易大宗
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E-COMMODITIES HOLDINGS LIMITED
易大宗控股有限公司

(formerly known as Winsway Enterprises Holdings Limited 永暉實業控股股份有限公司)
(Incorporated in the British Virgin Islands with limited liability)
Stock Code : 1733

INTERIM REPORT **2016**

CONTENTS

Management Discussion and Analysis

I. FINANCIAL HIGHLIGHTS

In the first half of 2016, the Group recorded consolidated revenue of HK$4,703 million, mainly derived from 7.14 million tonnes of coal sales, and 148,000 tonnes of petrochemical products sales. Amongst coal sales, 5.36 million tonnes were seaborne coal, 1.76 million tonnes were Mongolian coking coal and 19,000 tonnes were Mongolian thermal coal. In the corresponding period of 2015, consolidated revenue from continuing operations of was HK$3,396 million, which was mainly derived from 4.31 million tonnes of coal sales, of which 3.83 million tonnes were seaborne coal, 0.24 million tonnes were Mongolian coking coal, 0.17 million tonnes were Mongolian thermal coal and 0.07 million tonnes were self-produced coal.

For the first half of 2016, the Group achieved a gross profit of HK$267 million compared to a gross profit of HK$115 million during the same period of last year. The profit was mainly generated by trading of seaborne coal and Mongolian coking coal products.

Overall, the Group incurred a consolidated net profit of HK$2,000 million during the first half of 2016 compared to a net loss of HK$1,783 million during the first half of 2015, the significant generated profit mainly came from a gain of HK$2,027 million from the Debt Restructuring (as defined below), the commodity market rebound and continued efforts in cost cutting as well as greater business volume. Without considering the financial impact from the gain on Debt Restructuring, professional expenses incurred for the Debt Restructuring as well as the interest payment in connection with the Senior Notes (as defined below), the net profit generated from operational activities was HK$115 million.

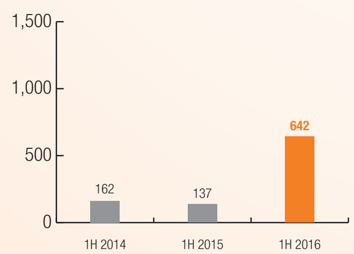
		Amount (HK$'million)
Net profit:		2,000
Excluding:	Gain on Debt Restructuring	(2,027)
	Professional expenses	65
	Bond interest	77
Adjusted net profit		115

II. MONGOLIAN COAL PROCUREMENT

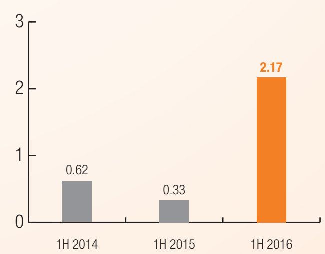
In the first half of 2016, the Group procured a total of 2.17 million tonnes of Mongolian coal, a sharp increase from the 0.33 million tonnes procured during the same period last year. With coal prices picking up in the first half of 2016 and Mongolian coal having some advantages over domestic coal and seaborne coal, the Company adjusted its marketing strategy and procured more Mongolian coal.

Over 90% of the Mongolian coal procurement was from East Taven Tolgoi on account of the Company having signed an offtake agreement to buy 65% of its annual production.

Mongolian Coal Procurement Amount (in HK$ million)



Mongolian Coal Procurement Volume (MT)



Management Discussion and Analysis

III. SEABORNE COAL PROCUREMENT

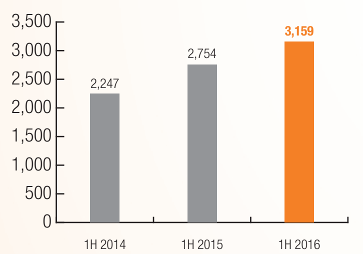
In the first half of 2016, the Group's seaborne procurement volume was approximately 5.36 million tonnes, a 40.68% increase over the 3.81 million tonnes procured during the first half of 2015. The increase stemmed principally from an improvement in the overall market leading to greater demand for the Company's products.

In the first half of 2016, the amount of coal procured from the top 5 seaborne coal suppliers was worth HK$1,660 million, which accounted for 52.55% of the total seaborne coal procurement.

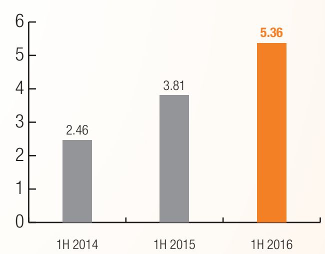
The Group's Top 5 Seaborne Coal Suppliers

Name	Amount (HK$' Million)
BHP Billiton	442
Peabody Energy	388
Rio Tinto Group	295
Yancoal	271
Anglo American	264
Total	1,660

Seaborne Coal Procurement Amount (in HK$ million)



Seaborne Coal Procurement Volume (MT)



IV. OUR CUSTOMERS

In the first half of 2016, the coal market improved, although with a degree of volatility, and the Group managed to expand its market share, benefiting from the Group's extensive reach of logistics infrastructure in northern and coastal regions of China as well as its strong sales and marketing teams' performance. Our top 5 customers accounted for 49.1% of the total sales for the first half of 2016 as compared to 59.81% attributable to the top 5 customers for the same period last year.

The Group's Top 5 Customers

Name	Location	Amount (HK$' Million)
Liu Steel Group	Guangxi	813
Jiujiang Group	Hebei	574
Baotou Steel	Inner Mongolia	476
Bao Steel	Shanghai	244
Anshan Steel	Liaoning	202
Total		2,309

Management Discussion and Analysis

V. FINANCIAL REVIEW

a. Sales

In the first half of 2016, our revenue was HK$4,703 million, a 38.49% increase from the same period last year.

Continuing Operations

	Six months ended 30 June	
	2016 HK$'000	2015 HK$'000
Coking coal	**4,151,012**	3,040,528
Thermal coal	**2,955**	49,302
Coal related products	**763**	16,382
Petrochemical products	**410,234**	146,391
Steel	**82,360**	–
Coke	**–**	95,314
Rendering of logistics services	**42,374**	45,952
Others	**13,489**	2,453
	4,703,187	3,396,322

In terms of volume, the Company sold 7.14 million tonnes of coal, compared to 4.31 million tonnes during the same period last year. In terms of price, the Company's realised average selling price decreased from HK$716 per tonne during the first half of 2015 to HK$582 per tonne during the first half of 2016. The decrease was mainly from the lower seaborne coal selling price realized during the first half of 2016 and the additional quantity of Mongolian coal sold which brought down the average selling price. Coking coal prices touched a recent year low in the first quarter of 2016, and then rebounded in the second quarter of 2016.

	Six months ended			
	2016		2015	
	Total sales volume (tonnes)	**Average selling price (per tonne) (HK$)**	Total sales volume (tonnes)	Average selling price (per tonne) (HK$)
Mongolian coal	**1,785,266**	**495**	409,051	475
Seaborne coal	**5,358,181**	**610**	3,829,169	740
Self-produced coal	**–**	**–**	76,752	814
Total	**7,143,447**	**582**	4,314,972	716

Management Discussion and Analysis

b. Cost of Goods Sold ("COGS")

The Group incurred COGS from continuing operations of HK$4,436 million during the first half of 2016 compared to HK$3,282 million in the first half of 2015.

	Six months ended			
	2016		2015	
	Total purchase volume (tonnes)	**Average purchase price (per tonne) (HK$)**	Total purchase volume (tonnes)	Average purchase price (per tonne) (HK$)
Mongolian coal	**2,166,194**	**296**	334,244	410
Seaborne coal	**5,355,761**	**590**	3,808,386	723
Total	**7,521,955**	**505**	4,142,630	698

c. Gross Profit

For the first half of 2016, the Group achieved a gross profit of HK$267 million compared to a gross profit of HK$115 million during the same period last year. The profit margin increased significantly because the market condition improved in the first half of 2016 leading to increased sales of Mongolian coal with a higher profit margin. Management was also very cautious in managing inventory risk and very prudent in conducting transactions.

d. Distribution Expenses

Distribution costs represented fees and charges incurred for importing coal into the PRC and related logistics and transportation costs. Distribution costs increased from HK$17 million for the six months ended 30 June 2015 to HK$59 million for the six months ended 30 June 2016, due to an improvement in the coking coal market in the PRC which resulting in increased purchases by the Group of Mongolian coking coal.

e. Administrative Expenses

Administrative expenses decreased from HK$322 million in the first half of 2015 to HK$123 million in the corresponding period in 2016. Without considering the one-off, third-party professional expenses for the Debt Restructuring of HK$65 million, operational administrative expenses were HK$257 million. In addition, impairments of accounts and other receivables of HK$58 million were reversed during the first half year of 2016, while by contrast, in the same period of 2015, HK$163 million impairment losses were recognised in respect of accounts and other receivables.

f. Net Finance Costs

During the first half of 2016, net finance costs from continuing operations decreased to HK$116 million, compared to HK$149 million during the same period of 2015.

Management Discussion and Analysis

	Six months ended 30 June	
	2016	2015
	$'000	$'000
Interest income	**(10,054)**	(30,204)
Fair value change of derivative financial instruments	**–**	(6,604)
Finance income	**(10,054)**	(36,808)
Interest on secured bank and other loans	**28,176**	26,254
Interest on discounted bills receivable	**9,953**	3,298
Interest on Senior Notes	**76,852**	115,119
Total interest expense	**114,981**	144,671
Bank charges	**79**	4,061
Foreign exchange loss, net	**4,953**	36,659
Fair value change of derivative financial instruments	**5,620**	–
Finance costs	**125,633**	185,391
Net finance costs	**115,579**	148,583

g. Net Loss and Loss per Share

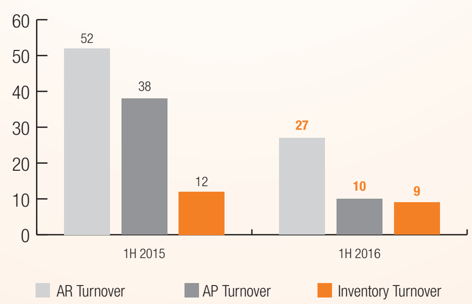
The Group achieved a net profit of HK$2,000 million in the first half of 2016, compared to a HK$1,783 million loss in the first half of 2015.

Basic and diluted earnings per share is HK$2.384 for the first half of 2016 compared to a loss per share of HK$2.266 (restated) for the first half of 2015.

h. Working Capital

Our accounts receivable turnover days, accounts payable turnover days and inventory turnover days for the first half of 2016 were 27 days, 10 days, and 9 days, respectively. The cash conversion days were 26 days, which was at the same level compared to the same period of last year.

