鴻寶資源有限公司
AGRITRADE RESOURCES LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 1131.H.K.)

AGRITRADE RESOURCES LIMITED

DELIVERING GROWTH

ANNUAL REPORT 2015

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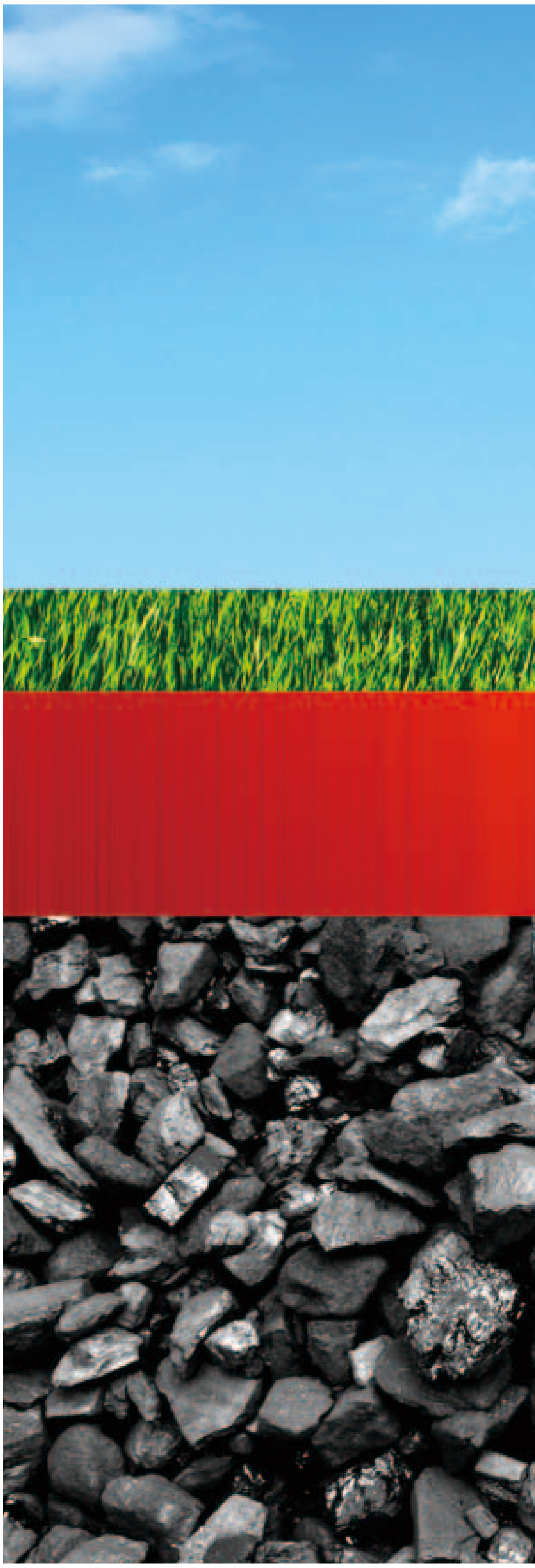
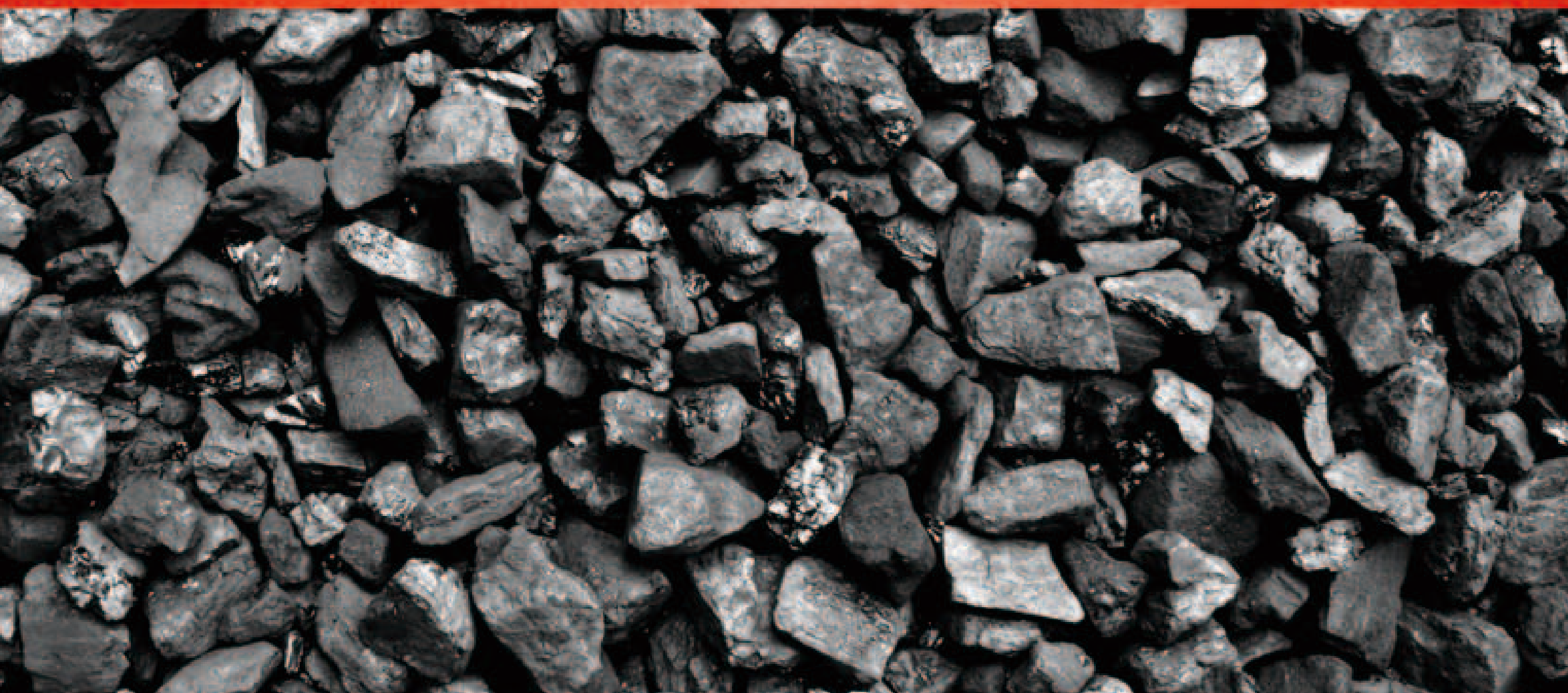


AGRITRADE RESOURCES LIMITED

To become a world class energy provider and leading energy producer in Asia



CORPORATE PROFILE

Agritrade Resources Limited ("Agritrade Resources" or the "Company") is the owner and operator of PT Senamas Energindo Mineral ("SEM"), a 2,000-hectare coal mine in Central Kalimantan, Indonesia.

Producing and selling under our own brand, SEM coal, a sub-bituminous, low-sulphur, low-pollutant thermal coal with a calorific value (on an as-received basis) of approximately 3,800 kcal/kg in its raw form.

Together with our subsidiaries, the Company provides integrated supply chain solutions from pit to port, including coal origination, processing and logistics services. The Company is currently applying the use of coal upgrading technology to process and produce higher quality, more efficient and cleaner burning coal.

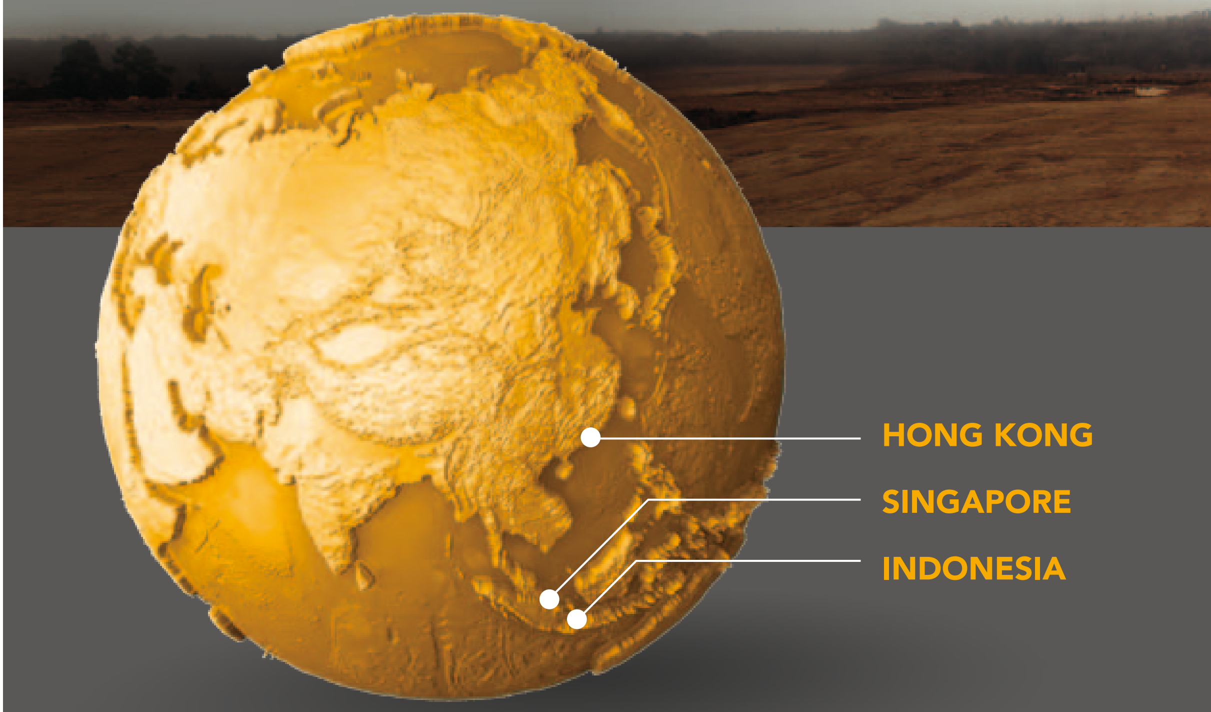
Agritrade Resources is one of the few Indonesian coal mining companies to be listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Agritrade Resources Limited is the owner and operator of PT Senamas Energindo Mineral, a

2,000 HA

coal mine in Central Kalimantan, Indonesia

SEM LOCATION



Thermal coal mine, SEM is located immediately north-west of the Central Kalimantan at the town of Tamiang Layang, in the Barito Timur Regency. The mine is one of the very few low sulphur mines located close to the Telang Baru Port.

MOBILE CRUSHER, DUMP TRUCKS, EXCAVATORS, CONVEYOR BELTS

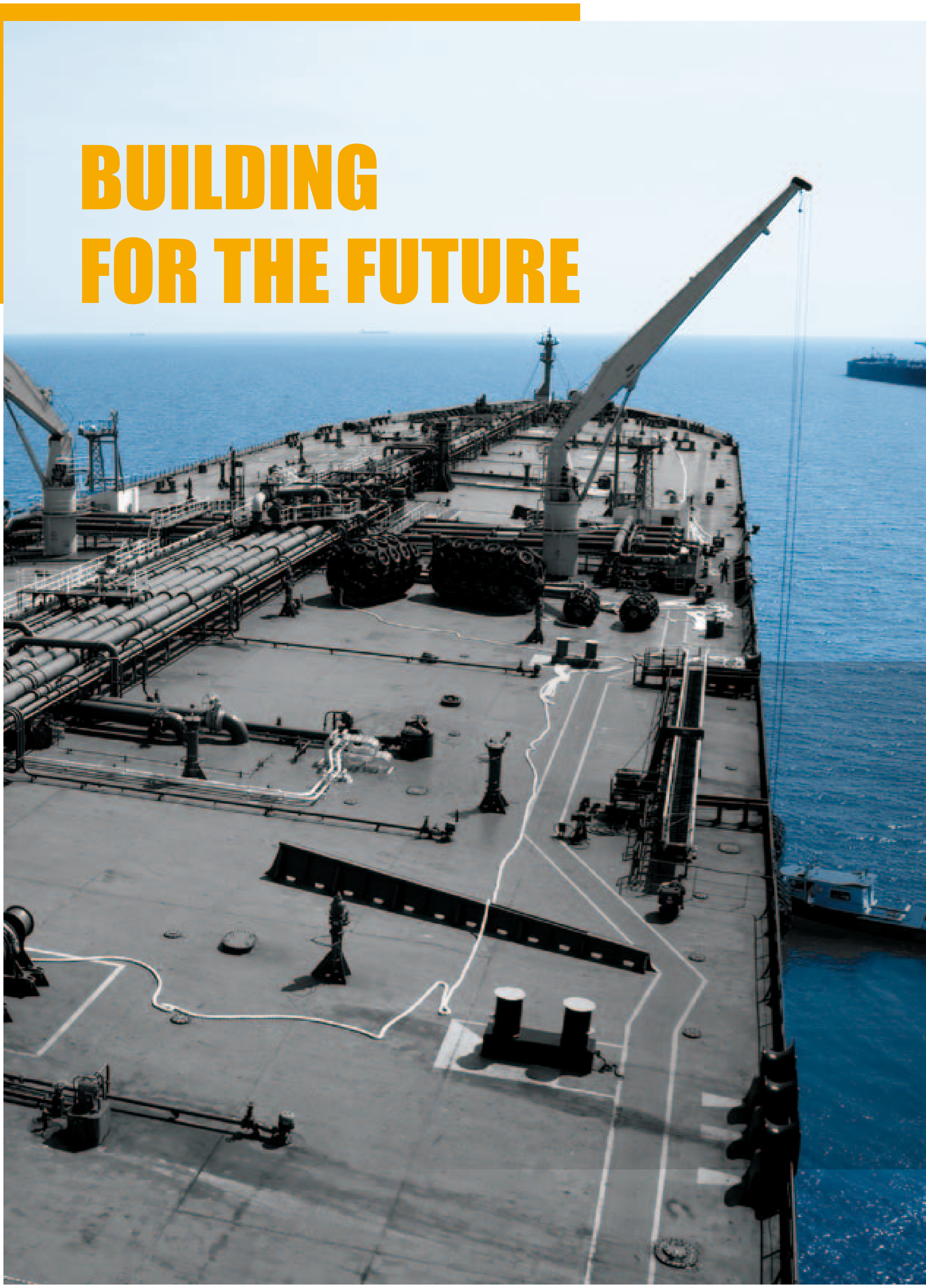
Agritrade Resources, through its subsidiaries and contractors owns and uses a fleet of trucks, tugboats, barges, heavy mining equipment and port handling facilities for coal winning, hauling, road maintenance, loading and barging operations. To ensure operational efficiency, quality and productivity, the company has been consistently focusing on an effective supply chain management by continuously developing and upgrading its infrastructure.

INFRASTRUCTURE

The company transport its coal on Pertamina Road, a 41 km hauling road from its mine to Telang Baru port via hauling trucks. Crushing stockpiling and loading operations are then performed using our fleet of heavy equipment.

To optimise and improve the logistics certainty and production effciency, the Company granted the exclusive using right of Pertamina Road, which secure the logistics certainty and efficiency of our coal mine from pit to port. The Company also further increase loading facilities and equipments to improve the overall production and logistics efficiency.

BUILDING FOR THE FUTURE



Backed by efficient mining processes and large mineable reserves of **117.9 million tonnes**, we are on track for

6.0 MILLION TONNES

of annual production capacity with sustainable demand growth from our regular customer.

CHAIRMAN'S STATEMENT

Since operations commenced in 2010, our coal production growth has been encouragingly consistent. For current financial year, we produced

4.1 MILLION

metric tonnes and we are cautiously optimistic to keep the trend upright

CHAIRMAN'S STATEMENT

Dear Stakeholders,

I am pleased to present the annual report of Agritrade Resources Limited (with its subsidiaries collectively known as the "**Group**") for the financial year ended 31 March 2015 ("**FY2015**" or the "**Year**") to you. It has been another fruitful year for Agritrade, with reference to the promising business and financial performances and several milestones we have achieved during the Year.

OPTIMIZED OPERATIONS FOR GREATER MARKET SHARE

Over the past years, Agritrade Resources has been putting every effort to lessen possible pressures on the Group's operating costs, effort such as introducing the GEO-COAL™ technology into its production facility and building up its own fleet on Indonesian inland waterways. Such efforts have enhanced our resilience which was particularly vital for the year. Against the backdrop of the turbulent coal prices, large numbers of coal mines in Indonesia have closed down, leading to a shortage of domestic coal. With optimized operating costs, Agritrade Resources enjoyed favourable pricing position, thus successfully capturing the opportunity to enlarge its market share during a gloomy season for Indonesian coal mines.

PARTNERSHIP WITH GLENCORE AND PURSUIT OF EXPANSION

The shipping segment, entered into a service agreement with Glencore Singapore Pte Ltd ("**Glencore**"), one of the world's largest commodity trading houses, to lease out the whole capacity of the very large crude carriers grade oil tanker ("**VLCC**") that the Company had acquired. Agritrade Resources looks forward to continuous revenue and income for the Group in the coming years from this partnership with Glencore. In addition, the Group has been in active discussion and negotiation with major oil trading companies in relation to term storage contracts for its oil storage business. This will secure stable cashflows for the Group and provide prospects for expansion of the fleet so as to capture opportunities in the energy sector brought by the rapid growth of Southeast Asia.

SUSTAINABILITY FOR AGRITRADE RESOURCES AND THE EARTH AT LARGE

In our search for potential quality coal mines for acquisition, we take into account both financial and environmental cost. Agritrade Resources will consider the balance of potential growth of profit margins with regard to the costs incurred by the underground mining as well as the impact such activities may bring to the environment.

CHAIRMAN'S STATEMENT

CHINA DIVISION FOR BUSINESS DIVERSIFICATION

In view of the strong market potential in the People's Republic of China ("**PRC**" or "**China**"), subsequent to the Year, the Company has set up the China Division, with the objective to explore projects with promising prospects. In 2 July 2015, the Company announced its non-legally bound intent to invest in Hong Kong Made (Media) Limited ("**HKM Media**"). We believe this will be the first step to explore and move forward into the China market, at the same time also mitigate our operation risks caused by pure-play business model.

WELCOME OF VICE-CHAIRMAN

In addition to Agritrade Resources's business development for the Year, I would like to welcome Mr. Wong Man Hung, Patrick as the Vice-Chairman of the board of directors. Mr. Wong is a well-known financial commentator, and a visiting professor of the Institute of Business Engineering and the EMBA program of The Chinese University of Hong Kong. Together with Mr. Ng Xinwei, the executive director, Mr. Wong is responsible for the leadership of the China Division.

On behalf of the board of directors, I would like to extend my sincere gratitude to the shareholders, staffs, customers, suppliers, business partners and bankers, for your support and contribution to Agritrade Resources over the years. I look forward to update you again on the Group's progress and I thank you for your continued support.

Ng Say Pek
Chairman
Agritrade Resources Limited

VICE CHAIRMAN STATEMENT

I am honoured to join the board of directors of Agritrade Resources as the Vice Chairman. Agritrade Resources, with its proven track record of profound growth and stable payout ratio, possesses very attractive investment value. Among other listed companies in Hong Kong, mining companies have often been relatively undervalued and the shipping industry has experienced structural changes over the past years, no doubt the investment potential the Company brings to the investment community is yet to be fully reflected.

With that in mind, the China Division of Agritrade Resources which I chair seeks the best opportunities to establish Agritrade Resources's presence in the second largest economy of the world. The team endeavor to identify investment opportunities arising from "Internet Plus" so as to mitigate the operation risks caused by the pure-play business model of the Group. The possible investment in HKM Media sets an example of our effort to diversify Agritrade Resources's business portfolio. HKM Media, the exclusive advertising agency for 20 Guangzhou-Shenzhen Hexiehao (和諧號) high speed bullet trains, does not only bring in additional income from its advertising services, but also immediately widens Agritrade Resources's exposure amongst the population of the region.

Nevertheless, with regard to the China national strategy, "One Belt One Road", the China Division will work closely with the headquarter and seek M&A projects which principally focus on coal mines and power plants so as to capture the opportunities arisen from the increasing trade and business activities along greater economic sphere embodied by "One Belt One Road".

Such efforts of the China Division do not merely optimise the Group's income streams and mitigate the operation risks caused by pure-play business model. A strong presence in China is also expected to enhance the presence of Agritrade Resources among the investment community. This will create a favourable position for Agritrade Resources to carry out appropriate financial exercises over the listed platform, with a view toward laying down a solid foundation for the business development plan of Agritrade Resources.

Mr. Wong Man Hung, Patrick
Vice-Chairman
Agritrade Resources Limited

CEO'S STATEMENT

The Company reported steady growth in operating results in 2015, by proactively diversifying our business, and enhancing the infrastructure and logistic efficiency of the mining business. Let me take this opportunity to provide an update of the Company's development and achievement in the past financial year.

In FY2015, the Company continues to focus on increasing sales & production of our SEM coal mine and fully maximize the advantage of its sizable coal reserves, resulting in the increase of production capacity from 3.8 million tonnes in FY2014 to 4.1 million tonnes this year. 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.

The Group continued its trend of stable growth in FY2015 recording an operation turnover of approximately HK$1,234 million (2014: HK$961 million), representing an increase of approximately 28.4% as compared to same period last year.

To diversify the Group's business operations, the Company completed the acquisition of a VLCC at an investment cost of US$22 million in February 2015 and entered into a floating storage unit service agreement with Glencore to lease out the whole capacity of the VLCC for Glencore's storage of crude oil for six month at approximately US$6.4 million with an option to extend for another six months. The Group believes that the floating storage business for petrochemical products is a very promising business prospect for the coming years and will promote the long term, diversified growth of the Group in the future.

In the new year, I look forward to the Company's continued cooperation with investors and business partners, so that all will benefit from the positive results of Agritrade Resources's stable growth. Last but not the least, I would like to express my deepest sincere gratitude to the general public as well as all employees for their valuable support and dedication.

