鴻寶資源有限公司

AGRITRADE RESOURCES LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1131)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The board of directors (the "**Board**") of Agritrade Resources Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2014 with comparative figures for the corresponding period as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 30 September 2014*

| | | **Six months ended** | |
|---|---|---|---|
| | | **30.9.2014** | 30.9.2013 |
| | | ***HK$'000*** | *HK$'000* |
| | *Notes* | **(Unaudited)** | (Unaudited) |
| Revenue | *3* | **576,053** | 619,746 |
| Cost of sales and services | | **(419,657)** | (437,585) |
| Gross profit | | **156,396** | 182,161 |
| Other income and other gains | | **129** | 7 |
| Administrative expenses | | **(31,801)** | (29,388) |
| Finance costs | *4* | **(20,852)** | (24,139) |
| Profit before income tax | *5* | **103,872** | 128,641 |
| Income tax | *6* | **(22,431)** | (34,082) |
| Profit for the period | | **81,441** | 94,559 |

| | Notes | Six months ended **30.9.2014** *HK$'000* **(Unaudited)** | 30.9.2013 *HK$'000* (Unaudited) |
|---|---|---|---|
| Profit for the period attributable to: | | | |
| Owners of the Company | | **79,071** | 62,498 |
| Non-controlling interests | | **2,370** | 32,061 |
| | | **81,441** | 94,559 |
| | | ***HK cents*** | *HK cents* |
| Earnings per share | *7* | | |
| – Basic | | **6.6** | 7.5 |
| – Diluted | | **6.2** | 6.7 |
| Interim dividend per share | | **HK 1.0 cent** | Nil |

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2014*

| | Six months ended | |
|---|---|---|
| | **30.9.2014** | 30.9.2013 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Profit for the period | **81,441** | 94,559 |
| Other comprehensive loss for the period: | | |
| Exchange differences arising on translation of foreign operations | **(2,917)** | (658) |
| Total comprehensive income for the period | **78,524** | 93,901 |
| Total comprehensive income attributable to: | | |
| Owners of the Company | **80,695** | 65,142 |
| Non-controlling interests | **(2,171)** | 28,759 |
| | **78,524** | 93,901 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 September 2014*

| | Notes | 30.9.2014 HK$'000 (Unaudited) | 31.3.2014 HK$'000 (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | **2,889,889** | 2,961,885 |
| Prepaid lease payments | | **35,396** | 11,943 |
| Deposits paid for construction of a plant | | **42,680** | 40,745 |
| | | **2,967,965** | 3,014,573 |
| **Current assets** | | | |
| Inventories | | **38,118** | 31,349 |
| Trade and other receivables, deposits and prepayments | 9 | **564,101** | 440,494 |
| Amounts due from related parties | | **28,489** | 19,174 |
| Bank balances and cash | | **213,890** | 170,848 |
| | | **844,598** | 661,865 |
| **Current liabilities** | | | |
| Sales deposits received | | **14,711** | – |
| Trade and other payables and accruals | 10 | **415,095** | 359,751 |
| Secured bank borrowings | | **68,241** | 90,439 |
| Amounts due to related parties | | **22,440** | 9,572 |
| Tax payable | | **145,942** | 119,018 |
| Obligation under finance leases | | **61,431** | 58,935 |
| | | **727,860** | 637,715 |
| **Net current assets** | | **116,738** | 24,150 |
| Total assets less current liabilities | | **3,084,703** | 3,038,723 |
| **Non-current liabilities** | | | |
| Deferred tax | | **582,071** | 588,645 |
| Secured bank borrowings | | **9,474** | 6,169 |
| Convertible bonds | 11 | **128,726** | 121,119 |
| Obligation under finance leases | | **74,854** | 77,226 |
| | | **795,125** | 793,159 |
| **Net assets** | | **2,289,578** | 2,245,564 |
| **Capital and reserves attributable to owners of the Company** | | | |
| Share capital | 12 | **116,897** | 107,207 |
| Reserves | | **1,302,356** | 1,265,861 |
| Equity attributable to owners of the Company | | **1,419,253** | 1,373,068 |
| Non-controlling interests | | **870,325** | 872,496 |
| **Total equity** | | **2,289,578** | 2,245,564 |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2014*

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements (the "**Interim 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 "**Stock Exchange**") (the "**Listing Rules**") and Hong Kong Accounting Standard ("**HKAS**") 34 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 March 2014, except as stated in note 2 below. The Interim Financial Statements should be read, where relevant, in conjunction with the 2014 annual financial statements of the Group.

