825**	2,720
Exploration and evaluation assets		**–**	–
		825	2,720
Current assets			
Trade and other receivables	12	**2,934**	7,148
Bank balances and cash		**5,741**	9,987
		8,675	17,135
Current liabilities			
Trade and other payables and accrued charges	13	**6,653**	12,164
Amount due to a related party		**9,951**	9,718
Other borrowings		**44,868**	2,691
Obligations under a finance lease		**126**	146
Unlisted bonds		**29,467**	–
		91,065	24,719
Net current liabilities		**(82,390)**	(7,584)
Total assets less current liabilities		**(81,565)**	(4,864)
Non-current liabilities			
Other borrowings		**21,691**	26,503
Obligations under a finance lease		**–**	126
Unlisted bonds		**–**	27,007
		21,691	53,636
Net liabilities		**(103,256)**	(58,500)
CAPITAL AND RESERVES			
Share capital		**96,078**	96,078
Reserves		**(199,334)**	(154,578)
Total equity		**(103,256)**	(58,500)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March 2018

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.

The functional currency of the Company is Renminbi ("RMB") and the presentation currency of the Company and its subsidiaries (collectively referred to as the "Group") is Hong Kong dollars ("HK$"). HK$ has been selected 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 the Group's current liabilities exceeded its current assets by HK$82,390,000 as at 31st March 2018, the Group's total liabilities exceeded its total assets by HK$103,256,000 as of that date, and that the Group incurred a loss of HK$36,895,000 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) Subsequent to 31st March 2018, Sharp Victory Holdings Limited ("Sharp Victory") has 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. In May and June 2018, Sharp Victory has provided various advances to the Group amounting to approximately HK$79 million to enable the Group to meet its financial obligations. Sharp Victory has agreed not to demand repayment of the amount due to it by the Group of approximately HK$9,951,000 as at 31st March 2018 and also the abovesaid amount subsequently advanced to the Group in the next twelve months from the date of approval for issue of these consolidated financial statements subsequent to the end of the reporting period.

(ii) As disclosed in note 22 to the consolidated financial statements of the annual report for the year ended 31st March 2018, the Group had unutilised loan facility of HK$45,000,000 from an independent third party as at 31st March 2018. In May 2018, the Group has drawdown HK$5,000,000 and the Group had unutilised loan facility of HK$40,000,000 as at the date of approval for issue of these consolidated financial statements.

The Directors are of the opinion that, taking into account the above financial support by Sharp Victory and unutilised loan facility from an independent third party as described above, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by HKICPA for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

Except as described below, the application of the above 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 these consolidated financial statements.

Amendments to HKAS 7 *Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flow from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchanges rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 26 of the annual report for the year ended 31st March 2018. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 26 of the annual report for the year ended 31st March 2018, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and revised HKFRSs and interpretation issued but not yet effective

The Group has not early applied any new and revised HKFRSs and interpretations that have been issued but are not yet effective for the current year.

4. REVENUE

Revenue represents the amounts received or 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")

Segment revenue and results

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

	Coal mining		**Coal trading**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue						
External sales	**–**	–	**4,744**	11,219	**4,744**	11,219
Segment loss	**(584)**	(505)	**(3,152)**	(905)	**(3,736)**	(1,410)
Unallocated income						
– Interest income					**6**	6
– Other income					**141**	–
– Other gains and losses					**7,503**	–
Unallocated expenses						
– Central administration costs					**(27,900)**	(50,312)
– Finance costs					**(12,909)**	(5,198)
Loss before tax					**(36,895)**	(56,914)

Segment loss represents the loss from each segment without allocation of interest income, other income, other gains and losses, 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:

	2018	2017
	HK$'000	*HK$'000*
Segment assets		
Coal mining	**1**	1
Coal trading	**73**	4,393
Total segment assets	**74**	4,394
Unallocated assets	**9,426**	15,461
Consolidated assets	**9,500**	19,855
Segment liabilities		
Coal mining	**2,123**	1,818
Coal trading	**1,133**	1,942
Total segment liabilities	**3,256**	3,760
Unallocated liabilities	**109,500**	74,595
Consolidated liabilities	**112,756**	78,355