Mr. Ng Xinwei
Chief Executive Officer
Agritrade Resources Limited

BOARD OF DIRECTORS

left to right

ASHOK KUMAR SAHOO
NG XINWEI
LIM BENG KIM, LULU

NON-EXECUTIVE CHAIRMAN

Mr. Ng Say Pek, aged 62, Singaporean, was appointed as non-executive Director on 1 August 2013 and is the chairman of the board (the "**Board**") of directors (the "**Director(s)**") of the Company and non-executive Director. Mr. Ng Say Pek is the father of Mr. Ng Xinwei, the executive Director. Mr. Ng graduated from the National University of Singapore (formerly known as Nanyang University) with Bachelor's Degree in Accountancy. He is also a certified public accountant and a fellow member of The Institute of Certified Public Accountants of Singapore and Australia. Mr. Ng has more than 38 years experience in the trading of cocoa, palm oil, thermal coal and commodity. Mr. Ng also has intensive experience in palm oil estate management, coal mining and tugs and barges management.

Mr. Ng is the founder and current managing director of Agritrade International Pte Ltd ("**AIPL**"), the controlling shareholder of the Company and a global trading house based in Singapore that provides supply chain solutions in international markets for the last 35 years. Under the leadership of Mr. Ng, AIPL is recognised amongst the top Singapore 1,000 companies continuously for the past 10 years. Mr. Ng is also the director of a subsidiary of the Company.

EXECUTIVE DIRECTORS

Mr. Ng Xinwei, aged 29, Singaporean, was appointed as executive Director on 24 August 2010 and is the chief executive officer of the Company. He is also the chairman of the executive committee (the "**Executive Committee**") of the Company. Mr. Ng Xinwei is the son of Mr. Ng Say Pek, the non-executive chairman of the Company and founder and managing director of AIPL, a controlling shareholder of the Company. He joined AIPL in 2004 to deepen his expertise in the trading operations of palm oil and coal, shipping logistics management and commodities-related investments. He is a director of certain subsidiaries of the Company. Mr. Ng is in charge of managing all operational aspects of the Company's coal mining business and charting the Company's future strategy. He is also responsible for investor relations and corporate communications.

Mr. Ashok Kumar Sahoo, aged 37, Singaporean, was appointed as executive Director on 1 August 2013 and is the chief financial officer of the Company. He is also a member of the Executive Committee. He holds a Bachelor's Degree in Finance and Accounting from Uktal University of India and graduated his MBA in Finance from Pondicherry Central University of India. Mr. Sahoo has 15 years intensive experience in the field of corporate finance, accounting, auditing, cross boarder taxation, risk management, treasury management, and merger & acquisitions. He is a director of certain subsidiaries of the Company.

BOARD OF DIRECTORS

Mr. Sahoo was the regional finance director of the subsidiaries of Gati Asia Pacific Pte. Ltd, an Indian listed company based out of Singapore to look after corporate finance activities of the group spread over in South East Asia, Middle East, China, Japan and Africa. From 2009 to 2012, he was the finance director of a mining company operates coal mine in the East Kalimantan of Indonesia.

Mr. Sahoo is a qualified chartered accountant and fellow member from The Institute of Chartered Accountants of India.

Ms. Lim Beng Kim, Lulu, aged 55, Singaporean, was appointed as executive Director on 4 June 2010. She is the general manager of AIPL and is a member of the Executive Committee. Ms. Lim has over 30 years of experience in accounting and financial management, and is actively involved in the accounting and financial aspects of the Company. Ms. Lim graduated with a Bachelor's Degree in Business Administration from the National University of Singapore.

Mr. Wong Man Hung, Patrick, aged 59, was appointed as executive Director on 2 September 2014 and is the vice chairman of the Company. Mr. Wong holds a Master Degree in Business Administration from University of East Asia in Macau and an Advance Diploma in Management from Columbia University in the United States of America. He is also a visiting professor of the Institute of Business Engineering (IBE) and the EMBA program of The Chinese University of Hong Kong. From April 2008 to August 2014, Mr. Wong was an executive director of Code Agritculture (Holdings) Limited, a company listed on the Growth Enterprise Market ("**GEM**") of the Stock Exchange. Mr. Wong has extensive experience in corporate management and has over 30 years of experience in providing financial advisory service for the institutional clients and has involved in the financing activities for various infrastructure projects in Hong Kong and PRC since the 1990s. Mr. Wong is the director of certain subsidiaries of the Company.

NON-EXECUTIVE DIRECTORS

Mrs. Chen Chou Mei Mei, aged 66, was appointed as non-executive Director on 25 June 2010. Mrs. Chen graduated with a Bachelor of Arts Degree from the University of Colorado in the United States of America and has over 30 years of experience in investments, particularly property related investments. Mrs. Chen is a non-executive director of Wing Tai Properties Limited, a company which listed on the Stock Exchange. Mrs. Chen is also an independent director of Digiland International Limited, a Singapore incorporated company listed on the main board of the Singapore Exchange Securities Trading Limited. She was an independent non-executive director of Bingo Group Holdings Limited, a company listed on the GEM of the Stock Exchange from October 2009 to August 2014 and an ex-executive director of Vanke Property (Overseas) Limited, a company which listed on the Stock Exchange.

Mr. Shiu Shu Ming, aged 45, was appointed as executive Director on 4 November 2010 and was re-designated as non-executive Director on 1 April 2014. He is a member of the Executive Committee, remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**") of the Company, Mr. Shiu has more than 20 years of experience in corporate finance, mergers and acquisitions, initial public offerings and fund raising exercises. He has worked with private entities, China state owned enterprises and publicly listed companies in Hong Kong, PRC, Malaysia, Singapore and Indonesia.

BOARD OF DIRECTORS

Mr. Shiu is currently a responsible officer of Euto Capital Partners Limited. From May 2014 to April 2015, he was the responsible officer of Upbest Assets Management Limited and Upbest Securities Company Limited which are wholly owned subsidiaries of Upbest Group Limited, a company which listed on the Stock Exchange. From November 2010 to September 2013, he was the responsible officer of Grand Vinco Capital Limited, a wholly owned subsidiary of Vinco Financial Group Limited, a company listed on the GEM of the Stock Exchange. From 2008 to August 2010, he was also the head of corporate finance and the responsible officer of South China Financial Holdings Limited, a company listed on the Stock Exchange. From August 2014 to January 2015, Mr. Shiu was an independent non-executive director of Echo International Holdings Group Limited, a company listed on the GEM of the Stock Exchange. Mr. Shiu is the director of certain subsidiaries of the Company.

Mr. Shiu holds a Bachelor's Degree in Accountancy from the City University of Hong Kong and is a member of the Association of Chartered Certified Accountants. He is also a licensed person registered under the Securities and Futures Ordinance of Hong Kong with capacity to carry out regulated activities on corporate finance advisory.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chong Lee Chang, aged 56, Malaysian, was appointed as independent non-executive Director on 25 June 2010 and is the chairman of the Nomination Committee and a member of the audit committee (the "**Audit Committee**") of the Company. Mr. Chong has more than 25 years' experience in legal practice in Malaysia and was a senior partner of a Kuala Lumpur-based law firm, Messrs. LC Chong & Co. His legal experience included advising various companies from Asia and the United Kingdom.

Mr. Chong currently holds directorship at Bingo Group Holdings Limited, a company listed on the GEM of the Stock Exchange, as executive director and at EITA Resources Berhad, a company listed on the Malaysian Stock Exchange, as senior independent non-executive director. From 2007 to July 2014, he was an independent non-executive director of CVM Minerals Limited, a company listed on the Stock Exchange. Mr. Chong is also the managing director of Guangxi Xin Wei Hotel Management Co., Ltd, a private foreign investment company in the PRC which owns the Naning Marriott Hotel.

Mr. Chong has also served as an executive director of Antah Holdings Berhad, a public company listed on the main board of Bursa Malaysia and also held directorship in Permanis Sdn. Bhd., the Malaysian franchise holder and bottler of Pepsi-Cola and Seven-up. He was the executive director of Seven Eleven Convenience stores in Malaysia from 2000 to 2002. From May 2005 to February 2009, Mr. Chong served as a non-executive director of Midwest Corporation Limited, a public company that was previously listed on the Australian Stock Exchange, and is engaged in mining, exploring and processing iron ore.

Mr. Chong graduated with a Bachelor of Arts (Honours) Degree in Law from the Manchester Metropolitan University in 1982. He was admitted to the Honourable Society of Lincoln's Inn, London, in 1982 and was enrolled as a barrister of law in 1983. In 1984, he was admitted as an advocate and solicitor of the High Court of Malaya and holds a legal practising certificate to practice law in Malaysia.

BOARD OF DIRECTORS

Mr. Chan Cheong Yee, aged 51, was appointed as independent non-executive Director on 25 June 2010 and is chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Chan has been in the financial and investment field for 20 years, and is currently the sales director and the responsible officer of China Everbright Securities (HK) Limited. He is directly involved in identifying investment opportunities, conducting due diligence, performing valuation, monitoring performance of investment portfolios and providing investment and divestment recommendations.

Mr. Chan is executive director of China Innovation Investment Limited, China Investment and Finance Group Limited, China Investment Development Limited, Capital VC Limited and China New Economy Fund Limited, which are investment companies listed on the Stock Exchange. He is executive director of Bingo Group Holdings Limited, a company listed on the GEM of the Stock Exchange, and executive director of Alpha Returns Group PLC, a company listed on AIM of the London Stock Exchange.

Mr. Chan holds a Bachelor of Science Degree majoring in Finance. He is also a registered and licensed person under the Securities and Futures Ordinance of Hong Kong to carry out regulated activities in dealing with securities, advising on securities, dealing in futures contracts and undertaking asset management.

Mr. Siu Kin Wai, aged 46, was appointed as independent non-executive Director on 24 August 2010 and is chairman of the Audit Committee and member of the Remuneration and Nomination Committees. Mr. Siu has extensive experience in financial management and corporate advisory and assurance. He is an executive director of Beijing Properties (Holdings) Limited, a company listed on the Stock Exchange. Mr. Siu graduated from the City University of Hong Kong with a Bachelor's Degree in Accountancy and are fellow members of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and is a member of the Institute of Chartered Accountants in England and Wales.

Mr. Terence Chang Xiang Wen, aged 28, Singaporean, was appointed as independent non-executive Director on 1 August 2013. He holds Bachelor's Degree in Commerce from the Business School of University of Western Australia. Mr. Chang has solid experience in the capital market, equity investment, investment brokerage operation and merger and acquisition in Singapore. Since 2011, Mr. Chang is the director of an investment brokerage firm based in Singapore which focuses in investment brokerage, and mergers & acquisitions of medium to large sized companies and assets in the Asian region.

MANAGEMENT TEAM

STEVE LUO

Chief Operating Officer

Mr. Luo, aged 37, joined the Company in 2010 and has close to 15 years of experience in large-scale operations execution and logistics management.

Mr. Luo works closely with the Board and the Group subsidiaries, and handles the day-to-day management of the Company. He is also the chief project officer of the Group and manages all coal related projects under the Group.

As a former Army Captain in the Singapore Armed Forces, Mr. Luo is experienced in leading and managing people from different walks of life and nationalities.

Mr. Luo holds a Bachelor of Science (Honours) degree in Banking and Finance from the University of London.

PETER GUNN

Chief Technical Officer

Mr. Gunn, aged 63, is the chief technical officer of the Company. He is instrumental in providing technical expertise in the areas of coal geology, coal preparation, coal marketing and coal mining.

Mr. Gunn is a seasoned coal professional specialising in the areas of coal geology and marketing. He has over 36 years of international experience in the coal industry. In addition to his extensive experience in Indonesia, Mr. Gunn has worked in New Zealand, Australia, Indonesia, USA, Canada, United Kingdom, Russia, Ukraine, Kazakhstan, Czech Republic, India, China and Vietnam. He has wide experience in improving coal quality and defining coking coal areas.

Mr. Gunn is a member of the Australasian Institute of Mining and Metallurgy and has the appropriate qualifications, experience and independence to satisfy the requirements of a competent person under the JORC Code.

Mr. Gunn holds a Bachelor's Degree in Geology from the University of Otago, a Post Graduate Diploma in Science from the University of Otago and a Post Graduate Diploma in Coal Geology from the University of Wollongong.

SUKA WALUYA

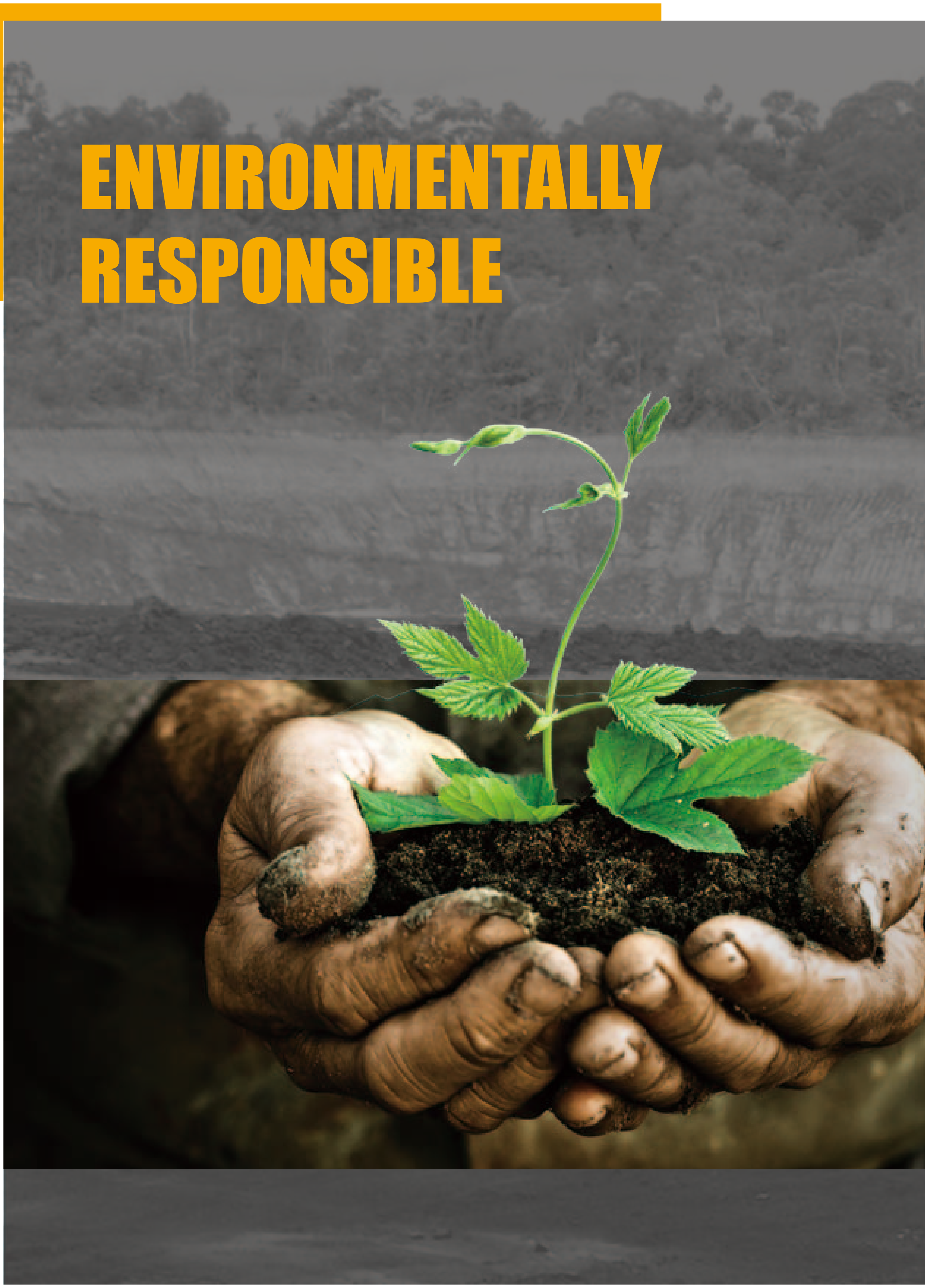
Head of Mining Operations

Mr. Waluya, aged 53, is the Head of Mining Operations of SEM. Mr. Waluya is responsible for overseeing the day-to-day mining operations and mine planning for SEM. He supervises a team of geologists and works closely with the local community as well as the relevant authorities to ensure smooth daily operations.

Mr. Waluya is a seasoned coal professional, specializing in the areas of coal geology and mining. He has over 10 years of experience in the Indonesian coal mining industry. In addition to his extensive experience at SEM, Mr. Waluya has previously worked at PT. Antasari Raya as Quarry Mining Manager, PT. Wirabuana Prajaraya as Site Manager of Coal Mining Project and Project Manager of Tin-sand Mining Project, and PT. Rimineco as Senior Mining Engineer of Geological and Mining Services.

Mr. Waluya holds a Bachelor's Degree in Mining from Universitas Pembangunan Nasional "Veteran" Yogyakarta (1990).

ENVIRONMENTALLY RESPONSIBLE



Our company strongly believes in the philosophy of

CONTRIBUTING TO ENVIRONMENTAL PROTECTION

and we are constantly looking to improve our mining methods to be more environmentally responsible

OUR PRODUCT AND INTEGRATED SUPPLY CHAIN

OUR PRODUCT AND INTEGRATED SUPPLY CHAIN

117.9

MILLION TONNES

of reserves for our entire concession of 2,000 hectares are explored and officially reported

OUR COAL MINE

Agritrade Resources engages in surface mining at our SEM coal mine in Central Kalimantan, Indonesia, producing low-pollutant, low-sulphur thermal coal.

Currently, only 1,200 hectares, or 60% of our 2,000 hectares concession has been explored and is under JORC review by DMT Geosciences Ltd. (that is formerly known as Associated Geosciences Limited). There is an estimated 117.9 million tonnes of reserves and 152.7 million tonnes of resources as at July 2012.

Besides a readily available supply of coal and a large quantity of coal reserves, one of the key strengths of our SEM mine is its low strip ratios which represent the weight of overburden that can be profitably removed to obtain a unit of coal. This translates into lower mining costs and higher potential profitability for the Company.

The relative ease of increasing production capacity has also resulted in a significant increase in coal production capacity at our mine since operations commenced in 2010. Within five years of operations, our production capacity has increased to approximately 4.1 million tonnes of coal per annum, and is on track to approximately 6 million tonnes per annum.

With rising global demand for lower-rank coal and power plants seeking to control operating costs in view of escalating energy prices, Agritrade Resources is well poised to capture this growth upside with energy-efficient, cleaner burning coal in an environmentally responsible manner.

OUR PRODUCT AND INTEGRATED SUPPLY CHAIN

WHAT DOES MEETING JORC STANDARDS MEAN?

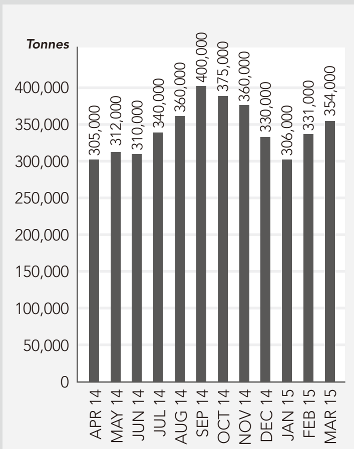
The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves was published in 2004 by the Joint Ore Reserves Committee ("JORC") of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia.

It sets out the minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves.

MEETING JORC STANDARDS MEANS:

- Reserves and Resources are in the ground as reported
- Quality of the coal has been estimated to an acceptable standard
- Risks associated with developing a JORC compliant resource are reduced compared with a non-JORC compliant resource.

SEM MONTHLY PRODUCTION
(APR 2014 - MAR 2015)



COAL RESERVES AND PRODUCTION

As per our latest JORC compliance report by DMT Geosciences Ltd. (formerly known as Associated Geosciences Limited) of 117.9 million tonnes, the same amount has been intimated to Stock Exchange. Currently, 1,200 hectares has been explored and the remaining 800 hectares is on progressive exploration.

Our SEM mine is estimated to contain 117.9 million tonnes of reserves as at July 2012 and is under JORC standard by independent coal consulting authority DMT Geosciences Ltd. (that is formerly known as Associated Geosciences Limited).

We have significantly increased coal production since commencing operations in 2010, growing our production capacity from 3.8 million tonnes in FY2014 to 4.1 million tonnes in FY2015. The management estimates that SEM shall further increase its production capacity up to a range between 4.5 – 6 million tonnes per annum, and the production capacity of SEM will continue to increase steadily as the Company continue to grow.

OUR PRODUCT AND INTEGRATED SUPPLY CHAIN

- SEM coal's ash contents of 4-6% is much lower than coal from China and India, where it typically exceeds 10-30%. A low ash content translates into cost savings on ash disposal and maintenance caused by pollution.
- SEM coal's sulphur content at 0.1-0.3% is significantly lower than coal from China and India, where sulphur content typically ranges from 1-8%. A low sulphur content means less cost for the power plants that process our coal, and greater ease of blending our coal with other types of coal with higher sulphur content.

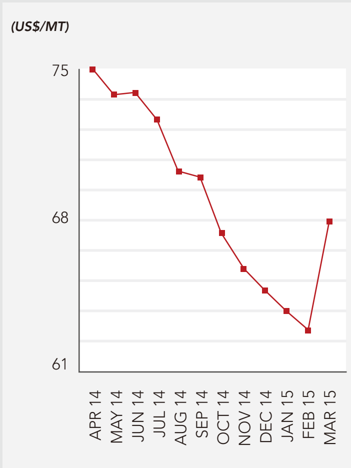
OUR PRODUCT

- Low-sulphur, low-pollutant thermal, sub-bituminous coal
- Our proprietary brand of coal, SEM coal, has gross calorific value of 3,800 kcal/kg (as received basis) in its raw form
- We sell SEM coal to domestic traders and power generation plants in Indonesia, and also serve major international markets such as China and India
- We are observing growing pockets of untapped demand for such ranks of coal, in line with rising energy costs and as power plants seek to manage cost structures all over the world, particularly in developing markets such as China, India and Thailand
- Since 2010, SEM coal has experienced stable price increases following increased market recognition and demand

PROPERTIES OF SEM COAL

Parameters	Specifications
Total Moisture (arb)	38-42%
Inherent Moisture (adb)	13-16%
Ash Content (adb)	4-6%
Total Sulphur (adb)	0.1-0.3%
Volatile Matter (adb)	37-43%
Fixed Carbon (adb)	37-41%
Nitrogen (daf)	0.8-0.9%
Calorific Value (CV) (gar)	3,600 to 3,800 kcal/kg
Calorific Value (CV) (adb)	5,300 to 5,500 kcal/kg
Hardgrove Grindability Index (HGI)	>50

INDONESIAN COAL PRICE REFERENCE (HBA)



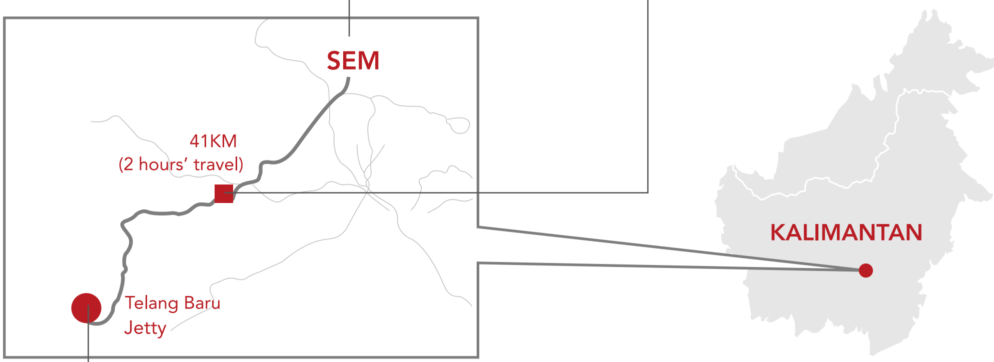
OUR INTEGRATED SUPPLY CHAIN

Overburden Removing and Coal Getting at SEM

- The coal is harvested using open-cut mining techniques.
- Only 1,200 hectares out of our 2,000 hectares concession has been explored under JORC review by DMT Geosciences Ltd.
- We are currently producing from three mine pits with low average strip ratios which enable easier access to coal, lower cost of mining and improved profitability.
- Our production is in average 11,300 tonnes/day and this is projected to reach 16,500 tonnes/day by 2015/2016.