### 2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate.

Except as described below, the accounting policies and methods of computation used in the Interim Financial Statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied certain amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are mandatorily effective for the current interim period. The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these Interim Financial Statements and/or disclosures set out in these Interim Financial Statements.

Other than those disclosed in note 2 to the Group's consolidated financial statements for the year ended 31 March 2014, the Group has not early applied any new or revised standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company (the "**Director(s)**") anticipate that the application of the new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

### 3. REVENUE AND SEGMENT INFORMATION

The Group's 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 period.

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, logistics, sales of coal and other mining-related activities.

(ii) Shipping freight segment comprised the shipping freight service from time chartering of leased vessels for and on behalf of customers.

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 makers ("**CODM**"), representing the executive directors of the Group, for the purpose of allocating resources to segments and assessing their performance. The CODM of the Group regularly review revenue and profit of the Group as a whole for the purposes of performance assessment and resource allocation.

**(a) Reportable segments**

**For six months ended 30 September 2014 (Unaudited)**

| | **Mining** | | **Shipping** | | **Total** | |
|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Reportable segment revenue | **560,139** | 609,301 | **15,914** | 10,445 | **576,053** | 619,746 |
| Reportable segment profit | **116,807** | 143,671 | **13,109** | 10,170 | **129,916** | 153,841 |
| Unallocated corporate expenses | | | | | **(5,192)** | (1,061) |
| Finance costs | | | | | **(20,852)** | (24,139) |
| Profit before taxation | | | | | **103,872** | 128,641 |
| Depreciation and amortisation | **51,942** | 52,289 | **3,870** | – | **55,812** | 52,289 |
| Reportable segment assets | **3,554,184** | 3,172,187 | **212,440** | 47,566 | **3,766,624** | 3,219,753 |

(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** | |
|---|---|---|---|---|
| | **Six months Ended** | Six months Ended | **Six months Ended** | Six months Ended |
| | **30.9.2014** | 30.9.2013 | **30.9.2014** | 30.9.2013 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| The People's Republic of China ("**PRC**")* | **–** | – | **67** | 100 |
| Singapore | **15,914** | 206,571 | **129,159** | – |
| Indonesia | **560,139** | 413,175 | **2,838,739** | 2,700,641 |

* *Including Hong Kong and Macau*

## 4. FINANCE COSTS

| | **Six months ended** | |
|---|---|---|
| | **30.9.2014** | 30.9.2013 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Interest on borrowings wholly repayable within five years | **13,245** | 12,984 |
| Imputed interest on convertible bonds | **7,607** | 11,155 |
| | **20,852** | 24,139 |

## 5. PROFIT BEFORE TAXATION

| | **Six months ended** | |
|---|---|---|
| | **30.9.2014** | 30.9.2013 |
| | ***HK$'000*** | HK$'000 |
| | **(Unaudited)** | (Unaudited) |
| Profit for the period has been arrived at after charging: | | |
| Depreciation and amortisation of property, plant and equipment | **55,842** | 52,357 |
| and after crediting | | |
| Interest income from banks | **13** | 3 |

## 6. TAXATION

| | Six months ended | |
|---|---|---|
| | **30.9.2014** | 30.9.2013 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Current tax – Hong Kong | **–** | – |
| – Overseas | **(29,005)** | (42,495) |
| Deferred tax credit | **6,574** | 8,413 |
| | **(22,431)** | (34,082) |

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit for both periods.

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

Deferred tax credit represents the tax effect on time difference arising from accelerated amortisation on mining rights.

## 7. EARNINGS PER SHARE

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

| | Six months ended | |
|---|---|---|
| | **30.9.2014** | 30.9.2013 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| Earnings for the period, attributable to owners of the Company for the purpose of basic earnings per share | **79,071** | 62,498 |
| Interest on convertible bonds | **7,607** | 11,155 |
| Earnings attributable to owners of the Company before interest on convertible bonds | **86,678** | 73,653 |

| | **2014** | 2013 |
|---|---|---|
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purposes of the basic earnings per share | **1,184,076** | 823,706 |
| Effect of dilution – weighted average number of ordinary shares: | | |
| Convertible bonds | **167,100** | 275,500 |
| Share options | **26,345** | – |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | **1,377,521** | 1,099,206 |

## 8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group acquired items of property, plant and equipment with a total cost of approximately HK$35,755,000 (30 September 2013: HK$36,126,000).

