鴻寶資源有限公司
AGRITRADE RESOURCES LIMITED

(incorporated in Bermuda with limited liability)
(Stock Code: 1131)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Agritrade Resources Limited (the "**Company**") is pleased to announce the audited annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2011 with comparative figures for the year ended 31 March 2010.

Consolidated Statement of Comprehensive Income
For the year ended 31 March

	Notes	**2011** ***HK$'000***	2010 *HK$'000*
Revenue	*5*	**235,241**	159,036
Cost of sales and services		**(204,616)**	(150,007)
Gross profit		**30,625**	9,029
Other income		**1,509**	1,982
Other gains and losses		**3,748**	16,084
Gain from bargain purchase		**88,131**	–
Distribution and selling expenses		**(3,311)**	(3,635)
Administrative expenses		**(60,656)**	(26,075)
Finance costs	*6*	**(21,386)**	(50)

	Notes	2011 HK$'000	2010 HK$'000
Profit/(loss) before income tax expense	7	**38,660**	(2,665)
Income tax credit/(expense)	8	**3,474**	(1,908)
Profit/(loss) for the year		**42,134**	(4,573)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		**131,494**	1,232
Total comprehensive income for the year		**173,628**	(3,341)
Profit/(loss) for the year attributable to:			
Owners of the Company		**44,125**	(4,573)
Non-controlling interests		**(1,991)**	–
		42,134	(4,573)
Total comprehensive income attributable to:			
Owners of the Company		**124,416**	(3,341)
Non-controlling interests		**49,212**	–
		173,628	(3,341)
Earnings/(loss) per share attributable to owners of the Company	9		
Basic		**HK8.1 cents**	HK(1.2) cents
Diluted		**HK7.5 cents**	HK(1.2) cents

Consolidated Statement of Financial Position as at 31 March

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**178,515**	76,707
Intangible assets	*10*	**2,619,231**	–
Prepaid lease payments		**1,999**	1,868
Prepayment for land use rights		**567**	–
		2,800,312	78,575
Current assets			
Inventories		**70,759**	54,670
Trade and other receivables	*11*	**19,622**	40,246
Bills receivable		**530**	332
Prepaid lease payments		**–**	58
Amounts due from related parties		**13,561**	–
Financial assets at fair value through profit or loss		**1,162**	20,910
Restricted bank deposit		**–**	22,891
Pledged bank deposit		**–**	4,000
Bank balances and cash		**57,316**	132,224
		162,950	275,331
Non-current asset held for sale		**6,713**	–
		169,663	275,331
Current liabilities			
Trade and other payables and accruals	*12*	**40,659**	20,184
Provision for close down, restoration and environmental costs		**1,440**	–
Bills payable		**12,924**	10,244
Secured bank borrowing		**–**	19,925
Amounts due to related parties		**18,200**	–
Tax payable		**5,694**	5,337
Obligation under finance leases		**18,225**	–
		97,142	55,690
Net current assets		**72,521**	219,641
Total assets less current liabilities		**2,872,833**	298,216

	Notes	2011 HK$'000	2010 HK$'000
Non-current liabilities			
Deferred tax		**647,605**	–
Convertible bonds	*13*	**140,326**	–
Promissory notes	*14*	**110,211**	–
Obligation under finance leases		**28,883**	–
		927,025	–
Net assets		**1,945,808**	298,216
Capital and reserves attributable to owners of the Company			
Share capital		**58,371**	38,763
Reserves		**1,033,135**	259,453
Equity attributable to owners of the Company		**1,091,506**	298,216
Non-controlling interests		**854,302**	–
Total equity		**1,945,808**	298,216

Notes to The Consolidated Financial Statements

For the year ended 31 March 2011

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as explained below, the adoption of these new/revised standards and interpretations has no significant impact on the Group's financial statements.

HKFRS 3 (Revised) – Business Combinations and HKAS 27 (Revised) – Consolidated and Separate Financial Statements

The revised accounting policies are described in Note 3, which are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. During the year, the Group has accounted for the business combination transactions in accordance with the revised standard. The change in accounting policy has resulted approximately HK$1,045,000 acquisition-related costs being recognised in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition. The effect on earnings per share is immaterial.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, and accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year.