Coal Hauling from mine to Telang Baru Jetty: 41km (around 2 hours' travel)

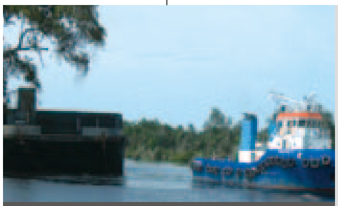
- Our mine's proximity to jetties and stockpile facilities with loading platforms, as well as an existing road for coal hauling, enable us to transport coal efficiently from mine site to barges/ocean-going mother vessels.
- These enable us to better manage transportation cost, thereby improving margins and increasing profitability.



Coal Crushing and Stockpiling at Telang Baru Jetty

Barge Loading at Telang Baru Jetty

- The coal is crushed and stockpiled at the Telang Baru Jetty.
- As a pit-to-port coal mining company, our coal is then loaded onto barges for transportation to their destination via sea.



Barging Coal to Taboneo Anchorage through Barito River (around 36 hours)

- We barge the coal from the jetty to the Taboneo Anchorage through Barito River, ready to be transported to customers via mother vessels.
- The final product is widely used for its clean-burning and low-sulphur, low-pollutant characteristics.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2015, the Group recorded a turnover of approximately

HK$1,234 MILLION

(2014: HK$961 million), representing an increase of approximately 28.4% as compared to same period last year. Gross profit also increased from HK$306 million to HK$370 million. The gross profit margin of the Group was maintained at similar level as last year at 30% (2014: 31.8%).

The increase in both turnover and gross profit was mainly contributed by the Group's mining operation, which is in turn attributable to the increase in mining activities and production and more favourable prices for sales of our SEM coal for the year. This also accounts for the improvement in the consolidated profit attributable to owners of the Company recorded for the year of approximately HK$146,858,000 (2014: HK$115,194,000) as compared to the corresponding period in 2014.

DIVIDEND

The Board recommended a payment of a final dividend of HK1.0 cent per share (2014: HK3.0 cents), amounting to a total final dividend of approximately 14,208,000 for the year ended 31 March 2015. Together with the interim dividend of HK1.0 cent per share (2014: Nil) paid on 22 December 2014, it will amount to a total dividend of HK2.0 cents per share (2014: HK3.0 cents) for the year.

The proposed final dividend is subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

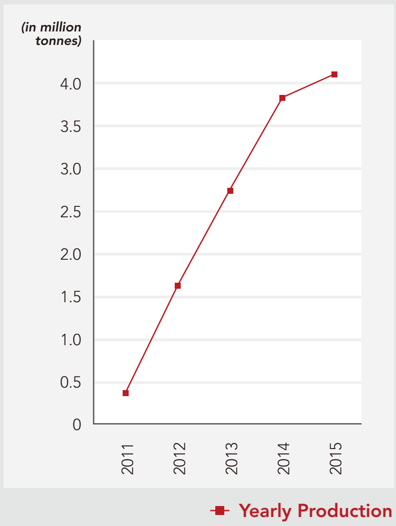
CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

On 3 September 2014, the Company received conversion notices from three holders (the "**CPS holders**") of convertible preference shares (the "**CPS**"), who were independent third parties of the Company, to convert, in aggregate 96,000,000 CPS. On 3 October 2014, the Company received a conversion notice from Ms. Lim Beng Kim, Lulu ("**Ms. Lim**"), a director of the Company, to convert 16,000,000 CPS. Pursuant to the terms of the CPS, 96,000,000 and 16,000,000 conversion shares were allotted and issued by the Company to the CPS holders on 10 September 2014 and to Ms. Lim on 10 October 2014, respectively. After the above conversions, all CPS of the Company have been fully converted into conversion shares during the year and nil balance of CPS was recorded as at 31 March 2015.

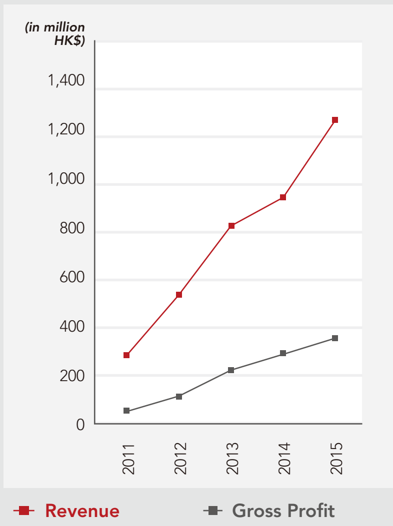
FINANCIAL REVIEW

On 30 September 2014, the Company received notice from AIPL regarding their acquisition of convertible bonds (the "**CB**") of the Company in the principal amount of HK$151,760,000, which can be converted into 101,173,333 conversion shares, from independent third parties of the Company. On the same date, the Company received conversion notice from AIPL to convert the CB so acquired into 101,173,333 conversion shares. On 3 October 2014, the Company received a conversion notice from Ms. Lim to convert her CB, in the principal amount of HK$44,950,000, into 29,966,667 conversion shares. On the same date, the Company received another conversion notice from a holder of CB (the "**CB holder**"), who was an independent third party of the Company, to convert CB, in the principal amount of HK$53,940,000, into 35,960,000 conversion shares. Pursuant to the terms of the CB, 167,100,000 conversion shares in aggregate were allotted and issued by the Company to AIPL, Ms. Lim and the CB holder on 10 October 2014. After the above conversions, all CB of the Company have been

PRODUCTION



PROFITABILITY



OPERATING CONTRIBUTION

FINANCIAL REVIEW

fully converted into conversion shares during the year and nil balance of CB was recorded as at 31 March 2015.

During the year, a total of 3,431,785 share options of the Company were exercised by the option holders and therefore, 3,431,785 new shares of the Company were allotted and issued by the Company to the option holders for a consideration received by the Company of approximately HK$3,845,000.

As at 31 March 2015, the Group's shareholder's equity attributable to owners of the Company amounted to HK$1,600,189,000, while total bank indebtedness amounted to approximately HK$347,184,000 and cash on hand amounted to approximately HK$265,062,000. The Group's bank indebtedness to equity ratio is 0.2. Current ratio is 1.12. 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.

FINANCIAL REVIEW

GEARING RATIO

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total borrowings include current and non-current borrowings as shown in the consolidated statement of financial position, including secured bank borrowings, amounts due to related parties, obligation under finance leases and convertible bonds. Total capital is calculated as the aggregate of the equity attributable to owners of the Company as shown in the consolidated statement of financial position and the total borrowings. The gearing ratio of the Group as at 31 March 2015 is 21% (2014: 21%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGE

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

PLEDGE OF ASSETS

As at 31 March 2015, certain of the Group's mining-related plant and machinery and vessels were pledged to secure bank borrowings of the Group. Details are set out in the note to the financial statements under the heading of "Property, Plant and Equipment".

OPERATIONAL REVIEW

MINING BUSINESS

The mining business segment of the Group is principally engaged in the production, processing, transportation and sales and marketing of its own-branded SEM coal, a sub-bituminous, low-sulphur, low-pollutant thermal coal from our mining concession located in Central Kalimantan, Indonesia, namely SEM.

Despite the continuous decline of international coal price, the Group managed to transact at more favourable selling prices for our SEM coal compared to the financial year ("**FY**") 2014 mainly due to its high quality and good reputation as well as the stable support and strong demand for our coal from our extensive distribution network in both the Indonesian and international markets. During the year, large number of coal mine in Indonesia closed down leading to a shortage of local Indonesian coal, which created high demand and better price for our SEM coal. Coupled with the impact of the increase in production capacity for the current year, the Group's mining segment has contributed HK$1,211 million (2014: HK$935 million) in turnover and HK$235 million (2014: HK$176 million) in profit to the Group for FY2015, representing an approximate increase of 29.5% and 33.5% respectively as compared to FY2014.

The Group successfully operates its mining business with continuous growth in both turnover and profit mainly owing to its well-established sales and logistics networks, advanced production infrastructure, excellent jetty and port service facilities and high-calibre professional teams. For same reasons, the Group is also able to maintain a continuous increase in production capacity for the past five consecutive years since the commencement of its mining operation. The annual production capacity of the mining operation has reached 4.1 million tonnes for FY2015 (2014: 3.8 million tonnes).

OPERATIONAL REVIEW

The Group has been putting every of its best effort in achieving the cost reduction and operation enhancement targets for its mining business over the past years. In March 2015, the Company completed the construction of its own coal upgrading facility using GEO-COAL™ technology, which targets to process and upgrade our SEM coals into higher quality coals with increase calorific value and lower moisture levels, where the Group expects the profit margins for SEM coal will be increased after the upgrading process. In January 2014, the Group acquired twelve sets of vessels (including six sets of tug boats and barges each) and has built up its own fleet in Indonesia inland waterway and has exercised more effective control over our coal logistics. In October 2012, the Group successfully entered into a long-term lease of hauling road for the benefit of its coal logistics. All the above activities can not only allow the Group to exercise more effective cost control over its coal production and logistics processes, but it can also significantly enhance the operation efficiency of the mining operation. The Group expects effort will be kept in achieving objectives in cost reduction and operation efficiency enhancement in the future.

The global coal market has experienced a tough time for FY2015. In April 2015, Indonesian Coal Mining Association ("**APBI**") reported that coal production in Indonesia fell 21 percent (year-on-year) to 97 million tonnes in the first quarter of 2015 as the country's coal miners cut production volumes amid low coal prices. Despite weak coal output in the first quarter, Indonesia's Mineral and Coal Office expects that production will meet the government target of 425 million tonnes by the end of 2015 (2014: 458 million tonnes). This shows that the Indonesia government remains optimistic in the market for Indonesian coal for the remaining of 2015.

MINING ACTIVITIES, ESTIMATED COAL RESOURCES AND RESERVES OF SEM MINE

For the year ended 31 March 2015, the annual mining production for the SEM mine reached approximately 4.1 million tonnes (2014: 3.8 million tonnes) and the related mining expenditure incurred was approximately HK$726.2 million.

The Group had engaged DMT Geosciences Limited (formerly known as Associated Geosciences Limited) to conduct a technical review (the "**JORC Review**") on the coal resources and reserves of the SEM mine as at 31 July 2012, which has been undertaken in compliance with 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 Code**"). According to the JORC Review, the coal at SEM is a high total moisture, high volatile matter, low calorific value sub-bituminous to lignitic rank coal. The coals have a typically low ash and very low sulphur content.

According to the JORC Review, the total open-cut coal reserves and resources of the SEM mine have increased to 117.85 million tonnes and 152.70 million tonnes, respectively, compared to the respective comparable figures of 41.00 million tonnes and 78.30 million tonnes as reported in the Statement of Open Cut Coal Resources and Reserves as at 31 October 2010. The estimated coal resources and reserves of the SEM mine based on the JORC Review and moving forward to date as at 31 March 2015 are summarised in the following table:

OPERATIONAL REVIEW

		As at 31 July 2012	As at 31 March 2013	As at 31 March 2014	As at 31 March 2015
Coal Resources (in million tonnes)	Measured	86.61	84.87	81.01	76.93
	Indicated	51.26	51.26	51.26	51.26
	Inferred	14.83	14.83	14.83	14.83
	Total	**152.70**	**150.96**	**147.10**	**143.02**
Coal Reserves (in million tonnes)	Proved	83.38	81.64	77.78	73.70
	Probable	34.47	34.47	34.47	34.47
	Total	**117.85**	**116.11**	**112.25**	**108.17**

Coal reserves were estimated by applying modifying factors to the coal resources. These modifying factors included geological and mining parameters, such as recovery and dilution, exclusion criteria include the lease boundary and a minimum working section thickness, as well as additional economic factors. Details of other information in relation to the JORC Review are set out in the announcement of the Company dated 13 November 2012.

SHIPPING BUSINESS

The shipping business segment of the Group comprises the shipping freight service from time chartering of leased vessels for and on behalf of customers and the provision of floating storage and relevant logistics services for crude oil and petrochemical products. For the year ended 31 March 2015, the revenue from external customers generated from the shipping business segment was HK$23.5 million (2014: HK$25.6 million) and the segment profit is HK$21.6 million (2014: HK$27.6 million). The significant decrease in both the segment revenue to external customers and segment profit is mainly due to the drop in revenue and profit from the time chartering services of leased vessels with external customers.

For the time chartering service of leased vessels, more leased vessels were chartered for the logistics of our own SEM coal during the year and the level of chartering services to external customers was decreased. Accordingly, a net revenue from external customers of approximately HK$20.3 million (2014: HK$25.6 million) was recorded for FY2015, which arise from the total time chartering income of HK$54.8 million (2014: HK$96.8 million) minus the total time chartering cost of HK$34.5 million (2014: HK$70.1 million).

In February 2015, the Group completed the acquisition of a VLCC at an investment cost of US$22 million. Subsequent to the acquisition, the Group entered into a floating storage unit service agreement with Glencore, one of the world's greatest commodity trading houses, for leasing out the whole capacity of the VLCC for Glencore's storage of crude oil for six months at approximately US$6.4 million with an option to do it again for another six months. During the year, the floating storage service agreement contributed HK$3.2 million of income to the Group and it is expected that the VLCC will further contribute to the revenue and profit of the Group for the coming years. According to the Straits Times, energy shipments and the demand of oil storage were expected to surge in the region over the next few years due to the boom of Southeast Asia region and increase in regional energy usage. Following such trends, the Group believes that the Group's floating storage business for petrochemical products will have a very promising prospect for the coming years and will promote the long term diversified growth of the Group in the future.

OPERATIONAL REVIEW

As the global shipping and logistics segment is facing a structural change, the market is subject to challenges but new opportunities are also emerging at the same time. The Group has been in active discussion and negotiation with major oil trading companies in relation to term storage contracts for its oil storage business, which can bring stable cashflows to the Group. Moreover, the Group will closely monitor the market development of this sector and seek the best opportunities for any further expansion of the shipping segment through buying of new vessels and chartering of vessels in the Southeast Asia region to meet the growing market need in the region.

MAJOR EVENTS

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR ASSETS

On 12 November 2014, Rimau Shipping Pte Limited (currently known as Sea Oriental Line Pte Limited), an indirect wholly-owned subsidiary of the Company, entered into a vessel acquisition agreement with an independent third party to acquire a VLCC at a consideration of US$22 million (approximately equivalent to HK$170.5 million), which constituted a discloseable transaction for the Group under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The acquisition was completed on 6 February 2015. Save for the acquisition disclosed above, there were no other material acquisitions or disposals during the year.

MAJOR EVENTS

RENEWAL OF COAL SUPPLY AGREEMENT WITH AIPL

Subsequent to the financial year end date, on 11 May 2015, the Group successfully renewed the coal supply agreement with AIPL, which was originally entered into in 2012 and should have expired on 3 June 2015, with the approval obtained from the independent shareholders of the Company at a special general meeting held by the Company. Pursuant to the renewed coal supply agreement, SEM agreed to supply and AIPL agreed to purchase up to 700,000 tonnes of coal annually for each of the years ending 31 March 2016, 31 March 2017 and 31 March 2018. The approved annual caps for each of the said financial years are set at US$24.5 million, which was approved by independent shareholders of the Company in accordance to the requirements of the Listing Rules.

The coal supply agreement will enable the Group to leverage on AIPL's extensive distribution network and reputation, hence benefits the Group by expanding its international distribution channel. The coal supply agreement was entered into in the usual and ordinary course of the Group's business and terms of which were negotiated based on normal commercial terms and the prices were determined following arm's length negotiation. The Directors believe that the terms of the coal supply agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

SET-UP OF CHINA DIVISION

In view of the strong market potential in China, subsequent to the financial year end date, on 22 April 2015, the Company set up its own China Division, with the objective to explore any potential China projects with promising prospects (including but not limited to projects related to China national policies and/or China natural resources) which can bring immediate contribution to the Group as well as to cope with the current national policies of China. As at the date hereof, the China Division comprises, among other members, two executive Directors, namely Mr. Ng Xinwei and Mr. Wong Man Hung, Patrick, in which Mr. Wong Man Hung, Patrick is responsible for the leadership of the China Division. As the China market is one of the biggest potential markets in the world, the Directors believe that the set-up of the China Division is the first step to explore and move forward to the China market and is in the interests of the Company and its shareholders as a whole.

MAJOR EVENTS

SUCCESSFUL PLACING OF 65 MILLION NEW SHARES OF THE COMPANY

Subsequent to the financial year end date, on 18 May 2015, the Company entered into the placing agreement with the Qilu International Securities Limited (the "**Placing Agent**"). Pursuant to the placing agreement, the Company appointed the Placing Agent as its placing agent to procure not less than six placees who are independent third parties to subscribe for up to 65,000,000 placing shares at a price of HK$1.55 per placing share on a best effort basis.

The placing was completed on 8 June 2015 where 65,000,000 placing shares were subscribed for in full pursuant to the terms and conditions of the placing agreement. The gross proceeds and net proceeds arising from the placing were HK$100.75 million and approximately HK$98.55 million respectively. The Company intended to use the net proceeds for possible investments in the future when opportunities arise and/or for general working capital of the Group.

SUCCESSFUL ISSUE OF US$20 MILLION CONVERTIBLE BONDS OF THE COMPANY

Subsequent to the financial year end date but prior to the date of despatch of this report, on 3 July 2015, the Company and Eagle Eye Group Limited ("**Eagle Eye**") entered into a subscription agreement (the "**Subscription Agreement**") pursuant to which the Company has agreed to issue to Eagle Eye, which has also agreed to subscribe for, the convertible bonds (the "**US$20 million CB**") at the aggregate principal amount of US$20 million. Assuming full conversion of the US$20 million CB at the initial conversion price of HK$2.20, the US$20 million CB would be convertible into 70,454,545 conversion shares of the Company. The closing market price of the shares of the Company on 3 July 2015, being the date on which the terms of the Subscription Agreement were fixed, is HK$1.65 per share.

The interest of Eagle Eye in making an investment into the Group reflects its confidence in the Group's business and growth potential. The Company was of the view that the raising of funds by the issue of the US$20 million CB was fair and reasonable having considered the then market conditions which represent an opportunity for the Company to enhance its working capital, strengthen its capital base and financial position and broaden the shareholder's base. The Directors considered the terms and conditions of the Subscription Agreement were fair and reasonable, on normal commercial terms and were in the interests of the Company and the shareholders as a whole.

The issue of US$20 million CB was completed on 14 July 2015. The net proceeds from the issue of approximately HK$154.8 million (assuming the ratio of exchange of US$1=HK$7.75), representing a net issue price of approximately HK$2.197 per conversion share, was expected to be used for the development and expansion of the business of the Group and/or for the general working capital of the Group.

CLEAN AND CLEAR STATUS

SEM was awarded a Clean and Clear mining permit status by the Directorate General of Minerals and Coal of Indonesia's Energy and Mineral Resources Ministry. In Indonesia, mine permits are awarded Clean and Clear status only if the mine areas they cover have complete documents and do not overlap with other mining concessions. It has been reported by the Directorate General of Minerals and Coal that out of the 10,543 mining permits (IUPs) issued by local governments up till 25 May 2015, only 6,174 permits have the Clean and Clear status. The Company is very proud of this status of our SEM mine.

STAFF AND REMUNERATION POLICIES

As at 31 March 2015, the Group had 589 employees. The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the Directors are reviewed and recommended by the remuneration committee, and decided by the Board, 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.

MARKETING EVENTS

資源股鴻寶借「互聯網+」吸金

煤炭生產商鴻寶資源(1131)配合內地「一路一帶」及「互聯網+」概念，尋找能源發展機遇。集團已公布發行2,000萬美元之三年期可換股債券，用作擴充業務。副主席王文雄(王冠一)表示，是次投資主要發展煤炭及發電廠的核心業務，料投資額達數億元以上。

主席黃世習預期，今年煤價會持續低企，產能會維持400至450萬噸，若煤價回升則會提高產能至約500萬噸。另外，集團與香港製作媒體及Silver Golden簽訂諒解備忘錄，以1億至1.2億元代價，開拓20列廣深「和諧號」的獨家廣告代理。

▲鴻寶副主席王文雄(左)表示，未來會繼續尋找能源發展機遇。

MEDIA LUNCHEON

The event was successfully held at Island Shangri-la Hotel in early July 2015, over 15 reporters attended the events, and the atmosphere was overwhelming.

The management is pleased to present the significant growth of our annual results during the luncheon. Our Chairman, Mr. Ng Say Pek introduced the positive development of shipping business to the press representatives and stated that coal mining will remain to be the principal business of the Group. Management's vision towards both shipping and mining business stays optimistic due to the fast growing pace of South East Asia.

The Vice Chairman, Mr. Patrick Wong stated that the Company had setup a China Division in April 2015, would seek to bring in concepts of "One Belt One Road" and "Internet Plus", so as to capture greater awareness among the investment community.

