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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2009

The board of directors (the "Board") of Asia Coal Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2009.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2009

		Continuing operations Six months ended 30th September		Discontinued operations Six months ended 30th September		Total Six months ended 30th September	
	NOTES	**2009** *HK$'000* **(unaudited)**	2008 *HK$'000* (unaudited)	**2009** *HK$'000* **(unaudited)**	2008 *HK$'000* (unaudited)	**2009** *HK$'000* **(unaudited)**	2008 *HK$'000* (unaudited)
Revenue	3	**3,519**	3,201	**–**	6,592	**3,519**	9,793
Cost of sales		**(2,081)**	(2,347)	**–**	(4,253)	**(2,081)**	(6,600)
Gross profit		**1,438**	854	**–**	2,339	**1,438**	3,193
Other income		**89**	362	**–**	943	**89**	1,305
Selling and distribution expenses		**(1,840)**	(3,643)	**–**	(1,101)	**(1,840)**	(4,744)
Administrative expenses		**(23,154)**	(12,056)	**–**	(1,405)	**(23,154)**	(13,461)
Finance costs	4	**(8,552)**	(2,574)	**–**	(15)	**(8,552)**	(2,589)
Impairment loss on an intangible asset		**(800)**	–	**–**	–	**(800)**	–
		(32,819)	(17,057)	**–**	761	**(32,819)**	(16,296)
Gain on disposal of subsidiaries	8	**–**	–	**–**	10,539	**–**	10,539
(Loss) profit for the period	6	**(32,819)**	(17,057)	**–**	11,300	**(32,819)**	(5,757)
Other comprehensive income (loss):							
Exchange differences arising on translation of foreign operations		**142**	(63)	**–**	–	**142**	(63)
Total comprehensive (loss) income for the period		**(32,677)**	(17,120)	**–**	11,300	**(32,677)**	(5,820)

	NOTES	Total Six months ended 30th September **2009** *HK$'000* **(unaudited)**	2008 *HK$'000* (unaudited)
Loss for the period attributable to:			
Owners of the Company		**(32,763)**	(5,757)
Minority interests		**(56)**	—
		(32,819)	(5,757)
Total comprehensive loss attributable to:			
Owners of the Company		**(32,620)**	(5,820)
Minority interests		**(57)**	—
		(32,677)	(5,820)
(LOSS) EARNINGS PER SHARE	7		
From continuing and discontinued operations			
Basic and diluted		**(1.98 HK cents)**	(0.47 HK cents)
From continuing operations			
Basic and diluted		**(1.98 HK cents)**	(1.39 HK cents)
From discontinued operations			
Basic and diluted		**—**	0.92 HK cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH SEPTEMBER 2009

	Notes	At 30th September 2009 HK$'000 (unaudited)	At 31st March 2009 HK$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,581**	815
Intangible asset		**—**	800
Exploration and evaluation assets		**381,025**	370,704
Temporary payments for exploration and evaluation assets		**17,479**	12,222
Prepayments		**6,343**	—
		407,428	384,541
Current assets			
Inventories — finished goods		**1,961**	1,806
Trade and other receivables	*10*	**7,985**	5,642
Amounts due from minority shareholders of subsidiaries		**387**	—
Pledged bank deposits		**1,719**	1,717
Bank balances and cash		**48,348**	102,039
		60,400	111,204
Current liabilities			
Trade and other payables and accrued charges	*11*	**6,147**	10,382
Amount due to a related party		**200**	200
Obligations under finance leases — due within one year		**86**	85
		6,433	10,667
Net current assets		**53,967**	100,537
Total assets less current liabilities		**461,395**	485,078
Non-current liabilities			
Obligations under finance leases — due after one year		**115**	55
Convertible bond		**129,051**	120,505
		129,166	120,560
NET ASSETS		**332,229**	364,518
CAPITAL AND RESERVES			
Share capital		**165,254**	165,254
Reserves		**166,644**	199,264
Equity attributable to owners of the Company		**331,898**	364,518
Minority interests		**331**	—
		332,229	364,518

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st March 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. Except as described above, the adoption of the new and revised HKFRSs has had no material effect on the reported condensed consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[5]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[7]

[1] Effective for annual periods beginning on or after 1st July 2009
[2] Amendments that are effective for annual periods beginning on or after 1st July 2009 or 1st January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1st January 2011
[4] Effective for annual periods beginning on or after 1st February 2010
[5] Effective for annual periods beginning on or after 1st January 2010
[6] Effective for annual periods beginning on or after 1st January 2013
[7] Effective for annual periods beginning on or after 1st July 2010

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1st April 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Segment Information

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1st April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. Under HKAS 14, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker, the Chief Executive Officer, for the purposes of resources allocation and performance assessment. The reports are prepared by categories of business. Three reporting segments were presented:

1) Health and beauty products
2) Coal mining
3) Medical equipment *(Note)*

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

	Continuing operations						Discontinued operations		Total	
	Health and beauty products Six months ended 30th September		Coal mining Six months ended 30th September		Total Six months ended 30th September		Medical equipment Six months ended 30th September		Six months ended 30th September	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Revenue										
External sales	**3,519**	3,201	**—**	—	**3,519**	3,201	**—**	6,592	**3,519**	9,793
Segment (loss) profit	**(2,582)**	(4,944)	**(2,093)**	(139)	**(4,675)**	(5,083)	**—**	602	**(4,675)**	(4,481)
Corporate income										
— Interest income					**34**	361	**—**	84	**34**	445
— Rental income					**—**	—	**—**	90	**—**	90
— Others					**—**	1	**—**	—	**—**	1
Central administration costs					**(19,626)**	(9,762)	**—**	—	**(19,626)**	(9,762)
Finance costs					**(8,552)**	(2,574)	**—**	(15)	**(8,552)**	(2,589)
Gain on disposal of subsidiaries					**—**	—	**—**	10,539	**—**	10,539
(Loss) profit for the period					**(32,819)**	(17,057)	**—**	11,300	**(32,819)**	(5,757)

Segment profit represents the profit earned by each segment without allocation of corporate income, central administration costs, finance costs and gain on disposal of subsidiaries. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

Note: The segment was disposed of on 2nd July 2008. Details of the discontinued operations are set out in note 8.

4. Finance Costs

	Continuing operations Six months ended 30th September		Discontinued operations Six months ended 30th September		Total Six months ended 30th September	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Interest on:						
Bank overdrafts	**—**	26	**—**	15	**—**	41
Obligations under finance leases	**6**	7	**—**	—	**6**	7
Effective interest on convertible bond	**8,546**	2,541	**—**	—	**8,546**	2,541
	8,552	2,574	**—**	15	**8,552**	2,589

5. Taxation

No provision for Hong Kong Profits Tax has been made on the continuing operations as the Group incurred tax losses for both periods.

No provision for taxation has been made for the Group's subsidiaries operating outside Hong Kong as there was no assessable profit.

No tax was payable on the profit from discontinued operations for the six months ended 30th September 2008 arising in Hong Kong since the assessable profit was wholly absorbed by tax losses brought forward.

The Group has no other significant unprovided deferred tax for the period or at the reporting date.

6. (Loss) Profit for the Period

(Loss) profit for the period has been arrived at after charging (crediting) the following items:

	Continuing operations Six months ended 30th September		Discontinued operations Six months ended 30th September		Total Six months ended 30th September	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Directors' remuneration	**12,966**	4,121	**—**	—	**12,966**	4,121
Depreciation and amortisation	**304**	391	**—**	125	**304**	516
(Gain) loss on disposal of property, plant and equipment	**(11)**	128	**—**	—	**(11)**	128
Write-down of inventories	**82**	474	**—**	—	**82**	474
Interest income	**(34)**	(361)	**—**	(84)	**(34)**	(445)

7. (Loss) Earnings Per Share

From continuing and discontinued operations

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

	Six months ended 30th September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(32,763)**	(5,757)

	Six months ended 30th September	
	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,652,542,800**	1,230,207,627

The calculation of diluted loss per share for the six months ended 30th September 2008 and 2009 has not assumed the conversion of the Company's convertible bond and exercise of the share options as these potential ordinary shares are anti-dilutive during both periods.

From continuing operations

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

	Six months ended 30th September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	**(32,763)**	(5,757)
Less: Profit for the period from discontinued operations	**—**	11,300
Loss for the purposes of basic and diluted loss per share from continuing operations	**(32,763)**	(17,057)

The number of shares used are the same as those detailed above for basic and diluted loss per share from continuing and discontinued operations.

From discontinued operations

Basic and diluted earnings per share from discontinued operations is 0.92 HK cents per share for the six months ended 30th September 2008, based on the profit for the period from the discontinued operations of HK$11,300,000 and the number of shares detailed above for basic and diluted loss per share from continuing and discontinued operations.

8. Discontinued Operations

On 31st January 2008, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Wealthy Bridge Group Limited ("Wealthy Bridge") (together with its subsidiaries, the "Wealthy Bridge Group"), which carried out all of the Group's business of sale of medical equipment. The disposal was completed on 2nd July 2008, on which date the control of Wealthy Bridge Group was passed to the acquirer.

9. Dividends

The directors do not recommend the payment of an interim dividend for the period (2008: nil).

10. Trade and Other Receivables

The Group has a policy of allowing credit periods ranging from 30 days to 90 days to its trade customers.