HKAS 17 (Amendments) – Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the statement of financial position. The amendment to HKAS 17 has removed such a requirement and requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The Group has reassessed its leases upon the adoption of the amendments and concluded that the classification of such leases as operating leases continues to be appropriate.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1&2]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[1]
HKAS 24 (Revised)	Related party Disclosures[2]
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]

1 Effective for annual periods beginning on or after 1 July 2010
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The amendments to HKFRS 7 improve the derecognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group's operating segments are structured and managed separately according to the nature of their operations and the products and services they provided. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(i) Mining segment comprised the mining, exploration and sale of coal.

(ii) Shipping segment comprised the chartering of vessels

(iii) Textile segment comprised the manufacture and sale of knitted fabrics and dyed yarns, with the provision of dyeing, bleaching, setting and finishing services.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operation decision-makers for assessment of segment performance.

(a) Reportable segments

	Textile	Mining	Shipping	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2011				
Reportable segment revenue	143,958	72,681	18,602	235,241
Reportable segment (loss)/profit	(15,107)	79,134	5,669	69,696
Gain from bargain purchase	–	88,131	–	88,131
Interest income	543	3	–	546
Finance costs	(192)	(1,828)	(853)	(2,873)
Depreciation and amortisation	(9,729)	(27,390)	(3,685)	(40,804)
Income tax credit	–	3,474	–	3,474
Reportable segment assets	180,912	2,703,268	84,374	2,968,554
Additions to non-current assets	397	2,553,912	66,261	2,620,570
Non-current assets held for sale	–	–	6,713	6,713
Reportable segment liabilities	40,220	714,184	15,100	769,504
For the year ended 31 March 2010				
Reportable segment revenue	159,036	–	–	159,036
Reportable segment loss	(2,665)	–	–	(2,665)
Interest income	434	–	–	434
Finance costs	(50)	–	–	(50)
Depreciation and amortisation	(13,783)	–	–	(13,783)
Income tax expense	(1,908)	–	–	(1,908)
Reportable segment assets	353,906	–	–	353,906
Additions to non-current assets	492	–	–	492
Reportable segment liabilities	55,690	–	–	55,690

(b) Geographical information

The Group's revenue from external customers and its non-current assets other than financial instruments, deferred tax assets and post employment benefit assets ("specified non-current assets") are divided into the following geographical areas:

	Revenue from external customers		Specific non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "PRC") and Hong Kong	**143,958**	159,036	**52,905**	78,575
Singapore	**18,602**	–	**59,785**	–
Indonesia	**72,681**	–	**2,687,622**	–
	235,241	159,036	**2,800,312**	78,575

Information about major customers

Revenue from one customer of the Group's mining segment amounted to HK$51,599,000 which represented 10% or more of the Group's revenue for the current year. Revenue from two customers of the Group's textile segment amounted to HK$22,288,000 and HK$21,040,000 respectively which represented 10% or more of the Group's revenue for the prior year.

(c) Reconciliation of reportable segment profit or loss, and assets and liabilities

	2011	2010
	HK$'000	*HK$'000*
Profit/(loss) before income tax expense:		
Reportable segment profit/(loss)	**69,696**	(2,665)
Unallocated corporate expenses	**(12,523)**	–
Unallocated finance costs	**(18,513)**	–
Consolidated profit/(loss) before income tax expense	**38,660**	(2,665)

	2011	2010
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**2,968,554**	353,906
Unallocated corporate assets	**1,421**	–
Consolidated total assets	**2,969,975**	353,906

	2011	2010
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**769,504**	55,690
Unallocated convertible bonds	**140,326**	–
Unallocated promissory notes and its interest payable	**112,711**	–
Unallocated corporate liabilities	**1,626**	–
Consolidated total liabilities	**1,024,167**	55,690

5. REVENUE

Revenue represents the aggregate of net amounts received and receivable for goods sold and services provided, less returns and allowances to outside customers during the year.