鴻寶擬趁煤價低迷覓併購

GROWTH STRATEGY AND OUTLOOK

OUR GROWTH STRATEGY

The Group strongly believes in and continuously adopts the growth strategy through capacity enhancement, market expansion, business diversification and mergers and acquisitions. In order to achieve these goals, the Company will strive to carry out the followings:

- ### INCREASE PRODUCTION CAPACITY AND CONTINUOUS COST REDUCTION

  The Group's mining management continues working closely with mining experts and technical consultants to plan, model and strategize our mining operations to maximize production capacity and efficiency. The production structure of coal mines was carefully organized and such systems had been optimized in our mines to realize stable growth in production and efficiency. The Company strengthened control over operation and fortified costs and funding management to continuously improve its operational capabilities. By doing so, the Company will also upgrade existing logistics and infrastructure facilities such as getting the exclusive right to use the hauling road for coal delivery, improving the capacity and efficiency of the stockpiles, jetty and loading facilities. For more effective management over the operating cost, the Group has acquired twelve vessels from a substantial shareholder in 2014. These measures were pursued to improve access to transportation infrastructure, improving supply network and distribution in order to deliver more cost effective coal products to end-users. This improvement to the coal delivery chain is expected to increase the Group's market penetration, strengthen the Group's position as a reliable supplier of high quality coal products, and enhance the Group's brand reputation in the target markets.

GROWTH STRATEGY AND OUTLOOK

- ## BUILD UPON OUR STRONG BASE OF DOMESTIC AND INTERNATIONAL CUSTOMERS IN TOP COAL MARKETS

The Group has established strong sales and marketing capabilities within the domestic Indonesian market and fast growing international market to tap on the increasing demand for coal in Asia. The Group had successfully built our coal distribution network rapidly by leveraging on the 35-year commodities trading experience and wide network of international clientele of AIPL, the Company's controlling shareholder. In the coming future, the Group continues expanding both our domestic and international customer's base and will put more focus on promoting the branding of SEM coal in the international coal market with the objective to become a more international and global coal industry player.

- ## STRONG AND STRATEGIC RELATIONSHIPS WITH WELL-KNOWN INTERNATIONAL ENERGY COMPANIES

During the year under review, the Group has entered into a floating storage unit service agreement with Glencore, one of the world's greatest commodity trading houses. The Group has been in active discussion and negotiation with several well-known international energy companies for term storage contracts in relation to its oil storage business. As a result, the Group expects to continue to capitalize on and potentially grow its long-term relationships with international energy companies and other customers, and believes that reputation and proven track record for safe, reliable and efficient operations position us favorably to capture additional opportunities to meet our customers' future chartering needs.

OUTLOOK

MARKET DEMAND FOR INDONESIA COAL

Predicted by the US Energy Information Administration, there was an increase in utility coal consumption through the end of 2014, but 2015 could see a drop in demand. However, despite the global economic recession, the Indonesia government's program to develop power plants will further help to increase domestic coal consumption, which currently stands at around 90 million tonnes per year.

In particular, the total coal production in Indonesia stood at approximately 97 million tonnes in the first quarter of 2015, a 21% decrease from 2014's figure, according to APBI. However, the government targets its coal production to 425 million tonnes in 2015 which implies the Indonesia government is optimistic in the market situation for Indonesian coal for the overall 2015. Indonesian President, who took office in October 2014, set an ambitious target of constructing 35,000 megawatts in additional power capacity by the year 2019 and majority of these new power plants will be supported by coal-fire.

In 2014, Indonesia exported 359 million tonnes of coal, while the world's five largest importers were China, South Korea, India, Japan and Taiwan. Indonesia's strategic geographical location positions it towards the giant emerging markets like China and India. Coal demand from these two countries is skyrocketing as they open many new coal-fired power plants to supply electricity to their immense populations. Global coal demand is in fact estimated to exceed global coal production over the next five years.

As a result, combined with a weakening rupiah, it is expects Indonesian exports to bounce back in 2015, however the upside will be limited due to higher domestic demand for coal and the possible implementation of a higher royalty regime.

GROWTH STRATEGY AND OUTLOOK

STRENGTHENED TANKER RATES AND THE POSITIVE IMPACT OF LOWER GLOBAL CRUDE OIL PRICES

Crude tanker spot rates strengthened significantly during the fourth quarter of 2014, with rates achieving the highest average level since 2008. The increase in tanker rates was primarily due to a combination of an increase in long-haul crude oil movements from the Middle East to Asia and an increase in oil purchases for onshore and offshore commercial and strategic storage.

Moreover, the crude oil price has continuously dropped recently, from US$115 per barrel in June 2014 to below US$59 per barrel up to June 2015. The recent impact of lower global oil prices currently has a positive impact on tanker rates in a number of ways: (i) lower oil prices encourage stockpiling of crude oil; (ii) a contango price structure for crude oil futures encourages buying and could lead to additional floating storage of oil if the spread between the current and future oil price continues to widen; (iii) lower oil and fuel prices, if sustained, could translate into higher oil demand over time; and (iv) reduced bunker prices positively affect tanker earnings by lowering voyage operating costs.

Increased global oil consumption is resulting in increased tanker ton mile demand. The Group believes that this global demand for oil and attendant increase in ton miles over longer trade distances will support continued demand for tanker capacity.

OPPORTUNITIES ARISING FROM LOWER COAL PRICES

The international coal price has been in a downward trend for the past years. Although it has brought a negative impact to the coal industry players globally, many new investment opportunities arise due to the relatively low coal prices, especially in relation to the natural resources and energy sectors. In view of such, the Group considers it is a good timing to further explore and evaluate new businesses and expand its business in the natural resources and energy sectors through mergers and acquisitions in the relevant assets and businesses at relatively modest prices. The Group also intends to seize this opportunity to expand its customer base to new markets. Currently, the Group is actively seeking any of such investment opportunities which are of good potential, high quality and production capacity or will bring long term benefit to the Group. The Group has been in the course of active discussion and negotiation with various natural resources and energy companies for any potential cooperation, mergers and acquisitions. As at the date hereof, such discussions and negotiations are at a preliminary stage and no final terms and conditions have been concluded. Further announcement(s) will be made by the Group in compliance with the requirements of the Listing Rules to inform the shareholders of the Company in relation to the status of these discussions and negotiations as and when appropriate.

In light of the above potential mergers and acquisitions, it is the Company's intention to conduct fund raising activities in the near future, including but not limited to the allotment and issuance of new shares and/or convertible securities of the Company and/or by other means or otherwise as may be considered to be effective and appropriate, which may be used for the additional working capital of the Group and/or for the satisfaction of part or all of the consideration for the potential acquisitions mentioned above, should they materialise. Further announcement(s) will be made in respect thereof as and when required by the Listing Rules.

GROWTH STRATEGY AND OUTLOOK

MARKET AND BUSINESS DIVERSIFICATION AND EXPANSION INTO THE CHINA MARKET

The market in China is experiencing persistent and strong growth. According to a recent statement by the Premier of the State Council of China, the growth in GDP of China for 2015 is expected at 7%, reaching approximately RMB68 trillion for 2015. Further, as recently proposed by the China leaders and announced in the 12th National People's Congress of China, various important national strategies and policies will be implemented including the "One Belt and One Road" policy and "Internet +" policy.

In view of the strong market potential in China, the Company is willing to fit into such momentum and intends to diversify and further expand its business into this profitable and growing market by setting up a new China Division in April 2015. The objective of the China Division is to explore any potential China projects with promising prospects (including but not limited to projects related to China national policies and/or China natural resources) which can bring immediate contribution to the Group as well as to cope with the current national policies of China. As the China market is one of the biggest potential markets in the world, the management of the Company believes that the set-up of the China Division is the first step to explore and move forward to the China market and is in the interests of the Company and its shareholders as a whole.

After the set-up of the China Division, it has been in active discussions and negotiations with various parties for any potential investment and cooperation opportunities. As at the date hereof, such discussions and negotiations are at a preliminary stage and no final terms and conditions have been concluded. Further announcement(s) will be made by the Group in compliance with the requirements of the Listing Rules to inform the shareholders of the Company in relation to the updates and progress of the China Division as and when appropriate.

RISK MANAGEMENT

OPERATIONAL RISK MANAGEMENT

The Company is exposed to certain operational risks in our supply chain operations, from upstream mining to downstream delivery to customers. The risks include adverse weather conditions, equipment or logistics risk and market risk. The management monitors and mitigates these risks to ensure minimum disturbances to the operations. The policies on managing the various risks are highlighted below.

Adverse Weather Conditions

For many open-cut mines in Indonesia, continuous and severe rain may cause the mining pits to be flooded and the hauling roads to be muddy, hence decreasing productivity. To overcome this, the management has installed a good drainage system with appropriate water pumps and settling ponds to drain the water from the pits. The management is also regularly upgrading and maintaining the Company's hauling road to ensure continuous hauling even in times of heavy rain.

Logistics Risk

Though extremely rare, the Company is exposed to potential marine risks where the vessel transporting the cargo sinks, breaks down or gets attacked by pirates during the sea journey. The management eliminates these risks by ensuring proper insurance coverage and selecting the most appropriate vessel for every shipment to ensure maximum security.

Market Risk

The Company is exposed to market risks such as falling coal prices. When coal prices fall continuously, there may be buyers who will potentially default in receiving their cargo or in making payment. The Company has a strong finance and marketing team to ensure suitable and secured payment terms to safeguard the Company's interests.

FINANCIAL RISK MANAGEMENT

The Company deals in a variety of financial instruments which are exposed to financial risks, including market risk, credit risk and liquidity risk. The management closely monitors and manages the Company's exposure and implement appropriate measures to mitigate and alleviate these risks.

CAPITAL RISK MANAGEMENT

The Company manages our capital and makes adjustments to our capital structure according to changing economic conditions to ensure we will be able to continue as a going concern, while maximising returns to our shareholders.

CORPORATE SOCIAL RESPONSIBILITY

The philosophy of "Giving Back to the Community" is always the social mission of our Company. We treasure the people and environment, therefore we constantly look to improve the living condition in the area where we operate.

Apart from improving the local community by upgrading common infrastructure around our coal mine within the town of Tamiang Layang, Central Kalimantan, Indonesia, we also provide job opportunity to local resident.

In addition, we also make donations to various local communities.

We are also committed to our fundamental responsibility of protecting the environment through operational measures that would reduce the environmental impact caused by our nature of work. These include rehabilitating the backfilled land (re-vegetation), adopting proper water drainage and filtering systems to ensure that water is safe for sanitation. We would continue to maintain responsible mining and explore the feasibility of providing healthcare and education which will benefit the locals to a greater extent.

INVESTOR RELATIONS

Agritrade Resources has always regarded investor relations as an important aspect of corporate governance and an effective way to maximize shareholder value. As such, our communication specialists aim to provide an efficient two-way communication channel between senior management and investors, and continue optimizing our corporate transparency.

The team works directly with the management to provide strategic solutions, craft message profiles and act as the first point of contact to facilitate substantial dialogue with financial institutions, media and concerned parties and individuals.

They also inform senior management regularly of the latest market movements and market perceptions of the Company, issues of concern to investors and changes to developments and trends in the capital markets at large, with a view to promoting business decisions that are market oriented.

CORPORATE WEBSITE

Agritrade Resources's company website (www.agritraderesources.com) offers easy access to detailed information on various aspects of the company and business for both the public and investors. It is particularly useful for potential investors who wish to gain an in-depth look into the company's business model, financial health and key management team. To better serve our shareholders, the "Investor Relations" section provides regular updates on stock information and key ratios, corporate announcements, financial results and presentations, interim and annual reports, as well as quarterly business update reports.

ANNOUNCEMENT OF FINANCIAL RESULTS

Announcements of our financial results are released publicly through the Stock Exchange's online portal (www.hkex.com.hk).

In the spirit of timely market disclosure, we intend to upload results announcement materials including financial statements, press release and/or presentation slides on our website after each results announcement on a regular and consistent basis moving forward, for the benefit of easy access by all interested parties.

Also as part of our bid to keep the dialogue with stakeholders open, management continues to actively engage investors and the media via conference calls and one-to-one meetings, in order to provide regular updates and address any queries on the Company's performance and strategies.

INVESTOR RELATIONS

CORPORATE LITERATURE

- Announcements serve as frequent updates on significant corporate developments ranging from signed agreements to acquisitions and disposals. These are posted on the Stock Exchange as well as our website.

- Interim reports provide a comprehensive overview of Agritrade Resources's business and financial performance as well as outline key corporate developments over the six-month period, and are released on the Stock Exchange's online portal and our website every November/December.

- Annual reports reviewing the company's full year business performance and developments are mailed to all shareholders in hard copies, following their release on the Stock Exchange. The reports are uploaded onto our website and are also available to all other interested parties upon request. As part of ongoing efforts to enhance information delivery, our annual report this year takes on a fresh new look with an editorial portion providing key corporate and financial information in a more visually appealing, easy-to-read format.

- Quarterly business updates provide detailed information on SEM coal production figures and forecasts, spot coal prices as well as significant sector news. These documents are developed in-house and uploaded on our website to keep shareholders updated on the Company's latest business developments as well as industry happenings.

- Fact sheets, which are informative one-page handouts on the Company and the coal sector, are regularly updated and uploaded on our website, and are provided for potential and existing investors, the investment community and media during meetings or upon request.

- Corporate presentations, which serve as comprehensive repositories of Company-specific information, are used at meetings with the investment community and media. Though not mandatory, we upload these on the Company website for the benefit of other stakeholders as well as in the interest of full and transparent disclosure.

ANNUAL GENERAL MEETING

The Company's annual general meeting (AGM) is typically held in August in Hong Kong each year. Besides serving as a platform for shareholders to vote on proposed resolutions to be passed, the AGM provides an opportunity for the Board to meet personally with shareholders and to better provide them an understanding of the strategic direction of the Company. Senior management and external auditor are also present to answer any questions and address any concerns.

MEETINGS, CONFERENCE CALLS AND SITE VISITS

The Company currently engages local and foreign institutional investors, analysts and the media through face-to-face meetings, conference calls and emails, to provide updates on the latest developments and to address any concerns. Management intends to step up its efforts in this area to reach out to a greater audience including retail investors.

In addition, we periodically arrange site visits for our investors and analysts to our coal mine in Central Kalimantan, Indonesia, which we believe would be helpful in providing a better understanding of our business operations.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Mr. Ng Say Pek *(Chairman)*
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

COMPANY SECRETARY

Ting Kin Wai

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1705, 17/F
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

SOLICITORS

Locke Lord
21/F Bank of China Tower
1 Garden Road, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services
(Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Citibank N.A.
Standard Chartered Bank
Bank of Communications Co., Ltd.
Hong Kong Branch

WEBSITE

www.agritraderesources.com

STOCK CODE

1131.HK

COMPLIANCE CONTENTS

DIRECTORS' REPORT

The board (the "**Board**") of directors (the "**Directors**") of Agritrade Resources Limited (the "**Company**") presents their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are mining, exploration, logistics, sale of coal and other mining-related activities, shipping freight service from time chartering of leased vessels for and on behalf of customers and the provision of floating storage and relevant logistics services for crude oil and petrochemical products.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 March 2015 and the state of the Company's and the Group's affairs as at the date are set out in the financial statements on pages 70 to 127 of the annual report.

An interim dividend of HK$0.01 per share was paid on 22 December 2014. The Board recommends the payment of a final dividend of HK$0.01 (2014: HK$0.03) per share for the year ended 31 March 2015, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 128 of the annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 18 to the financial statements.

SHARE CAPITAL, CONVERTIBLE PREFERENCE SHARES, CONVERTIBLE BONDS AND SHARE OPTIONS

Details of movements in the share capital, convertible preference shares ("**CPS**"), convertible bonds ("**CB**") and share options of the Company during the year are set out in notes 28, 29, 27 and 33 to the financial statements respectively.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to members as at 31 March 2015 amounted to HK$133,273,000 (2014: HK$103,570,000), which comprised contributed surplus of HK$30,748,000 (2014: HK$30,748,000) and retained profits of HK$102,525,000 (2014: HK$72,822,000).

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Wong Man Hung, Patrick *(Vice Chairman)*	(appointed on 2 September 2014)
Mr. Ng Xinwei *(Chief Executive Officer)*	
Mr. Ashok Kumar Sahoo *(Chief Financial Officer)*	
Ms. Lim Beng Kim, Lulu	
Mr. Ambrish L. Thakker	(resigned on 29 July 2014)
Mr. Rashid Bin Maidin	(resigned on 16 January 2015)

Non-executive Directors:

Mr. Ng Say Pek *(Chairman)*
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

In accordance with Bye-laws 101 and 110(A) of the Company's Bye-laws, Mr. Ng Say Pek, Mr. Wong Man Hung, Patrick, Ms. Lim Beng Kim, Lulu, Mr. Ashok Kumar Sahoo and Mr. Terence Chang Xiang Wen shall retire from office by rotation at the forthcoming annual general meeting of the Company. Being eligible, Mr. Ng Say Pek, Mr. Wong Man Hung, Patrick, Ms. Lim Beng Kim, Lulu, Mr. Ashok Kumar Sahoo and Mr. Terence Chang Xiang Wen shall offer themselves for re-election.

DIRECTORS' REPORT

The term of office for independent non-executive Director is three years or the period up to his retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographies of the Directors and the senior management of the Group are set out on pages 13 to 17 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Ng Say Pek and Mr. Terence Chang Xiang Wen have entered into service contracts with the Company for a period of three years commenced on 1 August 2013 and are subject to termination by either party giving not less than one month's written notice. All their appointments are subject to the retirement requirement in accordance with the Company's Bye-laws.

Other than as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2015, the interests of the Directors, the chief executives and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "**SFO**")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), were as follows:

Long position

Name of director	Ordinary shares: Personal interest	Ordinary shares: Corporate interest	Interest in underlying shares: Personal interest	Aggregated interest	Percentage of the issued share capital of the Company
Mr. Ng Say Pek (Note 1)	–	760,533,333	3,000,000	763,533,333	56.37%
Mr. Ng Xinwei	–	–	2,750,000 (Note 2)	2,750,000	0.20%
Mr. Ashok Kumar Sahoo	–	48,854,000 (Note 3)	–	48,854,000	3.61%
Ms. Lim Beng Kim, Lulu ("**Ms. Lim**")	45,966,667	–	1,500,000 (Note 4)	47,466,667	3.50%
Mr. Shiu Shu Ming	–	–	2,750,000 (Note 5)	2,750,000	0.20%
Mrs. Chen Chou Mei Mei	6,210,000	1,500,000 (Note 6)	–	7,710,000	0.57%
Mr. Chong Lee Chang	–	3,760,000 (Note 7)	–	3,760,000	0.28%

Note:

(1) This represents (i) 760,533,333 shares of the Company held by Agritrade International Pte Ltd. ("**AIPL**") and its associate, in which AIPL was owned as to 80% by Mr. Ng Say Pek and 20% by Ms. Lim Chek Hwee, the spouse of Mr. Ng Say Pek; and (ii) 3,000,000 share options granted to Ms. Lim Chek Hwee. By virtue of SFO, Mr. Ng Say Pek was deemed to be interested in the shares and underlying shares held by AIPL and Ms. Lim Chek Hwee respectively.

(2) This represents 2,750,000 share options granted to Mr. Ng Xinwei.

(3) This represents 48,854,000 shares of the Company held by Berrio Global Limited, which was wholly by Mr. Ashok Kumar Sahoo.

(4) This represents 1,500,000 share options granted to Ms. Lim.

(5) This represents 2,750,000 share options granted to Mr. Shiu Shu Ming.

(6) This represents 1,500,000 shares of the Company held by Avec Inc., which was wholly owned by Mrs. Chen Chou Mei Mei.

(7) This represents 3,760,000 shares of the Company held by Shieldman Limited, which was wholly owned by Mr. Chong Lee Chang.

DIRECTORS' REPORT

Save as disclosed above, as at 31 March 2015, none of the Directors, the chief executives and their associates had any personal, family, corporate or other interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

During the year ended 31 March 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

On 4 June 2010, the Company issued zero-coupon CB and 240,000,000 CPS at total nominal values of HK$674,250,000 and HK$360,000,000 respectively, as part of the consideration of the business combinations. The CB has a maturity period of ten years from the date of issue and can be converted into ordinary shares of the Company at HK$1.5 each at the holder's option. The conversion price of the CPS is fixed at HK$1.5 per ordinary share and can be converted into ordinary shares without a maturity date.

As at 1 April 2014, CB of principal amount of HK$44,950,000 and 16,000,000 CPS were owned by Ms. Lim, an executive Director, which can be converted into 29,966,667 shares and 16,000,000 shares of the Company respectively. On 3 October 2014, the Company received conversion notices from Ms. Lim to convert all her CB and CPS. As such, an aggregate of 45,966,667 conversion shares were issued and allotted to Ms. Lim on 10 October 2014. After such conversions, there was no CB and CPS owned by Ms. Lim.

Save as disclosed above and the holdings of share options as disclosed in note 33 to the financial statements, at no time during the year was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS IN CONTRACTS OF SIGNIFICANCE BY DIRECTORS AND CONTROLLING SHAREHOLDER

AIPL, being the controlling shareholder of the Company effectively owned as to 56.14% of the issued share capital of the Company as at 31 March 2015, was interested in two coal supply agreements dated 4 June 2012 and 31 March 2015, which were entered into between AIPL and PT Senamas Energindo Mineral ("**SEM**"), a non-wholly owned subsidiary of the Company. Pursuant to the coal supply agreements, SEM agreed to supply and AIPL agreed to purchase 400,000 tonnes of coal annually for each of the three years ended 31 March 2013, 2014 and 2015 and up to 700,000 tonnes of coal annually for each of the three years ending 31 March 2016, 2017 and 2018. Further details of the transactions undertaken in connection therewith are included in the section headed "Connected Transactions" of this report.

For the year ended 31 March 2015, Mr. Ng Say Pek, a non-executive Director, and Ms. Lim Chek Hwee, the spouse of Mr. Ng Say Pek, held as to 80% and 20% equity interests in AIPL respectively. Mr. Ng Xinwei, the executive Director, being the son of Mr. Ng Say Pek and Ms. Lim Chek Hwee. Ms. Lim, the executive Director, was the senior executive of AIPL. Accordingly, Mr. Ng Say Pek, Mr. Ng Xinwei and Ms. Lim had material interests in the coal supply agreements.