Working Capital



Management Discussion and Analysis

i. Property, Plant and Equipment ("PP&E")

The book value of property, plant and equipment was HK$196 million at the end of June 2016, representing a 12.89% decrease over the amount at 31 December 2015 (HK$225 million).

j. Senior Notes

On 8 April 2011, the Company issued senior notes in the aggregate principal amount of US$500,000,000 ("**Senior Notes**") and listed on the Singapore Exchange Securities Trading Limited. The Senior Notes bear interest at 8.50% per annum, payable semi-annually in arrears. During the years ended 31 December 2012 and 2013, the Group repurchased Senior Notes in an aggregate principal amount of US$190,690,000 in the open market. The outstanding Senior Notes with principal amount of US$309,310,000 matured on 8 April 2016.

During the year ended 31 December 2015, the Group did not make the scheduled interest payments of US$13.15 million in relation to the Senior Notes which fell due on each of 8 April 2015 and 8 October 2015, respectively ("**Interest Payments**"), and the Group was in default in the outstanding Senior Notes as at 31 December 2015 for making the Interest Payments under the terms of the Senior Notes indenture, as amended and supplemented.

On 25 November 2015, the Company, certain of its subsidiaries and certain of the holders of the Senior Notes ("**Bondholders**") entered into a restructuring support agreement ("**Restructuring Support Agreement**"), pursuant to which such Bondholders agreed to support the proposed restructuring of the outstanding Senior Notes ("**Debt Restructuring**") to be implemented through schemes of arrangement under section 179A of the Business Companies Act of the British Virgin Islands (2004) ("**BVI Scheme**") and sections 673 and 674 of the Companies Ordinance (Cap. 622) (as amended) as applicable in Hong Kong ("**Hong Kong Scheme**") (collectively "**Schemes**").

The Debt Restructuring consisted of a redemption of the outstanding Senior Notes and Interest Payments and all accrued, scheduled interest payments up to the date of the settlement at a discount, with Bondholders accepting a combination of (i) cash consideration of US$50 million minus a consent fee in a total amount equal to 2% of the outstanding principal and accrued but unpaid interest in respect of the Senior Notes as at the date of the Restructuring Support Agreement ("**Consent Fee**"), and a success fee payable to Houlihan Lokey ("**Cash Consideration**"); (ii) new ordinary shares of the Company allotted and issued to the Bondholders representing not less than 18.75% of the total issued shares on a fully diluted basis upon completion of the Debt Restructuring ("**Scheme Shares**"); and (iii) certain contingent value rights ("**CVRs**") which would give rise to a one-off payment of US$10 million to the Bondholders upon the occurrence of a triggering event that is the Company's adjusted profit before taxation in any of the 5 years from the issue date of the CVRs exceeding US$100 million ("**Triggering Event**").

The Cash Consideration as well as the Consent Fee and the success fee of Houlihan Lokey was funded by the proceeds of a Rights Issue (as defined below).

On 23 June 2016, all Scheme Conditions (as defined in the prospectus published by the Company on 31 May 2016 ("**Prospectus**")) were satisfied and the Debt Restructuring became effective.

On 28 June 2016, a total number of 322,706,001 Initial Scheme Shares were allotted and issued to the initial Bondholders and the remaining 243,273,777 Scheme Shares will be allotted and issued to the Participating Bondholders on the final distribution date, which is expected to be on 7 October 2016. ("**Final Distribution Date**").

Management Discussion and Analysis

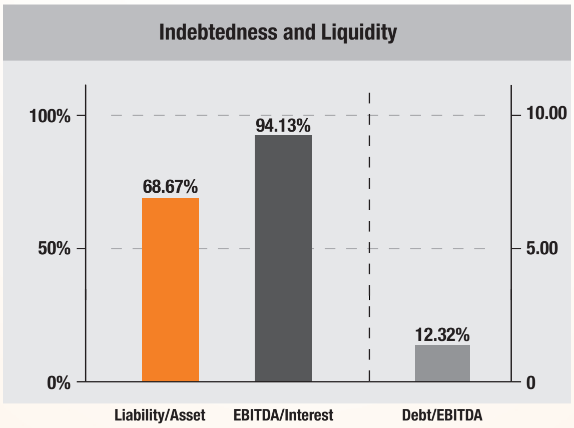
At the Debt Restructuring effective date on 23 June 2016, the carrying value of the Senior Notes including accrued interest amounted to approximately $2,721,014,000. The fair value of the consideration to settle the Senior Notes was cash consideration of US$50 million (equivalent to approximately $388,194,000) and the fair value of 565,979,778 Scheme Shares of approximately $305,629,000 based on the closing price of the Company's shares as traded on The Stock Exchange of Hong Kong Limited on 23 June 2016 of $0.54 per share. The excess of carrying value of the Senior Notes over the fair value of the consideration to settle the Senior Notes, amounting to approximately $2,027,191,000, has been recognised by the Group as a gain on the Debt Restructuring and credited to profit or loss for the six months ended 30 June 2016. All the conditions under the Debt Restructuring are satisfied and there is no financial liabilities under the Senior Notes as at 30 June 2016. The Company will cancel all outstanding Senior Notes upon the Final Distribution Date.

The directors of the Company are of the opinion that the fair value of the CVRs is considered to be immaterial for further disclosure due to the probability of the occurrence of the Triggering Event being remote.

For the six months ended 30 June 2016, interest on the Senior Notes of $76,852,000 and expenses incurred in relation to the Debt Restructuring of $65,181,000 (as included in Administrative expenses) have been charged to the profit or loss.

k. Indebtedness and Liquidity

As of 30 June 2016, our secured bank and other loans totaled HK$1,333 million, an increase of 21.07% from the amount at the end of 2015 (HK$1,101 million). The range of interest rates per annum for bank loans for the first half of 2016 varied from 2.87% to 5.225%, compared with a range from 1.63% to 5.35% during 2015. The Group's gearing ratio calculated on the basis of the Group's total liabilities divided by its total assets as of 30 June 2016 was 68.67% compared to 163.71% as of 31 December 2015.



l. Pledge of Assets

At 30 June 2016, bank loans amounting to HK$28,295,000 (31 December 2015: HK$205,932,000) were secured by bank deposits placed in banks with an aggregate carrying value of HK$27,927,000 (31 December 2015: HK$201,280,000).

At 30 June 2016, bank loans amounting to HK$586,071,000 (31 December 2015: HK$138,980,000) were secured by trade and bills receivables with an aggregate carrying value of HK$586,071,000 (31 December 2015: HK$122,941,000).

Management Discussion and Analysis

At 30 June 2016, bank loans amounting to HK$666,114,000 (31 December 2015: HK$673,891,000) were secured by land use rights and property, and plant and equipment with an aggregate carrying value of HK$535,671,000 (31 December 2015: HK$553,567,000).

At 30 June 2016, bank loans amounting to HK$nil (31 December 2015: HK$81,847,000) were secured by trade and bills receivables land use rights and property, and plant and equipment with an aggregate carrying value of HK$nil (31 December 2015: HK$114,834,000).

At 30 June 2016, other loans amounting to HK$52,884,000 (31 December 2015: HK$nil) were secured by inventories with an aggregate carrying value of HK$52,442,000 (31 December 2015: HK$nil).

m. Cash Flow

In the first half of 2016, our operating cash outflow was HK$737 million compared to HK$845 million cash outflow during the same period last year. As the coal market picked up and the Company engaged in more Mongolian coal transactions, more funding was needed because the Company made more advance payments for the purchase of Mongolian coal.

In the first half of 2016, the Group received a cash inflow from investing activities of HK$458 million compared to HK$93 million cash outflow during the first half of 2015. The cash inflow from investing activities was generated mainly from the release of a cash deposit for financial products and for the issuance of letters of credit.

The Group had a cash inflow from financing activities of HK$196 million during the first half of 2016 compared to a HK$510 million cash inflow from financing activities during the first half of 2015. The difference is mainly due to a decrease of net proceeds from bank and other loans.

VI. EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

Approximately 75% of the Group's turnover in the first half of 2016 were denominated in United States Dollars ("**US dollars**") and the remaining 25% in RMB. The Group's cost of coal purchased, accounting for over 96% of the total cost of sales in the first half of 2016, and some of our operating expenses were denominated in US dollars. Fluctuations in exchange rates may adversely affect the value of the Group's net assets, earnings or any declared dividends as RMB is translated or converted into US dollars or Hong Kong dollars. Any unfavourable movement in exchange rates may lead to an increase in the costs of the Group or a decline in sales, which could materially affect the Group's results of operations.

VII. HUMAN RESOURCES

Employee Overview

The Group aims to set up a performance-oriented compensation and benefit system while balancing the internal and external market in each different job position. Strictly following the PRC Labor Law and Labor Contract Law, the Group signed formal employment contracts with all employees and pays all mandatory social insurances schemes to the full amount. In Hong Kong, the Group participated in a mandatory provident fund scheme for our employees in Hong Kong in accordance with the applicable Hong Kong laws and regulations.

Management Discussion and Analysis

Due to the continued challenging operating environment, the Group reduced headcount by about 4% in the first half of 2016. As at 30 June 2016, the Group had 185 full-time employees (excluding 453 dispatch staff in the PRC subsidiaries). Detailed figures by category of employees are as follows:

Functions	No. of Employee	Percentage
Management, administration & finance	89	48%
Front-line production & production support & maintenance	40	22%
Sales & marketing	32	17%
Others (incl. projects, CP, transportation)	24	13%
Total	185	100%

Employee Education Overview

Qualifications	No. of employee	Percentage
Master & above	40	22%
Bachelor	65	35%
Diploma	47	25%
Middle-school (secondary school) & below	33	18%
Total	185	100%

Training Overview

Training is key to the Company improving employees' working capabilities and management skills. For the six months ended 30 June 2016, the Company held various internal and external training programs amounting to 612 training hours in total, and 137 employees participated in these programs.

Training Overview

Training Courses	No. of hours	No. of participants
Safety	194	96
Management and leadership	386	154
Operation excellence	32	16
Total	612	266

VIII. HEALTH, SAFETY AND ENVIRONMENT

We place great importance on the health and safety of our employees, and clearly recognize the importance of environmental protection. LTIFR, FTIR and TRCF are the keys to measure how we deliver our promises.

In the first half of 2016, the Company achieved a "zero accident" record, compared to 1.14 LTIFR in 2015. No environmental accidents or occupational health accidents occurred in the first half of 2016. Some plants were temporarily idle or half shutdown due to the depressed market, but the Company paid close attention to enhancing the safety awareness of the employees by safety training and examinations.

Management Discussion and Analysis

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

X. INTERIM DIVIDEND

No dividend was declared for the six months ended 30 June 2016.