	2011	2010
	HK$'000	*HK$'000*
Sale of coals	**72,681**	–
Sale of other goods	**143,958**	159,036
Time charter income	**18,602**	–
Total revenue	**235,241**	159,036

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Imputed interest on convertible bonds	**13,625**	-
Imputed interest on promissory notes	**4,888**	-
Interest charged under finance leases*	**2,063**	-
Interests on amount due to non-controlling shareholder	**618**	-
Interest on secured bank borrowing wholly repayable within five years	**192**	50
	21,386	50

* Included in the above is interest of HK$985,000 charged under finance lease arrangements entered into between (i) the Group; and (ii) the non-controlling shareholder and its related companies.

7. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
This is arrived at after charging/(crediting):		
Cost of services	**4,620**	–
Cost of inventories	**199,996**	148,088
Write down of inventories	**–**	1,919
	204,616	150,007
Staff costs	**58,491**	31,224
Depreciation of property, plant and equipment	**18,699**	13,783
Release of prepaid lease payments	**69**	58
Amortisation on intangible assets	**22,112**	–
Auditor's remuneration	**1,170**	800
Interest income from banks	**(546)**	(434)
Interest income from held-to-maturity investments	**–**	(163)
Dividend income from investments held-for-trading	**(93)**	(1,000)
Provision for close down, restoration and environmental costs	**1,440**	–

8. INCOME TAX (CREDIT)/EXPENSE

The amount of income tax (credit)/expense in the consolidated statement of comprehensive income represents:

	2011	2010
	HK$'000	*HK$'000*
Current tax – overseas		
– tax for the year	**1,691**	–
Current tax – Hong Kong		
– under-provision in prior years	**–**	1,908
	1,691	1,908
Deferred tax		
– tax for the year	**(5,165)**	–
Income tax (credit)/expense	**(3,474)**	1,908

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit. No provision for Hong Kong profits tax had been made for the years ended 31 March 2011 and 2010 as the Company and its respective subsidiaries in Hong Kong had incurred a tax loss for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. EARNINGS/(LOSS) PER SHARE

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

	2011	2010
	HK$'000	*HK$'000*
Earnings/(loss)		
Earnings/(loss) for the purposes of basic earnings/(loss) per share	**44,125**	(4,573)
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**13,625**	–
Earnings/(loss) for the purposes of diluted earnings/(loss) per share	**57,750**	(4,573)

	2011	2010
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	**547,580**	385,500
Effect of dilutive potential ordinary shares		
– Convertible bonds	**226,438**	–
– Share options	**712**	–
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	**774,730**	385,500

The computation of diluted loss per share for the year ended 31 March 2010 does not assume the exercise of the Company's share options and warrants as it would result in a decrease in loss per share.

As the exercise price of the Company's convertible preference shares was higher than the average market price for current year, the conversion of such potential dilutive shares is not assumed in the computation of diluted earnings per share for the current year.

10. INTANGIBLE ASSETS

Group	Mining right *HK$'000*	Customer base *HK$'000*	Total *HK$'000*
Cost			
At 31 March 2009 and 1 April 2010	–	–	–
Business combinations	2,480,178	2,453	2,482,631
Additions	405	–	405
Exchange adjustments	159,006	269	159,275
At 31 March 2011	2,639,589	2,722	2,642,311
Accumulated amortisation and impairment			
At 31 March 2009 and 1 April 2010	–	–	–
Amortisation for the year	20,936	1,176	22,112
Impairment loss	–	235	235
Exchange adjustments	659	74	733
At 31 March 2011	21,595	1,485	23,080
Net carrying value			
At 31 March 2011	2,617,994	1,237	2,619,231
At 31 March 2010	–	–	–

11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables of the Group are net trade receivables of approximately HK$8,497,000 (2010: HK$24,745,000).

The Group generally allows credit period of up to 120 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of reporting period:

	2011 ***HK$'000***	2010 *HK$'000*
0 – 60 days	**7,203**	19,448
61 – 90 days	**649**	3,129
91 – 120 days	**15**	913
Over 120 days	**630**	1,255
	8,497	24,745

12. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in trade and other payables and accruals of the Group are trade payables of approximately HK$8,214,000 (2010: HK$12,120,000).

