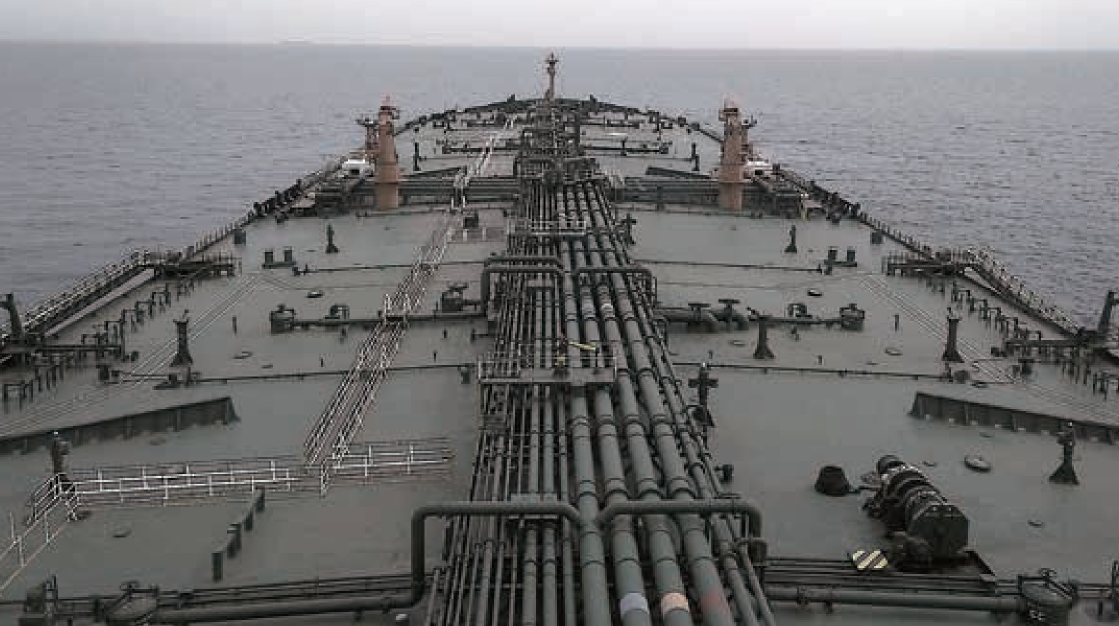
鴻寶資源有限公司
AGRITRADE RESOURCES LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 1131.H.K.)

AGRITRADE RESOURCES LIMITED

DELIVERING GROWTH

INTERIM REPORT 2015

CONTENTS



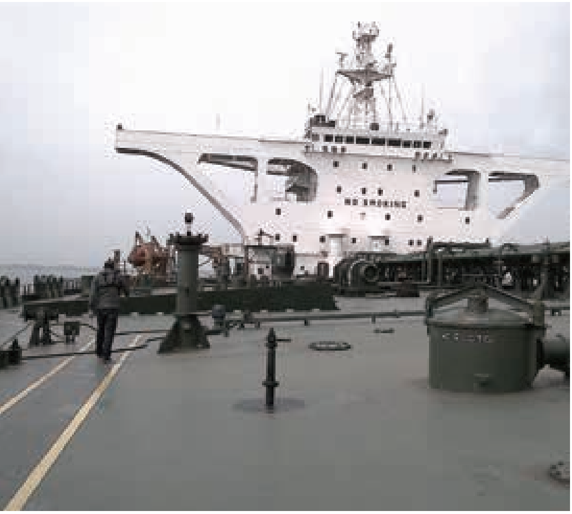
BUSINESS REVIEW

Mining business

The mining business segment of Agritrade Resources Limited (the "**Company**") and its subsidiaries (collectively 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 (the "**SEM coal mine**") located in Central Kalimantan, Indonesia, namely PT Senamas Energindo Mineral ("**SEM**").

During the six months ended 30 September 2015 (the "**Review Period**"), the international coal price was still in a downward trend and positioned at a low level. To overcome such adverse market condition, the Group was able to increase its production volume for the SEM operation through improvement of its production efficiency, including but not limited to the adoption of enhancement measures in contractor overburden removal process. Owing to such measures, the production capacity of SEM for the Review Period has achieved approximately 2.5 million tonnes as compared to approximately 2.1 million tonnes for the same period in 2014. As a result of the increase in production capacity, the Group's mining segment has managed to record a sustainable turnover of HK$518.4 million (2014: HK$560.1 million) and a profit of HK$79.9 million (2014: HK$116.8 million) for the Review Period despite the slumping coal price, representing an approximate decrease of 7.4% and 31.6% respectively as compared to the same period in 2014.

BUILDING FOR THE FUTURE



The Group possesses the competitive advantages of having advanced production infrastructure at its SEM site, excellent coal logistics networks and jetty and port service facilities. The Group has continuously invested in the enhancement of its mining equipment such as excavators and dump trucks to facilitate its mining operations including overburden removal, coal getting, hauling and loading processes. The Group has also owned twelve sets of vessels (including six sets of tug boats and barges each) and has built up its own fleet in Indonesia inland waterway. Moreover, the Group enjoyed the exclusive rights to operate and manage the 60-kilometre Ex-Pertamina road between the SEM coal mine and jetty facilities for a period ending 30 September 2022. Attributable to the strengths above, the Group has successfully operated its mining business with high production efficiency and better cost and operational control over the coal logistics. Coupled with the well-established local and international sales and distribution channels and high-calibre professional teams, the Group can manage to achieve a relatively stable turnover and profit for its mining segment and is also able to maintain a continuous increase in production capacity for its mining operation. The Group expects effort will be kept in achieving objectives in cost reduction and operation efficiency enhancement in the future.