XI. SIGNIFICANT EVENTS AFFECTING THE GROUP AFTER 30 JUNE 2016

On 11 July 2016, the Board proposed to change the name of the Company from "Winsway Enterprises Holdings Limited 永暉實業控股股份有限公司" to "E-Commodities Holdings Limited 易大宗控股有限公司" ("**Change of Company Name**") to reflect the changed company strategy as the Group started to upgrade its business from traditional bulk commodities trading, such as the trading of seaborne coal, Mongolian coal, and petrochemical products, to an integrated supply chain services platform. At the extraordinary general meeting of the Company held on 1 August 2016, the proposed special resolutions in connection with the Change of Company Name were duly passed by the shareholders of the Company. The effective date of the Change of Company Name was 23 August 2016, and Company's stock short name for trading of the Shares of the Hong Kong Stock Exchange was changed from "WINSWAY" to "E-COMMODITIES" in English and from "永暉控股" to "易大宗" in Chinese with effect from 9:00 a.m. on 23 September 2016. For further details on the Change of Company Name, please refer to the Company's announcements dated 11 July 2016, 1 August 2016, 31 August 2016 and 20 September 2016 and the Company's circular dated 11 July 2016.

On 18 July 2016, there were changes made to the Board and Mr. Wang Wengang was appointed as an executive Director, Mr. Guo Lisheng was appointed as a non-executive Director and Mr. Gao Zhikai was appointed as an independent non-executive Director. On the same day, Ms. Cao was appointed as the Chairman of the Company, Mr. Wang Wengang was appointed as the Chief Executive Officer of the Company and Mr. Li Yongqiang as the Chief Financial Officer of the Company. For further details on the changes to the Board after 30 June 2016, please refer to the Company's announcement dated 18 July 2016.

Other Information

SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

On 13 March 2016, the Board proposed that every twenty existing shares (the "**Old Shares**") of the Company in issue at the relevant time be consolidated into one consolidated share of the Company (the "**Share(s)**") with no par value ("**2016 Share Consolidation**"). The 2016 Share Consolidation had been approved by the shareholders of the Company at the extraordinary general meeting on 16 May 2016 and became effective on 18 May 2016. Since the Company does not have share capital and the Shares have no par value, the number of authorised shares of the Company remained as 6,000,000,000, of which 188,659,926 Shares were in issue upon the effective of the 2016 Share Consolidation. The board lot size of the Shares will be changed from 1,000 Shares to 12,000 Shares with effected from 9:00 a.m. on Monday, 17 October 2016. Details of the 2016 Share Consolidation and change of board lot size are detailed in the Company's announcements dated 13 March 2016, 24 April 2016, 11 May 2016, 13 May 2016, 16 May 2016 and the Company's circular dated 25 April 2016.

DEBT RESTRUCTURING AND RIGHTS ISSUE

On 25 November 2015, the Company, certain of its subsidiaries and certain Bondholders entered into the Restructuring Support Agreement, pursuant to which such Bondholders agreed to support the proposed the Debt Restructuring to be implemented through schemes of arrangement under section 179A of the Business Companies Act of the British Virgin Islands (2004) and sections 673 and 674 of the Companies Ordinance (Cap. 622) (as amended) as applicable in Hong Kong. The Debt Restructuring consisted of redemption of the outstanding Senior Notes and Interest Payments and all accrued, scheduled interest payments up to the date of the settlement at a discount, with Bondholders accepting a combination of Cash Consideration, Scheme Shares and the CVRs.

On 13 March 2016, the Board proposed a rights issue in the proportion of 3 rights shares (the "**Rights Shares**") and 9 anti-dilution shares (the "**Anti-dilution Shares**") for every 1 Share held on the record date (i.e. 27 May 2016) at the subscription price of HK$0.69 per Rights Share (the "**Rights Issue**") to fund the Cash Consideration as well as the Consent Fee and success fee of Houlihan Lokey. In addition, as the issue of Scheme Shares as a part of the Scheme Consideration under the Debt Restructuring would dilute the shareholding of those taking up the Rights Shares, the issue of Anti-dilution Shares for no further consideration was approved to counter this dilutive effect.

Details of the Debt Restructuring and Rights Issue are set out in the Company's announcement dated 13 March 2016, the circular dated 25 April 2016 and the prospectus dated 31 May 2016.

On 27 June 2016, the Company announced the results of the Rights Issue and the distribution of Scheme Consideration, where (i) an aggregate number of 565,979,778 Rights Shares were issued, (ii) a total number of 322,706,001 Scheme Shares and a total number of 968,114,195 Anti-dilution Shares were issued on the Initial Distribution Date. The remaining 243,273,777 Scheme Shares and 729,825,139 Anti-dilution Shares are expected to be allotted and issued on the Final Distribution Date.

The Company received net proceeds in the amount of approximately HK$387,125,000 (approximately US$49,951,613) from the Rights Issue. As of the date of this report, the entire net proceeds have been utilised for the payment of Cash Consideration, the Consent Fee and the success fee to Houlihan Lokey.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company ("**Shares**") and underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**"), to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Name of Directors	Name of Corporations	Nature of Interest	Aggregate number of Shares or underlying Shares	Approximate percentage of interest in the corporation[1]
James Downing[2]	The Company	Personal interest	150,213	0.0073%
George Jay Hambro[2]	The Company	Personal interest	28,650	0.0014%

Note:

(1) The percentage shareholding of the Company is calculated on the basis of 2,045,459,900 Shares in issue as at the latest practicable date prior to the printing of this interim report.

(2) Mr. James Downing and Mr. George Jay Hambro resigned as independent non-executive directors of the Company with effect from 18 July 2016.

Save as disclosed above, as at 30 June 2016, so far as is known to any Director or chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

Other Information

SHARE BASED INCENTIVE PLANS

Restricted Share Units

Under the restricted share unit scheme ("**RSU Scheme**") adopted by the Company on 11 June 2012, the Company may grant restricted share unit awards ("**RSU Awards**") to Directors (including executive Directors, non-executive Directors and independent non-executive Directors), officers and full-time employees of the Company or any of its subsidiaries. An RSU Award gives a participant in the RSU Scheme a conditional right when the RSU Award vests to obtain either Shares (existing Shares in issue or new Shares to be issued by the Company) or an equivalent value in cash with reference to the value of the Shares on or about the date of vesting, as determined by the Board in its absolute discretion. The Board may determine the vesting criteria, conditions and the time when the RSU Awards will vest.

The purposes of the RSU Scheme are to retain and motivate its participants to make contributions to the long term growth and profits of the Company with a view to achieving the objective of increasing the value of the Group and to promote a greater alignment of interests between the participants and the shareholders of the Company. The Board will select participants to receive RSU Awards under the RSU scheme at its discretion.

During the six months ended 30 June 2016, no RSU Awards were granted by the Company under the RSU Scheme.

2014 Share Option Scheme

The Company adopted a share option scheme in the annual general meeting of the Company held on 6 June 2014 (the "**2014 Share Option Scheme**"). The purpose of the 2014 Share Option Scheme is to reward persons who have contributed to the Group and to encourage such persons to work towards enhancing the value of the Company. The eligible participants of the 2014 Share Option Scheme include Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of the Group. The 2014 Share Option Scheme, unless otherwise terminated or amended, will remain in force for a period of 5 years from 6 June 2014. As of 1 March 2016, the Board has agreed with the holders of all the outstanding (and unexercised) options granted under the 2014 Share Option Scheme to cancel their options with immediate effect. No consideration was paid or is payable for such cancellation.

Grantee	Options granted as at 1 January 2016	Options granted during the period	Options exercised during the period	Options lapsed/ cancelled during the period	Options held as of the 30 June 2016
Directors					
Cao Xinyi	9,000,000	–	–	9,000,000	0
Zhu Hongchan	13,000,000	–	–	13,000,000	0
Wang Yaxu	9,000,000	–	–	9,000,000	0
Feng Yi (passed away on 16 June 2016)	1,500,000	–	–	1,500,000	0
Other Employees	50,525,000	–	–	50,525,000	0
Total	83,025,000	–	–	83,025,000	0

Save as disclosed above, at no time during the six months ended 30 June 2016 was the 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.

Other Information

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 30 June 2016, shareholders of the Company who had interests or short positions 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Name of Corporation	Nature of interest	Aggregate number of Shares	Approximate percentage of interest in the corporation[9]
Wang Xingchun[(1)(2)]	The Company	Interest of controlled corporation and a party to an agreement required to be disclosed under section 317 of the SFO	1,575,993,113	77.05%
Winsway Group Holdings Limited[(1)(2)]	The Company	Interest of controlled corporation and a party to an agreement required to be disclosed under section 317 of the SFO	1,575,993,113	77.05%
Great Start Development Ltd.[(1)(3)]	The Company	Interest of controlled corporation and a party to an agreement required to be disclosed under section 317 of the SFO	1,575,993,113	77.05%
Winsway International Petroleum & Chemicals Limited[(1)(2)]	The Company	Beneficial owner and interests of a party to an agreement required to be disclosed under section 317 of the SFO	1,575,993,113	77.05%
Winsway Resources Holdings Limited[(1)(2)]	The Company	Beneficial owner and interests of a party to an agreement required to be disclosed under section 317 of the SFO	1,575,993,113	77.05%
Famous Speech Limited[(4)]	The Company	Beneficial owner	1,500,080,608	73.34%
Wang Yihan[(5)]	The Company	Interest of controlled corporation	1,500,080,608	73.34%
Magnificent Gardenia Limited[(6)]	The Company	Interest of controlled corporation and a party to an agreement required to be disclosed under section 317 of the SFO	1,500,080,608	73.34%

Other Information

Name of Shareholder	Name of Corporation	Nature of interest	Aggregate number of Shares	Approximate percentage of interest in the corporation[9]
Evergrowing Bank Yantai Shangkuang West Road Sub-branch[7]	The Company	Person having a security interest in shares	1,016,495,873	49.07%
China Minmetals Corporation[8]	The Company	Interest of controlled corporation and a party to an agreement required to be disclosed under section 317 of the SFO	1,501,580,609	73.41%

Notes:

(1) Mr. Wang Xingchun ("**Mr. Wang**"), Winsway Group Holdings Limited ("**Winsway Group**"), Winsway Resources Holdings Limited ("**Winsway Resources**"), Great Start Development Ltd. ("**Great Start**"), Winsway International Petroleum & Chemicals Limited ("**Winsway International**", together with Mr. Wang, Winsway Group, Winsway Resources and Great Start, the "**Controlling Shareholders Group**") are parties acting in concert with Famous Speech Limited ("**Famous Speech**") under the Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**"). Pursuant to the terms of the Debt Restructuring as set out in the Restructuring Support Agreement, completion of which was conditional on, amongst other things, completion of the Rights Issue, and pursuant to the terms of the underwriting agreement dated 11 March 2016 entered into between the Company, the Controlling Shareholders Group and Famous Speech (the "**Underwriting Agreement**"), Mr. Wang and each company of the Controlling Shareholders Group is deemed to be interested in all the shares in which Famous Speech is interested by virtue of section 317 of the SFO.

(2) Mr. Wang directly holds the entire issued share capital of Winsway Group Holdings, which in turn indirectly holds the entire issued share capital of Winsway International Petroleum & Chemicals Limited and directly holds the entire issued share capital of Winsway Resources Holdings Limited and is deemed to be interested in the 10,405,321 Shares and 65,507,184 Shares directly held by Winsway International Petroleum & Chemicals Limited and Winsway Resources Holdings Limited, respectively.