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**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	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	**–**	–	**–**	10	**–**	29	**–**	39
Depreciation	**–**	–	**15**	14	**1,884**	1,899	**1,899**	1,913

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 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	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**791**	2,675
PRC	**4,744**	11,219	**34**	45
	4,744	11,219	**825**	2,720

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Customer A	**3,017**	11,219
Customer B	**1,727**	–

6. OTHER INCOME, OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
Other income		
Interest income	**6**	6
Others	**141**	–
	147	6
Other gains and losses		
Exchange gain	**7,503**	–
Impairment loss recognised in respect of trade receivables	**(1,906)**	–
	5,597	–

7. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on		
– obligations under a finance lease	**9**	16
– other borrowings	**8,340**	1,578
– unlisted bonds	**4,560**	3,604
	12,909	5,198

8. TAXATION

No provision for the PRC Enterprise Income Tax ("EIT") has been made as the Group incurred tax losses for both years.

Under the Law of the PRC 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 FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Staff costs (including directors' remuneration):		
Salaries and other benefits	**13,807**	17,735
Retirement benefit scheme contributions	**519**	514
Total employee benefits expenses	**14,326**	18,249
Auditors' remuneration		
– Audit services	**976**	1,070
– Non-audit services	**20**	3,251
Depreciation of property, plant and equipment	**1,899**	1,913
Gain on disposal of property, plant and equipment	**(6)**	–
Cost of inventories recognised as an expense	**4,536**	10,702
Operating lease rentals in respect of rented premises	**4,000**	4,034

10. 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:

	2018	2017
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(36,895)**	(56,914)

	2018	2017
Number of shares		
Number of ordinary shares for the purposes of basic and diluted loss per share	**9,607,753,752**	9,607,753,752

In calculating the diluted loss per share for the years ended 31st March 2018 and 2017, the potential issue of shares arising from the Company's share options would decrease the loss per share and was therefore not taken into account.

11. DIVIDENDS

No dividend was paid or proposed for both years, nor has any dividend been proposed since the end of the reporting period (2017: nil).

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**2,001**	3,780
Less: allowance for doubtful debts	**(2,001)**	–
	–	3,780
Deposits and prepayments	**2,934**	3,368
	2,934	7,148

As at 31st March 2018, the Group has made provisions on trade receivable which was due from one customer with aging between 181-365 days because the directors are of the opinion that these receivables were not recoverable.

As at 31st March 2017, the whole amount of trade receivables was due from the sole customer of the Group. The Group allows its trade customers a credit period ranging from 15 to 90 days from the date of invoices.

The following is an aged analysis of trade receivables, net of allowance, presented based on the invoice dates at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
Within 90 days	–	1,057
91-180 days	–	2,723
	–	3,780

The Group closely monitors the granting of credit and periodically reviews the recoverability of each trade receivable. As at 31st March 2017, management assessed and considered the Group's outstanding trade receivables were in good credit quality as there are no history of default from the customer.

Movements in the allowance for doubtful debts:

	2018	2017
	HK$'000	*HK$'000*
Balance at beginning of the year	–	–
Amounts recognised during the year	**1,906**	–
Exchange realignment	**95**	–
Balance at end of the year	**2,001**	–

13. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

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

	2018	2017
	HK$'000	*HK$'000*
Trade payables:		
181 to 365 days	–	903
Over 365 days	**1,133**	1,033
	1,133	1,936
Accrued charges	**3,379**	9,048
Other payables	**2,141**	1,180
	6,653	12,164

The average credit period on purchases of coals is 15 to 60 days (2017: 15 to 60 days).