## 9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The credit terms given to the customers vary from cash on delivery to 120 days and are generally based on the financial strength of individual customers. In order to effectively manage the credit risks associated with the trade receivables, credit evaluation of customers are performed periodically.

Included in the trade and other receivables of the Group are trade receivables of approximately HK$283,693,000 (31 March 2014: HK$200,846,000). The following is an aged analysis of trade receivables at the end of financial reporting periods:

| | **30.9.2014** | 31.3.2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| 0 – 60 days | **201,675** | 188,798 |
| 61 – 90 days | **54,733** | 2 |
| 91 – 120 days | **–** | 24 |
| Over 120 days | **27,285** | 12,022 |
| | **283,693** | 200,846 |

## 10. TRADE AND OTHER PAYABLES AND ACCRUALS

Included in the trade and other payables of the Group are trade payables of approximately HK$220,750,000 (31 March 2014: HK$239,164,000). The following is an aged analysis of trade payables at the end of financial reporting periods:

| | **30.9.2014** | 31.3.2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| 0 – 60 days | **138,070** | 188,578 |
| 61 – 90 days | **19,808** | 7,535 |
| Over 90 days | **62,872** | 43,051 |
| | **220,750** | 239,164 |

## 11. CONVERTIBLE BONDS

The movements on the liability component of the Convertible Bonds are as follows:

| | **30.9.2014** | 31.3.2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Fair value at beginning of the period | **121,119** | 177,818 |
| Conversion of shares of the Company | **–** | (78,891) |
| Imputed interest expense *(Note 4)* | **7,607** | 22,192 |
| | **128,726** | 121,119 |

## 12. SHARE CAPITAL

| | **Number of shares** | **Amount** |
|---|---|---|
| | | ***HK$'000*** |
| Authorised: | | |
| Ordinary shares of HK$0.10 each: | | |
| At 31 March 2014 and 30 September 2014 | 4,500,000,000 | 450,000 |
| Convertible preference shares of HK$0.10 each (the "**CPS**"): | | |
| At 31 March 2014 and 30 September 2014 | 500,000,000 | 50,000 |
| Issued and fully paid: | | |
| Ordinary shares of HK$0.10 each: | | |
| At 31 March 2014 | 1,072,065,600 | 107,207 |
| Conversion of convertible preference shares | 96,000,000 | 9,600 |
| Share options exercised | 905,000 | 90 |
| At 30 September 2014 | 1,168,970,600 | 116,897 |

## 13. COMMITMENTS

| | **30.9.2014** | 31.3.2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Audited) |
| Within one year | **21,806** | 10,796 |
| In the second to fifth years inclusive | **88,558** | 96,812 |
| Over five years | **71,519** | 82,620 |
| | **181,883** | 190,228 |

## INTERIM DIVIDEND

The Board declared an interim dividend of HK 1.0 cent per ordinary share for the six months ended 30 September 2014 (2013: NIL) payable on or about Monday, 22 December 2014 to shareholders whose names appear on the register of members of the Company on 12 December 2014.

To qualify for the interim dividend, all transfers of ordinary share of the Company accompanied relevant share certificates must lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on Friday, 12 December 2014.

## BUSINESS REVIEW

### Operational Review

### "CONTINUOUS ENHANCEMENT OF OUR PRODUCTS AND INTEGRATED SUPPLY CHAIN"

### Sustainable Coal Production

In the second half of 2014, facing the continuous decline of international coal price, the selling prices of Indonesia coal is also affected by the adverse market condition, the Group spared extra effort in responding to the impact from the market's downward trend by reinforcing market development, review and reorganising production plan, stepping up cut cost and increase efficiency.

During the review period, the monthly production capacity of the PT Senamas Energindo Mineral ("**SEM**") mine has increased to an average of 350,000 tonnes. The management estimates that SEM shall maintain its production capacity to an optimal amount range between 4.5 to 5 million tonnes in the coming year. The coal segment recorded a revenue of HK$560,139,000 for the six months ended 30 September 2014, a decrease of 8.1% from HK$609,301,000 in the same period last year. Profit also dropped by 18.7% to HK$116,807,000 for the period under review, compared to HK$143,671,000 a year ago.

### Infrastructure Investment and Development

The Company will step up its efforts in enhancing our fleet of mining equipment, such as excavators and dump trucks for overburden removal, coal getting, hauling and loading, to assist with mining operation.