(3) Great Start Development Ltd. directly holds the entire issued share capital of Winsway International Petroleum & Chemicals Limited and is deemed to be interested in the 10,405,321 Shares directly held by Winsway International Petroleum & Chemicals Limited.

(4) Famous Speech subscribed for 375,020,152 Rights Shares under the underwriting agreement dated 11 March 2016 entered into between the Company, the Controlling Shareholders Group and Famous Speech (the "**Underwriting Agreement**") and is entitled to receive an aggregate number of 1,125,060,456 Anti-dilution Shares upon the Final Distribution Date in accordance with the terms of Rights Issue. Therefore, Famous Speech has interest in 1,500,080,608 Shares.

(5) Ms. Wang Yihan ("**Ms. Amy Wang**") holds 73.3% interest in Famous Speech following completion of a subscription agreement (the "**Subscription Agreement**"), pursuant to which Famous Speech is owned as to 73.3% and 26.7% by Ms. Amy Wang and Magnificent Gardenia Limited ("**Magnificent Gardenia**"), respectively. Ms. Amy Wang is deemed to be interested in the 1,500,080,608 Shares in which Famous Speech is interested by virtue of section 317 of the SFO.

(6) Magnificent Gardenia entered into a shareholders agreement with Ms. Amy Wang, which sets forth certain rights and obligations of each of the parties in respect of the governance of Famous Speech following completion of the Subscription Agreement. Magnificent Gardenia is therefore deemed to be interested in the Shares in which Famous Speech is interested by virtue of section 317 of the SFO.

(7) Pursuant to a share pledge agreement dated 15 June 2016 entered into between Famous Speech and Evergrowing Bank Yantai Shangkuang West Road Sub-branch ("**Evergrowing Bank**"), Famous Speech agreed to pledge all the Shares it acquired or to be acquired in favour of Evergrowing Bank as security for a term loan to be provided by an offshore bank to Famous Speech for the purpose of underwriting the Rights Issue.

Other Information

(8) China Minmetals Corporation holds 88.4% interest in China Minmetals Corporation Limited, which in turn holds the entire issued share capital in Magnificent Gardenia through its wholly-owned subsidiaries, and is therefore deemed to be interested in Shares in which Magnificent Gardenia is interested in.

(9) The percentage shareholding of the Company is calculated on the basis of 2,045,459,900 Shares in issue, as at the latest practicable date prior to the printing of this interim report, as the denominator, and use the interest in all the Rights Shares and Anti-dilution Shares acquired and to be acquired by the relevant substantial shareholders as the numerator.

Save as disclosed above, as at 30 June 2016, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions representing 5% or more of the issued share capital of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

Throughout the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the Corporate Governance Code ("**CG Code**") set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

From the six months ended 30 June 2016, the audit committee has held 3 meetings. The members of audit committee have reviewed and discussed with the external auditors the Group's unaudited financial statements for the six months ended 30 June 2016, and are of the opinion that such statements have complied with the applicable accounting standards, the Hong Kong Stock Exchange and legal requirements, and that adequate disclosure has been made. The above meetings were attended by all four members of the audit committee.

REMUNERATION COMMITTEE

The Company established a remuneration committee in accordance with the requirements of the CG Code. The primary duties of the remuneration committee are to review and formulate remuneration policies for the Directors and senior management, to make recommendations on the remuneration package of the Directors and senior management and to evaluate and make recommendations on employee benefit arrangement.

The remuneration committee held 1 meeting during the six months ended 30 June 2016, at which the members of the committee reviewed the remuneration of the Directors and senior management with reference to their duties, responsibilities, experience, qualifications and performance. No Director took part in any discussion about his own remuneration. The meeting was attended by all three members of the remuneration committee.

CORPORATE GOVERNANCE CODE

The Company is strongly committed to maintaining high standards of corporate governance, which it regards as a vital element in ensuring its continued success. This commitment is best illustrated by its compliance with the Code Provisions and many of the Recommended Best Practices set out in the CG Code.

Other Information

Code Provisions

Code Provision E.1.2 stipulates that the chairman of the Board should attend the annual general meeting. As there was no chairman of the Board at the time that the annual general meeting of the Company held on 4 July 2016, Ms. Cao Xinyi, being the only Director attended the annual general meeting, chaired the meeting and was available to answer questions.

Except for the deviation from the CG Code as set out above, the Company fully complied with all the Code Provisions throughout the six months ended 30 June 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all the Directors, each Director confirmed that he/she has complied with the required standard set out in the Model Code throughout the first half of 2016.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the six months ended 30 June 2016 and up to the latest practicable date prior to the printing of this report, the Company has maintained the amount of public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

BOARD OF DIRECTORS

The Directors during the period were:

Executive Directors:
Ms. Zhu Hongchan
Ms. Cao Xinyi
Mr. Wang Yaxu
Mr. Feng Yi (passed away on 16 June 2016)

Non-executive Director:
Mr. Lu Chuan

Independent Non-executive Directors:
Mr. James Downing
Mr. Ng Yuk Keung
Mr. Wang Wenfu
Mr. George Jay Hambro

On 18 July 2016, Mr. James Downing and Mr. George Jay Hambro resigned from being independent non-executive Directors, Mr. Wang Wengang, Mr. Guo Lisheng and Mr. Gao Zhikai were appointed as an executive Director, non-executive Director and independent non-executive Director, respectively.

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2016 — unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2016 $'000	2015 $'000
Continuing operations:			
Revenue	4	**4,703,187**	3,396,322
Cost of sales		**(4,436,179)**	(3,281,656)
Gross profit		**267,008**	114,666
Other revenue	6	**12,874**	1,552
Distribution costs	7(c)	**(59,253)**	(17,392)
Administrative expenses	7(d)	**(123,489)**	(322,147)
Other operating (expenses)/income, net		**(7,734)**	4,595
Impairment of non-current assets	7(e)	**–**	(1,214,785)
Profit/(loss) from operating activities		**89,406**	(1,433,511)
Finance income	7(a)	**10,054**	36,808
Finance costs	7(a)	**(125,633)**	(185,391)
Net finance costs		**(115,579)**	(148,583)
Gain on debt restructuring	20	**2,027,191**	–
Share of profit/(loss) of an associate		**744**	(163)
Profit/(loss) before taxation from continuing operations		**2,001,762**	(1,582,257)
Income tax	8	**(1,906)**	834
Profit/(loss) from continuing operations		**1,999,856**	(1,581,423)
Discontinued operation:			
Loss from discontinued operation, net of tax	5	**–**	(201,467)
Profit/(loss) for the period		**1,999,856**	(1,782,890)

The notes on pages 26 to 56 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 22(a).

Consolidated Statement of Profit or Loss (Continued)

for the six months ended 30 June 2016 — unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2016 $'000	2015 $'000
Attributable to:			
Equity shareholders of the Company:			
Profit/(loss) for the period from continuing operations		**2,001,925**	(1,359,984)
Loss for the period from discontinued operation		**–**	(129,756)
Profit/(loss) for the period attributable to equity shareholders of the Company		**2,001,925**	(1,489,740)
Non-controlling interests:			
Loss for the period from continuing operations		**(2,069)**	(221,439)
Loss for the period from discontinued operation		**–**	(71,711)
Loss for the period attributable to non-controlling interests		**(2,069)**	(293,150)
Profit/(loss) for the period		**1,999,856**	(1,782,890)
Earnings/(loss) per share (2015: restated)			
— Basic and diluted (HK$)	9	**2.384**	(2.266)
Earnings/(loss) per share — continuing operations (2015: restated)			
— Basic and diluted (HK$)	9	**2.384**	(2.068)

The notes on pages 26 to 56 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2016 — unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2016	2015
	$'000	$'000
Profit/(loss) for the period	**1,999,856**	(1,782,890)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(27,996)**	(6,875)
Total comprehensive income for the period	**1,971,860**	(1,789,765)
Attributable to:		
Equity shareholders of the Company	**1,974,024**	(1,494,752)
Non-controlling interests	**(2,164)**	(295,013)
Total comprehensive income for the period	**1,971,860**	(1,789,765)

The notes on pages 26 to 56 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2016 — unaudited

(Expressed in Hong Kong dollars)

	Note	At 30 June 2016 $'000	At 31 December 2015 $'000
Non-current assets			
Property, plant and equipment, net	10	**195,931**	225,333
Construction in progress	11	**–**	–
Lease prepayments		**489,106**	502,523
Intangible assets		**4,920**	4,816
Interest in an associate		**18,133**	16,320
Other investments in equity securities	12	**122,591**	125,065
Other non-current assets	13	**–**	–
Total non-current assets		**830,681**	874,057
Current assets			
Inventories	14	**258,765**	184,785
Trade and other receivables	15	**1,629,042**	886,434
Restricted bank deposits	16	**99,534**	499,104
Cash and cash equivalents	17	**174,855**	259,574
Trading securities		**74**	613
Total current assets		**2,162,270**	1,830,510
Current liabilities			
Secured bank and other loans	18	**1,324,004**	1,073,197
Trade and other payables	19	**542,412**	756,502
Senior notes	20	**–**	2,388,573
Income tax payable		**39,705**	38,002
Total current liabilities		**1,906,121**	4,256,274
Net current assets/(liabilities)		**256,149**	(2,425,764)
Total assets less current liabilities		**1,086,830**	(1,551,707)
Non-current liabilities			
Secured bank and other loans	18	**9,360**	27,453
Deferred income	21	**139,814**	144,008
Total non-current liabilities		**149,174**	171,461
NET ASSETS/(LIABILITIES)		**937,656**	(1,723,168)
CAPITAL AND RESERVES			
Share capital	22(b)	**5,550,144**	4,992,337
Reserves		**(4,477,957)**	(6,583,138)
Total equity attributable to equity shareholders of the Company		**1,072,187**	(1,590,801)
Non-controlling interests		**(134,531)**	(132,367)
TOTAL EQUITY		**937,656**	(1,723,168)

The notes on pages 26 to 56 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2016 — unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company									
	Share capital $'000 (note 22(b))	Statutory reserve $'000	Employee share trusts $'000	Scheme shares reserve $'000	Other reserve $'000 (note 22(c))	Exchange reserve $'000	Accumulated loss $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2015	4,992,337	333,147	(3,000)	–	92,125	248,531	(5,362,763)	300,377	82,211	382,588
Equity settled share-based transactions	–	–	–	–	3,460	–	–	3,460	–	3,460
Expiry of share options granted under share option scheme	–	–	–	–	(110,460)	–	110,460	–	–	–
Total comprehensive income for the period	–	–	–	–	–	(5,012)	(1,489,740)	(1,494,752)	(295,013)	(1,789,765)
Balance at 30 June 2015	4,992,337	333,147	(3,000)	–	(14,875)	243,519	(6,742,043)	(1,190,915)	(212,802)	(1,403,717)
Balance at 1 July 2015	4,992,337	333,147	(3,000)	–	(14,875)	243,519	(6,742,043)	(1,190,915)	(212,802)	(1,403,717)
Equity settled share-based transactions	–	–	–	–	1,075	–	–	1,075	–	1,075
Expiry of share options granted under share option scheme	–	–	–	–	19	–	(19)	–	–	–
Total comprehensive income for the period	–	–	–	–	–	(179,416)	(233,252)	(412,668)	80,435	(332,233)
Loss covered by statutory reserve	–	(147,314)	–	–	–	–	147,314	–	–	–
Disposal of subsidiaries	–	–	–	–	–	11,707	–	11,707	–	11,707
Balance at 31 December 2015	4,992,337	185,833	(3,000)	–	(13,781)	75,810	(6,828,000)	(1,590,801)	(132,367)	(1,723,168)