Save as disclosed above, for the year ended 31 March 2015, no contract of significance in relation to the Company's business, to which the Company, its subsidiaries or any of its fellow subsidiaries was a party and in which a Director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2015 and so far as is known to the Board and according to the register of interests in shares and short positions of substantial shareholders maintained by the Company under Section 336 of the SFO, the following persons or corporations (other than the Directors) have interests of 5% or more of the nominal value of the issued share capital that carry a right to vote in all circumstances at general meetings of the Company:

Name	Capacity	Number of shares/ underlying shares held	Approximate percentage of shareholding
AIPL (Note 1)	Beneficial owner and interest of a controlled corporation	760,533,333	56.14%
Amber Future Investments Limited	Beneficial owner	485,360,000	35.83%

Note:

(1) This represents 275,173,333 ordinary shares of the Company beneficially held by AIPL and 485,360,000 ordinary shares of the Company held through Amber Future Investments Limited, a wholly owned subsidiary of AIPL.

Save as disclosed above, no other party was recorded in the register of interests in shares and short positions of substantial shareholders kept pursuant to section 336 of SFO as having an interest in 5% or more of the nominal value of the issued share capital that carry a right to vote in all circumstances at general meetings of the Company.

SHARE OPTION SCHEME

Details of the Company's share option scheme are set out in note 33 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS

Continuing Connected Transactions in relation to Coal Supply Agreements dated 4 June 2012 and 31 March 2015

On 4 June 2012, SEM, a non-wholly owned subsidiary of the Company, entered into a coal supply agreement with AIPL, the then substantial shareholder of the Company owning approximately 29.81% of the then issued share capital of the Company. Pursuant to the agreement, SEM agreed to supply and AIPL agreed to purchase 400,000 tonnes of coal annually for a period from 4 June 2012 to 3 June 2015, subject to independent shareholders' approval, in the ordinary course of business of the SEM. AIPL was the connected person of the Company and accordingly, the transactions under the coal supply agreement constituted continuing connected transactions on the part of the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The consideration for the provision of coal is determined by the export prices of Indonesia domestic coal with reference of an official benchmark coal price index in Indonesia on each contract date and subject to the adjustment according to the deviation between quality of SEM coal and the benchmark on pro-rata basis. The contract price shall be based on the export price and mutually agreed by both parties on each transaction. The coal supply agreement was entered into in the usual and ordinary course of the Group's business and terms of which were negotiated based on normal commercial terms and the prices were determined following arm's length negotiation. The coal supply agreement enabled the Group to leverage on AIPL's extensive distribution network and reputation, hence would benefit the Group by expanding its international distribution channel. Details of the transactions are set out in announcement and the circular of the Company dated 4 June 2012 and 16 July 2012 respectively.

In relation to the coal supply agreement date 4 June 2012, the total amount of the transactions for the year ended 31 March 2015 is approximately HK$95,536,000, which does not exceed the annual cap for the year ended 31 March 2015 of HK$143,500,000 as approved by the independent shareholders at a special general meeting of the Company held on 31 July 2012.

On 31 March 2015, upon expiry of the annual caps approved by independent shareholders of the Company pursuant to the Listing Rules for the coal supply agreement dated 4 June 2012, a renewed coal supply agreement were entered into between SEM and AIPL, the then controlling shareholder of the Company owning approximately 56.14% of the then issued share capital of the Company. Pursuant to the renewed agreement, SEM agreed to supply and AIPL agreed to purchase up to 700,000 tonnes of coal annually for a period from 1 April 2015 to 31 March 2018, subject to independent shareholders' approval, in the ordinary course of business of the SEM. AIPL was the connected person of the Company and accordingly, the transactions under the renewed coal supply agreement constituted continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

The consideration for the provision of coal under the renewed coal supply agreement is determined by the export prices of Indonesia domestic coal with reference of the Newcastle Index on each contract date and subject to the adjustment according to the deviation between quality of SEM coal and the benchmark on pro-rata basis. The contract price shall be based on the export price of Indonesia domestic coal with similar coal specification and should be mutually agreed by both parties on each transaction. The coal supply agreement was entered into in the usual and ordinary course of the Group's business and terms of which were negotiated based on normal commercial terms and the prices were determined following arm's length negotiation. The renewed coal supply agreement enabled the Group to leverage on AIPL's extensive distribution network and reputation, hence would benefit the Group by expanding its international distribution channel. Details of the renewed coal supply agreement are set out in announcement and the circular of the Company dated 31 March 2015 and 23 April 2015 respectively.

As the renewed coal supply agreement dated 31 March 2015 commenced on 1 April 2015 subject to further approval by independent shareholders of the Company, no transaction was recorded in relation to such agreement for the year ended 31 March 2015.

In compliance with Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions for the year ended 31 March 2015 and confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or better terms; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged pursuant to Rule 14A.56 of the Listing Rules to report on the Group's continuing connected transactions for the year ended 31 March 2015 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued the unqualified letter containing their findings and conclusions in respect of the continuing connected transactions for the year ended 31 March 2015 as disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been duly provided by the Company to the Stock Exchange.

Save as disclosed above, there is no other transactions for the year ended 31 March 2015, including those disclosed as related party transactions elsewhere in the financial statements, under the definition of connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules. The Company confirms that it has complied with the applicable disclosure requirements in accordance with chapter 14A of the Listing Rules.

EMOLUMENT POLICY

As at 31 March 2015, the Group had 589 employees. The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the Directors are reviewed and recommended by the remuneration committee, and decided by the Board, 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. Details of the share option scheme of the Company are set out in note 33 to the financial statements.

The pension schemes operated by the Group during the year are defined contribution plans, where the contributions to the plans are calculated on a certain percentage of the employees' basic salaries. For the year ended 31 March 2015, the employer's pension cost charged to the consolidated income statement was approximately HK$2,297,000 (2014: HK$2,440,000). As at 31 March 2015, the Group did not have forfeited contributions available to reduce its contributions to the pension schemes in future years (2014: Nil).

COMPETING INTERESTS

During the year, and up to the date of this report, the interests of Directors or their respective associates in businesses which are considered to compete or likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules are set out below:

DIRECTORS' REPORT

Mr. Ng Say Pek, the non-executive Director and chairman of the Company, and Ms. Lim, the executive Director, are also the controlling shareholder and senior executive of AIPL, respectively. AIPL is engaged in commodity trading of, including but not limited to, coal and palm oil in the South East Asia and may be in competition with the Group.

Save as disclosed above, as at 31 March 2015, none of the Directors or the management shareholders of the Company had any interest in a business which competes or may compete with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	33%	
Five largest customers in aggregate	59%	
The largest supplier		17%
Five largest suppliers in aggregate		41%

Save as disclosed in the sections headed "Interests in Contracts of Significance by Directors and Controlling Shareholder" and "Connected Transactions" of this report and in the note 36 to the financial statement, at no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2015.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 42 to the financial statements.

AUDITOR

BDO Limited retires and a resolution for the re-appointment of BDO Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Ng Xinwei
Director and Chief Executive Officer
Hong Kong, 26 June 2015

CORPORATE GOVERNANCE REPORT

The purpose of this report is to provide shareholders with information on the major principles and corporate governance practices adopted by Agritrade Resources Limited (the "**Company**", together with its subsidiaries, the "**Group**").

The board (the "**Board**") of directors (the "**Directors**") of the Company is committed to maintaining a high standard of corporate governance for the Company within a sensible framework. The Company has fully complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the year ended 31 March 2015.

THE BOARD OF DIRECTORS

Roles and Responsibilities of the Board

The Board assumes responsibility for the management of the Group's affairs, and concentrates on matters affecting the Group's overall strategic policies, finances, shareholder interests and corporate governance. The Board acknowledges its responsibility for the preparation of the financial statements of the Group.

Board Composition

The Board has a balance of skills and experience and a balanced composition of executive and non-executive Directors. As at the date of this report, the Board comprised eleven Board members, including four executive Directors, three non-executive Directors and four independent non-executive Directors. The non-executive Directors, including the independent non-executive Directors, were appointed for a specific term of three years and were subject to retirement by rotation and re-election at the annual general meetings of the Company as specified in the Bye-laws of the Company. The biographies of the Directors are set out on pages 13 to 16 of this annual report.

Board Diversity

During the year, the Board has adopted a Board Diversity Policy which set out the approach to achieve diversity on the Board. The policy provides that selection of candidates of board members should be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, interpersonal skills, functional expertise and length of services.

The nomination committee (the "**Nomination Committee**") of the Company will monitor the implementation of the Board Diversity Policy and to review the same annually taking into consideration of specific needs for the Group's business.

Independent Non-executive Directors

To comply with Rule 3.10 of the Listing Rules, the Company has appointed four independent non-executive Directors whom the Company considers to have appropriate professional qualifications or accounting or related financial management experience and qualifications to carry out their duties. The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its independent non-executive Directors to be independent.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer of the Company were separate and were not performed by the same individual during the year. During the year, the Chairman of the Company was Mr. Ng Say Pek, who was responsible for leadership of the Board and for the overall development of strategy of the Group, and ensuring good corporate governance practices and procedures being in place and maintained, while the Chief Executive Officer of the Company was Mr. Ng Xinwei, who was responsible for the day-to-day management of the Group's business and operations.

Mr. Ng Say Pek, the non-executive Chairman of the Company, is the father of Mr. Ng Xinwei, the executive Director and Chief Executive Officer of the Company.

Directors' Insurance

The Company has taken out appropriate insurance cover for the Directors in respect of legal actions taken against the Directors for the year. The Board reviews the extent of the insurance cover every year.

Directors' Attendance and Time Commitment

The attendance of the Directors at the meetings during the year are set out below:

Directors	Board meetings	Executive Committee meetings	Audit Committee meetings	Remuneration Committee meeting	Nomination Committee meetings	General meetings
(number of meetings attended/number of meetings held during respective director's tenure)						
Executive Directors:						
Mr. Ng Xinwei *(Chief Executive Officer)*	13/16	12/13	–	–	–	1/1
Mr. Ashok Kumar Sahoo *(Chief Financial Officer)*	16/16	2/12	–	–	–	1/1
Ms. Lim Beng Kim, Lulu	9/16	3/13	–	–	–	0/1
Mr. Wong Man Hung, Patrick *(Vice Chairman)* (appointed on 2 September 2014)	5/9	–	–	–	–	–
Mr. Rashid Bin Maidin (resigned on 16 January 2015)	0/13	0/12	–	–	–	0/1
Mr. Ambrish L. Thakker (resigned on 29 July 2014)	1/5	–	–	–	–	–
Non-executive Directors:						
Mr. Ng Say Pek *(Chairman)*	7/16	–	–	–	–	1/1
Mrs. Chen Chou Mei Mei	5/16	–	–	–	–	0/1
Mr. Shiu Shu Ming	9/16	11/12	–	1/1	2/2	1/1
Independent Non-executive Directors:						
Mr. Chong Lee Chang	3/16	–	2/2	–	2/2	0/1
Mr. Chan Cheong Yee	4/16	–	2/2	1/1	–	0/1
Mr. Siu Kin Wai	3/16	–	1/2	1/1	2/2	0/1
Mr. Terence Chang Xiang Wen	6/16	–	–	–	–	0/1

Board Meetings and Proceedings

Regular Board meetings are held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, considering major issues and approving the overall strategies of the Company. The Board held 16 meetings (including regular Board meetings) during the year ended 31 March 2015. Agenda and Board papers together with all appropriate, complete and reliable information were normally sent to all Directors before each Board meeting to keep the Directors apprised to the latest developments and financial position of the Company and to enable them to make informed decisions. All Directors were given the opportunity to include matters in the agenda for regular Board meetings. The Board and each Director also had separate and independent access to senior management whenever necessary. The views of Directors were actively solicited if they were unable to attend the meeting of the Board.

The Directors had access to the advice and services of the company secretary regarding the Board procedures, and all applicable rules and regulations in respect of the meetings are followed. With the assistance of the company secretary, the meeting agenda were set by the Board in consultation among Board members. Draft and final versions of the minutes of Board meetings and Board committee meetings, with sufficient details drafted by the secretary of the respective meetings, were circulated to the Directors or respective committee members for their comment and record respectively. Originals of such minutes, being kept by the company secretary, are open for inspection at any reasonable time on reasonable notice by any Director.

BOARD COMMITTEES

As an integral part of good corporate governance, the Board has established the following committees of which the authority, functions, composition and duties of each of the committees are set out below:

1. Executive Committee

The executive committee (the "**Executive Committee**") of the Company is the decision-making body for day-to-day operation of the Group which comprised Mr. Ng Xinwei, Mr. Ashok Kumar Sahoo, Ms. Lim Beng Kim, Lulu, all are executive Directors, and Mr. Shiu Shu Ming, a non-executive Director, as at the date of this report. Mr. Ng Xinwei is the Chairman of the Executive Committee. Its main duties include the execution of duties as delegated by the Board and the exercise of the authorities and rights as authorised by the same pursuant to the written guidelines.

During the year, the Executive Committee has handled daily operation matters including but not limited to the opening and changing signatories of bank accounts of the Group, giving instructions to share registrar of the Company on share issues and set-up of new subsidiary companies.

2. Remuneration Committee

The remuneration committee (the "**Remuneration Committee**") of the Company comprised three members, namely Mr. Chan Cheong Yee (Chairman of the Remuneration Committee), Mr. Shiu Shu Ming and Mr. Siu Kin Wai as at the date of this report. Save for Mr. Shiu Shu Ming was the non-executive Director, the rest were independent non-executive Directors.

Written terms of reference have been adopted by the Board in compliance with the Listing Rules and are available on both the Company's and the Stock Exchange's websites. The functions of the Remuneration Committee include, among other things:

CORPORATE GOVERNANCE REPORT

(a) making recommendations to the Board on the Company's policy and structure for remuneration of the Directors and senior management;

(b) establishing formal and transparent procedures for developing remuneration policies for Directors and senior management; and

(c) making recommendations to the Board on the remuneration packages of individual executive and non-executive Directors and the senior management of the Company.

The remuneration of the Directors and their respective interests in the share options of the Company are set out in notes 11 and 33 to the consolidated financial statements as included in this annual report, respectively.

During the year, the Remuneration Committee has reviewed the remuneration policy and structure of the executive Directors and senior management of the Company. It has also reviewed the specific remuneration packages including the terms of employment and performance-based bonus of the Directors and senior management of the Company and offered recommendations on the same to the Board.

3. Nomination Committee

The Nomination Committee comprised three members as at the date of this report, namely Mr. Chong Lee Chang (Chairman of the Nomination Committee) and Mr. Siu Kin Wai, both were independent non-executive Directors, and Mr. Shiu Shu Ming, the non-executive Director. The main duties of the Nomination Committee are to review the structure, size and composition of the Board; monitoring the implementation of the Board Diversity Policy, reviewing the Board Diversity Policy as appropriate to ensure its effectiveness and to identify, select and nominate suitable individuals for appointment as Directors of the Company. The terms of reference are aligned with the code provisions set out in the CG Code and they are available on the websites of the Company and the Stock Exchange.

During the year, the Nomination Committee has, among others, reviewed the Board Diversity Policy, reviewed the experience and qualification of proposed candidate for directorship during the year and made recommendations to the Board on such proposed appointment of directorship.

4. Audit Committee

The audit committee (the "**Audit Committee**") of the Company comprised of three independent non-executive Directors as at the date of this report, namely Mr. Siu Kin Wai (Chairman of the Audit Committee), Mr. Chong Lee Chang and Mr. Chan Cheong Yee.

Written terms of reference have been adopted by the Board in compliance with the Listing Rules and are available on websites of both the Company and the Stock Exchange.

The roles and functions of the Audit Committee include, among other things:

(a) acting as the key representative body for overseeing the relationship with the Company's external auditor;

(b) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor;

(c) reviewing the financial information of the Group including the monitoring of the integrity of the Group's financial statements, annual report and accounts, half-yearly interim report and reviewing significant financial reporting judgments contained therein; and

(d) overseeing the Group's financial reporting system and internal control procedures.

During the year, the Audit Committee has regularly met with the management and the external auditor and has reviewed and made recommendations in relation to the following matters:

(a) reviewed the financial statements and annual results announcement for the year ended 31 March 2015 and the interim report and interim results announcement for the six months ended 30 September 2014;

(b) reviewed and considered the report from the external auditor on the audit of the Group's financial statements for the year ended 31 March 2015;

(c) reviewed and made recommendations to the Board on the internal control system of the Group;

(d) reviewed the external auditor's audit plan, audit strategy and scope of work for the year under review; and

(e) reviewed the continuing connected transactions entered into by the Group for the year ended 31 March 2015.

CORPORATE GOVERNANCE FUNCTIONS

The corporate governance functions of the Company are performed by the Board collectively. The roles and functions of the Board in terms of the corporate governance functions include, among other things:

(a) developing and reviewing the Company's policies and practices on corporate governance;

(b) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; and

(d) reviewing the Company's compliance with the CG Code and the related disclosures in the Corporate Governance Report.

During the year, the Board has held a meeting to review the adequacy and appropriateness in relation to the corporate governance structure and policies of the Company.

AUDITOR'S REMUNERATION

During the year, the audit fees paid or payable to the auditor of the Company is HK$1,435,000 including non-audit services (performance of agreed-upon procedures) with fees of approximately HK$10,000 for the year.

CORPORATE GOVERNANCE REPORT

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities to prepare the financial statements of the Group and other financial disclosures in accordance with statutory requirements and applicable accounting standards. The Directors believed that they have selected suitable accounting policies and applied them consistently, made judgment and estimates that are prudent and reasonable and ensured the consolidated financial statements are prepared on a "going concern" basis. The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 68 to 69 of this annual report.

During the year, the Board has reviewed the effectiveness of the internal control system of the Group. The review covers all materials controls, including financial, operational and compliance controls and risk management functions of the Group. No material internal control aspects of any significant problems were noted. The Board was satisfied that the internal system of the Group has been functioned effectively during the review year.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. All Directors were fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements in relation to the directors' training and professional development.

During the year, all Directors had attended various seminars, conferences, or forums which were relevant to their respective duties and responsibilities or the businesses of the Company. A summary of their records of training during the year is as follows:

Directors	**Attending briefings, trainings, seminars or conference**	**Reading articles, researches, journals or updates**
Executive Directors:		
Mr. Ng Xinwei *(Chief Executive Officer)*	✓	✓
Mr. Ashok Kumar Sahoo *(Chief Financial Officer)*	✓	✓
Ms. Lim Beng Kim, Lulu	✓	✓
Mr. Wong Man Hung, Patrick *(Vice Chairman)* (appointed on 2 September 2014)	✓	✓
Mr. Rashid Bin Maidin (resigned on 16 January 2015)	✓	✓
Mr. Ambrish L. Thakker (resigned on 29 July 2014)	✓	✓
Non-executive Directors:		
Mr. Ng Say Pek *(Chairman)*	✓	✓
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	✓	✓

COMPANY SECRETARY

The company secretary is a full time employee of the Company and reports to the Board and the chief executive officer of the Company. He is responsible for advising the Board on corporate governance matters. During the year under review, the company secretary of the Company has complied with the professional training requirements under the CG Code.

CONSTITUTIONAL DOCUMENTS

The Memorandum of Association and the Bye-laws of the Company are published on the websites of the Company and the Stock Exchange. During the year, there was no change in the Memorandum of Association and the Bye-laws of the Company.

DIRECTORS' SECURITIES TRANSACTION

On 12 June 2014, the Company was informed by Mr. Ambrish L. Thakker ("**Mr. Thakker**"), 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. Thakker is not in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"). 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, namely 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 the facts and findings of the Committee, the Company believes this was an isolated case which mainly caused by Mr. Thakker's careless and misconception of the blackout period. The Committee recommended to the Company that it shall (i) conduct regular reviews of internal control and (ii) reinforcement of corporate governance through continuous training for the Directors and staffs to avoid similar case happens in the future.

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

The Company has adopted the Model Code as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, save as disclosed above, all Directors confirmed that they have complied with the required standard set out in the Model Code during the year.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

The Company recognises the importance of maintaining effective communication, ensuring timely and accurate disclosure of information to the shareholders and investors of the Company. The Company had established a shareholders' communication policy and review it on a regular basis to ensure its effectiveness. The Company communicates with the shareholders mainly in the following ways:

(i) the holding of annual general meetings and special general meetings, if any, which may be convened for specific purposes which provide opportunities for the shareholders to communicate directly with the Board;

(ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases providing updated information of the Group;

(iii) the availability of latest information of the Group in the Company's website at www.agritraderesources.com; and

(iv) the holding of press conference from time to time.

Shareholders may at any time send their written enquiries and concerns to the Board either by post, by facsimiles or by email, for the attention of Chairman of the Board or the company secretary of the Company at the following address or facsimiles number or via email:

Address:	Agritrade Resources Limited Room 1705, 17/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong
Email address:	info@agritraderesources.com
Facsimile number:	(852) 3106 0227

The company secretary will forward the shareholders' enquiries and concerns to the Board and/or relevant board committees of the Company, where appropriate, to answer the shareholders' questions either by phone or in writing.

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting (the "SGM") by Shareholders

Shareholder(s) holding, at the date of the deposit of the requisition, not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring an SGM to be called by the Board. The written requisition (i) must state the object(s) of the meeting, and (ii) must be signed by the requisitionists and deposited at the principal place of business of the Company in Hong Kong for the attention of the company secretary of the Company, and may consist of several documents in like form, each signed by one or more of the requisitionists.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by Directors.