## Jetties

SEM currently employs four loading jetties, the first and second jetties are equipped with automatic ramp facilities for the streamlined loading of coal onto barges by trucks, while the third and fourth jetties are equipped with an automated loading conveyor and a new crusher, each with a processing capacity of 1,000 tonnes and 500 tonnes of coal per hour, respectively.

The four jetties have an aggregate handling capacity of five fully loaded barges within a 24-hour period and this ensures that the Group's transportation efficacy is kept high by significantly decreasing coal loading time and improving stockpile management efficiency.

## Coal Stockpiles

The Company has expanded its coal stockpiling facilities to support the increase in coal production. As at 30 September 2014, the total capacity of the coal stockpiling facilities of SEM has been expanded to handle up to 500,000 tonnes.

## "BUILDING FOR THE FUTURE"

## Enhancement of Logistics

On 10 January 2014, the Company entered into the vessels acquisition agreement with Agritrade International Pte. Limited ("**AIPL**") to which the Company had conditionally agreed to acquire 12 vessels (6 sets of tug boats and barges each). To diversify the business and operating risk, the Company believes that owning our own fleet for Indonesia inland waterway and controlling part of our logistics capacity not only stabilises our production efficiency but also enables the Company to enjoy better cost control over our coal logistics. The Group was benefited from that the operation efficiency and improved the production cost saving through the reduction of third party coal logistics service.

The Company believes running our own fleet will strike a better balance in the cost control, operation stability and enable the Company to maintain the optimum efficiency through the matrix of self-operating fleet and independent logistics services providers.

**Exclusive Rights to Coal Hauling Road**

On 10 October 2012, the Company entered into an agreement with PT Pertamina, one of the world's largest liquefied natural gas producers and exporters, for the exclusive rights to operate and manage the 60-kilometre Ex-Pertamina road between its mine and jetty facilities for a period of 10 years ending 30 September 2022. The Ex-Pertamina road forms the major coal hauling route between Simpang Bahalang and the Telang Port and serves as the preferred road for coal transportation from the area's mines. As sole operator and manager of the Ex-Pertamina Road, the Company will enjoy guaranteed access and subsequently benefit from long-term cost saving through increased transportation efficiencies.

**Upgrading of Coal Hauling Road**

The Company has continually made upgrades and improvements to the existing coal hauling gravel road, and also conducts regular maintenance as well as reinforcement works on the mining road, coal hauling road and the road leading up to the jetty area. For instance, water is sprayed on the hauling road at regular intervals, helping to compact the road, reducing the formation of dust clouds during travel and increasing overall travel speeds.

As a result of the Company's ongoing continuous maintenance and upgrading works, the roads have become more leveled and less dusty during hauling, thereby facilitating smoother coal transportation and enhancing road safety.

**Sizable Mining Assets**

As announced by the Company on 13 November 2012, based on an updated Statement of Open Cut Coal Resources and Reserves prepared by DMT Geosciences Limited under JORC[1] Code standards, the coal resources at SEM has been increased to 152.7 million tonnes, while coal reserves have increased to 117.9 million tonnes.

Coal resources are estimated by multiplying the area extent of coal seams, by the thickness of the seams and the in situ density. Open cut coal reserves represent the amount of measured or indicated coal resources that can be economically mined from an area.

[1] *The Australasian Joint Ore Reserves Committee*

The Company's sizable coal reserves have proven its growth potential and the Company's capacity to ramp up production quickly. Twinned with its strategic decision to enhance and invest in equipment, infrastructure and logistics, the Company is well-equipped and has the requisite capabilities to support the sustainable production and seamless delivery of SEM coal. With only 1,200 of its 2,000-hectare mine concession surveyed to date, the Company expects its resources and reserves to further increase with additional exploration in future.

**Growth Strategy and Outlook**

**"DELIVERING SUSTAINABLE GROWTH"**

**Investment in Production Growth**

With investment in equipment and logistics infrastructure, including road upgrading and jetty loading facilities, the Company is well-placed to meet our production target from the current approximately average 350,000 tonnes per month to an annual production of approximately 6 million tonnes in the coming 12 to 18 months.

With the adoption of the using of the Ex-Pertamina road and the continual investment in our tug and barges and mine to port infrastructure, the Company expects the SEM coal remain compatible in the market. These initiatives will streamline our mining process and render more cost-efficient transportation of our coal products to our customers. Combined with the stable growth of the Group's sales and production and the sizable coal reserves under the JORC code, the Company strongly believes we are fully equipped to meet our target production capacity of approximately 6 million tonnes of coal per year by 2015/2016.