The notes on pages 26 to 56 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2016 — unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company									
	Share capital $'000 (note 22(b))	Statutory reserve $'000	Employee share trusts $'000	Scheme shares reserve $'000	Other reserve $'000 (note 22(c))	Exchange reserve $'000	Accumulated loss $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2016	**4,992,337**	**185,833**	**(3,000)**	**–**	**(13,781)**	**75,810**	**(6,828,000)**	**(1,590,801)**	**(132,367)**	**(1,723,168)**
Shares issued under rights issue (note 22(b)(ii))	390,526	–	–	–	–	–	–	390,526	–	390,526
Transaction costs attributable to issue of shares under rights issue (note 22(b)(ii))	(6,980)	–	–	–	–	–	–	(6,980)	–	(6,980)
Recognition of fair value in respect of scheme shares arising from debt restructuring (note 20)	–	–	–	305,629	–	–	–	305,629	–	305,629
Scheme shares issued under debt restructuring (note 22(b)(iii))	174,261	–	–	(174,261)	–	–	–	–	–	–
Equity settled share-based transactions	–	–	–	–	730	–	–	730	–	730
Expiry of share options granted under share option scheme	–	–	–	–	(8,949)	–	8,949	–	–	–
Total comprehensive income for the period	–	–	–	–	–	(27,901)	2,001,925	1,974,024	(2,164)	1,971,860
Appropriation to statutory reserve	–	34	–	–	–	–	(34)	–	–	–
Contribution to employee share trusts	–	–	(640)	–	–	–	–	(640)	–	(640)
Disposal of subsidiaries	–	(301)	–	–	–	–	–	(301)	–	(301)
Balance at 30 June 2016	**5,550,144**	**185,566**	**(3,640)**	**131,368**	**(22,000)**	**47,909**	**(4,817,160)**	**1,072,187**	**(134,531)**	**937,656**

The notes on pages 26 to 56 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2016 — unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2016 $'000	2015 $'000
Operating activities			
Profit/(loss) before taxation		**2,001,762**	(1,873,763)
Net change in inventories, trade and other receivables and trade and other payables		**(787,120)**	(710,023)
Gain on debt restructuring	20	**(2,027,191)**	–
(Reversal)/provision of impairment losses on trade and other receivables		**(58,043)**	163,287
Impairment of non-current assets		**–**	1,214,785
Write-down to adjust the carrying value of GCC LP's net assets to fair value less costs to sell		**–**	81,872
Other adjustments		**133,633**	280,324
Income tax refund/(paid)		**219**	(1,925)
Net cash used in operating activities		**(736,740)**	(845,443)
Investing activities			
Payment for purchase of property, plant and equipment and intangible assets		**(3,184)**	(11,522)
Decrease in restricted bank deposits		**399,570**	76,109
Other cash flows arising from investing activities		**61,983**	28,117
Net cash generated from investing activities		**458,369**	92,704
Financing activities			
Proceeds from bank and other loans		**654,144**	3,080,600
Repayment of bank and other loans		**(406,192)**	(2,592,779)
Payment for debt restructuring	20	**(388,194)**	–
Proceeds from issue of new shares under rights issue		**390,526**	–
Payment of issuing expenses under rights issue		**(6,980)**	–
Interests paid		**(46,235)**	(118,308)
Other cash flows arising from financing activities		**(640)**	140,059
Net cash generated from financing activities		**196,429**	509,572
Net decrease in cash and cash equivalents		**(81,942)**	(243,167)
Cash and cash equivalents at 1 January	17	**259,574**	438,552
Effect of foreign exchange rate changes		**(2,777)**	(1,232)
Cash and cash equivalents reclassified as assets held for sale		**–**	(398)
Cash and cash equivalents at 30 June	17	**174,855**	193,755

Significant non-cash transaction:

During the six months ended 30 June 2016, the Group has completed the debt restructuring of senior notes for which the outstanding senior notes including accrued interest amounted to approximately $2,721,014,000 was settled by cash consideration of approximately $388,194,000, an issue of 565,979,778 scheme shares and certain contingent value rights (see note 20).

The notes on pages 26 to 56 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

1 CORPORATE INFORMATION

E-Commodities Holdings Limited (formerly known as "Winsway Enterprises Holdings Limited") (the "Company") was incorporated in the British Virgin Islands ("BVI") on 17 September 2007 with limited liability under the Business Companies Act of the British Virgin Islands (2004).The Company changed the name to E-Commodities Holdings Limited with effect from 23 August 2016. The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the processing and trading of coking coal and other products and rendering of logistics services. In addition, the Group was engaged in the development of coal mills and production of coking coal, which was classified as discontinued operation of the Group on 27 June 2014, and the disposal of such discontinued operation was completed on 2 September 2015.

2 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 31 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with International Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the IASB. KPMG's independent review report to the Board of Directors is included on pages 57 to 58.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. A disclaimer of opinion was expressed in the auditors' report dated 22 April 2016 on those consolidated financial statements because of the potential interaction of the uncertainties related to going concern and their possible effect on the consolidated financial statements and the limitation of scope in respect of impairment of other investments in equity securities and loan due from a third party.

The Group recorded net losses over the past few years as a result of the continuing depression of the coking coal market. For the six months ended 30 June 2016, the coking coal market has seen signs of recovery and the Group recorded a profit from continuing operations before interest on senior notes (see note 7(a)) and gain on debt restructuring (see note 20), of $49,517,000. Nevertheless, the Group suffered a net cash outflow of $736,740,000 in respect of operating activities for the six months ended 30 June 2016.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

2 BASIS OF PREPARATION (CONTINUED)

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections were based on management's estimation of cash inflows/outflows including revenue from processing and trading of coking coal and other products and rendering of logistics services, gross margin, operating expenses, capital expenditures, finance costs and working capital requirements. The assumptions and estimation are based on the Group's business performance during the six months ended 30 June 2016, management's expectations of the coking coal market development, and the success of the cost cutting strategies implemented. The cash flow projections cover a period of not less than twelve months from the end of the reporting period.

In preparing the cash flow projections, management assumed that the recovery in the coking coal market during the six months ended 30 June 2016 would continue and on that basis, developed assumptions relating to the coal selling prices, fluctuations in coal procurement prices and sales volumes. However, these assumptions are subject to significant variation due to factors which are outside of the Group' control, as follows:

- The market price of coal is volatile and is affected by factors including international and domestic coking coal supply and demand, customers' demand level, global or regional political events and domestic coal related governmental policies, as well as a range of other market forces. Falls in prices as a gesture of global and domestic coal prices would have a material and adverse effect on the Group's financial condition and therefore on the achievability of the cash flow projections.

- The Group's business and prospects are heavily dependent on the demand for coking coal by steel makers and coke plants in the People's Republic of China (the "PRC"). The steel industry's demand for metallurgical coal is affected by a number of factors including the cyclical nature of that industry's business, technological developments in the steel-making process and the availability of substitutes for steel such as aluminium, composites and plastics. A decrease in demand for coking coal by steel makers would have a material and adverse impact on the Group's business and therefore on the achievability of the cash flow projections.

The directors are of the opinion that, assuming the cash flow projections can be achieved, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

Accordingly, the directors are of the opinion that it is appropriate to prepare this interim financial report on the going concern basis. This interim financial report does not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvement to IFRSs 2012–2014 Cycle*

- Amendments to IAS 1, *Presentation of financial statements: Disclosure initiative*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Annual Improvements to IFRSs 2012-2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, IAS 34, *Interim financial reporting*, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial report as the Group does not present the relevant required disclosures outside the interim financial statements.

Amendments to IAS 1, Presentation of financial statements: Disclosure initiative

The amendments to IAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's interim financial report.

4 REVENUE AND SEGMENT REPORTING

(i) Revenue

The Group is principally engaged in the processing and trading of coking coal and other products and the rendering of logistics services. Revenue represents the sales value of goods sold, net of value added tax and other sales taxes and is after any trade discounts, and revenue from rendering of logistics services. The amount of each significant category of revenue is as follows:

Continuing operations

	Six months ended 30 June	
	2016	2015
	$'000	$'000
Coking coal	**4,151,012**	3,040,528
Thermal coal	**2,955**	49,302
Coal related products	**763**	16,382
Petrochemical products	**410,234**	146,391
Steel	**82,360**	–
Coke	**–**	95,314
Rendering of logistics services	**42,374**	45,952
Others	**13,489**	2,453
	4,703,187	3,396,322

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(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(ii) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Processing and trading of coking coal and other products: this segment manages and operates coal processing plants and generates income from processing and trading of coking coal and other products to external customers.

- Development of coal mills and production of coking coal and related products (classified as a discontinued operation (see note 5)): this segment acquires, explores and develops coal mills and produces coal from the mills. On 1 March 2012, the Group acquired Grande Cache Coal Corporation ("GCC"), a Canadian company developing coal mills and producing coking coal and related products from the mills. On 2 September 2015, the Group disposed of 42.74% equity interest in GCC and Grand Cache Coal LP ("GCC LP"), which were ceased to be subsidiaries of the Group. The Group ceased operating business in this segment following the completion of disposal of GCC and GCC LP.

- Logistics services: this segment constructs, manages and operates logistics parks and generates income from rendering of logistics services to external customers within the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets and current assets with the exception of interest in an associate. Segment liabilities include trade and other payables, deferred income and secured bank and other loans managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of coal products and logistics services, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment profit/(loss) is "adjusted EBITDA" i.e. "adjusted earnings/(loss) before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets and reversal/(provision) for impairment losses on trade and other receivables.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(ii) Segment reporting (Continued)

(a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2016 is set out below.