The following is an analysis of trade receivable by age, presented based on the invoice date.

	At 30th September 2009 *HK$'000* **(unaudited)**	At 31st March 2009 *HK$'000* (audited)
Trade receivables:		
0 to 90 days	**1,630**	1,701
91 to 180 days	**—**	7
181 to 365 days	**—**	—
Over 365 days	**7**	7
	1,637	1,715
Other receivables, deposits and prepayments	**6,348**	3,927
	7,985	5,642

11. Trade and other payables and accrued charges

The following is analysis of trade payables by age, presented based on the invoice date.

	At 30th September 2009 *HK$'000* **(unaudited)**	At 31st March 2009 *HK$'000* (audited)
Trade payables:		
0 to 90 days	**1,511**	3,914
91 to 180 days	**805**	130
181 to 365 days	**101**	—
Over 365 days	**430**	290
	2,847	4,334
Deposits received from customers	**—**	57
Accrued charges	**3,211**	5,911
Other payables	**89**	80
	6,147	10,382

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the six months ended 30th September 2009 (the "Period"), the Group continued to engage in coal mining business and distribution of health and beauty products.

In the coal mining segment, technical assessments on both the Saikhan Ovoo coal deposit and the Erdenetsogt coal deposit are being carried out by independent technical adviser appointed by the Group. Up to the date of approval of these financial statements, the technical assessments have not been finished and the acquisition of Power Field Holdings Limited ("PF") has not been completed as the consideration for the PF acquisition will be determined with reference to the results of the technical assessment on the Erdenetsogt coal deposit.

In the health and beauty segment, the Group continued to nurture the higher margin branded products, Dermagram and revamped LaVie launched in the second half of last year.

Financial Review

Operating Results

The Group's unaudited consolidated revenue from continuing operations for the Period was approximately HK$3,519,000, representing an increase of 10% from approximately HK$3,201,000 in the corresponding period last year. The increase was mainly attributable to the new Dermagram brand but was partly offset by the lower sales from the OEM business of supplying house brand products to healthcare chains as the Group now focuses more on developing our own brands.

The gross profit margin for the Period improved to 40.9% from 32.6% of the corresponding period last year mainly due to the higher margin contributed by the Swiss-made Dermagram and revamped LaVie products launched in the second half of last year.

Loss attributable to owners of the Company for the Period increased to approximately HK$32,763,000 from HK$5,757,000 as recorded in the corresponding period in 2008. The increase in loss was mainly due to the increase in administrative expenses and the finance costs on the convertible bond issued in July 2008 as consideration for acquisition of the exploration and evaluation assets. In July 2008, the Group also disposed of its medical equipment trading business and a gain on disposal of subsidiaries of approximately HK$10,539,000 was recognized in the corresponding period last year.

Liquidity and Financial Position

As at 30th September 2009, the Group's cash and bank balances amounted to approximately HK$50,067,000 (31st March 2009: HK$103,756,000) while the total borrowings were approximately HK$129,051,000 (31st March 2009: HK$120,505,000). The gearing ratio, defined as the ratio of total borrowings less cash and bank balances to equity attributable to owners of the Company, was 23.8% (31st March 2009: 4.6%).

Based on the Group's existing cash balances and banking facilities, the Group has adequate financial resources to fund its operational requirements.

Charges on Assets

As at 30th September 2009, bank deposits and property, plant and equipment with respective carrying values of approximately HK$1,719,000 and HK$233,000 were pledged to secure the Group's banking facilities and finance lease obligations.

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. 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.

Capital Commitments

As at 30th September 2009, the Group had capital commitments contracted but not provided for in the consolidated financial statements amounting to approximately HK$7,665,000 in respect of the professional services and the exploration work to be performed.

As at 30th September 2009, the PF acquisition has not been completed and the total consideration for the acquisition of Giant Field Holdings Limited ("GF") is subject to adjustment. Pursuant to the GF and PF sale and purchase agreements, the consideration for the GF acquisition and PF acquisition will be determined based on the quantity and quality of coal ore resources and reserves held by GF's subsidiary SMI LLC and PF's subsidiary Sinotum Mongolia LLC respectively by reference to the technical assessments to be prepared by a technical adviser. The consideration for the GF acquisition and PF acquisition can be up to maximum of RMB760 million and RMB3,600 million respectively.

On 30th April 2009, the Company entered into a sale and purchase agreement to acquire Seawise Group Limited ("Seawise") which will indirectly hold 60% interest in the Guyi Mine and 80% interest in the Gujiao Mine in Shanxi Province of the PRC upon completion of the reorganization. The consideration of the acquisition is HK$1,524,525,000, subject to the adjustment mechanism as described in the Company's circular dated 25th June 2009 and will be settled by the issuance of consideration shares and convertible bonds. The acquisition was approved by the Company's shareholders at the special general meeting held on 28th July 2009 and has not been completed up to the date of approval of this interim financial statements.