Shipping business

The shipping segment of the Group comprises the freight management service from time chartering and the provision of floating storage and relevant logistics services for crude oil and petrochemical products. For the Review Period, the revenue from external customers generated from the shipping segment was HK$79.2 million (2014: HK$15.9 million) and the segment profit is HK$46.1 million (2014: HK$13.1 million). The significant increase in both the segment revenue to external customers and segment profit is mainly due to the significant contribution from the business of the provision of floating storage services by the Group which commenced in February 2015 and the significant increase in revenue and profit from the time chartering services of leased vessels with external customers recorded by the Group for the Review Period.

In February 2015, the Group completed the acquisition of a very large crude carrier grade oil tanker (the "**VLCC**") at an investment cost of US$22 million. Following the acquisition, the Group entered into a floating storage unit service agreement with Glencore Singapore Pte Ltd. ("**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 an initial six-month period at approximately US$6.4 million with an option to renew for another six months. The parties have agreed to further extend the floating storage service for another six months in August 2015 till March 2016 with an option to renew for another six months thereafter. During the Review Period, the floating storage service sector contributed HK$49.7 million (2014: HK$ Nil) of income and HK$24.0 million (2014: HK$ Nil) of profit to the Group and it is expected that the VLCC will continue its contribution to the revenue and profit of the Group for the coming years.

For the time chartering service of leased vessels, a net revenue from external customers of approximately HK$29.5 million (2014: HK$15.9 million) was recorded for the Review Period. The increase in revenue is in line with the increased volume of coal shipped by the vessels leased by external customers for the Review Period.

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.

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 Agritrade International Pte. Ltd. ("**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

In February 2015, the Group entered into a floating storage unit service agreement with Glencore, one of the world's greatest commodity trading houses. The Group has been in continuous 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 and Prospects

Prospect on the mining business

As reported by Indonesian Coal Mining Association in October 2015, for the first three quarters of 2015, due to the reduced demand from some consumer countries, the coal exports from Indonesia have dropped by 20% to 235 million tonnes (2014: 293 million tonnes) as compared to the same period in 2014. For the same period, the total coal production in Indonesia was approximately 308 million tonnes. Due to the continued weakening of the Indonesian coal prices, it was predicted that the annual production for 2015 will be below 400 million tonnes as compared to the annual target of 425 million tonnes previously set by the government. Nevertheless, the decline in production was considered as one of the drivers to restore the coal prices to a better position in the future.

Despite the unfavourable market condition in 2015, according to the latest BP Statistical Review of World Energy issued in June 2015, the coal consumptions for the People's Republic of China ("**China**") and India has kept increasing for the past consecutive 10 years until 2014. The annual coal consumption for China and India in 2014 has accounted for 60% of the global total coal consumption in 2014. Coal demand from these two countries keeps increasing as they have opened many new coal-fired power plants to supply electricity to their immense populations. The strategic geographical location of the SEM coal mine positions it towards the giant emerging markets like China and India.

According to the annual Medium-term Coal Market Report released in December 2014 by International Energy Agency (IEA), it is forecasted that the global demand for coal over the next five years will continue marching higher, breaking the 9-billion-tonne level by 2019. Global coal demand is estimated to exceed global coal production over the next five years. With rising global demand for lower-rank coal and power plants seeking to control operating costs in view of escalating energy prices, SEM is well poised to capture this growth upside with its energy-efficient, cleaner burning coal in an environmentally responsible manner.

The Group will continuously adopt the growth strategy through capacity enhancement and market expansion and will strive to carry out measures to increase its mine production capacity like upgrade of logistics facilities and further investment in production infrastructure facilities. Backed by efficient mining processes and large mineable reserves, SEM is on the track for steady growth in annual production capacity with sustainable demand growth from regular customers.

Having considered the above and taking into account of the profitable track records of the SEM coal mine in the past years, the Company remains optimistic about the outlook of the SEM coal mine and considers that the SEM coal mine will have a promising business prospect and will continue to contribute growing profit and cashflows to the Group in the future.

Prospect on the shipping business

The Group completed its acquisition of the VLCC in February 2015 and has subsequently entered into floating storage unit service agreements with sizeable global commodity trading house for leasing out the VLCC for storage of crude oil for a period till March 2016, with an option to renew for another six months thereafter. According to the Straits Times, energy shipments and the demand of oil storage are 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 promising prospect for the coming years and will promote the long term diversified growth of the Group in the future.

Moreover, the global crude oil price has continuously dropped recently, which 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. All these factors result 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 and it is expected that the VLCC will further diversify the income streams of the Group's shipping business and will contribute positively to the revenue and profit of the Group for the coming years.

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 continuous 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 acquisition of new vessels and chartering of vessels in the Southeast Asia region to meet the growing market need in the region. The Group expects to continue to capitalise 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.

Opportunities arising from slumping commodity market and potential mergers and acquisitions

The international commodity price including coal price has been slumping for the past years. Although it has brought a negative impact to the coal and energy industry players globally, many new investment opportunities arise due to the relatively low commodity prices, especially in relation to the natural resources and energy sectors. Under these circumstances and as a long-term growth strategy, 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 investment opportunities which are of good potential, high quality 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 potential investment opportunities and/or mergers and acquisitions. As at the date of this report, such discussions and negotiations are still in progress and no legally-binding agreements, arrangements or documents have been entered into by the Group in relation to such potential investments or mergers and acquisitions. As the discussions are still on-going, there is no assurance that any investment or merger and acquisition may ultimately materialise as a result thereof. The Group will comply with the relevant requirements under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or any other applicable laws and rules 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 issue 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 mergers and acquisitions as mentioned above, should they materialise. Further announcement(s) will be made by the Group in respect thereof as and when required by the Listing Rules.

Market and business diversification and expansion into the China market

According to 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 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 the "Internet +" policy.