For the six months ended 30 June

	Processing and trading of coking coal and other products		Development of coal mills and production of coking coal and related products (Discontinued operation)		Logistics services		Total	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
Revenue from external customers	**4,660,813**	3,350,370	**–**	203,391	**42,374**	45,952	**4,703,187**	3,599,713
Inter-segment revenue	**–**	–	**–**	52,641	**1,340**	750	**1,340**	53,391
Reportable segment revenue	**4,660,813**	3,350,370	**–**	256,032	**43,714**	46,702	**4,704,527**	3,653,104
Reportable segment profit/(loss) (adjusted EBITDA)	**48,808**	(15,380)	**–**	(61,989)	**1,382**	1,250	**50,190**	(76,119)
Interest income	**10,010**	30,202	**–**	–	**44**	2	**10,054**	30,204
Interest expense	**(110,956)**	(144,668)	**–**	(147,645)	**(4,025)**	(3)	**(114,981)**	(292,316)
Depreciation and amortisation for the period	**(17,655)**	(30,667)	**–**	–	**(1,172)**	(10,642)	**(18,827)**	(41,309)
Reversal/(provision) for impairment losses on trade and other receivables	**60,656**	(153,521)	**–**	–	**(2,613)**	(9,766)	**58,043**	(163,287)
Impairment of non-current assets	**–**	(734,448)	**–**	(81,872)	**–**	(480,337)	**–**	(1,296,657)
Shares of profit/(loss) of an associate	**–**	–	**–**	–	**744**	(163)	**744**	(163)
Additions to non-current segment assets during the period	**2,455**	14,020	**–**	460	**162**	1,232	**2,617**	15,712
Reportable segment assets	**3,188,859**	2,991,968	**–**	–	**156,520**	161,677	**3,345,379**	3,153,645
Reportable segment liabilities	**1,901,300**	4,364,086	**–**	–	**484,851**	491,045	**2,386,151**	4,855,131

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(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(ii) Segment reporting (Continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

For the six months ended 30 June

	2016 $'000	2015 $'000
Revenue		
Reportable segment revenue	**4,704,527**	3,653,104
Elimination of inter-segment transactions	**(1,340)**	(53,391)
Elimination of discontinued operation	**–**	(203,391)
Consolidated revenue from continuing operations	**4,703,187**	3,396,322
Profit/(loss)		
Reportable segment profit/(loss)	**50,190**	(76,119)
Depreciation and amortisation	**(18,827)**	(41,309)
Impairment of non-current assets	**–**	(1,214,785)
Reversal/(provision) for impairment losses on trade and other receivables	**58,043**	(163,287)
Share of profit/(loss) of an associate	**744**	(163)
Gain on debt restructuring	**2,027,191**	–
Net finance costs	**(115,579)**	(148,583)
Elimination of discontinued operation	**–**	61,989
Consolidated profit/(loss) before taxation from continuing operations	**2,001,762**	(1,582,257)

	At 30 June 2016 $'000	At 31 December 2015 $'000
Assets		
Reportable segment assets	**3,345,379**	3,153,645
Interest in an associate	**18,133**	16,320
Elimination of inter-segment receivables	**(370,561)**	(465,398)
Consolidated total assets	**2,992,951**	2,704,567
Liabilities		
Reportable segment liabilities	**2,386,151**	4,855,131
Current income tax liabilities	**39,705**	38,002
Elimination of inter-segment payables	**(370,561)**	(465,398)
Consolidated total liabilities	**2,055,295**	4,427,735

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(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(ii) Segment reporting (Continued)

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in an associate.

For the six months ended 30 June

	Revenues from external customers	
	2016 **$'000**	2015 $'000
The PRC (including Hong Kong and Macau)	**4,591,854**	2,925,899
Canada	**–**	203,391
Elimination of discontinued operation	**–**	(203,391)
	–	
India	**111,333**	–
Korea	**–**	347,525
Japan	**–**	122,898
	4,703,187	3,396,322

	Specified non-current assets	
	At 30 June 2016 $'000	At 31 December 2015 $'000
The PRC (including Hong Kong and Macau)	**830,358**	873,668
Other countries	**323**	389
	830,681	874,057

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5 DISCONTINUED OPERATION

On 14 November 2014, the Group entered into a sale and purchase agreement with Up Energy Resources Company Limited (the "Purchaser") and Up Energy Development Group Limited (the "Purchaser Guarantor"), pursuant to which the Purchaser conditionally agreed to acquire and the Group conditionally agreed to sell 42.74% equity interest in GCC and GCC LP at cash consideration of US$1 (the "Disposal").

On 2 September 2015, all the conditions precedent to the completion of the Disposal were either satisfied or waived pursuant to the aforementioned sale and purchase agreement, with a total consideration of US$1. Upon the completion of the Disposal, GCC and GCC LP ceased to be subsidiaries of the Group.

(a) Results of discontinued operation

	Six months ended 30 June 2015 $'000
Results of discontinued operation	
Revenue	203,391
Expenses	(413,025)
Results from operating activities	(209,634)
Income tax	77,758
Results from operating activities, net of tax	(131,876)
Write-down to adjust the carrying value of GCC LP's net assets to fair value less costs to sell*	(81,872)
Income tax in respect of write-down of GCC LP's net assets	12,281
Loss for the period	(201,467)
Attributable to:	
Equity shareholders of the Company	(129,756)
Non-controlling interests	(71,711)
	(201,467)
Loss per share	
Basic and diluted (HK$) (restated)	(0.198)

* After taken into account the US$1 as the total consideration to complete the Disposal on 2 September 2015, a further write-down amounting to $81,872,000 to adjust the carrying value of GCC LP's net assets was provided as at 30 June 2015.

(b) Cash generated from/(used in) discontinued operation

	Six months ended 30 June 2015 $'000
Net cash used in operating activities	(33,112)
Net cash generated from investing activities	4,209
Net cash generated from financing activities	29,301
Net cash inflow for the period	398

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6 OTHER REVENUE

	Six months ended 30 June	
	2016	2015
	$'000	$'000
Government grants	**12,687**	1,552
Others	**187**	–
	12,874	1,552

7 PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS

Profit/(loss) before taxation from continuing operations is arrived at after (crediting)/charging:

(a) Net finance cost

	Six months ended 30 June	
	2016	2015
	$'000	$'000
Interest income	**(10,054)**	(30,204)
Fair value change of derivative financial instruments	**–**	(6,604)
Finance income	**(10,054)**	(36,808)
Interest on secured bank and other loans#	**28,176**	26,254
Interest on discounted bills receivable	**9,953**	3,298
Interest on senior notes (note 2)	**76,852**	115,119
Total interest expense	**114,981**	144,671
Bank charges	**79**	4,061
Foreign exchange loss, net	**4,953**	36,659
Fair value change of derivative financial instruments	**5,620**	–
Finance costs	**125,633**	185,391
Net finance costs	**115,579**	148,583

For the six months ended 30 June 2016, interest on secured bank and other loans included interest expenses incurred of $3,428,000 which were in relation to the Group's borrowings with a third party company in form of sale and buyback arrangements (see note 18).

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7 PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS (CONTINUED)

(b) Staff costs

	Six months ended 30 June	
	2016	2015
	$'000	$'000
Salaries, wages, bonus and other benefits	**56,845**	69,615
Contributions to defined contribution retirement plan	**2,919**	4,006
Equity settled share-based payment expenses	**730**	3,460
	60,494	77,081

(c) Distribution costs

Distribution costs represented fees and charges incurred for importing coal into the PRC and related logistics and transportation costs. Distribution costs increased from $17,392,000 for the six months ended 30 June 2015 to $59,253,000 for the six months ended 30 June 2016 was due to the recovery of coking coal market in the PRC resulted in the Group's increased purchase of coking coal sourced from Mongolia.

(d) Administrative expenses

Administrative expenses decreased from $322,147,000 for the six months ended 30 June 2015 to $123,489,000 for the six months ended 30 June 2016 was attributable to that a net reversal of impairment losses on trade and other receivables of $58,043,000 credited to the consolidated statement of profit or loss for the six months ended 30 June 2016. During the six months ended 30 June 2015, an impairment losses on trade and other receivables of $163,287,000 was charged to the consolidated statement of profit or loss.

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7 PROFIT/(LOSS) BEFORE TAXATION FROM CONTINUING OPERATIONS (CONTINUED)

(e) Other items

	Note	Six months ended 30 June 2016 $'000	2015 $'000
Government grants		**(12,687)**	(1,552)
Amortisation#			
— leased assets		**5,045**	5,847
— intangible assets		**365**	347
Depreciation#		**13,417**	35,115
(Reversal)/provision of impairment losses on	7(d)		
— trade receivables (note 15(b))		**(29,627)**	(4,590)
— other receivables (note 15(d))		**(28,416)**	167,877
Impairment of non-current assets			
— property, plant and equipment (note 10(b))		**–**	633,314
— construction in progress (note 11)		**–**	171,392
— other investments in equity securities (note 12)		**–**	266,302
— prepayment related to property, plant and equipment (note 13)		**–**	23,561
— loan to a third party (note 13)		**–**	120,216
Operating lease charges, mainly relating to buildings		**3,002**	5,655
Cost of inventories		**4,398,124**	3,248,796

Cost of inventories included $3,527,000 (six months ended 30 June 2015: $2,864,000) and $4,285,000 (six months ended 30 June 2015: $2,919,000) for the six months ended 30 June 2016 relating to staff costs, depreciation and amortisation which amount was also included in the respective total amount disclosed separately above or in note 7(b) for each type of these expenses.

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8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June	
	2016	2015
	$'000	$'000
Continuing operations:		
Current tax — Hong Kong Profits Tax		
Provision for the period	**991**	–
Current tax — Outside of Hong Kong		
Provision for the period	**574**	1,236
Under/(over)-provision in respect of prior years	**341**	(2,070)
	1,906	(834)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the period.

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

The provision for PRC current income tax is based on a statutory rate of 25% (2015: 25%) of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

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9 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share for the six months ended 30 June 2016 is based on the profit attributable to equity shareholders of the Company of $2,001,925,000 (six months ended 30 June 2015: loss attributable to equity shareholders of the Company of $1,489,740,000) and the weighted average number of ordinary shares of 839,893,000 (six months ended 30 June 2015 (restated): 657,564,000 shares) in issue during the six months ended 30 June 2016, calculated as follows:

Weighted average number of ordinary shares (basic):

	Six months ended 30 June	
	2016	2015
	'000	'000
		(Restated#)
Issued ordinary shares at 1 January	**3,773,199**	3,773,199
Share consolidation (note 22(b)(i))	**(3,584,539)**	(3,584,539)
Effect of shares issued under rights issue (including issuance of anti-dilution shares) (note 22(b)(ii))	**199,026**	–
Effect of bonus element on shares issued under rights issue	**427,964**	469,213
Effect of scheme shares issued under debt restructuring (note 22(b)(iii))	**24,878**	–
Effect of shares held by the employee share trusts*	**(635)**	(309)
Weighted average number of ordinary shares (basic) as at 30 June	**839,893**	657,564

\# Comparative figures for the weighted average number of ordinary shares for the six months ended 30 June 2015 have been adjusted retrospectively for the effect of the share consolidation and rights issue made during the six months ended 30 June 2016.

* The shares held by the employee share trusts are regarded as treasury shares.

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2016.

For the six months ended 30 June 2015, basic and diluted loss per share are the same as the effect of the potential ordinary shares outstanding was anti-dilutive.