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

	2011	2010
	HK$'000	*HK$'000*
0 – 60 days	**5,935**	8,846
61 – 90 days	**853**	1,346
Over 90 days	**1,426**	1,928
	8,214	12,120

The average credit period on purchases of goods is up to 90 days and certain suppliers grant longer credit period to the Group up to 120 days on case-by-case basis. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

13. CONVERTIBLE BONDS

The movements on the liability component of the convertible bonds are as follows:

	HK$'000
Fair value at inception, net of issuance costs	207,003
Imputed interest expense	13,625
Conversion of shares of the Company	(80,302)
At 31 March 2011	140,326

14. PROMISSORY NOTES

	HK$'000
Fair value at inception	107,823
Imputed interest expense	4,888
	112,711
Less: interest payable included in other payables under current liabilities	(2,500)
Non-current portion at 31 March 2011	110,211

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 March 2011 (2010: HK$Nil).

BUSINESS REVIEW

Mining business

Following the completion of the acquisition of 60% interests in PT Rimau Indonesia ("PTRI") and its 95% subsidiary, PT Senamas Energindo Mineral ("SEM") (the "Mine Acquisition") on 4 June 2010, the Group has since then started its coal mining business. SEM owns 2,000 hectares of concession rights with a 30 years term (20 years + 10 years) located at the town of Tamiang Layang in Central Kalimantan, Indonesia. The mine is about 10km from the town and about 41km to the loading port. 600 hectares out of 2,000 hectares of the concession area had been reviewed under the requirements of the reporting guidelines of the 2004 Joint Ore Reserves committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (the "JORC standard") by an international mining consultant, Minarco-Mine Consult ("MMC"), and disclosed in the technical report that was set out in the Company's circular dated 26 March 2010 (the "Circular"). The 600 hectares reviewed under the JORC standard in the mine concession shows the probable resources of 79 million tonnes and basing on the estimated long term coal price of US$26.6 per tonne in the technical report, it resulted with a probable reserve of 30 million tonnes. In addition, an updated Statement of Open Cut Coal Resources and Reserves as at 31 October 2010 (the "Statement") which was prepared by PT Runge Indonesia (the "Runge Indonesia") under the JORC standard, was set out in the Company's announcement dated 6 May 2011. The Statement shows that a significant increase of total open cut coal reserve of the mine from 30 million tonnes to 41 million tonnes based on the estimated long term coal price of US$32 per tonne in the Statement. The coal produced in SEM coal mine is classified as environmental thermal coal with a low ash, low nitrogen and low sulphur characteristic.

The Mine Acquisition formed the basis of the mining business segment which principally engaged in the mining, processing, trading and marketing of thermal coal. During the ten months since completion of the acquisition, the segment contributed approximately HK$72.7 million in revenue and HK$79.1 million in profit during the current period.

Approximately HK$405,000 exploration expenditures had been incurred in the mine during the period under review and capitalised in mining rights.

Shipping business

On 4 February 2010, Rimau Shipping Pte Ltd. entered into a charter party agreement with Integral Marine Services Pte Ltd.. This arrangement enables the Group to derive a steady flow of income at a reasonable level of expense. The segment recorded a revenue of approximately HK$18.6 million and generated HK$5.7 million profit during the current period.

Textile business

The Group recorded a revenue of approximately HK$144 million from its textile business representing an moderate decrease of 9.4% as compared to last year. Due to surge in price of dyed material, coal and electricity, and salary and wages in China, the segment generated loss of approximately HK$15 million representing an increase of 466.8% as compared to last year.

Prospects

External Factors

The international demand in Indonesia thermal coal showed a strong growth in 2010 and such grow continues in 2011. The growth is mainly driven by the fuel demands from the power plants in various Asian countries such as China, India, Korea, Philippines and Taiwan. Amongst these countries, China is currently the largest importer of Indonesian thermal coal and the Group believes that China's robust economic growth will further support the long-term growth in Indonesia's coal mining sector.