In view of the market potential in China, the Company seeks to capitalize on 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 and directly integrate with the current national policies of China. 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.

The Group is in active discussions and negotiations with various parties for any potential investment and cooperation opportunities. The Company will make any further announcement(s) 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.

Renewal of coal supply agreement with AIPL

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, the Company set up its own China Division on 22 April 2015 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 of this report, 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.

Successful placing of 65 million new shares of the Company

On 18 May 2015, the Company entered into the placing agreement with the Qilu International Securities Limited. Pursuant to the placing agreement, the Company appointed Qilu International Securities Limited 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. As at the date of this report, the Group has used the net proceeds as general working capital as intended.

Possible investment in advertising business

On 2 July 2015, the Group entered into a non-legally binding memorandum of understanding (the "**MOU**") in respect of a possible investment in Hong Kong Made (Media) Limited ("**HKM Media**"), which is principally engaged in the one-stop advertising agency business in Hong Kong and China involving, among other things, advertisement production, management and marketing services to a number of household names in Hong Kong. HKM Media was the exclusive advertising agency for 20 Guangzhou-Shenzhen high speed bullet trains, namely Hexiehao, for the period from 1 July 2014 up to 30 June 2017 and had a priority right to extend for another 3 years. As no further definitive and binding agreement or written consent on the extension of exclusivity period was further entered into by the Group upon expiry of the exclusivity period as defined in the MOU, the MOU was terminated on 2 August 2015 pursuant to the terms thereto.

Successful issue of US$20 million convertible bonds of the Company

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 "**Convertible Bonds**") at the aggregate principal amount of US$20 million. Assuming full conversion of the Convertible Bonds at the initial conversion price of HK$2.20, the Convertible Bonds 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 Convertible Bonds 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 the Convertible Bonds was completed on 14 July 2015. The net proceeds from the issue of approximately HK$154.6 million, representing a net issue price of approximately HK$2.19 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. As at the date of this report, amount of approximately US$6 million was used as the general working capital of the Group and amount of approximately US$14 million has not been utilised and is placed in a licenced bank in Hong Kong and is intended to be used for the development and expansion of the business of the Group and/or for the general working capital of the Group.

Acquisition of 8% equity interest in PT Rimau Indonesia

On 27 August 2015, a subsidiary of the Group, as purchaser, entered into a sale and purchase agreement with AIPL, as vendor, relating to the sale and purchase of 8% equity interest in PT Rimau Indonesia, a foreign investment company (PMA) established in Indonesia on 1 October 2004 which is principally engaged in trading of mineral resources in Indonesia and holds 95% equity interest in SEM coal mine, at a consideration of HK$180 million. The consideration for the transaction is HK$180 million which shall be satisfied by the allotment and issue of 100 million new shares of the Company to AIPL at the price of HK$1.80 per share upon completion. The transaction constituted a discloseable and connected transaction for the Company.

The Group considered that the transaction would effectively increase its investment in the profitable SEM coal mine with a promising business prospect at a relatively low investment cost. This could enhance the return on investments and strengthen the Group's operational and economic controls over the SEM coal mine. Moreover, upon completion of the transaction, the proportion of its minority interests would be reduced and the earnings per share for the Company would be increased accordingly. The completion of the transaction took place on 28 October 2015.

Proposed acquisition of 51% equity interest in Merge Mining Holding Limited

Subsequent to the financial period end date, on 28 October 2015, the Company and its designated nominee entered into each of the share sale and subscription agreement (the "**SSSA**") and the shareholders agreement (the "**SHA**") with Sino Island Limited ("**SIL**") and Merge Mining Holding Limited ("**MMHL**"), both were independent third parties. Pursuant to the terms and conditions of the SSSA, subject to the fulfilment or waiver of the conditions, SIL has agreed to sell and the Company or its designed nominee has agreed to purchase 2,944 fully paid up ordinary shares in the issued share capital of MMHL (the "**Merge Acquisition**") and MMHL has agreed to issue and the Company or its designated nominee has agreed to subscribe for 4,400 new shares of MMHL (together with the Merge Acquisition collectively known as "**Merge Transactions**"). Accordingly, upon the first completion of the Merge Transactions, the Group will hold 51% of the then issued share capital of MMHL. The SHA sets out the agreed rights and obligations of the Company or its designated nominee and SIL in respect of each other in connection with their being shareholders of MMHL. The Merge Transactions constituted a major transaction for the Company pursuant to the Listing Rules.

In the event that the first conditions precedent (the “**First Conditions**”) as set out in the SSSA are satisfied or waived, the consideration payable at the first completion shall be US$50 million, comprising (a) US$30 million paid to MMHL in cash or through a combination of cash and by way of set off against the same dollar value of some or all of the principal, interest and any other amounts outstanding from MMHL to the Company under an interim loan agreement; and (b) the issuance and allotment 63,265,306 Class A convertible preference shares (the “**CPS A**”) having an aggregate notional value of US$20 million.

In the event that the second conditions precedent as set out in the SSSA are also satisfied or waived (in addition to the satisfaction or waiver of the First Conditions), the consideration payable at the second completion shall be US$103 million comprising (a) US$10 million paid to SIL in cash; (b) the issuance and allotment of 115,459,184 CPS A having an aggregate notional value of US$36.5 million; and (c) the issuance and allotment of 178,724,490 Class B convertible preference shares (the “**CPS B**”, together with the CPS A collectively known as “**CPSs**”) having an aggregate notional value of US$56.5 million.

The aggregate consideration payable at the first completion and the second completion shall become US$153 million.

MMHL, through its subsidiaries, owns a 100% interest in the Rantau Nangka underground coal mine located in South Kalimantan Province, Indonesia (the “**Merge Mine**”) consisting of exploration and production licenses for the extraction and sale of coal. The Merge Mine will be the first large operating scale mechanized longwall underground coal mine in Indonesia with total JORC compliant proven and probable reserves of 92 million tonnes.