10 PROPERTY, PLANT AND EQUIPMENT, NET

(a) Acquisitions and disposals

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment in the amount of $2,617,000 (six months ended 30 June 2015: $199,000). Items of property, plant and equipment with a net book value of $13,201,000 were disposed of during the six months ended 30 June 2016 (six months ended 30 June 2015: $3,635,000), resulting in a loss on disposal of $3,048,000 (six months ended 30 June 2015: gain on disposal of $1,424,000).

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10 PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

(b) Impairment loss

No impairment loss for property, plant and equipment has been charged to the consolidated statement of profit or loss for the current period (six months ended 30 June 2015: $633,314,000).

(c) As at 30 June 2016, property ownership certificates of certain properties of the Group with an aggregate net book value of $320,000 (31 December 2015: $326,000) are yet to be obtained.

(d) As at 30 June 2016, property, plant and equipment of the Group of $157,023,000 (31 December 2015: $173,895,000) have been pledged as collateral for the Group's borrowings.

11 CONSTRUCTION IN PROGRESS

For the year ended 31 December 2015, full impairment provision for construction in progress in respect of certain logistics and coal processing projects under construction in the PRC. This was charged to the consolidated statement of profit or loss since the Company's board of directors was determined to abandon these projects in light of the unfavourable future prospects of the coking coal business in 2015.

12 OTHER INVESTMENTS IN EQUITY SECURITIES

	At 30 June 2016 $'000	At 31 December 2015 $'000
Other investments in equity securities	**368,291**	375,721
Less: impairment losses	**(245,700)**	(250,656)
	122,591	125,065

Other investments in equity securities represent the Group's equity interests in third party companies engaged in railway logistics, ports management and coal storage business. As at 30 June 2016, the Group holds equity interests in a range of 1%–15% in these companies.

In 2015, an impairment loss of $250,656,000 to fully write down the carrying amount of the Group's investments in equity securities of certain of these companies was charged to the consolidated statement of profit or loss due to the unsatisfactory operating performance of these companies. The impairment was provided based on a fair value valuation on the respective investments in the equity securities performed by an independent appraiser using discounted cash flows method based on cash flow projections taking into account the transportation price and volume assumptions and source data provided by the management of the investees. The expected net cash flows were discounted using a risk adjusted pre-tax discount rate of 12.36%. As a full impairment provision has already been provided for these companies during the year ended 31 December 2015, no further loss incurred by these companies during the six months ended 30 June 2016 was taken up in the Company's consolidated financial statements and changes during the current period represented effect of exchange rate changes.

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13 OTHER NON-CURRENT ASSETS

	At 30 June 2016 $'000	At 31 December 2015 $'000
Loan to a third party (note (i))	**–**	–
Advance payments for equipment purchase and construction in progress (note (ii))	**–**	–
	–	–

(i) In 2009, the Company agreed to provide a loan to Moveday Enterprises Limited ("Moveday") to purchase additional vehicles to meet with the increasing volume of coal procured by the Group in Mongolia, and Moveday agreed to use the trucks purchased through financing provided by the Company for the provision of transportation services to the Group during the term of the agreement. Pursuant to a loan agreement entered into on 10 April 2010 (as subsequently amended by a supplemental deed on 15 September 2010) and the strategic alliance agreement, the Company agreed to lend Moveday up to US$40 million solely for the purpose of purchasing vehicles for transporting coal purchased by the Group in Mongolia. The loan to Moveday was provided on an unsecured basis, at an interest rate of LIBOR plus 3% and repayable over five years in equal annual installments of US$8 million, commencing from 18 months after the receipt of the loan (being 31 December 2012) by Moveday, with interest payable semi-annually in arrears. The entire loan amount was fully drawn down in 2010. As Moveday is a third party and the loan to Moveday is an unsecured loan, the Group does not have an interest in or control over the cash flows or other assets of Moveday other than in accordance with the terms of the loan agreement (as amended).

In 2013, the Group entered into another supplemental agreement with Moveday to modify the repayment terms of the remaining outstanding principal of US$32 million. Pursuant to the supplemental agreement, the remaining outstanding principal was repayable on 31 December from 2013 to 2015 with an amount of US$4 million plus a floating repayment amount. The floating repayment amount was calculated based on the volume of coals transported (maximum of 12 million tonnes) by Moveday for the Group and up to US$6 million during each year. Apart from the repayment terms, all the other terms of the loan were not changed and Moveday was obliged to repay the entire outstanding principal on or before 31 December 2016.

In October 2015, Moveday informed the Group that they could not repay the outstanding principal and interest as scheduled in the above-mentioned supplemental agreement due to the financial difficulty encountered. On 22 January 2016, the Group and Moveday mutually agreed that the outstanding loan principal of US$4,888,000 (equivalent to approximately $37,886,000) and interest of US$359,000 (equivalent to approximately $2,787,000) which were due as at 31 December 2015 were offset against the Group's payables in connection with coking coal transportation service provided by Moveday. Apart from the offsetting arrangement, all the other terms of the loan were not changed and Moveday was obliged to repay the entire outstanding principal on or before 31 December 2016.

For the year ended 31 December 2015, the Group made an impairment provision of $120,189,000 against the remaining outstanding loan balance as at 31 December 2015 (exclusive of the loan principal of US$4,888,000 (equivalent to approximately $37,886,000) to be offset against the Group's payables as described above) based on the communication with management of Moveday about the adverse financial and operating circumstances of Moveday in 2015.

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13 OTHER NON-CURRENT ASSETS (CONTINUED)

(i) (Continued)

During the four months ended 30 April 2016, the Group has incurred $47.1 million (30 June 2015: $20.2 million) for coking coal transportation services provided by Moveday. On 30 April 2016, the transportation agreement entered into by the Group and Moveday expired and the Group determined not to renew such agreement and engaged another third party company to provide such transportation services to the Group (it is the Company's understanding that the third party company may use Moveday as sub-contractor for transportation of the Group's coking coal at its discretion). As at 30 June 2016, the outstanding loan balance is US$15.5 million (31 December 2015: US$20.4 million). The Group continues to pursue recovery of the outstanding loan balance but given the circumstances considers it appropriate to continue to fully provide against the remaining outstanding loan balance.

(ii) For the year ended 31 December 2015, the Group provided full impairment of $22,307,000 for all advance payments for equipment purchase and construction in progress in relation to the coal processing plants and logistic park facilities which have ceased construction.

14 INVENTORIES

	At 30 June 2016 $'000	At 31 December 2015 $'000
Coking coal	**199,891**	143,291
Thermal coal	**18,266**	6,957
Coal related products	**7,366**	864
Petrochemical products	**23,544**	22,698
Others	**16,996**	19,099
	266,063	192,909
Less: write-down of inventories	**(7,298)**	(8,124)
	258,765	184,785

An analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	Six months ended 30 June	
	2016 $'000	2015 $'000
Carrying amount of inventories sold	**4,390,826**	3,239,687
Write-down of inventories	**7,298**	9,109
	4,398,124	3,248,796

Coking coal inventories of 125,000 tonnes with carrying amount of $52,442,000 have been pledged as collateral for the Group's borrowings (see note 18).

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15 TRADE AND OTHER RECEIVABLES

	At 30 June 2016 $'000	At 31 December 2015 $'000
Trade receivables	**383,408**	211,566
Bills receivable	**636,726**	261,505
Receivables from import agents	**45,891**	9,916
Less: allowance for doubtful debts	**(29,243)**	(58,870)
	1,036,782	424,117
Loan to a third party company (note 13(i))	**–**	37,886
Prepayments to suppliers	**331,573**	111,082
Derivative financial instruments*	**–**	31,760
Deposits and other receivables	**393,639**	442,957
Less: allowance for doubtful debts	**(132,952)**	(161,368)
	1,629,042	886,434

* As at 31 December 2015, derivative financial instruments represented fair value of foreign exchange forward contracts and commodity futures contracts entered into by the Group.

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

The credit terms for trade debtors are generally within 90 days. The credit terms for receivables from import agents can be as long as one year, which are comparable to the credit terms for payables to import agents as granted to the Group. Bills receivable are normally due within 180 days to 360 days from the date of issuing.

At 30 June 2016, trade and bills receivables of the Group of $586,071,000 (31 December 2015: $230,365,000) have been pledged as collateral for the Group's borrowings (see note 18).

(a) Ageing analysis

Included in trade receivables, bills receivable and receivables from import agents are trade debtors with the ageing analysis, based on the invoice date and net of allowance for bad debt, as follows:

	At 30 June 2016 $'000	At 31 December 2015 $'000
Less than 3 months	**872,876**	109,642
More than 3 months but less than 6 months	**78,569**	168,056
More than 6 months but less than 1 year	**85,337**	133,940
More than 1 year	**–**	12,479
	1,036,782	424,117

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15 TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Impairment of trade receivables, bills receivable and receivables from import agents

Impairment losses in respect of trade receivables, bills receivable and receivables from import agents are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables, bills receivable and receivables from import agents.

The movement in the allowance for doubtful debts during the period is as follows:

	2016 **$'000**	2015 $'000
At 1 January	**58,870**	56,526
Impairment loss recognised	**6,336**	–
Reversal of impairment loss	**(35,963)**	(4,590)
At 30 June	**29,243**	51,936

At 30 June 2016, the Group's trade receivables, bills receivable and receivables from import agents of $34,508,000 (31 December 2015: $71,044,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of $29,243,000 (31 December 2015: $58,870,000) were recognised.

The reversal of impairment loss represented trade receivables impaired in prior years for which the amounts have been recovered by the Group during the six months ended 30 June 2016 and 2015.

(c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade receivables, bills receivable and receivables from import agents that are neither individually nor collectively considered to be impaired is as follows:

	At 30 June 2016 $'000	At 31 December 2015 $'000
Neither past due nor impaired	**1,030,301**	318,826
Less than 3 months past due	**1,216**	27,088
More than 3 months but less than 12 months past due	**–**	66,029
	1,031,517	411,943

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes 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.

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15 TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Impairment of other receivables

The movement in the allowance for doubtful debts during the period is as follows:

	2016 $'000	2015 $'000
At 1 January	161,368	11,210
Impairment loss recognised	–	167,877
Reversal of impairment loss	(28,416)	–
At 30 June	132,952	179,087

As at 30 June 2016, included in the impairment loss are impaired value added tax ("VAT") recoverable of $116,308,000 (31 December 2015: $144,079,000) that have been accumulated to date in certain subsidiaries of the Group which can be deductible from VAT on future sales made. The directors of the Company are of the opinion that the recoverability of such amount after commercial production is remote due to the volatile future prospects of the coking coal business as mentioned in note 2.

The reversal of impairment loss represented VAT recoverable impaired in prior year which have been utilised by the Group during the six months ended 30 June 2016.

16 RESTRICTED BANK DEPOSITS

The Group has pledged bank deposits of $99,534,000 (31 December 2015: $499,104,000) as at 30 June 2016 as collateral for the Group's borrowings (see note 18) and banking facilities in respect of issuance of bills and letters of credit by the Group (see note 19).