Putting Forward Proposals at General Meetings

Pursuant to the Bermuda Companies Act 1981, either any number of the registered shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 of such registered shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition. Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the principal office of the Company, an annual general meeting is called for a date six weeks or less after the copy has been deposited, such requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

FINANCIAL CONTENTS

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF AGRITRADE RESOURCES LIMITED
(鴻寶資源有限公司)
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Agritrade Resources Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 70 to 127, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Lam Siu Fung
Practising Certificate Number: P05308

Hong Kong, 26 June 2015

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
Revenue	7	**1,234,468**	961,316
Cost of sales and services		**(863,979)**	(655,283)
Gross profit		**370,489**	306,033
Other income and other gains	8	**9,730**	6,808
Administrative expenses		**(136,413)**	(109,225)
Finance costs	13	**(30,991)**	(51,045)
Profit before income tax		**212,815**	152,571
Income tax	14	**(31,956)**	(31,853)
Profit for the year	9	**180,859**	120,718
Profit for the year attributable to:			
– Owners of the Company	15	**146,858**	115,194
– Non-controlling interests		**34,001**	5,524
		180,859	120,718
Earnings per share:	17		
– Basic		**HK11.6 cents**	HK13.8 cents
– Diluted		**HK11.2 cents**	HK12.4 cents

Details of the dividends for the years are disclosed in Note 16 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2015

	2015 **HK$'000**	2014 HK$'000
Profit for the year	**180,859**	120,718
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(3,537)**	(2,231)
Total comprehensive income for the year	**177,322**	118,487
Total comprehensive income for the year attributable to:		
– Owners of the Company	**143,210**	113,294
– Non-controlling interests	**34,112**	5,193
	177,322	118,487

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	18	**3,135,187**	2,961,885
Prepaid lease payments	19	**15,232**	11,943
Deposits paid for construction of a plant	20	**–**	40,745
		3,150,419	3,014,573
Current assets			
Inventories	21	**32,100**	31,349
Trade receivables	22	**187,994**	200,846
Other receivables, deposits and prepayments	22	**320,533**	239,648
Amounts due from related parties	36(b)	**73,046**	19,174
Bank balances and cash		**265,062**	170,848
		878,735	661,865
Current liabilities			
Trade payables	23	**201,115**	239,164
Other payables, accruals and deposits received	23	**162,155**	115,238
Provision for close-down, restoration and environmental costs	24	**5,349**	5,349
Secured bank borrowings	25	**192,537**	90,439
Amounts due to related parties	36(b)	**1,087**	9,572
Tax payable		**162,405**	119,018
Obligation under finance leases	31	**60,418**	58,935
		785,066	637,715
Net current assets		**93,669**	24,150
Total assets less current liabilities		**3,244,088**	3,038,723
Non-current liabilities			
Deferred tax	26	**572,559**	588,645
Secured bank borrowings	25	**154,647**	6,169
Convertible bonds	27	**–**	121,119
Obligation under finance leases	31	**10,085**	77,226
		737,291	793,159
Net assets		**2,506,797**	2,245,564
Capital and reserves attributable to owners of the Company			
Share capital	28	**135,460**	107,207
Reserves		**1,464,729**	1,265,861
Equity attributable to owners of the Company		**1,600,189**	1,373,068
Non-controlling interests		**906,608**	872,496
Total equity		**2,506,797**	2,245,564

The financial statements were approved and authorised for issue by the Board of Directors on 26 June 2015.

Ng Xinwei
Director

Ashok Kumar Sahoo
Director

STATEMENT OF FINANCIAL POSITION

as at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Investments in subsidiaries	34	**134**	2
Property, plant and equipment	18	**34,940**	–
Deposits paid for construction of a plant	20	**–**	40,745
		35,074	40,747
Current assets			
Prepayments		**524**	198
Amounts due from subsidiaries	34	**1,380,705**	1,261,981
Bank balances and cash		**39,512**	23,523
		1,420,741	1,285,702
Current liabilities			
Accruals and other payables		**25,061**	26,345
Amounts due to subsidiaries	34	**117,051**	27,964
		142,112	54,309
Net current assets		**1,278,629**	1,231,393
Total assets less current liabilities		**1,313,703**	1,272,140
Non-current liabilities			
Convertible bonds	27	**–**	121,119
Net assets		**1,313,703**	1,151,021
Capital and reserves			
Share capital	28	**135,460**	107,207
Reserves	30	**1,178,243**	1,043,814
Total equity		**1,313,703**	1,151,021

The financial statements were approved and authorised for issue by the Board of Directors on 26 June 2015.

Ng Xinwei
Director

Ashok Kumar Sahoo
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2015

	Share capital HK$'000 (Note 28)	Share premium HK$'000 (Note (i))	Convertible preference shares reserve HK$'000 (Note (ii))	Convertible bonds equity reserve HK$'000 (Note (ii))	Translation reserve HK$'000 (Note (iii))	Share option reserve HK$'000 (Note (iv))	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2013	58,371	335,108	248,579	194,492	22,339	6,030	189,984	–	1,054,903	867,303	1,922,206
Profit for the year	–	–	–	–	–	–	115,194	–	115,194	5,524	120,718
Other comprehensive income for the year:											
Exchange differences arising on translation of foreign operations	–	–	–	–	(1,900)	–	–	–	(1,900)	(331)	(2,231)
Total comprehensive income for the year	–	–	–	–	(1,900)	–	115,194	–	113,294	5,193	118,487
Conversion of convertible bonds	10,840	144,577	–	(76,526)	–	–	–	–	78,891	–	78,891
Conversion of convertible preference shares	12,800	119,775	(132,575)	–	–	–	–	–	–	–	–
Issue of shares for acquisition of assets	24,896	99,584	–	–	–	–	–	–	124,480	–	124,480
Exercise of share options	300	1,676	–	–	–	(476)	–	–	1,500	–	1,500
Proposed final dividend 2014	–	–	–	–	–	–	(35,522)	35,522	–	–	–
At 31 March 2014	107,207	700,720	116,004	117,966	20,439	5,554	269,656	35,522	1,373,068	872,496	2,245,564
Profit for the year	–	–	–	–	–	–	146,858	–	146,858	34,001	180,859
Other comprehensive income for the year:											
Exchange differences arising on translation of foreign operations	–	–	–	–	(3,648)	–	–	–	(3,648)	111	(3,537)
Total comprehensive income for the year	–	–	–	–	(3,648)	–	146,858	–	143,210	34,112	177,322
Conversion of convertible bonds	16,710	230,391	–	(117,966)	–	–	–	–	129,135	–	129,135
Conversion of convertible preference shares	11,200	104,804	(116,004)	–	–	–	–	–	–	–	–
Exercise of share options	343	4,177	–	–	–	(676)	–	–	3,844	–	3,844
Dividends paid/declared	–	–	–	–	–	–	(13,546)	(35,522)	(49,068)	–	(49,068)
Proposed final dividend 2015	–	–	–	–	–	–	(14,208)	14,208	–	–	–
At 31 March 2015	135,460	1,040,092	–	–	16,791	4,878	388,760	14,208	1,600,189	906,608	2,506,797

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2015

Notes:

(i) Share premium

The balance represents the premium arising from the issue of shares at a price in excess of their par value per share.

(ii) Convertible preference shares reserve and convertible bonds equity reserve

The balances represent the equity component of outstanding convertible preference shares and outstanding convertible bonds issued by the Company recognised in accordance with the accounting policies adopted for convertible preference shares and convertible bonds in Notes 4(g)(vi) and 4(g)(iv), respectively.

(iii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 4(l).

(iv) Share option reserve

Share option reserve represents the fair value of the share options granted by the Company which are yet to be exercised, net of issuing expenses in accordance with the accounting policy set out in Note 4(n).

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
Operating activities		
Profit before income tax	**212,815**	152,571
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	**140,823**	118,152
Release of prepaid lease payments	**1,346**	547
Provision for close-down, restoration and environmental costs	**–**	1,355
Interest income	**(263)**	(173)
Finance costs	**30,991**	51,045
Gain on disposal of property, plant and equipment	**(2,079)**	–
Operating service fee in relation to a plant	**7,740**	–
Impairment of other receivables	**–**	27,609
Operating cash flows before movements in working capital	**391,373**	351,106
Increase in inventories	**(751)**	(17,023)
Increase in trade and other receivables, deposits and prepayments	**(68,033)**	(56,529)
Decrease in bills receivable	**–**	76
Increase in trade and other payables, accruals and deposits received	**8,868**	118,857
Cash generated from operations	**331,457**	396,487
Income taxes paid	**(4,655)**	(167)
Interest paid	**(22,975)**	(28,853)
Net cash generated from operating activities	**303,827**	367,467
Investing activities		
Interest received	**263**	173
(Increase)/decrease in amounts due from related parties	**(53,872)**	39,328
Purchase of property, plant and equipment	**(316,155)**	(270,843)
Proceeds from disposal of property, plant and equipment	**39,037**	–
Addition in prepaid lease payments	**(4,635)**	(1,651)
Deposits paid for construction of a plant	**(1,935)**	(11,610)
Net cash used in investing activities	**(337,297)**	(244,603)
Financing activities		
Increase in secured bank borrowings, net	**250,576**	15,894
(Repayment of)/addition of obligation under financial leases	**(65,658)**	29,827
Proceeds from exercise of share options	**3,844**	1,500
Decrease in amounts due to related parties	**(8,485)**	(14,820)
Dividends paid	**(49,068)**	–
Net cash generated from financing activities	**131,209**	32,401
Net increase in cash and cash equivalents	**97,739**	155,265
Cash and cash equivalents at beginning of the year	**170,848**	16,287
Effect of foreign exchange rate changes	**(3,525)**	(704)
Cash and cash equivalents at end of the year, representing bank balances and cash	**265,062**	170,848

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

1. GENERAL

Agritrade Resources Limited (the "Company") is incorporated as an exempted company with limited liability in Bermuda under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section in the annual report.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in Note 34. The Company and its subsidiaries are collectively referred to as the Group.

In the opinion of the directors, the ultimate holding company of the Company is Agritrade International Pte. Limited ("Agritrade International"), which is incorporated in Singapore.

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

(a) Adoption of amendment to HKFRSs – first effective on 1 April 2014

During the year, the Group has adopted all the revised HKFRSs which are first effective for the current year and relevant to the Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets

The adoption of these revised HKFRSs has no material impact on the Group's financial statements.

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

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)	Annual Improvements 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
HKFRS 9 (2014)	Financial Instruments[5]
HKFRS 15	Revenue from Contracts with Customers[4]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2018

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

(b) New/revised HKFRSs that have been issued but are not yet effective and not early adopted *(continued)*

Annual Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Amendments to HKAS 1 – Disclosure Initiative

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

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

(b) New/revised HKFRSs that have been issued but are not yet effective and not early adopted *(continued)*

HKFRS 9 (2014) – Financial Instruments (continued)

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of those pronouncements disclosed above. The directors of the Company so far concluded that the application of these pronouncements will have no material impact on the Group's financial statements.

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

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules") requiring financial statements disclosures with reference to the new Hong Kong Companies Ordinance, Cap. 622 (the "New Companies Ordinance") will first apply to the Company in its financial year ending 31 March 2016.

The directors consider that there will be no impact on the Group's financial position or performance. However the New Companies Ordinance would have impacts on the presentation and disclosures in the consolidated financial statements. The statement of financial position of the Company will be presented in the notes rather than a separate statement and certain related notes need not be included.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Listing Rules, continued to be those of the predecessor Hong Kong Companies Ordinance, Cap. 32. In addition, the financial statements include applicable disclosures required by the Listing Rules.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

4. 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 income statement 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 that represents present ownership interest in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instrument in which case the costs are deducted from equity.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Business combination and basis of consolidation *(continued)*

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such 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 interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates/useful lives used for this purpose are as follows:

Buildings	Over the shorter of the leases, or the estimated useful life of the buildings of 50 years
Mining-related plant and machinery	12.5 – 25%
Furniture, fixtures and equipment	20 – 25%
Motor vehicles	12.5 – 30%
Vessels	4 – 5%

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Property, plant and equipment *(continued)*

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

Mining property is stated at cost less accumulated amortisation and any impairment losses and is amortised on the units-of-production method utilising only proven and probable coal reserves in the depletion base.

When proven and probable coal reserves have been determined, stripping costs incurred to develop coal mines are capitalised as part of the cost of the mining property. Stripping costs incurred during the production phase are variable production costs that are included in the costs of inventory produced during the period that the stripping costs are incurred, unless the stripping activity can be shown to give rise to future benefits from the mineral property, in which case the stripping costs would be capitalised into mining property. Future benefits arise when stripping activity increases the future output of the mine by providing access to a new ore body.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(d) Prepaid lease payments for leasehold land under operating leases

Prepaid lease payments for leasehold land under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Time charter income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(f) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, prepaid lease payments and investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased. If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets, other than financial assets at fair value through profit or loss, are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses, except where the effect of discounting would be immaterial, in which case, the loans and receivables are stated at cost less impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

– significant financial difficulty of the debtor;
– a breach of contract, such as a default or delinquency in interest or principal payments;
– granting concession to a debtor because of debtor's financial difficulty; or
– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial instruments *(continued)*

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. All of the Group's financial liabilities are financial liabilities at amortised costs which are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including trade, bills and other payables, borrowings, amounts due to related parties, obligation under financial lease and the liability component of convertible bonds issued by the Group, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Compound Instruments

The component parts of compound instruments, comprising convertible bonds issued by the Group, are classified separately as financial liability and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Issue costs were apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component was charged directly to equity. The portion relating to the liability component is included in the carrying amount of the liability portion and amortised over the period of the convertible instruments using the effective interest method.

In subsequent periods, the equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised in which case the balance stated in convertible bonds equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry dates, the balance stated in convertible bonds equity reserve will be released to the retained profits.

No gain or loss is recognised upon conversion or expiration of the option.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial instruments *(continued)*

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii)Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets;* and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

(viii)Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Inventories

Coal inventories are calculated using the weight average method and other inventories are calculated using the first-in-first-out method. Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when goods are delivered and title has passed.

Revenue from time charter and floating storage service, which was of operating lease in nature, was recognised on a straight-line basis over the period of each charter.

Interest income from a financial asset including financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

(k) Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Income tax *(continued)*

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(l) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollar) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of non-current monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the translation reserve.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Employee benefits

(i) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(ii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(n) Equity-settled share-based payment transactions

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share-based payments, a liability is recognised at the fair value of the goods or services received.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Provisions and contingent liabilities *(continued)*

Provisions for close-down, restoration and environmental costs

One consequence of coal mining is land subsidence caused by the resettlement of the land at the mining sites. Depending on the circumstances, the Group may relocate inhabitants from the mining sites prior to conducting mining activities or the Group may compensate the inhabitants for losses or damage from close-down and land subsidence after the sites have been mined. The Group may also be required to make payments for restoration, rehabilitation or environmental protection of the land after the sites have been mined.

Close-down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Close-down and restoration costs are provided in the accounting period when the obligation arising from the related disturbance occurs based on the net present value of estimated future costs. Where there is a change in the expected decommissioning and restoration costs, an adjustment is recorded against the carrying amount of the provision and the cost of inventory produced in the period. Provision for close-down and restoration costs does not include any additional obligations which are expected to arise from future disturbance. The cost estimates are reviewed and revised at end of each reporting period to reflect changes in conditions.

(p) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

  (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

  (vi) The entity is controlled or jointly controlled by a person identified in (a).

  (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Related parties *(continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(q) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Provision for close-down, restoration and environmental costs

The provision is reviewed regularly to ensure that it properly reflects the remaining obligations arising from the current and past mining activities. Provision for close-down, restoration and environmental costs is determined by management based on their past experience and best estimation of future expenditures, after taking into account existing relevant regulations in Indonesia. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future years, the estimate of the associated costs may be subject to revision from time to time. Further details are set out in Note 24.

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5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(b) Reserve estimates

Coal reserves are amortised on the units-of-production method. Reserves are estimates of the amount of products that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transportation costs, commodity demand and commodity prices.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgments and calculations to interpret the data.

Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the followings:

(i) Asset carrying values may be affected due to changes in estimated future cash flows.

(ii) Depreciation, depletion and amortisation charges in profit or loss may change where such charges are determined by the units-of-production basis, or where the useful economic lives of assets change.

(iii) Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

(iv) The carrying value of deferred tax may change as a result of changes in the asset carrying values as discussed above.

(c) Carrying value of non-current assets and impairment of assets

Non-current assets, including property, plant and equipment, and prepaid lease payments were carried at cost less accumulated depreciation and amortisation, where appropriate, and impairment losses. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position. In addition, the Company also assessed the impairment on its interests in subsidiaries, details of which are set out in Note 34.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(d) Useful lives of property, plant and equipment

Management determines the estimated useful lives of and related depreciation charges for its items of property, plant and equipment save as mining property as mentioned in Note 5 (b) above. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(e) Capitalised stripping costs

The Group capitalises stripping (waste removal) costs incurred during the production phase to the extent that the actual waste to ore ratio is higher than the expected ratio. This calculation requires the use of judgments and estimates relating to the expected tonnes of waste to be removed over the life of the identified mining area (the "Identified Mining Area") and the expected economically recoverable reserves to be extracted as a result. Changes in a mine's life and design of the Identified Mining Area will usually result in changes to the average life of mine stripping ratio of the Identified Mining Area. These changes are accounted for prospectively.

(f) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the group entities. In determining the functional currencies of the group entities, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

(g) Determination and classification of lease arrangements

In assessing whether the Group's arrangements contain a lease, the Group's management takes into consideration the key terms of each arrangement with reference to HK(IFRIC) 4. The Group's management further assesses whether a lease arrangement shall be classified as a finance lease or an operating lease based on the key terms of the lease arrangement with reference to HKAS 17.

NOTES TO THE FINANCIAL STATEMENTS

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6. SEGMENT REPORTING

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 of 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 segment comprised the freight management service from time chartering, and the provision of floating storage and relevant logistics services for crude oil and petrochemical products.

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.

The following is an analysis of the Group's reportable segments.

(a) Reportable segments

	Mining		Shipping		Total	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Reportable segment revenue	**1,210,958**	935,702	**50,559***	26,724*	**1,261,517**	962,426
Intersegment sales	**–**	–	**(27,049)**	(1,110)	**(27,049)**	(1,110)
Revenue from external customers	**1,210,958**	935,702	**23,510**	25,614	**1,234,468**	961,316
Reportable segment profit	**235,234**	176,129	**21,630**	27,639	**256,864**	203,768
Interest income	**235**	167	**20**	6	**255**	173
Finance costs	**(22,339)**	(28,853)	**(636)**	–	**(22,975)**	(28,853)
Depreciation and amortisation	**(134,928)**	(118,152)	**(5,848)**	–	**(140,776)**	(118,152)
Reportable segment assets	**3,620,352**	3,567,633	**366,476**	44,339	**3,986,828**	3,611,972
Additions to non-current assets	**139,449**	405,363	**181,891**	–	**321,340**	405,363
Reportable segment liabilities	**(1,314,008)**	(1,270,426)	**(183,169)**	(12,984)	**(1,497,177)**	(1,283,410)

* The shipping segment revenue includes floating storage service income of HK$3,206,000 (2014: HK$Nil) and the net revenue arising from the chartering income of HK$131,711,000 (2014: HK$96,777,000) minus the chartering cost of HK$84,358,000 (2014: HK$70,053,000).

6. SEGMENT REPORTING *(continued)*

(b) Geographical information

The following table provides an analysis of 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").

	Revenue from external customers		**Specified non-current assets**	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Indonesia (place of domicile)	**1,234,468**	961,316	**2,850,445**	2,849,946
The People's Republic of China (the "PRC") and Hong Kong	**–**	–	**91**	40,787
Singapore	**–**	–	**299,883**	123,840
	1,234,468	961,316	**3,150,419**	3,014,573

The Group does not generate significant revenue from Bermuda, its place of incorporation nor Hong Kong where the Company's shares are listed. In the opinion of directors, the place of domicile is considered as Indonesia where the majority of the Group's operations is located.

The revenue information above is based on the location of customers.

(c) Information about a major customer

Revenue from one major customer (2014: one major customer) of the Group's mining segment amounted to HK$409,069,000 (2014: HK$340,836,000) which represented 10% or more of the Group's revenue for the current year.

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6. SEGMENT REPORTING *(continued)*

(d) Reconciliation of reportable segment profit, assets and liabilities

	2015 HK$'000	2014 HK$'000
Profit before income tax:		
Reportable segment profit	**256,864**	203,768
Unallocated corporate expenses and finance costs	**(44,049)**	(51,197)
Consolidated profit before income tax	**212,815**	152,571
Assets:		
Reportable segment assets	**3,986,828**	3,611,972
Unallocated corporate assets	**42,326**	64,466
Consolidated total assets	**4,029,154**	3,676,438
Liabilities:		
Reportable segment liabilities	**1,497,177**	1,283,410
Unallocated convertible bonds	**–**	121,119
Unallocated corporate liabilities	**25,180**	26,345
Consolidated total liabilities	**1,522,357**	1,430,874

7. 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.

	2015 HK$'000	2014 HK$'000
Sale of coals	**1,210,958**	935,702
Time charter income	**20,304**	25,614
Floating storage service income	**3,206**	–
	1,234,468	961,316

8. OTHER INCOME AND OTHER GAINS

	2015 HK$'000	2014 HK$'000
Other income	**7,388**	5,512
Interest income	**263**	173
Gain on disposal of property, plant and equipment	**2,079**	1,123
	9,730	6,808

9. PROFIT FOR THE YEAR

This is arrived at after charging:

	2015 **HK$'000**	2014 HK$'000
Cost of services	**19,672**	26,047
Cost of inventories	**844,307**	629,236
	863,979	655,283
Staff costs (Note 10)	**78,454***	83,426*
Depreciation and amortisation of property, plant and equipment	**140,823***	118,152*
Release of prepaid lease payments	**1,346**	547
Auditors' remuneration	**1,435**	1,544
Provision for close-down, restoration and environmental costs	**–**	1,355
Impairment of other receivables	**–**	27,609

* Cost of inventories includes HK$102,796,000 (2014: HK$86,055,000) relating to staff costs, depreciation of property, plant and equipment excluding mining property, and provision for close-down, restoration and environmental costs for which the amounts are also included in the respective total amounts disclosed separately above.

The amortisation charge for mining property included in property, plant and equipment for the year is included in the Group's cost of inventories in the consolidated income statement.