The Merge Transactions are consistent with the Group’s strategy and commitment to the Indonesian coal market as well as enable the Group to tap into different markets outside Indonesia in terms of coal trading, sale, production and coal mining technique. They also represent an opportunity for the Group to acquire a quality (high CV, low inherent moisture and low sulphur content) coal mine. The significant reserves and resources of the Merge Mine provide for a mine life which can drive sustainable growth and profitability. The Company believes that the Merge Transactions represent a growth opportunity for the Group to form a close partnership with MMHL to realise the full potential of the Merge Mine. MMHL has deep operational roots in underground mining and has substantial experience in the operation of business in China which may help the Group expand its coal trading and coal related downstream businesses into other Asian markets. The Company also believes that the Merge Transactions will enable the Group to reintegrate its existing Indonesian coal operations, increase its overall competitiveness by leveraging economies of scale and ultimately enhance its shareholder value.

As at the date of this report, the Merge Transactions have not yet completed. Please refer to the announcement of the Company dated 28 October 2015 and the circular of the Company dated 30 November 2015 for further details of the Merge Transactions.

Proposed cancellation, reclassification and redesignation of authorised share capital

Subsequent to the financial period end date, on 28 October 2015, the board (the "**Board**") of directors (the "**Directors**") of the Company proposed to cancel the 500,000,000 authorised but unissued convertible preference shares of par value of HK$0.10 each so that the Company is authorised to issue 5,000,000,000 ordinary shares of a single class of par value of HK$0.10 each, and then reclassify and redesignate the authorised share capital of the Company into 4,600,000,000 ordinary shares of par value of HK$0.10 each, 200,000,000 CPS A of par value of HK$0.10 each with a notional value of HK$2.45 each and 200,000,000 CPS B of par value of HK$0.10 each with a notional value of HK$2.45 each for the purpose of proposed issue of CPSs to settle part of the consideration for the Merge Transactions. The proposed cancellation, reclassification and redesignation of authorised share capital have been approved by the shareholders of the Company at the shareholders' meeting and therefore have become effective prior to the date of despatch of this interim report on 18 December 2015.

Investment in Panamax Vessel

Subsequent to the financial period end date but prior to the date of despatch of this interim report, on 11 December 2015, the Group invested US$3,450,000 in the acquisition of a panamax-grade bulk carrier (the "**Panamax Vessel**") from an independent third party. The Panamax Vessel is a Japanese-built dry bulk carrier with capacity of 73,000 DWT (deadweight tonnage) which was classified by Bureau Veritas, being one of the leading vessel classification societies in the world and a founding member of International Association of Classification Societies.

As the global commodity market is currently facing a difficult situation that the commodity assets are lowly priced, the Board considers that the new investment in the Panamax Vessel can mitigate the Group's business risk by strengthening its existing shipping business and contributing stable, sustainable and diversified income and cash flows to the Group on a long-term basis. The Board expects long-term coal transportation contract with coal-fired power stations would be entered into with sizeable company after the acquisition.

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2015 with comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September

	Notes	**2015 HK$'000 (Unaudited)**	2014 HK$'000 (Unaudited)
Revenue	3	**597,535**	576,053
Cost of sales and services		**(430,936)**	(419,657)
Gross profit		**166,599**	156,396
Other income and other gains		**34**	129
Administrative expenses		**(56,599)**	(31,801)
Finance costs	4	**(12,644)**	(20,852)
Profit before income tax		**97,390**	103,872
Income tax	6	**(7,978)**	(22,431)
Profit for the period	5	**89,412**	81,441
Profit for the period attributable to:			
– Owners of the Company		**81,896**	79,071
– Non-controlling interests		**7,516**	2,370
		89,412	81,441
Earnings per share	7		
– Basic		**HK5.8 cents**	HK6.6 cents
– Diluted		**HK5.8 cents**	HK6.2 cents
Interim dividend per share		**Nil**	HK1.0 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September

	2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Profit for the period	**89,412**	81,441
Other comprehensive loss for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(13,737)**	(2,917)
Total comprehensive income for the period	**75,675**	78,524
Total comprehensive income for the period attributable to:		
– Owners of the Company	**82,183**	80,695
– Non-controlling interests	**(6,508)**	(2,171)
	75,675	78,524

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Notes	As at 30 September 2015 HK$'000 (Unaudited)	As at 31 March 2015 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	**3,069,502**	3,135,187
Prepaid lease payments		**15,328**	15,232
		3,084,830	3,150,419
Current assets			
Inventories		**40,856**	32,100
Trade receivables	9	**190,594**	187,994
Other receivables, deposits and prepayments		**484,954**	320,533
Amounts due from related parties		**84,105**	73,046
Bank balances and cash		**309,139**	265,062
		1,109,648	878,735
Current liabilities			
Trade payables	10	**37,037**	201,115
Other payables, accruals and deposits received		**180,863**	162,155
Provision for close-down, restoration and environmental costs		**5,349**	5,349
Secured bank borrowings		**173,090**	192,537
Amounts due to related parties		**973**	1,087
Tax payable		**173,063**	162,405
Obligation under finance leases		**58,151**	60,418
		628,526	785,066
Net current assets		**481,122**	93,669
Total assets less current liabilities		**3,565,952**	3,244,088

	Notes	As at 30 September 2015 HK$'000 (Unaudited)	As at 31 March 2015 HK$'000 (Audited)
Non-current liabilities			
Deferred tax		**563,619**	572,559
Secured bank borrowings		**161,759**	154,647
Convertible bonds	11	**109,594**	–
Obligation under finance leases		**6,943**	10,085
		841,915	737,291
Net assets		**2,724,037**	2,506,797
Capital and reserves attributable to owners of the Company			
Share capital	12	**142,093**	135,460
Reserves		**1,681,844**	1,464,729
Equity attributable to owners of the Company		**1,823,937**	1,600,189
Non-controlling interests		**900,100**	906,608
Total equity		**2,724,037**	2,506,797