The Group's growth strategy

The Group will continue focus its efforts and on development and further exploration of coal mine and on sales and distribution of our Indonesia thermal coal products in Indonesia as well as international market primarily for the Asia region. In order to deliver and fulfill the above goals, the Group shall carry out the following measures:–

Increase production efficiency

The Company's mining executives will work closely with external mine consultants regularly to rationalise mine plan and mining model on the direction to maximise the mine's production efficiency and capacity. We will also optimise our logistics efficiency to cope with the coal's production operation. The Group believes in "Good Mining Practice" which will enhance production and ensure cost efficiency thus maintain SEM's coal competitiveness.

Matching our thermal coal resources consumers internationally

The Company is making progress with its sales and marketing efforts internationally and will focus on efficiency and prudent financial management, the Company will able to manage production levels to meet anticipated demand for the Company's products in the growing energy market. The Group believes that it is in good position to take advantage of any potential price increase in coal prices in the local and export markets.

To develop regional infrastructure

The Company's immediate priority centers on improving the logistics by upgrading the existing 41km hauling road of SEM Mine and improving the loading facilities and stockpiles at the loading port. With this upgraded infrastructure, logistics efficiency increases with transportation time and cost reduced. Transportation downtime caused by adverse weather around the mining region during the raining season will also be cut down significantly.

Advancing the SEM deposit

The Group intends to further explore and evaluate the coal deposit with continuous exploration work whilst also substantially advancing the feasibility, mine planning of the remaining 1,400 hectares of concession area that not underwent JORC review. The long term coal price has shown a substantial change during the year and the Group have underwent an update JORC review on the existing 600 hectare that is currently under operations. The Statement prepared by Runge Indonesia under the JORC standard was set out in the Company's announcement dated 6 May 2011. The Statement shows that a significant increase of total open cut coal reserve of the mine from 30 million tonnes to 41 million tonnes based on the estimated long term coal price of US$32 per tonne.

Value-adding/upgrading coal

To maintain the competitiveness of SEM coal, the Company has commenced a study on GEO-COAL technology, a coal drying technology to enhance and improve SEM's coal quality by reducing the total moisture, improving the energy release content whilst retaining the environmental characteristics of the coal. The Group aim to commission the GEO-COAL technology commercially to enhance the profit margin of SEM's coal.

MAJOR EVENTS

Change of Company Name

To better reflect the business operations of the Group, which now including shipping and mining, the name of the Company was changed from Kwong Hing International Holdings (Bermuda) Limited to Agritrade Resources Limited which took effect on 25 August 2010.

Material acquisitions and disposals of subsidiaries

On 4 June 2010, the Group acquired 60% equity interest in PTRI for a total consideration, at its nominal value, of HK$1,154,250,000 by way of issuance of convertible bonds, promissory notes and convertible preference shares. On the same date, the Group acquired 100% equity interest in Rimau Shipping from Mr. Ng Say Pek and Mr. Ng Xinwei for a cash consideration of HK$160,000,000.

Details of the above acquisitions were disclosed in the Circular and in the Company's annual report for the year ended 31 March 2010 respectively.

Save as disclosed above, there were no material acquisitions and disposals during the year.

FINANCIAL REVIEW

For the year ended 31 March 2011, the Group recorded a revenue of approximately HK$235 million (2010: HK$159 million), representing an increase of approximately 47.8% as compared to same period last year. Gross profit increased from HK$9 million to HK$30.6 million. The increase in revenue and gross profit were mainly due to the contribution in turnover and margin from the newly acquired mining and shipping businesses.

The Group recorded a consolidated profit attributable to owners of the Company of approximately HK$44,125,000 as compared to the consolidated loss of HK$4,573,000 recorded in corresponding period in 2010. The substantial increase in profit of the Group is mainly due to the combined effect resulting from acquisition of mining and shipping businesses including:–

(i) Higher gross margin;

(ii) Gain from bargain purchase of HK$88,131,000;

(iii) Higher finance costs including imputed interest expenses on financial instruments issued during the year of HK$18,513,000;

(iv) Higher administrative cost arising from increase in headcount and share based payment of HK$6,094,000 (2010: HK$Nil).