10. STAFF COSTS

	2015 **HK$'000**	2014 HK$'000
Staff costs (including directors' remuneration) comprises:		
Salaries and other benefits	**76,157**	80,986
Post-employment benefit contributions	**2,297**	2,440
	78,454	83,426

NOTES TO THE FINANCIAL STATEMENTS

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11. DIRECTORS' REMUNERATION

The remunerations paid or payable to each of the directors and the chief executive during the year are as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Post-employment benefit contributions HK$'000	Total HK$'000
2015:				
Executive directors:				
Mr. Wong Man Hung, Patrick (Vice Chairman)	58	623	7	688
Mr. Ng Xinwei (Chief Executive Officer)	100	3,663	102	3,865
Ms. Lim Beng Kim, Lulu	100	–	–	100
Mr. Ashok Kumar Sahoo (Chief Financial Officer)	100	2,934	102	3,136
Mr. Rashid Bin Maidin	80	–	–	80
Mr. Ambrish L. Thakker	33	–	–	33
Non-executive directors:				
Mr. Ng Say Pek (Non-executive Chairman)	100	–	–	100
Mrs. Chen Chou Mei Mei	90	–	–	90
Mr. Shiu Shu Ming	100	1,048	17	1,165
Independent non-executive directors:				
Mr. Chong Lee Chang	130	–	–	130
Mr. Chan Cheong Yee	130	–	–	130
Mr. Siu Kin Wai	150	–	–	150
Mr. Terence Chang Xiang Wen	120	–	–	120
	1,291	8,268	228	9,787

11. DIRECTORS' REMUNERATION *(continued)*

	Fees HK$'000	Salaries and other benefits HK$'000	Post-employment benefit contributions HK$'000	Total HK$'000
2014:				
Executive directors:				
Mr. Rashid Bin Maidin (Vice Chairman)	100	–	–	100
Mr. Ng Xinwei (Chief Executive Officer)	100	13,170	59	13,329
Ms. Lim Beng Kim, Lulu	100	–	–	100
Mr. Ambrish L. Thakker (Chief Marketing Officer)	67	–	–	67
Mr. Ashok Kumar Sahoo (Chief Financial Officer)	67	560	–	627
Mr. Shiu Shu Ming (Chief Investment Officer)	100	999	10	1,109
Non-executive directors:				
Mrs. Chen Chou Mei Mei	90	–	–	90
Mr. Ng Say Pek (Non-executive Chairman)	67	11,736	–	11,803
Independent non-executive directors:				
Mr. Chong Lee Chang	130	–	–	130
Mr. Chan Cheong Yee	130	–	–	130
Mr. Siu Kin Wai	150	–	–	150
Mr. Terence Chang Xiang Wen	80	–	–	80
	1,181	26,465	69	27,715

None of the directors has waived or agreed to waive any emolument paid or payable by the Group during the year ended 31 March 2015 (2014: HK$Nil).

12. FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION

Of the five individuals with highest emoluments in the Group, four (2014: four) were directors of the Company, whose emoluments are included in the disclosures in Note 11 above. The emolument of the remaining one (2014: one) individual is as follows:

	2015 HK$'000	2014 HK$'000
Salaries and other benefits	**1,037**	950
Post-employment benefit contributions	**17**	14
	1,054	964

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

12. FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION *(continued)*

The emoluments paid or payable to members of senior management are within the following bands.

	2015 Number of individuals	2014 Number of individuals
HK$Nil to HK$1,000,000	**13**	9
HK$1,000,001 to HK$1,500,000	**1**	1
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**1**	–
HK$11,500,001 to HK$12,000,000	**–**	1
HK$13,000,001 to HK$13,500,000	**–**	1

13. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Imputed interest on convertible bonds (Note 27)	**8,016**	22,192
Interest charged under finance leases*	**13,495**	20,526
Interest on secured bank borrowings wholly repayable within five years	**9,480**	8,327
	30,991	51,045

* Included in the above is interest of HK$Nil (2014: HK$84,000) charged under finance lease arrangements entered into between (i) the Group; and (ii) the non-controlling owner of a subsidiary and its related companies.

14. INCOME TAX

The amount of income tax in the consolidated income statement represents:

	2015 HK$'000	2014 HK$'000
Current tax – overseas		
– tax for the year	**48,401**	40,798
– (over)/under-provision in prior years	**(359)**	150
	48,042	40,948
Deferred tax (Note 26)		
– tax for the year	**(16,086)**	(9,095)
Income tax	**31,956**	31,853

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit. No provision for Hong Kong profits tax was made for the years ended 31 March 2015 and 2014 as the Company and its respective subsidiaries in Hong Kong incurred tax loss for both years.

14. INCOME TAX *(continued)*

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

Income tax for the year can be reconciled to the profit before income tax per the consolidated income statement as follows:

	2015 HK$'000	2014 HK$'000
Profit before income tax	**212,815**	152,571
Tax calculated at the prevailing domestic income tax rate of 16.5% (2014: 16.5%)	**35,114**	25,174
Effect of different tax rates of subsidiaries operating in other jurisdictions	**12,591**	17,629
Tax effect of expenses not deductible for tax purpose	**2,970**	33,234
Tax effect of income not taxable for tax purpose	**(20,392)**	(46,189)
Tax effect of tax losses not recognised	**2,026**	1,837
Tax effect of deductible temporary differences not recognised	**6**	18
(Over)/under-provision in prior years	**(359)**	150
Income tax for the year	**31,956**	31,853

15. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit for the year attributable to owners of the Company includes loss of approximately HK$20,297,000 (2014: approximately HK$51,198,000) which has been dealt with in the financial statements of the Company.

16. DIVIDENDS

	2015 HK$'000	2014 HK$'000
Interim dividend of HK$0.01 (2014: HK$Nil) per ordinary share and convertible preference share	**13,546**	–
Proposed final dividend of HK$0.01 (2014: HK$0.03) per ordinary share and convertible preference share	**14,208**	35,522
	27,754	35,522

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and has not been recognised as a liability at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

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17. EARNINGS PER SHARE

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

	2015 **HK$'000**	2014 HK$'000
Earnings		
Earnings attributable to owners of the Company for the purposes of basic earnings per share	**146,858**	115,194
Interest on convertible bonds	**8,016**	22,192
Earnings attributable to owners of the Company for the purposes of diluted earnings per share	**154,874**	137,386

	2015 **'000**	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,264,345**	831,068
Effect of dilution - weighted average number of ordinary shares:		
Convertible bonds	**88,357**	273,718
Share options	**26,338**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,379,040**	1,104,786

The computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options for year ended 31 March 2014 as the exercise price of those options was higher than the average market price for shares.

18. PROPERTY, PLANT AND EQUIPMENT

	Group								Company
	Buildings HK$'000	Mining property HK$'000	Mining-related plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Vessels HK$'000	Construction in progress HK$'000	Total HK$'000	Mining-related plant and machinery HK$'000
Cost									
At 1 April 2013	3,073	2,551,564	306,492	10,302	18,798	–	2,720	2,892,949	–
Exchange adjustments	(9)	–	(965)	(32)	(59)	–	(8)	(1,073)	–
Additions	4,584	27,252	217,082	9,293	7,348	123,840	6,564	395,963	–
Disposals	–	–	(6,612)	–	–	–	–	(6,612)	–
At 31 March 2014	7,648	2,578,816	515,997	19,563	26,087	123,840	9,276	3,281,227	–
Exchange adjustments	–	–	–	(7)	(203)	–	–	(210)	–
Additions	14,803	4,224	138,213	7,268	1,013	181,891	3,683	351,095	34,940
Disposals	–	–	(39,329)	(1,250)	(11)	–	(719)	(41,309)	–
At 31 March 2015	22,451	2,583,040	614,881	25,574	26,886	305,731	12,240	3,590,803	34,940
Accumulated depreciation and amortisation									
At 1 April 2013	421	137,680	64,040	3,040	2,602	–	–	207,783	–
Exchange adjustments	–	(812)	(203)	(10)	(8)	–	–	(1,033)	–
Provided for the year	391	68,740	43,150	3,498	2,373	–	–	118,152	–
Disposals	–	–	(5,560)	–	–	–	–	(5,560)	–
At 31 March 2014	812	205,608	101,427	6,528	4,967	–	–	319,342	–
Exchange adjustments	–	–	–	(1)	(197)	–	–	(198)	–
Provided for the year	762	71,772	54,701	4,964	2,776	5,848	–	140,823	–
Disposals	–	–	(4,250)	(100)	(1)	–	–	(4,351)	–
At 31 March 2015	1,574	277,380	151,878	11,391	7,545	5,848	–	455,616	–
Net carrying value									
At 31 March 2015	20,877	2,305,660	463,003	14,183	19,341	299,883	12,240	3,135,187	34,940
At 31 March 2014	6,836	2,373,208	414,570	13,035	21,120	123,840	9,276	2,961,885	–

As at 31 March 2015, the net carrying values of the Group's motor vehicles and plant and machinery held under finance leases amounted to HK$11,342,000 (2014: HK$13,705,000) and HK$180,263,000 (2014: HK$210,574,000), respectively. The Group's obligation under finance leases is secured by the lessor's charge over the leased assets.

As at 31 March 2015, the Group's mining-related plant and machinery with an aggregate carrying value of HK$16,354,000 (2014: HK$19,376,000) and vessels of HK$299,883,000 (2014: HK$Nil) were pledged to secure bank borrowings of the Group.

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18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Mining property represents mining right relating to the cash-generating unit of coal mining (the "Coal Mining CGU"). The Coal Mining CGU was acquired as part of the acquisition of the 60% equity interests in PT Rimau Indonesia ("PTRI") in prior years. The mining property was initially recognised at its fair value on acquisition with reference to professional valuations performed by Greater China Appraisal Limited, an independent firm of professionally qualified valuers. At subsequent reporting periods, mining property is measured using the cost model.

Amortisation is provided to write off the cost of the mining property using the units-of-production method based on the proven and probable mineral reserves under the assumption that the Group can renew the mining property till all proven and probable mineral reserves have been mined.

Cost of mining property as at 31 March 2015 include stripping activity assets of HK$44,912,000 (2014: HK$40,842,000) in relation to the Group's mine.

Details of the mining property of the Group at end of reporting period are as follows:

Mining property	**Location**	**Expiry date**
Open Cut Coal Resources and Reserves	Close to the town of Tamiang Layang, in the Barito Timur Regency, Central Kalimantan, Indonesia	December 2029

On 24 March 2014, the Group acquired 12 vessels in consideration of HK$124,480,000 (or equivalent to US$16 million) from a shareholder of the Company by the issue of 248,960,000 ordinary shares of the Company. The acquisition constituted a connected and major transaction of the Company. Further details were set out in the Company's circular dated 4 March 2014. The acquisition was considered as an acquisition of assets and liabilities and the consideration as settled by the Company's equity instruments which was an equity-settled share-based payment transaction. Accordingly, the fair value of the equity instruments recognised in the acquisition should be determined based on the fair value of the assets and liabilities acquired.

19. PREPAID LEASE PAYMENTS

As at 31 March 2015, the Group's prepaid lease payments represent leasehold land held in Indonesia under medium-term land use rights and are analysed for reporting purpose as follows:

Group	**2015** **HK$'000**	2014 HK$'000
Non-current assets	**15,232**	11,943

20. DEPOSITS PAID FOR CONSTRUCTION OF A PLANT

Group and Company

As at 31 March 2014, the balance represented deposits paid to PT Total Sinergy International ("TSI"), which is beneficially 25.5%-owned by a shareholder of the Company and 25.5%-owned by a holder of convertible bonds of the Company, in relation to construction of a plant of the Group (i.e. GEO-COAL Plant) with the coal upgrading technology namely GEO-COAL Technology which is developed and owned by TSI. During the year ended 31 March 2015, additional deposit of HK$1,935,000 was paid and the construction of the GEO-COAL Plant has been completed. Accordingly the cost of construction of the plant of HK$34,940,000 was transferred to the Company's and the Group's property, plant and equipment and HK$7,740,000 was charged to profit or loss as operating service fee of TSI. Further details are set out in Note 36(c).

21. INVENTORIES

Group	2015 HK$'000	2014 HK$'000
Coal	**32,100**	31,349

22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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:

Group	2015 HK$'000	2014 HK$'000
0-60 days	**130,330**	188,798
61-90 days	**16,029**	2
91-120 days	**27,552**	24
Over 120 days	**14,083**	12,022
	187,994	200,846

Before accepting any new customer, the Group will assess credit worthiness by customers. The customers are mostly renowned companies. Based on the past history, no significant recoverability problem is expected. Trade receivables that were neither past due nor impaired are customers who have a good repayment record with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK$187,732,000 (2014: HK$159,289,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 60 days for both years.

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31 March 2015

22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(continued)

Ageing of trade receivables which are past due but not impaired

	2015 HK$'000	2014 HK$'000
1-60 days	**130,068**	147,243
61-90 days	**16,029**	24
91-120 days	**27,552**	94
Over 120 days	**14,083**	11,928
	187,732	159,289

Movement in impairment loss recognised

Group	**2015 HK$'000**	2014 HK$'000
Balance at beginning and end of the year	**1,350**	1,350

A deposit of HK$27,609,000 was paid in the previous years for certain construction project relating to mining operation in Indonesia. During the year ended 31 March 2014, the construction project was determined not to proceed. However, relevant deposit paid was not refunded after repeated formal requisitions by management. In the opinion of directors, the deposit paid is not recoverable and accordingly full impairment loss of HK$27,609,000 was recognised in relation to other receivables, deposits and prepayments during the year ended 31 March 2014.

None of the other assets as recorded in other receivables, deposits and prepayments is either past due or impaired as at 31 March 2015 and 2014.

23. TRADE AND OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

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

Group	**2015 HK$'000**	2014 HK$'000
0-60 days	**196,167**	188,578
61-90 days	**1,554**	7,535
Over 90 days	**3,394**	43,051
	201,115	239,164

23. TRADE AND OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

(continued)

The average credit period on purchases of goods and services 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.

All other payables, accruals and deposits received are expected to be settled within one year.

24. PROVISION FOR CLOSE-DOWN, RESTORATION AND ENVIRONMENTAL COSTS

Group	**2015** **HK$'000**	2014 HK$'000
Balance at beginning of the year	**5,349**	3,958
Provided for the year	**–**	1,355
Exchange adjustments	**–**	36
Balance at end of the year	**5,349**	5,349

The current year provision for close-down, restoration and environmental costs of HK$Nil (2014: HK$1,355,000) in relation to the Group's mining property has been determined by the management and charged to profit or loss during the year. Mining activities may result in land subsidence, which could lead to losses to the residents of the mining areas. Pursuant to the relevant Indonesian regulations, the Group was required to make compensation payments to the residents for their losses resulting from land subsidence, or to restore the mining areas back to certain acceptable conditions.

The provision for close-down, restoration and environmental costs has been determined by management based on their past experience and best estimate of expenditure. However, in so far as the effect of the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to revision in the future. The amounts provided in relation to close-down, restoration and environmental costs are reviewed at least annually based upon the facts and circumstances available at the time and the provisions are updated accordingly. In the opinion of the directors, the above amounts might be requested to pay within twelve months from the end of the reporting period and therefore, the amounts have been classified under current liabilities.

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25. SECURED BANK BORROWINGS

Group	**2015 HK$'000**	2014 HK$'000
Bank borrowings are secured and repayable as follows:		
On demand or within one year	**192,537**	90,439
After one year but within two years	**28,096**	6,169
After two years but within five years	**126,551**	–
	347,184	96,608
Amount due within one year included in current liabilities	**(192,537)**	(90,439)
Amount due over one year included in non-current liabilities	**154,647**	6,169

The bank borrowings bear fixed interest rates ranging from 3.08% to 11.75% (2014: fixed interest rates ranging from 3.25% to 11.25%) per annum.

As at 31 March 2015 and 2014, certain property, plant and equipment of the Group were pledged to secure the bank borrowings of the Group (Note 18). Certain borrowings are also secured by the corporate guarantees of the Company and its certain subsidiaries; and a non-controlling owner of a subsidiary and its related company.

As at 31 March 2015, the Group had available undrawn committed banking facilities of HK$48,766,000 (2014: HK$39,783,000) in respect of which all conditions precedent were met.

	2015 HK$'000	2014 HK$'000
Bank borrowings of the Group were denominated in:		
Indonesia Rupiah ("IDR")	**72,865**	850
United States Dollars ("US$")	**274,319**	95,758
	347,184	96,608

26. DEFERRED TAX

The followings are the major deferred tax (liabilities)/assets recognised and movements thereon during the current and prior years:

Group

	Mining property HK$'000
At 1 April 2013	(597,197)
Credit to profit or loss (Note 14)	9,095
Exchange adjustments	(543)
At 31 March 2014	(588,645)
Credit to profit or loss (Note 14)	16,086
At 31 March 2015	(572,559)

At 31 March 2015, the Group has unused tax losses of HK$36,962,000 (2014: HK$24,683,000) available for offset against future assessable profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams on the respective entities of the Group with tax losses available for offsetting future assessable profits. Tax losses of the Group may be carried forward indefinitely.

27. CONVERTIBLE BONDS

On 4 June 2010, the Company issued zero-coupon convertible bonds (the "Convertible Bonds") at a total nominal value of HK$674,250,000 as part of the consideration of the business combinations. The Convertible Bonds have a maturity period of ten years from the date of issue and can be converted into ordinary shares of the Company at HK$1.5 each at the holders' option. If the Convertible Bonds have not been converted, they will be redeemed at the tenth anniversary of the date of issue of the Convertible Bonds at par.

During the year, the Convertible Bonds in total nominal value of HK$250,650,000 (2014: HK$162,600,000) have been converted into 167,100,000 (2014: 108,400,000) ordinary shares of the Company, and the Convertible Bonds have been fully converted as of 31 March 2015.

The carrying amount of the Convertible Bonds in issue was split into the equity and liability components. The fair value of the liability component was calculated using a market borrowing rate of 12.51% per annum at the date of issue. The residual amount net of the attributable issue expenses, representing the value of the equity conversion component, is included in shareholders' equity in the convertible bonds equity reserve.

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27. CONVERTIBLE BONDS *(continued)*

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

Group and Company	**2015 HK$'000**	2014 HK$'000
At beginning of the year	**121,119**	177,818
Conversion of shares of the Company	**(129,135)**	(78,891)
Imputed interest expense (Note 13)	**8,016**	22,192
At end of the year	**–**	121,119

28. SHARE CAPITAL

	Number of shares	**Amount HK$'000**
Authorised:		
Ordinary shares of HK$0.10 each:		
At 1 April 2013, 31 March 2014 and 2015	4,500,000,000	450,000
Convertible preference shares of HK$0.10 each (the "CPSs"):		
At 1 April 2013, 31 March 2014 and 2015	500,000,000	50,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each:		
At 1 April 2013	583,705,600	58,371
Exercise of share options (Note (i))	3,000,000	300
Conversion of Convertible Bonds (Note (ii))	108,400,000	10,840
Conversion of CPSs (Note (iii))	128,000,000	12,800
Issue of shares for acquisition of assets (Note 18)	248,960,000	24,896
At 31 March 2014	1,072,065,600	107,207
Exercise of share options (Note (i))	3,431,785	343
Conversion of Convertible Bonds (Note (ii))	167,100,000	16,710
Conversion of CPSs (Note (iii))	112,000,000	11,200
At 31 March 2015	1,354,597,385	135,460

28. SHARE CAPITAL *(continued)*

Notes:

(i) During the year ended 31 March 2015, options were exercised to subscribe for 3,431,785 (2014: 3,000,000) ordinary shares of the Company at a total consideration of approximately HK$3,844,000 (2014: HK$1,500,000) of which HK$343,000 (2014: HK$300,000) was credited to share capital and HK$3,501,000 (2014: HK$1,200,000) was credited to the share premium account. An amount of HK$676,000 (2014: HK$476,000) was transferred from share option reserve to the share premium account.

(ii) As set out in Note 27, the Company's Convertible Bonds with principal value of HK$250,650,000 (2014: HK$162,600,000) were converted into 167,100,000 (2014: 108,400,000) ordinary shares of the Company at the conversion prices of HK$1.5 per share. HK$129,135,000 (2014: HK$78,891,000) was released from liability component of the Convertible Bonds, of which HK$16,710,000 (2014: HK$10,840,000) was credited to share capital and HK$112,425,000 (2014: HK$68,051,000) was credited to share premium account. An amount of HK$117,966,000 (2014: HK$76,526,000) was transferred from convertible bonds equity reserve to share premium account.

(iii) As set out in Note 29, the Company's CPSs with principal value of HK$168,000,000 (2014: HK$192,000,000) were converted into 112,000,000 (2014: 128,000,000) ordinary shares of the Company at a fixed conversion price of HK$1.5 per ordinary share. HK$116,004,000 (2014: HK$132,575,000) was released from convertible preference shares reserve, of which HK$11,200,000 (2014: HK$12,800,000) was credited to share capital and HK$104,804,000 (2014: HK$119,775,000) was credited to share premium account.

29. CONVERTIBLE PREFERENCE SHARES

On 4 June 2010, the Company issued 240,000,000 CPSs at a total nominal value of HK$360,000,000 as part of the consideration for the business combinations. The conversion price of the CPSs is fixed at HK$1.5 per ordinary share and can be converted into ordinary shares without a maturity date. Neither the Company nor the holder of the CPS shall have any right to redeem the CPSs, other than for the purpose of conversion of the CPSs pursuant to the terms thereof. The CPSs shall at all times rank (a) in priority to the ordinary shares of the Company and any other shares of the Company as to return of capital; and (b) pari passu with ordinary shares of the Company in issue as to dividends. The gross fair value of the CPSs, at the initial recognition, was HK$249,084,000. An amount of HK$248,579,000, net of professional issue expenses of HK$505,000, was credited to the convertible preference shares reserve.

During the year, the holders of CPSs converted 112,000,000 (2014: 128,000,000) CPSs at a total nominal value of HK$168,000,000 (2014: HK$192,000,000) into 112,000,000 (2014: 128,000,000) ordinary shares of the Company, and the CPSs have been fully converted as of 31 March 2015.