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2015

	Share capital HK$'000	Share premium HK$'000	Convertible preference shares reserve HK$'000	Convertible bonds equity reserve HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 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 period	-	-	-	-	-	-	79,071	-	79,071	2,370	81,441
Other comprehensive income/(loss) for the period:											
Exchange differences arising on translation of foreign operations	-	-	-	-	1,624	-	-	-	1,624	(4,541)	(2,917)
Total comprehensive income/(loss) for the period	-	-	-	-	1,624	-	79,071	-	80,695	(2,171)	78,524
Conversion of convertible preference shares	9,600	89,832	(99,432)	-	-	-	-	-	-	-	-
Exercise of share options	90	1,100	-	-	-	(178)	-	-	1,012	-	1,012
Payment of dividends	-	-	-	-	-	-	-	(35,522)	(35,522)	-	(35,522)
At 30 September 2014	116,897	791,652	16,572	117,966	22,063	5,376	348,727	-	1,419,253	870,325	2,289,578
At 1 April 2015	**135,460**	**1,040,092**	**-**	**-**	**16,791**	**4,878**	**388,760**	**14,208**	**1,600,189**	**906,608**	**2,506,797**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**81,896**	**-**	**81,896**	**7,516**	**89,412**
Other comprehensive income/(loss) for the period:											
Exchange differences arising on translation of foreign operations	**-**	**-**	**-**	**-**	**287**	**-**	**-**	**-**	**287**	**(14,024)**	**(13,737)**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**287**	**-**	**81,896**	**-**	**82,183**	**(6,508)**	**75,675**
Issuance of convertible bonds	**-**	**-**	**-**	**46,714**	**-**	**-**	**-**	**-**	**46,714**	**-**	**46,714**
Exercise of share options	**133**	**1,616**	**-**	**-**	**-**	**(261)**	**-**	**-**	**1,488**	**-**	**1,488**
Placing of shares	**6,500**	**92,235**	**-**	**-**	**-**	**-**	**-**	**-**	**98,735**	**-**	**98,735**
Grant of share options	**-**	**-**	**-**	**-**	**-**	**8,836**	**-**	**-**	**8,836**	**-**	**8,836**
Payment of dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(14,208)**	**(14,208)**	**-**	**(14,208)**
At 30 September 2015	**142,093**	**1,133,943**	**-**	**46,714**	**17,078**	**13,453**	**470,656**	**-**	**1,823,937**	**900,100**	**2,724,037**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September

	Six months ended 30 September	
	2015	2014
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**21,767**	156,838
Net cash used in investing activities	**(200,214)**	(61,140)
Net cash generated from/(used in) financing activities	**223,072**	(53,278)
Net increase in cash and cash equivalents	**44,625**	42,420
Cash and cash equivalents at beginning of the period	**265,062**	170,848
Effect of foreign exchange rate changes	**(548)**	622
Cash and cash equivalents at end of the period, representing bank balances and cash	**309,139**	213,890

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements (the "**Interim Financial Statements**") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and Hong Kong Accounting Standard ("**HKAS**") 34 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 March 2015, except as stated in note 2 below. The Interim Financial Statements should be read, where relevant, in conjunction with the 2015 annual financial statements of the Group.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the Interim Financial Statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2015.

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

Other than those disclosed in note 2 to the Group's consolidated financial statements for the year ended 31 March 2015, the Group has not early applied any new or revised standards, amendments and interpretations that have been issued but are not yet effective. The Directors anticipate that the application of the new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT REPORTING

The Group's revenue represents the aggregate of net amounts received and receivable for goods sold and services provided, less returns and allowances to outside customers during the period.

The Group 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.

3. REVENUE AND SEGMENT REPORTING (Continued)

(a) Reportable segments

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

For the six months ended 30 September

	Mining		Shipping		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from external customers	**518,369**	560,139	**79,166***	15,914*	**597,535**	576,053
Reportable segment profit	**79,915**	116,807	**46,145**	13,109	**126,060**	129,916
Unallocated corporate expenses					**(16,026)**	(5,192)
Finance costs					**(12,644)**	(20,852)
Profit before income tax					**97,390**	103,872
Depreciation and amortisation	**60,601**	51,942	**10,196**	3,870	**70,797**	55,812

* The shipping segment revenue includes floating storage service income of HK$49,669,000 (2014: HK$ Nil) and the revenue arising from the chartering of leased vessels of HK$29,497,000 (2014: HK$15,914,000).

	Mining		Shipping		Total	
	At	At	**At**	At	**At**	At
	30 September	31 March	**30 September**	31 March	**30 September**	31 March
	2015	2015	**2015**	2015	**2015**	2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Reportable segment assets	**3,592,580**	3,620,352	**351,272**	366,476	**3,943,852**	3,986,828

3. REVENUE AND 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	
	Six months ended 30 September 2015 HK$'000 (Unaudited)	Six months ended 30 September 2014 HK$'000 (Unaudited)	**At 30 September 2015 HK$'000 (Unaudited)**	At 31 March 2015 HK$'000 (Audited)
Indonesia (place of domicile)	**547,866**	560,139	**2,794,964**	2,850,445
The People's Republic of China and Hong Kong	**–**	–	**93**	91
Singapore	**49,669**	15,914	**289,773**	299,883
	597,535	576,053	**3,084,830**	3,150,419

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.