**Strong Coal Demand**

According to the Indonesian Coal Mining Association ("**APBI**"), Indonesian coal production reached 213 million tons in the first half of 2014, a 7.6 percentage point growth from the same period in the previous year (198 million tons), as coal miners have been boosting coal output amid sluggish international coal prices. Approximately 75 percent of this output (158 million tons) was exported abroad. Indonesia is the world's largest thermal coal producer and exporter. Meanwhile, the Indonesian Coal Mining Association (APBI) requested the government to combat illegal coal mining instead of capping production figures, coal exports from Indonesia are expected to decline in the remainder of 2014 as the Indonesian government implemented a new licensing system for domestic coal miners – the 'Listed Exporter' status.

The Company believes that the promising future perspectives and the Indonesian domestic market will continue to be the key growth drivers for SEM coal products. Through efforts to fortify our fundamentals and capabilities, the Company is well-placed to benefit from profitable mining, supported by an expanding customer base and demand for quality SEM coal. With increased sales, marketing efforts and the growth of low CV coal in India and the Asian region, we expect the demand growth of SEM coal to continue in the coming years.

**Corporate Social Responsibility ("CSR") and Safety Practices**

The safety and well-being of our personnel, local residents and the environment are of utmost importance. The mine site and jetties are well-maintained with a high level of security in place to ensure safe coal mining and transportation at all times. In addition, the Company has embarked on a number of auxiliary initiatives:-

The Company has set up a Safety, Health and Environmental Care ("**SHEC**") team at the jetties and mine mouth to cater to the needs of our personnel and to ensure safe working conditions at all times.

Increased signage has been installed at the mine site and jetties, including notices on safety regulations, directions and speed limits.

For personal safety, all mine personnel and visitors are issued with safety hardhats and boots. All personnel are also required to wear colour-coded uniform based on their functionalities.

**Environmental Responsibility**

The Company is committed to fundamental responsibility of protecting the environment through operational measures that would reduce the environment impact caused by the nature of work. These include rehabilitation the back-filled land (re-vegetation), adopting the proper water drainage and filtering systems to ensure water is safe for sanitation.

## FINANCIAL REVIEW

Facing the continuous drop in selling prices of Indonesian coal under adverse market condition, the Group is pleased to have achieved a stable performance for the six months ended 30 September 2014, with a moderate decrease in both revenue and profit before tax. For the period under review, the Group recorded a turnover of approximately HK$576 million (2013: HK$620 million), a decrease of 7.1% as compared to the same period last year. The decrease in turnover was primarily due to the decline in coal price, further intensified market competition and a continuous fall in the economic efficiency of the coal industry. Sustainable coal production capacity in the SEM mine maintain an average monthly production of approximately 350,000 tonnes for the period of April to September 2014 as compared to an average monthly production of approximately 306,000 tonnes for the same period a year ago.

With stable contributions from the mining sector, the Group reported a profit after tax of HK$81,441,000, a decrease of 13.9% over the same period in 2013.

### Capital Structure

On 3 September 2014, the Company received conversion notices from three holders of Convertible Preference Shares (the "**CPS holders**") to convert, in aggregate 96,000,000 Convertible Preference Shares. Pursuant to the terms of the Convertible Preference Shares, 96,000,000 Conversion Shares were allotted and issued by the Company to the CPS holders on 10 September 2014.

During the six months ended 30 September 2014, 905,000 share options are exercised by share option holders. Pursuant to the terms and conditions of the share option scheme, the Company issued 905,000 ordinary shares to the option holders.

Save as disclosed, there was no material change in the Group's capital structure as compared to the most recent published annual report.

### Liquidity and Financial Resources

As at 30 September 2014, the Group's shareholders' equity amounted to HK$2,289 million, while total bank indebtedness amounted to approximately HK$77.7 million and cash on hand amounted to approximately HK$213.9 million. The Group's bank indebtedness to equity ratio is 0.03 while the current ratio is 1.16. The Board believes that the Group's sound financial position will enable it to finance operations and explore business development opportunities.

### Exposure to Fluctuations in Exchange Rates and Related Hedges

The Groups' assets, liabilities and business transactions are principally denominated in US dollars, Singapore dollars, Indonesia rupiah and Hong Kong dollars and therefore the Group is exposed to various foreign exchange risks. The Group manages its foreign exchange risks by performing regular reviews and monitoring its foreign exchange exposure. The Group will continue to closely monitor its risk exposure and consider using forward currency contracts as a tool to manage and reduce such risks if and when appropriate.