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30. RESERVES OF THE COMPANY

	Share premium HK$'000	Contributed surplus HK$'000	Convertible preference shares reserve HK$'000	Convertible bonds equity reserves HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 April 2013	335,108	30,748	248,579	194,492	6,030	6,780	–	821,737
Profit and other comprehensive income for the year	–	–	–	–	–	66,042	–	66,042
Conversion of convertible preference shares	119,775	–	(132,575)	–	–	–	–	(12,800)
Conversion of convertible bonds	144,577	–	–	(76,526)	–	–	–	68,051
Issue of shares for acquisition of assets	99,584	–	–	–	–	–	–	99,584
Exercise of share options	1,676	–	–	–	(476)	–	–	1,200
Proposed final dividend 2014	–	–	–	–	–	(35,522)	35,522	–
At 31 March 2014	700,720	30,748	116,004	117,966	5,554	37,300	35,522	1,043,814
Profit and other comprehensive income for the year	–	–	–	–	–	78,771	–	78,771
Conversion of convertible preference shares	104,804	–	(116,004)	–	–	–	–	(11,200)
Conversion of convertible bonds	230,391	–	–	(117,966)	–	–	–	112,425
Exercise of share options	4,177	–	–	–	(676)	–	–	3,501
Dividends paid/declared	–	–	–	–	–	(13,546)	(35,522)	(49,068)
Proposal final dividend 2015	–	–	–	–	–	(14,208)	14,208	–
At 31 March 2015	1,040,092	30,748	–	–	4,878	88,317	14,208	1,178,243

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of a previous group reorganisation less amounts utilised on bonus issue of shares plus the credit arising from the capital reduction in 2001.

31. LEASES

Finance leases

Future lease payments are due as follows:

Group	Minimum lease payments 2015 HK$'000	Future interest 2015 HK$'000	Present value 2015 HK$'000
Not later than one year	**72,785**	**12,367**	**60,418**
Later than one year and not later than five years	**12,500**	**2,415**	**10,085**
	85,285	**14,782**	**70,503**

	Minimum lease payments 2014 HK$'000	Future interest 2014 HK$'000	Present value 2014 HK$'000
Not later than one year	68,713	9,778	58,935
Later than one year and not later than five years	95,419	18,193	77,226
	164,132	27,971	136,161

The present values of future lease payments are analysed as:

Group	2015 HK$'000	2014 HK$'000
Current liabilities	**60,418**	58,935
Non-current liabilities	**10,085**	77,226
	70,503	136,161

As at 31 March 2015, included in the obligation under finance lease is an aggregate amount of HK$Nil (2014: HK$923,000) which arises from the finance lease arrangements entered into between (i) the Group and (ii) the non-controlling owner of a subsidiary and its related companies.

Operating lease – lessee

The Group paid minimum lease payments of HK$1,526,000 (2014: HK$2,552,000) and HK$19,672,000 (2014: HK$25,551,000) under operating leases in respect of rented premises and leasing of a road in Indonesia for mining operation, respectively.

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31. LEASES *(continued)*

Operating lease – lessee *(continued)*

At the end of the reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises and the road which will fall due as follows:

Group	**2015** **HK$'000**	2014 HK$'000
Within one year	**22,089**	10,796
In the second to fifth years inclusive	**85,417**	96,812
After five years	**53,361**	82,620
	160,867	190,228

Operating lease payments represent rentals payable by the Group for certain of its office premises and a road for mining operation in Indonesia. Leases of office premises are negotiated for an average term of 1 to 2 years with fixed rentals. Lease of the road in Indonesia is negotiated for a term of 10 years. The yearly rentals are fixed for the 10-year period.

During the current and prior years, the Group entered into time charter agreements with an independent third party to charter certain vessels for the Group's shipping sub-letting operation. Leases of time charter of vessels are negotiated for term of 1 year with their rentals committed based on weight of products transported.

Operating lease – lessor

As at 31 March 2015, the Group has future aggregate minimum lease receivable in respect of its floating storage service under non-cancellable operating leases in respect of its vessels which fall due as follows:

Group	**2015** **HK$'000**	2014 HK$'000
Within one year	**44,474**	–

Leases of the vessels are negotiated for a term within one year.

32. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

Group	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash), at amortised cost	**834,410**	618,088
Financial liabilities		
Financial liabilities, at amortised cost	**782,044**	717,862

Company	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash), at amortised cost	**1,420,217**	1,285,504
Financial liabilities		
Financial liabilities, at amortised cost	**142,112**	175,428

The carrying amounts of financial assets and financial liabilities of the Group and the Company approximate to their fair values.

33. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme adopted since 28 August 2002 (the "Old Scheme") was expired on 27 August 2012. As at the end of the reporting period, 24,818,215 share options under the Old Scheme were outstanding and detailed in table below.

On 10 October 2012, the Company adopted a new share option scheme (the "New Scheme") for the primary purpose to attract, retain and motivate talented employees, executive and non-executive directors and consultants of the Company or any subsidiaries or associated companies or such persons who from time to time are determined by the board of directors (the "Board") at its discretion as having contributed to the Group based on his/her performance and/or years of services, or it regarded as valuable resources and other relevant factors (the "Participants"), to strive for future developments and expansion of the Group. The New Scheme will expire on 9 October 2022.

Under the New Scheme, the Board of the Company may grant options to the Participants to subscribe for shares in the Company at a price equal to the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the offer date, which must be a trading day; (ii) a price being the average of the closing prices of shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer date; and (iii) the nominal value of a share, subject to a maximum of 58,370,560 shares, representing approximately 10% of the issued share capital of the Company, as at the date of the approval of the refreshment of New Scheme mandate limit.

The total number of shares which may be issued and to be issued upon exercise of all exercised and/or outstanding options granted to each of the Participants shall not in aggregate exceed 1% of the relevant class of securities of the Company in issue in any 12-month periods.

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33. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

All options granted shall be accepted within 21 days and have taken effect when the duplicate letter comprising acceptance of the options signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company.

The following table discloses movements during both years in the Company's share option scheme:

Category	Date of grant	Exercisable period	Exercise price per share (HK$)	Number of share options At 1/4/2013	Exercised	At 31/3/2014	Exercised	Transferred	At 31/3/2015
1. Directors									
Mr. Ng Xinwei	30/8/2010	30/8/2010 to 29/8/2020	1.120	2,750,000	–	2,750,000	–	–	2,750,000
Ms. Lim Beng Kim, Lulu	30/8/2010	30/8/2010 to 29/8/2020	1.120	1,500,000	–	1,500,000	–	–	1,500,000
Mr. Shiu Shu Ming	30/8/2010	30/8/2010 to 29/8/2020	1.120	2,750,000	–	2,750,000*	–	–	2,750,000*
				7,000,000	–	7,000,000	–	–	7,000,000
2. Associate of shareholder									
Ms. Lim Chek Hwee	30/8/2010	30/8/2010 to 29/8/2020	1.120	3,000,000	–	3,000,000	–	–	3,000,000
3. Employees in aggregate	30/8/2010	30/8/2010 to 29/8/2020	1.120	1,500,000	–	1,500,000	(481,785)	850,000	1,868,215
4. Consultants in aggregate	30/8/2010	30/8/2010 to 29/8/2020	1.120	15,750,000	–	15,750,000	(2,450,000)	(850,000)	12,450,000
	18/3/2011	18/3/2011 to 17/3/2021	1.122	1,000,000	–	1,000,000	(500,000)	–	500,000
	27/8/2012	27/8/2012 to 26/8/2022	0.500	3,000,000	(3,000,000)	–	–	–	–
				19,750,000	(3,000,000)	16,750,000	(2,950,000)	(850,000)	12,950,000
				31,250,000	(3,000,000)	28,250,000	(3,431,785)	–	24,818,215

* The share options were granted to the grantee as an employee instead of a director at the date of grant.

The exercise price of share options outstanding at the end of the year ranged from HK$1.12 to HK$1.122 (2014: HK$1.12 to HK$1.122) and their weighted average remaining contractual life was 5.44 years (2014: 6.47 years).

Of the total number of share options outstanding at the end of the year, 24,818,215 (2014: 28,250,000) had vested and were exercisable at the end of the year.

33. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

During the year, 3,431,785 (2014: 3,000,000) share options were exercised.

In respect of the share options exercised in current year, the average market share price at the dates of exercise was HK$1.81 (2014: HK$0.95).

No share option was granted during the year (2014: Nil).

34. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015 HK$'000	2014 HK$'000
Unlisted shares, at cost	**134**	2

The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment. Accumulated impairment loss on amounts due from subsidiaries of HK$35,867,000 (2014: HK$34,935,000) was recognised as at 31 March 2015 because the related recoverable amounts of the amounts due from subsidiaries were estimated to be less than their carrying amounts. Accordingly, the carrying amounts of the related amounts due therefrom are reduced to their recoverable amounts.

The following list contains only the particulars of the principal subsidiaries as at 31 March 2015 which principally affect the results, assets or liabilities of the Group as the directors are of the opinion that a full list of all the subsidiaries would be of excessive length.

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Proportion of effective equity interests held by the Company 2015	2014	Principal activities
Newtone Management Limited	Hong Kong	HK$1	**100%***	100%*	Provision of administrative services
Sea Oriental Line Pte. Ltd. (formerly known as Rimau Shipping Pte. Ltd.)	Singapore	US$16,000,000 and Singapore Dollars ("SGD") 3,600,000	**100%**	100%	Provision of shipping freight management services
Sea Equatorial Limited	Marshall Islands	US$1	**100%**	N/A	Ownership of vessel
Agritrade Resources Asia Pte Ltd.	Singapore	US$3,000,000 and SGD100	**100%**	100%	Coal sales and marketing
PT Megastar Indonesia	Indonesia	IDR45,000,000,000	**95%**	95%	Provision of logistics services
PT Senamas Energindo Mineral ("PT SEM")	Indonesia	IDR1,250,000,000	**57%**	57%	Coal trading

* directly held by the Company

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35. NON-CONTROLLING INTERESTS

PTRI, a company incorporated and operated in Indonesia, is a 60%-owned subsidiary of the Company and it owns 95% equity interest in PT SEM. The Group has material non-controlling interests ("NCI") which represent effective 40% ownership interest in PTRI and 43% proportional ownership interest in PT SEM. The NCIs of all other subsidiaries that are not 100%-owned by the Group are considered to be immaterial.

Summarised financial information in relation to sub-group of PTRI is presented below:

	2015 HK$'000	2014 HK$'000
For the year ended 31 March		
Revenue	**881,271**	748,619
Profit for the year	**77,785**	9,288
Total comprehensive income	**78,043**	9,288
Profit allocated to NCIs	**33,448**	4,572
Dividends paid to NCIs	**–**	–
For the year ended 31 March		
Cash flows from operating activities	**305,133**	227,575
Cash flows from investing activities	**(169,719)**	(256,584)
Cash flows from financing activities	**2,170**	70,699
Net cash inflows	**137,584**	41,690

	2015 HK$'000	2014 HK$'000
As at 31 March		
Current assets	**559,868**	394,945
Non-current assets	**2,815,466**	2,849,888
Current liabilities	**(640,438)**	(535,635)
Non-current liabilities	**(652,779)**	(673,295)
Net assets	**2,082,117**	2,035,903
Accumulated NCIs	**905,128**	871,572

36. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Save for those disclosed elsewhere in these financial statements, details of transactions between the Group and other related parties are disclosed below.

(a) During the year, the Group entered into the following transactions with related parties:

	2015 HK$'000	2014 HK$'000
Sales to a shareholder of the Company	**95,536**	101,935
Production fee paid to a non-controlling owner of a subsidiary	**9,650**	9,572

(b) Amounts with related parties are summarised below:

	2015 HK$'000	**Maximum amount outstanding during the year** HK$'000	2014 HK$'000
(i) Amounts due from:			
– Related company of a non-controlling owner of a subsidiary	**50,800**	50,800	19,174
– Shareholder of the Company	**22,246**	22,246	–
Amounts included in current assets	**73,046**		19,174
(ii) Amounts due to:			
– Non-controlling owner of a subsidiary (Mr. Ridwan Andi Wittiri)	**–**		9,572
– Non-controlling owner of a subsidiary and its related companies	**1,087**		–
Amounts included in current liabilities	**1,087**		9,572

The balances with the above related parties are unsecured, interest-free and repayable on demand or within one year after the end of reporting period.

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36. RELATED PARTY TRANSACTIONS *(continued)*

(c) On 23 June 2011, the Group entered into an agreement with TSI, pursuant to which the Group has agreed a series of co-operation with TSI in the GEO-COAL Technology which includes: (i) appointing TSI to manage the design, building and installation of the GEO-COAL Plant; (ii) operation and maintenance of the GEO-COAL Plant by utilising the GEO-COAL Technology; (iii) granting licenses of the GEO-COAL Technology to the Group by TSI; and (iv) granting the Group the pre-emptive right to distribute the GEO-COAL Technology in the PRC by TSI.

Pursuant to the agreement, TSI is appointed by the Group as the project manager to design, build and install the GEO-COAL Plant to apply the GEO-COAL Technology.

Upon the commencement of production after the completion of the building, installation, trail running of the GEO-COAL Plant, the Group would appoint TSI to provide operating and maintaining services for the GEO-COAL Plant for an initial period of three years, by charging an operating and maintenance fee at US$4 per tonne of the processed coal. The engagement of TSI in providing the operating and maintaining services is subject to completion of the GEO-COAL Plant and the acceptance of the delivery of the GEO-COAL Plant from TSI by the Group.

Deposits of HK$40,745,000 were paid by the Group in relation to the construction of the GEO-COAL Plant as at 31 March 2014.

To facilitate the production of the GEO-COAL Plant and the future development of the Group by adopting the GEO-COAL Technology, TSI agreed to grant the Group a non-exclusive and non-transferable licence to use, apply and exploit the GEO-COAL Technology. TSI will charge the Group a royalty amounting US$4 per tonne on the processed coal, and the Group will undertake the annual royalty of the GEO-COAL Plant shall not be less than US$1,000,000. TSI further grants the Group the extended licences to apply and adopt the GEO-COAL Technology to upgrade low rank coal in other coal mines directly or indirectly owned or operated by the Group. Detailed commercial terms of the extended licences will be subject to the agreement of TSI and the Group.

To facilitate the promotion of the GEO-COAL Technology, TSI grants the Group the pre-emptive right of distributing, applying and exploiting the GEO-COAL Technology in the PRC. Further terms relating to the distribution and licensing operations of the GEO-COAL Technology in the PRC will be subject to the agreement of TSI and the Group.

Further details are set out in the Company's announcements dated 7 April 2011 and 23 June 2011.

During the year ended 31 March 2015, the construction of the GEO-COAL Plant has been completed (Note 20).

(d) Members of key management during the year comprised only the directors whose remuneration is set out in Note 11.

37. COMMITMENTS

Capital commitments outstanding at the end of reporting period in the financial statements are as follows:

Group and Company	2015 HK$'000	2014 HK$'000
Capital commitments		
Construction of buildings, contracted but not provided for	–	1,548

38. SIGNIFICANT NON-CASH TRANSACTIONS

Save for those disclosed elsewhere in these financial statements, details of significant non-cash transactions were set out below:

(a) During the year ended 31 March 2014, certain property, plant and equipment with net book value of HK$1,052,000 were disposed to certain suppliers by offsetting respective accounts payable amounted to HK$2,175,000.

(b) During the year ended 31 March 2014, the Group acquired vessels at a consideration of HK$123,840,000 from a substantial shareholder of the Company. The entire consideration was settled by the issuance of ordinary shares of the Company during the year ended 31 March 2014.

39. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables, secured bank borrowings and obligation under finance leases. Details of the financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall strategy remains unchanged from prior year.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to certain of its floating-rate bank balances. The Group is also exposed to fair value interest rate risk related to the fixed-rate bank deposits, and fixed-rate bank borrowings. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. No sensitivity analysis was performed for floating-rate bank balances as the directors consider the amount is insignificant.

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39. FINANCIAL RISK MANAGEMENT *(continued)*

Credit risk

In order to manage the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than the concentration of credit risk by geographical location, which is mainly in Indonesia and accounted for 90% (2014: mainly in Indonesia and accounted for 87%) of the total trade receivables as at 31 March 2015, the Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms as well as derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of the financial instruments based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

39. FINANCIAL RISK MANAGEMENT *(continued)*

Liquidity risk *(continued)*

Group	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
2015						
Non-derivative financial liabilities						
Trade payables	**201,115**	**–**	**–**	**–**	**201,115**	**201,115**
Other payables and accruals	**162,155**	**–**	**–**	**–**	**162,155**	**162,155**
Secured bank borrowings	**208,004**	**32,469**	**132,762**	**–**	**373,235**	**347,184**
Amounts due to related parties	**1,087**	**–**	**–**	**–**	**1,087**	**1,087**
Obligation under finance leases	**72,785**	**12,500**	**–**	**–**	**85,285**	**70,503**
	645,146	**44,969**	**132,762**	**–**	**822,877**	**782,044**
2014						
Non-derivative financial liabilities						
Trade payables	239,164	–	–	–	239,164	239,164
Other payables and accruals	115,238	–	–	–	115,238	115,238
Secured bank borrowings	91,566	6,303	–	–	97,869	96,608
Amounts due to related parties	9,572	–	–	–	9,572	9,572
Obligation under finance leases	68,713	82,706	12,713	–	164,132	136,161
Convertible bonds	–	–	–	250,650	250,650	121,119
	524,253	89,009	12,713	250,650	876,625	717,862

Company	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
2015						
Accruals and other payables	**25,061**	**–**	**–**	**–**	**25,061**	**25,061**
Amounts due to subsidiaries	**117,051**	**–**	**–**	**–**	**117,051**	**117,051**
	142,112	**–**	**–**	**–**	**142,112**	**142,112**
Financial guarantee issued and maximum amount guaranteed	**116,874**	**–**	**–**	**–**	**–**	**–**
2014						
Accruals and other payables	26,345	–	–	–	26,345	26,345
Amounts due to subsidiaries	27,964	–	–	–	27,964	27,964
	54,309	–	–	–	54,309	54,309
Financial guarantee issued and maximum amount guaranteed	–	–	–	–	–	–

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31 March 2015

39. FINANCIAL RISK MANAGEMENT *(continued)*

Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to the risk are primarily SGD and IDR. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$ exchange rate, with all other variables held constant, of the Group's profit before income tax (due to changes in the fair value of monetary assets and liabilities).

Group	**Increase/ (decrease) in profit before income tax** HK$'000
2015	
If the IDR strengthens/(weakens) against the US$ by 5%	**1,575**
If the SGD strengthens/(weakens) against the US$ by 5%	**1,225**
2014	
If the IDR strengthens/(weakens) against the US$ by 5%	2,070
If the SGD strengthens/(weakens) against the US$ by 5%	1,472

Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities, recorded at amortised cost in the consolidated financial statements approximate their fair values.

39. FINANCIAL RISK MANAGEMENT *(continued)*

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No financial instrument is recognised at fair value by the Group and the Company during the year.

40. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total borrowings include current and non-current borrowings as shown in the consolidated statement of financial position (the "Borrowings"), including secured bank borrowings, amounts due to related parties, obligation under finance leases and convertible bonds. Total capital is calculated as "Equity attributable to owners of the Company", as shown in the consolidated statement of financial position, plus "Borrowings". The gearing ratios of the Group at 31 March 2015 and 2014 are as follows:

	2015 **HK$'000**	2014 HK$'000
Total borrowings	**418,774**	363,460
Equity attributable to owners of the Company	**1,600,189**	1,373,068
Total capital	**2,018,963**	1,736,528
Gearing ratio	**21%**	21%

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Group has no plan to use special measures to adjust its gearing ratio in the foreseeable future.

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41. CONTINGENT LIABILITIES

The Company provided corporate guarantee to secure bank borrowing facilities of its subsidiaries and HK$116,874,000 (2014: HK$Nil) of which was utilised as at 31 March 2015.

42. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) Pursuant to the coal supply agreement entered into between PT SEM, an indirect non-wholly owned subsidiary of the Company, as supplier and Agritrade International as purchaser on 4 June 2012, PT SEM agreed to supply and Agritrade International agreed to purchase coal, which constituted continuing connected transactions of the Group. Pursuant to the coal supply agreement entered into between PT SEM and Agritrade International on 31 March 2015, PT SEM agreed to supply and Agritrade International agreed to purchase up to 700,000 metric tonnes of coal annually for each of the years ending 31 March 2016, 31 March 2017 and 31 March 2018, which were approved by independent shareholders in a special general meeting on 11 May 2015. Further details are set out in the Company's announcements dated 31 March 2015 and 11 May 2015 and circular dated 23 April 2015.

(b) On 18 May 2015, the Company entered into the placing agreement with a placing agent. Pursuant to the placing agreement, the Company appointed the placing agent to procure not less than six placees who are independent third parties to subscribe for up to 65,000,000 placing shares at a price of HK$1.55 per placing share on a best effort basis, which has been completed on 8 June 2015. Further details are set out in the Company's announcements dated 18 May 2015 and 8 June 2015.

FINANCIAL SUMMARY

RESULTS

The consolidated results, assets and liabilities of the Group for the last five financial years as extracted from the audited financial statements of the Group and restated as appropriate are summarised below:

	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Revenue					
– continuing operation	216,639	427,225	700,891	961,316	**1,234,468**
– discontinued operation	18,602	109,074	125,251	–	**–**
	235,241	536,299	826,142	961,316	**1,234,468**
Profit/(loss) before income tax					
– continuing operation	32,991	44,035	127,149	152,571	**212,815**
– discontinued operation	5,669	(21,365)	659	–	**–**
	38,660	22,670	127,808	152,571	**212,815**
Income tax credit/(expense)					
– continuing operation	3,474	(20,812)	(38,982)	(31,853)	**(31,956)**
– discontinued operation	–	305	–	–	**–**
	3,474	(20,507)	(38,982)	(31,853)	**(31,956)**
Profit/(loss)for the year					
– continuing operation	36,465	23,223	88,167	120,718	**180,859**
– discontinued operation	5,669	(21,060)	659	–	**–**
	42,134	2,163	88,826	120,718	**180,859**
Attributable to:					
Owners of the Company	44,125	(17,624)	53,470	115,194	**146,858**
Non-controlling interests	(1,991)	19,787	35,356	5,524	**34,001**
	42,134	2,163	88,826	120,718	**180,859**

ASSETS AND LIABILITIES

	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Total assets	2,969,975	2,968,998	3,225,349	3,676,438	**4,029,154**
Total liabilities	(1,024,167)	(1,136,468)	(1,303,143)	(1,430,874)	**(1,522,357)**
	1,945,808	1,832,530	1,922,206	2,245,564	**2,506,797**
Attributable to:					
Owners of the Company	1,091,506	1,000,460	1,054,903	1,373,068	**1,600,189**
Non-controlling interests	854,302	832,070	867,303	872,496	**906,608**
	1,945,808	1,832,530	1,922,206	2,245,564	**2,506,797**