4. FINANCE COSTS

	Six months ended 30 September	
	2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Imputed interest on convertible bonds	**3,328**	7,607
Interest charged under finance leases	**4,787**	9,487
Interest on secured bank borrowings wholly repayable within five years	**4,529**	3,758
	12,644	20,852

5. PROFIT FOR THE PERIOD

This is arrived at after charging:

	Six months ended 30 September 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Cost of services	**80,925**	10,315
Cost of inventories	**350,011**	409,342
	430,936	419,657
Staff costs (including share-based payment expenses)	**41,327**	36,690
Share-based payment expenses	**8,836**	–
Depreciation and amortisation of property, plant and equipment	**70,815**	55,842

6. INCOME TAX

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

	Six months ended 30 September 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Current tax – overseas	**16,918**	29,005
Deferred tax	**(8,940)**	(6,574)
	7,978	22,431

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 six months ended 30 September 2015 and 2014 as the Company and its respective subsidiaries in Hong Kong incurred tax loss for both periods.

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

7. 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:

	Six months ended 30 September	
	2015	2014
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings attributable to owners of the Company for the purposes of basic earnings per share	**81,896**	79,071
Interest on convertible bonds	**3,328**	7,607
Earnings attributable to owners of the Company for the purposes of diluted earnings per share	**85,224**	86,678

	2015	2014
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,395,963**	1,184,076
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	**30,415**	167,100
Share options	**28,691**	26,345
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,455,069**	1,377,521

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group acquired items of property, plant and equipment with a total cost of approximately HK$4,268,000 (30 September 2014: HK$35,755,000) and mining expenditure incurred was approximately HK$340,845,000 (30 September 2014: HK$352,010,000).

9. TRADE RECEIVABLES

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:

	At 30 September 2015 HK$'000 (Unaudited)	At 31 March 2015 HK$'000 (Audited)
0 – 60 days	**144,604**	130,330
61 – 90 days	**23,713**	16,029
91 – 120 days	**19,871**	27,552
Over 120 days	**2,406**	14,083
	190,594	187,994

10. TRADE PAYABLES

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

	At 30 September 2015 HK$'000 (Unaudited)	At 31 March 2015 HK$'000 (Audited)
0 – 60 days	**34,074**	196,167
61 – 90 days	**2,126**	1,554
Over 90 days	**837**	3,394
	37,037	201,115

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.

11. CONVERTIBLE BONDS

On 14 July 2015, the Company issued the Convertible Bonds at the aggregate principal amount of US$20 million for cash to Eagle Eye Group Limited, an independent third party of the Company. The net proceeds from the issue are approximately HK$154.6 million, representing a net issue price of approximately HK$2.19 per conversion share, which were initially 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.

The Convertible Bonds have a maturity period of 36 months from the date of issue and bear interest accrued daily at the rate of: (a) 5.5% per annum for such period from the date of issue and ending on the first anniversary of the date of issue; and (b) 6% per annum for such period commencing from the first anniversary of the date of issue until the maturity date, payable in cash every six months from the date of issue. The Convertible Bonds can be converted into ordinary shares of the Company at an initial conversion price of HK$2.20 each at the holder's option starting from six months after the date of issue up to the last business day before the maturity date. If the Convertible Bonds have not been fully converted, the Company shall have the obligation to redeem all of the outstanding Convertible Bonds at its principal amount together with the accrued interest that the bondholder would be entitled to. Assuming full conversion of the Convertible Bonds at the initial conversion price of HK$2.20, the Convertible Bonds would be convertible into 70,454,545 conversion shares of the Company. There was no conversion occurred during the six months ended 30 September 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 an estimated discount rate of 19%. 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.

11. CONVERTIBLE BONDS (Continued)

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

	HK$'000
Audited balance as at 31 March 2015	–
Issue of Convertible Bonds	108,086
Imputed interest expense	3,328
Interest paid and payable	(1,820)
Unaudited balance as at 30 September 2015	109,594

12. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.10 each:		
At 31 March 2015 and 30 September 2015	4,500,000,000	450,000
Convertible preference shares of HK$0.10 each:		
At 31 March 2015 and 30 September 2015	500,000,000	50,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each:		
At 31 March 2015	1,354,597,385	135,460
Exercise of share options	1,328,215	133
Placing of shares	65,000,000	6,500
At 30 September 2015	1,420,925,600	142,093

13. COMMITMENTS

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:

	At 30 September 2015 HK$'000 (Unaudited)	At 31 March 2015 HK$'000 (Audited)
Within one year	**20,449**	22,089
In the second to fifth years inclusive	**76,993**	85,417
Over five years	**42,998**	53,361
	140,440	160,867

Save for those disclosed above and elsewhere in these financial statements, the Group had no material commitments as at 30 September 2015 and 31 March 2015.

14. MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 September 2015, the Group had coal sales transactions to a shareholder of the Company of approximately HK$43,189,000 (30 September 2014: HK$95,536,000).

FINANCIAL REVIEW

For the Review Period, the Group recorded a turnover of approximately HK$597,535,000 (2014: HK$576,053,000), representing an increase of approximately 3.7% as compared to same period last year. Gross profit also increased from HK$156,396,000 to HK$166,599,000 with gross profit margin of 27.9% (2014: 27.1%) maintained at a similar level as the last review period. The increase in the turnover and gross profit is mainly attributable to the significant increase in contribution from the Group's shipping business during the Review Period, particularly the VLCC operation which has commenced its operation since early 2015. This also accounts for the improvement in the consolidated profit attributable to owners of the Company recorded for the Review Period of approximately HK$81,896,000 (2014: HK$79,071,000). The production capacity of the SEM coal mine for the Review Period was approximately 2.5 million tonnes (2014: approximately 2.1 million tonnes). For the Review Period, the administrative expenses increased to HK$56,599,000 (2014: HK$31,801,000) mainly due to the increase in administrative staff costs and the recognition of shared-based payment expenses of HK$8,836,000 (2014: HK$ Nil) in relation to the grant of share options during the Review Period. Finance costs dropped significantly to HK$12,644,000 (2014: HK$20,852,000) because of the decreases in both the average finance leases obligation balance for the current period and the imputed interest on convertible bonds recognised for the Review Period of HK$3,328,000 (2014: HK$7,607,000).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

On 8 June 2015, the Company completed the placing of 65,000,000 new placing shares of the Company to not less than six placees who are independent third parties pursuant to a placing agreement dated 18 May 2015. Upon completion, 65,000,000 new shares of the Company were issued and allotted at a price of HK$1.55 per placing share with gross proceeds and net proceeds arising from the placing of HK$100.75 million and approximately HK$98.55 million respectively.