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor's report for the year ended 31st March 2018 has included a separate section under the heading "Material uncertainty related to going concern" but without affecting the audit opinion, an extract of which is as follows:

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related To Going Concern

We draw attention to Note 2 to the consolidated financial statements which explains that the Group incurred a loss attributable to owners of the Company of approximately HK$36,895,000 for the year ended 31st March 2018 and that as at 31st March 2018, the Group had net liabilities of approximately HK$103,256,000 and net current liabilities of approximately HK$82,390,000. The Group's ability to continue as a going concern is dependent on the ongoing availability of financing to the Group, including loans from Sharp Victory Holdings Limited, which is the immediate holding company and ultimate holding company of the Company, and the unutilised loan facility from an independent third party. If the financing were not available, the Group would be unable to meet its financial obligations as and when they fall due. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

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 2018, the Group's consolidated revenue was approximately HK$4,744,000, representing a 58% decrease as compared to the previous financial year. The gross profit decreased from HK$517,000 of the previous financial year to approximately HK$208,000 for the year. The gross profit margin decreased slightly from 5% of the previous financial year to 4% for the year.

Loss attributable to owners of the Company decreased to approximately HK$37 million from HK$57 million as recorded in the previous financial year. Such decrease was mainly due to the decrease in legal and professional fee amounting to HK$15 million, staff costs of HK$4 million and exchange difference of HK$9 million, the effect of which was partly offset by the additional finance costs of approximately HK$8 million.

Segmental Analysis

Coal Mining

As disclosed in the Company's annual report for the year ended 31st March 2017, full impairment loss of the mining right licenses has been recognised according to HKAS 36 "Impairment of Assets" in previous financial years.

After seeking legal advice and assessing the viability of developing potential projects with the mining right licenses in light of the current challenging market and business conditions in Mongolia, the Directors consider no reversal of the impairment loss of the mining right licenses is appropriate in the year, because of the followings:

- there has been no change on the Mining Prohibition Law (the "MPL") which significantly restricts the Group from mining exploration activities;
- the compensation investigation of any enforcement is still in progress by the Minerals Authority of Mongolia (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 being paid by the Authority in respect of expropriated areas 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

Revenue contributed by the coal trading segment for the year amounted to HK$4,744,000, representing a decrease of 58% as compared to the previous financial year. The gross profit generated by this segment decreased by HK$309,000 to approximately HK$208,000. The gross profit margin of this segment decreased slightly from 5% of the previous financial year to 4% for the year. As the business environment was difficult with keen competition, 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 major customers within the coal trading segment. The management has assessed and considered that the actual future cash flows are less than expected, full provision loss on trade receivables of HK$2,001,000 has been recognised as at 31st March 2018. The Group will identify new customers to minimize the risk of over reliance on the existing major customers.

Capital Structure, Liquidity and Financial Position

As at and for the year ended 31st March 2018, the total number of issued shares of the Company remained unchanged at 9,607,753,752.

As at 31st March 2018, the Group held cash and bank balances amounting to approximately HK$5,741,000 (2017: HK$9,987,000) while the total borrowings of the Group were approximately HK$106,103,000 (2017: HK$66,191,000). As at 31st March 2018, the borrowings included amount due to a related party, other borrowings from a non-bank financial institution and independent third parties, obligations under a finance lease and unlisted bonds.

The gearing ratio, defined as the ratio of total borrowings less cash and bank balances to equity attributable to owners of the Company, was (97)% (2017: (96)%).

On 21st April 2016, the Company entered into a placing agreement for the placing of the two-year unlisted bonds at an interest rate of 7% per annum, up to an aggregate principal amount of HK$30 million. During the year ended 31st March 2017, the bonds have been fully subscribed and the net proceeds were utilised for the Group's general working capital and business development. Up to the date of approval of these consolidated financial statements, the Company has repaid HK$23,000,000.

During the year ended 31st March 2017, the Company entered into a loan agreement with an independent third party for a loan facility at an interest rate of 7% per annum, up to an aggregate principal amount of HK$45 million for a term of two years. As at 31st March 2018, the Company has utilised the whole amount for the Group's general working capital and business development.