Capital structure, liquidity and financial resources

On 4 June 2010, pursuant to the agreement for the Mine Acquisition, the Company issued to the Mine Vendors, (i) unsecured promissory notes in the aggregate principal sum of HK$120,000,000 due in 2012 bearing interest of 2.5% per annum, (ii) Convertible Bonds in the principal amount of HK$674,250,000 at a conversion price of HK$1.50 per conversion share and (iii) an aggregate of 240,000,000 Convertible Preference Shares ("CPS") at a conversion price of HK$1.50 per CPS. During the year, principal amounting to HK$261,000,000 of the said Convertible Bonds were exercised, and were converted into 174,000,000 ordinary shares of the Company.

As at 31 March 2011, the Group's shareholders' equity amounted to HK$1,945,808,000, while total bank indebtedness amounted to approximately HK$12,924,000 and cash on hand amounted to approximately HK$57,316,000. The Group's bank indebtedness to equity ratio is only 0.0066. Current ratio is 1.7. The Board believes that the Group's sound and healthy financial position will enable it to finance its operation and explore other business development opportunities.

Exposure to Fluctuations in Exchange Rates and Related Hedge

The Group conducted most of its business in United States dollars ("USD"), Indonesian Rupiah ("IDR"), Renminbi and Hong Kong dollars ("HKD"). The HKD is pegged to the USD and therefore there is a minimal exposure to the Group. The Group is exposed to foreign currency risk denominated in IDR and Renminbi. The Group currently does not have a hedging policy against IDR and Renminbi. However, management monitors the Group's foreign currency exposure and will consider hedging against significant foreign exchange rate exposure should the need arise.

Pledge of assets

As at 31 March 2011, building with a net carrying amount of approximately HK$6,884,000 (2010: HK$Nil), bank deposit of HK$Nil (2010: HK$4,000,000) and restricted bank deposit of HK$Nil (2010: HK$22,891,000) were pledged to banks as securities for general banking facilities granted to the Group and as collateral for a secured bank loan, respectively.

The net carrying amounts of the Group's vessels, motor vehicles and plant and machinery held under finance leases amounted to HK$29,265,000 (HK$Nil), HK$1,753,000 (2010: HK$Nil) and HK$40,039,000 (2010: HK$Nil), respectively.

STAFF AND REMUNERATION POLICIES

As at 31 March 2011, the Group had approximately 769 employees. The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the directors of the Company are reviewed and recommended by the remuneration committee, and decided by the Board of directors, as authorised by the shareholders at the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company maintains a share option scheme, pursuant to which, share options are granted to selected eligible participants, with a view to provide incentive to the option holders to participate and contribute the growth of the Group.

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

During the year ended 31 March 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied throughout for the year ended 31 March 2011 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules on the Stock Exchange as the code of conduct regarding securities transactions by directors. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code.

The Company has formed an audit committee whose terms of reference are formulated in accordance with the requirements of the Stock Exchange. Its current members comprise of three independent non-executive directors. The primary responsibilities of the Audit Committee include reviewing the financial reporting and other information of shareholders, systems of internal controls, risk management and the effectiveness and objectivity of the audit process.

The Financial Statements have been reviewed by the audit committee of the Company and were approved by the Board on 28 June 2011.

PUBLICATION OF ANNUAL RESULTS AND INTERIM REPORT

The annual results announcement is required to be published on the website of The Stock Exchange (http://www.hkex.com.hk) and the Company's website (http://www.agritraderesources.com) respectively. The annual report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

By Order of the Board
Rashid Bin Maidin
Chief Executive Officer

Hong Kong, 28 June 2011

The following are directors of the Company as at the date of this announcement:

Executive Directors
Mr. Rashid Bin Maidin *(Chief Executive Officer)*
Mr. Ng Xinwei *(Chief Operating Officer)*
Ms. Lim Beng Kim, Lulu
Mr. Shiu Shu Ming
Ms. Elly Ong
Mr. Li Man Ching
Ms. Li Mei Lin

Non-executive Director
Mrs. Chen Chou Mei Mei

Independent Non-executive Directors
Mr. Chong Lee Chang
Mr. Chan Cheong Yee
Mr. Siu Kin Wai