On 30th September 2009, the Group also entered into a Sale and Purchase Agreement to acquire Glory Success Group Holdings Limited ("Glory Success"). Upon completion of the reorganization, Glory Success will indirectly hold 90% of the Maijie coal mine in Shanxi Province of the PRC with coal resources estimate of up to about 95.3 million tonnes. The consideration of the acquisition is US$300,000,000 which will be settled by the issuance of convertible bonds. The acquisition constitutes a very substantial acquisition and a connected transaction, upon the completion of the Seawise Acquisition, of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and is subject to the approval of the Company's independent shareholders at a special general meeting to be convened.

Contingent Liabilities

As at 30th September 2009, the Group had no significant contingent liabilities.

Prospects and Outlook

It is the Company's long term business development strategy to establish the Group as a coal mining company. Going forward, while continuing the business of distribution of health and beauty products, the coal and energy-related business will be the focus of the Group.

During the Period, the Group has identified strategic acquisition opportunities which are in line with the Group's expansion strategy. The Company has entered into two sale and purchase agreements to acquire Seawise and Glory Success as set out in the above capital commitments section. The directors of the Company consider that the acquisitions represent favourable opportunities for the Group to further enhance the coal resources of the Group. Since the Maijie mine has already been in active production stage, the Group would expect to benefit from the operational know-how and supporting infrastructure of the acquired companies if completion of the acquisitions takes place.

The Group will continue to look for strategic acquisitions and partnership opportunities which are in line with the Group's expansion strategy or provide synergy to its principal business activities. The Group will also consider whether any asset disposal, asset acquisition, fixed assets redeployment, business rationalization, business divestment and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group.

Human Resources

As at 30th September 2009, the Group had a total of 52 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 were reviewed on a regular basis. Discretionary bonuses and share options were offered to qualified employees based on the individual's and Group's performance.

OTHER INFORMATION

Purchases, Sale or Redemption of the Company's Listed Securities

There have been no purchases, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period under review.

Code on Corporate Governance Practices

The Company has, throughout the six months ended 30th September 2009, met the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules save and except the deviation as more specifically described below. The current practices will be reviewed and updated regularly so that the latest development in corporate governance can be followed and observed.

The Separate Roles of Chairman and Chief Executive Officer

The Company did not have a separate chairman and chief executive officer and Ms. Hu Suling held both positions throughout the six months ended 30th September 2009. This constitutes a deviation from code provision A.2.1 of the Code. However the Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. The Board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes, including the separation of the positions of chairman and chief executive officer, are necessary.

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 have fully complied with the Model Code throughout the financial period ended 30th September 2009.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee') was established by the Company to establish policies, review and determine the remuneration of the directors and the senior management. The Remuneration Committee comprises three independent non-executive directors namely Mr. Ho Man Kin, Tony (chairman), Mr. Li Kar Fai, Peter and Professor Wang Lijie and one non-executive director namely Mr. Yeung Ting Lap, Derek Emory.

The remuneration policies for the Company as well as the directors are market alignment and reward for performance. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

Audit Committee

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive directors namely, Mr. Li Kar Fai, Peter (chairman), Mr. Ho Man Kin, Tony and Professor Wang Lijie and one non-executive director namely Mr. Yeung Ting Lap, Derek Emory. 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.

The primarily duties are to review the accounting principles and practices adopted by the Group, as well as to discuss and review the internal control and financial reporting matters of the Company. The Audit Committee has reviewed the unaudited interim financial report for the six months ended 30th September 2009 with the management. At the request of the Board, Deloitte Touche Tohmatsu, the Company's auditor, has carried out a review of the unaudited interim financial report in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The report on review of interim financial information from the auditor is set out in the interim report.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company's 2009 interim report containing all the information required by Appendix 16 to the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited in due course.

By Order of the Board
Asia Coal Limited
Hu Suling
Chairman and Chief Executive Officer

Hong Kong, 18th December 2009

As at the date of this announcement, the Board comprises (i) Ms. Hu Suling, Mr. Kwok Wing Leung, Andy, Mr. Jin Langchuan, Mr. Sun David Lee as executive directors; (ii) Mr. Yeung Ting Lap, Derek Emory, Ms. Nie Fei, Mr. Li Ruihai and Mr. Yip Toutou as non-executive directors; and (iii) Ms. Chiu Kam Hing, Kathy, Mr. Ho Man Kin, Tony, Mr. Li Kar Fai, Peter, Ms. Lu He and Professor Wang Lijie as independent non-executive directors.