During the year, the Company entered into another loan agreement with an independent third party for a loan facility at an interest rate of 7% per annum, up to an aggregate principal amount of HK$70 million for a term of two years. Up to the date of approval of these consolidated financial statements, the Company has utilised an aggregate principal amount of HK$30 million for the Group's general working capital and business development.

Subsequent to the end of the reporting period, the Company has obtained advances from its controlling shareholder amounting to HK$79 million, which is unsecured, interest-free and repayable on demand, to the Company for the repayment of unlisted bonds and the Group's working capital and business development.

In view of the liquidity position of the Group, the Group had obtained a confirmation from its controlling shareholder confirming that it will not demand the repayment of the amount due to it by the Group of approximately HK$10 million as at 31st March 2018 and also the approximately HK$79 million subsequently advanced to the Group due to it in the next twelve-month period from the date of approval of these consolidated financial statements. In addition, the Company has obtained advances from its controlling shareholder and unutilised facility from an independent third party as described above. The Directors are satisfied that, after taking into account of the present available financial resources and the facilities, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the foreseeable future.

Foreign Exchange Risk Management

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi, United States dollars and Hong Kong dollars. The Group is exposed to foreign currency risk arising from the monetary assets and liabilities that are denominated in currencies other than the functional currencies of the respective group entities.

The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered to be insignificant. 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 2018, property, plant and equipment with carrying values of approximately HK$444,000 were pledged to secure the Group's borrowings from a non-bank financial institution and obligations under a finance lease.

Contingent Liabilities

As at 31st March 2018, the Group had no significant contingent liabilities.

Suspension of Trading

References is made to the announcements of the Company dated 24th September 2017, 29th September 2017 and 27th March 2018, the trading in shares of the Company on the Stock Exchange has been suspended since 3rd October 2017. On 23rd March 2018, the Company received a letter from the Stock Exchange informing the Company that it was placed in the second delisting stage on 23rd March 2018 under Practice Note 17 of the Listing Rules, for a period of six months which will expire on 22nd September 2018.

Prospects and Outlook

Subsequent to the end of the reporting period, the Group has expanded its coal trading business. The Group will continue to evaluate potential coal mining and other trading business opportunities, as well as to explore opportunities for acquisition of assets and/or business with sufficient operations and/or asset value to warrant the continued listing of the shares on the Stock Exchange.

Human Resources

As at 31st March 2018, the Group had a total of 27 employees. The Group believes its success and long-term growth depend 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, with reference to the financial position of the Group. Discretionary bonuses and share options are also offered to qualified employees based on individual and the Group's performance. Staff costs (including Directors' remuneration) for the year ended 31st March 2018 amounted to approximately HK$14,326,000.

Environmental Policies and 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 these consolidated financial statements. Meanwhile, the coal trading operation is a business processed 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 activities.

Compliance with Relevant Laws and Regulations

To the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group in relation to its business including health and safety, workplace conditions, employment and the environment.

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 2018.

CORPORATE GOVERNANCE

The Company has, throughout the year ended 31st March 2018, 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.1.1

Code provision A.1.1 of the CG Code requires that board meetings should be held at least four times a year at approximately quarterly intervals. During the year, the Board held three regular Board meetings. The significant matters concerning the business activities and operation of the Group had been either duly reported, discussed and resolved at the three regular Board meetings or dealt with by the Board by way of written resolutions for expeditious commercial decisions making purposes.

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, a regular Board meeting was 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 matter which was significant to the Group's business. As a result, the aforesaid regular Board meeting was held with a shorter notice period than required with the consent of all 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 separate 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 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 27th September 2017 due to his engagement of the Group's other pressing business.

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 Directors' securities transactions. The Company, having made specific enquiry, confirms that all Directors have fully complied with the required standard set out in the Model Code throughout the financial year ended 31st March 2018.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the Group's annual results for the year ended 31st March 2018.

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 2018 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 2018 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, 29th June 2018

As at the date of this announcement, the Board comprises Mr. ZHU Xinjiang, Mr. CHEUNG Siu Fai and Mr. LENG Xiaokang 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.