Subsequent to the Review Period, on 28 October 2015, the Group completed the acquisition of 8% equity interest in PT Rimau Indonesia at a consideration of HK$180 million in accordance with a sale and purchase agreement entered into with AIPL dated 27 August 2015. Pursuant to the sale and purchase agreement, upon completion, 100,000,000 new shares of the Company were issued and allotted to AIPL at the price of HK$1.80 per share as settlement of the consideration for the transaction.

On 14 July 2015, the Company issued the Convertible Bonds at the aggregate principal amount of US$20,000,000 for cash to an independent third party. The net proceeds from the issue are approximately HK$154.6 million. The Convertible Bonds have a maturity period of three years and bear interest at the rate of 5.5% per annum for the first year and 6% per annum thereafter. The Convertible Bonds can be converted into ordinary shares of the Company at an initial conversion price of HK$2.20 each at the holder's option starting from six months after the date of issue, where upon full conversion, the Convertible Bonds would be convertible into 70,454,545 conversion shares of the Company. If the Convertible Bonds have not been fully converted, the Company shall have the obligation to redeem all of the outstanding Convertible Bonds at its principal amount together with the accrued interest. There was no conversion occurred during the Review Period. As at 30 September 2015, the carrying amount of the Convertible Bonds in issue was split into the liability component of HK$109,594,000 and equity component of HK$46,714,000 and were recognised in the condensed consolidated statement of financial position.

On 6 July 2015, the Company granted 10,000,000 share options to Mr. Wong Man Hung, Patrick, an executive Director, to subscribe for a total of 10,000,000 shares of the Company at an exercise price of HK$1.724 per share during the period from 6 July 2015 to 5 July 2025 pursuant to the share option scheme adopted by the Company on 12 October 2012. The consideration for the grant was HK$1.00. Upon the grant of share options, related share-based payment expenses of HK$8,836,000 were recognized in the condensed consolidated income statement for the six months ended 30 September 2015. As at the date of this report, none of such 10,000,000 share options was exercised or lapsed or cancelled.

During the Review Period, a total of 1,328,215 share options of the Company were exercised by the option holders and therefore, 1,328,215 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$1,488,000.

As at 30 September 2015, the Group's shareholder's equity attributable to owners of the Company amounted to HK$1,823,937,000, while total bank indebtedness amounted to approximately HK$334,849,000 and cash on hand amounted to approximately HK$309,139,000. The Group's bank indebtedness to equity ratio is 0.2. Current ratio is 1.77. 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.

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 condensed 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 condensed consolidated statement of financial position and the total borrowings. The gearing ratio of the Group as at 30 September 2015 is 22% (as at 31 March 2015: 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 30 September 2015, the net carrying values of the Group's motor vehicles and plant and machinery held under finance leases amounted to HK$10,213,000 (as at 31 March 2015: HK$11,342,000) and HK$164,820,000 (as at 31 March 2015: HK$180,263,000), respectively. The Group's obligation under finance leases is secured by the lessor's charge over the leased assets.

As at 30 September 2015, the Group's mining-related plant and machinery with an aggregate carrying value of HK$14,843,000 (as at 31 March 2015: HK$16,354,000) and vessels of HK$289,773,000 (as at 31 March 2015: HK$299,883,000) were pledged to secure bank borrowings of the Group.

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

As at 30 September 2015, the interests and short position of the Directors and chief executives of the Company and each of their respective associates in the shares (the "**Shares**") of the Company, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO); or (b) to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix 10 of the Listing Rules adopted by the Company were as follows:

Long position in Shares/underlying Shares

	Ordinary Shares		Interest in underlying Shares		
Name of director	**Personal interest**	**Corporate interest**	**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	53.73%
Mr. Wong Man Hung, Patrick	–	–	10,000,000 (Note 2)	10,000,000	0.70%
Mr. Ng Xinwei	–	–	2,750,000 (Note 3)	2,750,000	0.19%
Mr. Ashok Kumar Sahoo	–	48,854,000 (Note 4)	–	48,854,000	3.44%
Ms. Lim Beng Kim, Lulu	45,966,667	–	1,500,000 (Note 5)	47,466,667	3.34%
Mr. Shiu Shu Ming	–	–	2,750,000 (Note 6)	2,750,000	0.19%
Mr. Chong Lee Chang	–	3,760,000 (Note 7)	–	3,760,000	0.26%

Notes:

(1) This represents (i) Mr. Ng Say Pek held 80% equity interest of AIPL; and (ii) 3,000,000 share options granted to Ms. Lim Chek Hwee, the spouse of Mr. Ng Say Pek. By virtue of SFO, Mr. Ng Say Pek is deemed to be interested in the Shares and underlying Shares held by AIPL and Ms. Lim Chek Hwee respectively.

(2) This represents the number of share options granted to Mr. Wong Man Hung, Patrick.

(3) This represents the number of share options granted to Mr. Ng Xinwei.