### Material Acquisitions and Disposals of Subsidiaries and Associates

The Group did not have any material acquisition or disposal of subsidiaries during the six months ended 30 September 2014.

### Pledge of Assets, Contingent Liabilities and Commitments

Apart from the commitments disclosed in note 13, there was no material change in the Group's pledge of assets, contingent liabilities and commitments as compared to the most recently published annual report.

## SUBSEQUENT EVENTS AFTER THE INTERIM PERIOD

On 12 November 2014, Rimau Shipping Pte Limited, an indirect wholly-owned subsidiary of the Company entered into a memorandum of agreement to acquire a secondhand VLCC grade oil tanker (the "**Target Vessel**"), at a consideration of US$22 million (approximately HK$170,500,000.00). The Target Vessel is expected to be delivered to Rimau Shipping Pte Limited on or before 31 December 2014.

## STAFF AND REMUNERATION POLICIES

As at 30 September 2014, the Group had approximately 303 employees. The Group 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 are decided by the Board, as authorised by the Company's shareholders at the annual general meeting, with consideration to the Group's operating results, individual performance and comparable compensation statistics.

The Company maintains a share option scheme, pursuant to which, share options are granted to eligible participants in order to incentivise option holders to participate and contribute the growth of the Group.

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

During the six months ended 30 September 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE

The Board is of the view that the Company has applied the principals and complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Listing Rules on the Stock Exchange during the period. The Directors are not aware of any information that reasonably reveals that there is any non-compliance with or derivation from the CG Code by the Company any time during the period.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

On 12 June 2014, the Company was informed by Mr. Ambrish L. Thakker ("**Mr. Ambrish**"), an ex-executive Director of the Company, due to his misconception that the blackout period would have expired on 3 June 2014, he had disposed 3 million shares of the Company in the open market during the blackout period between 4 June 2014 and 12 June 2014. Disclosure of interest under the Part XV of the Securities and Futures Ordinance was made on 13 June 2014. Such disposal of shares of the Company by Mr. Ambrish is not in compliance with 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. Save as disclosed above, the Company was not aware of any non-compliance with the Model Code regarding securities transactions by its Directors.

After occurrence of the incident, the Company had immediately further reminded each of its Directors in relation to their obligations not to deal with the securities of the Company during the blackout period. An independent committee (the "**Committee**") composes by three Directors, Mr. Siu Kin Wai and Mr. Terence Chang Xiang Wen, the independent non-executive Directors and Mr. Shiu Shu Ming, the non-executive Director was set up to review this incident and to take remedial actions to further reinforce the Company's internal control to prevent the occurrence of similar events in future. Based on facts and findings of the Committee, the Company believes this was an isolation case which mainly caused by Mr. Ambrish's careless and misconception of the blackout period. The Committee recommended to the Company shall (i) regular reviews of internal control and (ii) reinforcement of corporate governance through continuous training for the Directors and staffs to avoid similar case happen in the future.

Mr. Ambrish is resigned as executive Director and chief marketing officer of the Company on 29 July 2014.

Save as disclosed above, the Company has adopted the Model Code set out 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 that they have complied with the required standard set out in the Model Code.

## AUDIT COMMITTEE

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 reporting of financial and other information of shareholders, systems of internal controls, risk management and the effectiveness and objectivity of the audit process.

These unaudited condensed financial results have been reviewed by the audit committee of the Company and were approved by the Board on 26 November 2014.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim 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 interim 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
**Ng Xinwei**
*Chief Executive Officer*

Hong Kong, 26 November 2014

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

*Non-executive chairman*
Mr. Ng Say Pek

*Executive Directors*
Mr. Rashid Bin Maidin *(Vice Chairman)*
Mr. Wong Man Hung, Patrick *(Vice Chairman)*
Mr. Ng Xinwei *(Chief Executive Officer)*
Mr. Ashok Kumar Sahoo *(Chief Financial Officer)*
Ms. Lim Beng Kim, Lulu

*Non-executive Directors*
Mrs. Chen Chou Mei Mei
Mr. Shiu Shu Ming

*Independent non-executive Directors*
Mr. Chong Lee Chang
Mr. Chan Cheong Yee
Mr. Siu Kin Wai
Mr. Terence Chang Xiang Wen