(4) This represents 48,854,000 Shares held by Mr. Ashok Kumar Sahoo through his controlled corporation Berrio Global Limited. Berrio Global Limited is wholly owned by Mr. Ashok Kumar Sahoo.

(5) This represents the number of share options granted to Ms. Lim Beng Kim, Lulu.

(6) This represents the number of share options granted to Mr. Shiu Shu Ming.

(7) This represents 3,760,000 Shares held by Mr. Chong Lee Chang through his controlled corporation Shieldman Limited. Shieldman Limited is wholly owned by Mr. Chong Lee Chang.

Save as disclosed above, as at 30 September 2015, none of the Directors and chief executives of the Company and each of their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The following table discloses movements in the Company's share options during the Review Period:

Category	Date of grant	Exercisable period	Exercise price per share (HK$)	Number of share options At 31/3/2015	Granted	Exercised	At 30/9/2015
1. Directors							
Mr. Ng Xinwei	30/8/2010	30/8/2010 to 29/8/2020	1.120	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
Mr. Shiu Shu Ming (Note 1)	30/8/2010	30/8/2010 to 29/8/2020	1.120	2,750,000	-	-	2,750,000
Mr. Wong Man Hung, Patrick	6/7/2015	6/7/2015 to 5/7/2025	1.724	-	10,000,000	-	10,000,000
				7,000,000	10,000,000	-	17,000,000
2. Associate of shareholder							
Ms. Lim Chek Hwee (Note 2)	30/8/2010	30/8/2010 to 29/8/2020	1.120	3,000,000	-	-	3,000,000
3. Employees in aggregate	30/8/2010	30/8/2010 to 29/8/2020	1.120	1,868,215	-	(1,328,215)	540,000
4. Consultants in aggregate	30/8/2010	30/8/2010 to 29/8/2020	1.120	12,450,000	-	-	12,450,000
	18/3/2011	18/3/2011 to 17/3/2021	1.122	500,000	-	-	500,000
				12,950,000	-	-	12,950,000
				24,818,215	10,000,000	(1,328,215)	33,490,000

Notes:

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

(2) Ms. Lim Chek Hwee is the spouse of Mr. Ng Say Pek who holds 80% equity interest of AIPL, a controlling shareholder of the Company. Ms. Lim Chek Hwee also holds 20% equity interest of AIPL personally.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2015, so far as is known to any Director or chief executive of the Company, the following persons or corporations (other than the Directors or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of the Group:

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	53.52%
Amber Future Investments Limited	Beneficial owner	485,360,000	34.16%

Note:

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

Save as disclosed herein, as at 30 September 2015, there was no other person or corporation so far as is known to the Directors and the chief executive of the Company, other than the Directors or chief executive of the Company, has an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

INTERIM DIVIDEND

The Board does not propose the payment of interim dividend for the six months ended 30 September 2015 (2014: HK1.0 cent).

STAFF AND REMUNERATION POLICIES

As at 30 September 2015, the Group had 695 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.

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

During the six months ended 30 September 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the annual financial statements of the Company for the year ended 31 March 2015 up to the date of despatch of this interim report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Chong Lee Chang, an independent non-executive Director, retired as the executive director of Bingo Group Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, on 14 September 2015.

Mr. Terence Chang Xiang Wen, an independent non-executive Director, was appointed as the chairman of the remuneration committee of the Company and the member of the audit committee of the Company with effect from 26 October 2015.

Mr. Ng Say Pek ("**Mr. Ng**"), a non-executive Director, was re-designated as the executive Director with effect from 18 December 2015. Upon the re-designation of Mr. Ng, the service contract dated 1 August 2013 entered into between Mr. Ng and the Company in relation to the appointment of Mr. Ng as non-executive Director for a fixed term of three years was terminated automatically. On 18 December 2015, Mr. Ng entered into a letter of appointment with the Company and Mr. Ng was not appointed for any specific length or proposed length of service and his term of service shall continue unless terminated by either party giving to the other a one-month prior notice in writing. His appointment is also subject to retirement by rotation and re-election in accordance with the bye-laws of the Company at the Company's annual general meetings. Mr. Ng is entitled to receive a director's fee of HK$100,000 per annum for acting as executive Director, which was determined and will be reviewed annually by the Board with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market situation. Mr. Ng may also be entitled to receive discretionary bonuses or other benefits as may be decided by the Board having regard to the performance of Mr. Ng and the Company.

Mr. Shiu Shu Ming, a non-executive Director, resigned as the member of the executive committee of the Company and the authorised representative (the "**Authorised Representative**") of the Company for the purpose of Rule 3.05 of the Listing Rules with effect from 18 December 2015.

Mr. Ashok Kumar Sahoo, an executive Director, was appointed as the Authorised Representative with effect from 18 December 2015.

CORPORATE GOVERNANCE

The Board is of the view that the Company has applied the principals and complied with the applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules during the six months ended 30 September 2015. The Directors are not aware of any information that reasonably reveals that there is any non-compliance with or derivation from the CG Code by the Company any time during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2015.

AUDIT COMMITTEE

The Company has formed an audit committee (the "**Audit Committee**") whose terms of reference are formulated in accordance with the requirements of the Listing Rules. Its current members comprise of three independent non-executive Directors, namely Mr. Siu Kin Wai (the chairman of the Audit Committee), Mr. Chong Lee Chang and Mr. Terence Chang Xiang Wen. The primary responsibilities of the Audit Committee include reviewing and overseeing the financial reporting system and internal control procedures, risk management and the effectiveness and objectivity of the audit process.

The unaudited condensed consolidated interim results for the six months ended 30 September 2015 have been reviewed by the Audit Committee and were approved by the Board on 25 November 2015.

By order of the Board
Ng Xinwei
Chief Executive Officer

Hong Kong, 25 November 2015