17 CASH AND CASH EQUIVALENT

	At 30 June 2016 $'000	At 31 December 2015 $'000
Cash at bank and in hand	174,855	259,574

At 30 June 2016, cash and cash equivalents of $110,263,000 (31 December 2015: $191,617,000) was held by the entities of the Group in Renminbi ("RMB") in the PRC. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

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17 CASH AND CASH EQUIVALENT (CONTINUED)

Included in cash and cash equivalents in the consolidated statement of financial position are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	At 30 June 2016 $'000	At 31 December 2015 $'000
US$	**26,454**	13,708
RMB	**8,593**	3,867
Euro	**4**	4
HK$	**3,724**	3,080
Singapore Dollars	**910**	3,475
Great Britain Pounds	**11**	12

18 SECURED BANK AND OTHER LOANS

(a) The secured bank and other loans comprise:

	At 30 June 2016 $'000	At 31 December 2015 $'000
Bank loans	**1,280,480**	1,100,650
Other loan	**52,884**	–
	1,333,364	1,100,650

	At 30 June 2016 $'000	At 31 December 2015 $'000
Short-term loans and current portion of long-term loans	**1,324,004**	1,073,197
Long-term loans	**9,360**	27,453
	1,333,364	1,100,650

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18 SECURED BANK AND OTHER LOANS (CONTINUED)

(b) The secured bank and other loans are repayable as follows:

	At 30 June 2016 $'000	At 31 December 2015 $'000
Within 1 year	**1,324,004**	1,073,197
After 1 year but within 2 years	**9,360**	27,453
	1,333,364	1,100,650

Other loan represented $52,884,000 (31 December 2015: $nil) of borrowing entered into by the Group with a third party company in the form of a sale and buyback arrangement. Pursuant to the arrangement, on 17 June 2016, one of the Group's subsidiaries namely Inner Mongolia Haotong Energy Joint Stock Co., Ltd. ("IM Haotong") entered into a transaction with that third party company to sell coking coal at a price of RMB557/tonne (equivalent to approximately $652/tonne) with an amount of $81,461,000 to that third party company with a transfer of right to coking coal inventories of 125,000 tonnes thereto. At the same time, another subsidiary of the Group namely Longkou Winsway Energy Co., Ltd. ("Longkou Winsway") entered into a transaction with that third party company to purchase the same quantity of coking coal at a price of RMB568/tonne (equivalent to approximately $665/tonne) with an amount of $83,070,000 from that third party company with a term of 45 days to be settled on 1 August 2016 and the right to the corresponding coking coal inventories will be transferred back to the Group upon settlement. As of 30 June 2016, as part of the sale and buyback arrangement, an amount of $52,884,000 has been received by IM Haotong from that third party company, and the transaction has been accounted for by the Group as a loan provided to the Group and interest expense of $428,000 has been charged to the Company's consolidated statement of profit or loss for the six months ended 30 June 2016.

At 30 June 2016, bank loans amounting to $28,295,000 (31 December 2015: $205,932,000) have been secured by bank deposits placed in banks with an aggregate carrying value of $27,927,000 (31 December 2015: $201,280,000).

At 30 June 2016, bank loans amounting to $586,071,000 (31 December 2015: $138,980,000) have been secured by bills receivables with an aggregate carrying value of $586,071,000 (31 December 2015: $122,941,000).

At 30 June 2016, bank loans amounting to $666,114,000 (31 December 2015: $673,891,000) have been secured by land use rights and property, plant and equipment with an aggregate carrying value of $535,671,000 (31 December 2015: $553,567,000).

At 30 June 2016, bank loans amounting to $nil (31 December 2015: $81,847,000) have been secured by trade and bills receivables land use rights and property, plant and equipment with an aggregate carrying value of $nil (31 December 2015: $114,834,000).

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19 TRADE AND OTHER PAYABLES

	At 30 June 2016 $'000	At 31 December 2015 $'000
Trade and bills payables	**228,664**	242,055
Payables to import agents	**1,285**	8,737
Amounts due to related parties	**–**	383
Prepayments from customers	**63,046**	34,284
Payables in connection with construction projects	**74,543**	103,593
Payables for purchase of equipment	**3,765**	2,323
Others	**171,109**	365,127
	542,412	756,502

As of the end of the reporting period, the ageing analysis of trade and bills payables and payables to import agents (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2016 $'000	At 31 December 2015 $'000
Within 3 months	**153,348**	106,116
More than 3 months but less than 6 months	**14,237**	132,084
More than 6 months but less than 1 year	**57,758**	8,778
More than 1 year	**4,606**	3,814
	229,949	250,792

Trade and bills payables and payables to import agents are expected to be settled within one year or are repayable on demand. The maturity analysis of these payables is as follows:

	At 30 June 2016 $'000	At 31 December 2015 $'000
Due within 1 month or on demand	**91,371**	164,315
Due after 1 month but within 3 months	**85,136**	–
Due after 3 months but within 6 months	**53,442**	86,477
	229,949	250,792

At 30 June 2016, bills payable amounting to $71,304,000 (31 December 2015: $159,597,000) have been secured by deposits placed in banks with an aggregate carrying value of $71,410,000 (31 December 2015: $158,093,000).

At 30 June 2016, bills payable amounting to $4,212,000 (31 December 2015: $nil) have been secured by bills receivables with an aggregate carrying value of $4,212,000 (31 December 2015: $nil).

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20 SENIOR NOTES

	30 June 2016 $'000	31 December 2015 $'000
Senior notes due in 2016	**–**	2,388,573

On 8 April 2011, the Company issued senior notes in the aggregate principal amount of US$500,000,000 ("Senior Notes") and listed on the Singapore Exchange Securities Trading Limited. The Senior Notes bear interest at 8.50% per annum, payable semi-annually in arrears. During the year ended 31 December 2012 and 2013, the Group repurchased Senior Notes in an aggregate principal amount of US$190,690,000 in the open market. The outstanding Senior Notes with principal amount of US$309,310,000 matured on 8 April 2016.

During the year ended 31 December 2015, the Group did not make the scheduled interest payments of US$13.15 million in relation to the Senior Notes which fell due on each of 8 April 2015 and 8 October 2015, respectively ("Interest Payment"). The Group has defaulted on outstanding Senior Notes amounting to US$309,310,000 as at 31 December 2015 after the 30-day grace period expired on 8 May 2015 for making the Interest Payment under the terms of the indenture, as amended and supplemented.

On 25 November 2015, the Company, certain of its subsidiaries and certain of the holders of the Senior Notes ("Bondholders") entered into a restructuring support agreement ("Restructuring Support Agreement"), pursuant to which such Bondholders agreed to support the proposed restructuring of the outstanding Senior Notes ("Debt Restructuring") to be implemented through schemes of arrangement under section 179A of the Business Companies Act of the British Virgin Islands (2004) ("BVI Scheme") and sections 673 and 674 of the Companies Ordinance (Cap. 622) (as amended) as applicable in Hong Kong ("Hong Kong Scheme") (collectively "Schemes").

The Debt Restructuring was consisted of a redemption of the outstanding Senior Notes and Interest Payments and all accrued, scheduled interest payments up to the date of the settlement at a discount, with Bondholders accepting a combination of (i) cash consideration of US$50 million minus a consent fee in a total amount equal to 2% of the outstanding principal and accrued but unpaid interest in respect of the Senior Notes as at the date of the Restructuring Support Agreement ("Consent Fee"), and a success fee payable to Houlihan Lokey (China) Limited ("Houlihan Lokey") which was appointed to act as the financial advisor to the Bondholders ("Cash Consideration"); (ii) new ordinary shares of the Company allotted and issued to the Bondholders representing not less than 18.75% of the total issued shares on a fully diluted basis upon completion of the Debt Restructuring ("Scheme Shares"); and (iii) certain contingent value rights ("CVRs") which would give rise to a one-off payment of US$10 million to the Bondholders upon the occurrence of a triggering event that is the Company's adjusted profit before taxation in any of the 5 years from the issue date of the CVRs exceeding US$100 million ("Triggering Event").

The Cash Consideration as well as the Consent Fee and the success fee of Houlihan Lokey was funded by the proceeds of a rights issue ("Rights Issue") (see note 22(b)(ii)).

On 23 June 2016, all Scheme Conditions (as defined in the prospectus published by the Company on 31 May 2016 ("Prospectus")) were satisfied and the Debt Restructuring became effective.

As disclosed in note 22(b)(ii), on 28 June 2016, a total number of 322,706,001 Initial Scheme Shares (as defined in note 22(b)(ii)) were allotted and issued to the Initial Bondholders (as defined in note 22(b)(ii)) and the remaining 243,273,777 Scheme Shares will be allotted and issued to the Participating Bondholders (as defined in note 22(b)(ii)) on the final distribution date, which is expected to be on 7 October 2016 ("Final Distribution Date").

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20 SENIOR NOTES (CONTINUED)

At the Debt Restructuring effective date on 23 June 2016, the carrying value of the Senior Notes including accrued interest was amounted to approximately $2,721,014,000. The fair value of the consideration to settle the Senior Notes was cash consideration of US$50 million (equivalent to approximately $388,194,000) and the fair value of 565,979,778 Scheme Shares of approximately $305,629,000 based on the closing price of the Company's shares as traded in The Stock Exchange of Hong Kong Limited on 23 June 2016 of $0.54 per share. The excess of carrying value of the Senior Notes over the fair value of the consideration to settle the Senior Notes, amounting to approximately $2,027,191,000, has been recognised by the Group as a gain on Debt Restructuring of Senior Notes and credited to profit or loss for the six months ended 30 June 2016. There were no Senior Notes outstanding as at 30 June 2016.

The directors of the Company are of the opinion that the fair value of the CVRs is considered to be immaterial for further disclosure due to the probability of the occurrence of the Triggering Event is remote.

For the six months ended 30 June 2016, interest on the Senior Notes of $76,852,000 (see note 7(a)) and expenses incurred in relation to the Debt Restructuring of $65,181,000 (as included in Administrative expenses) have been charged to the profit or loss.

21 DEFERRED INCOME

Deferred income represents the unfulfilled conditional government grants received, which will be subsequently recognised as revenue in the statement of profit or loss to compensate the Group for expenses when incurred, and the unrecognised government grants relating to compensating the Group for the cost of assets.

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period

There is no interim dividend declared attributable to the six months ended 30 June 2016 (six months ended 30 June 2015: $nil)

(ii) There is no dividends payable to equity shareholders of the Company attributable to previous financial year, approved and paid during the six months ended 30 June 2016 (six months ended 30 June 2015: $nil).

(b) Share capital

	At 30 June 2016 No. of shares '000	At 31 December 2015 No. of shares '000
Authorised:		
Ordinary shares with no par value	**6,000,000**	6,000,000

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22 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Share capital (Continued)

	2016 No. of shares '000	2016 $'000	2015 No. of shares '000	2015 $'000
Ordinary shares, issued and fully paid:				
Existing shares at 1 January	**3,773,199**	**4,992,337**	3,773,199	4,992,337
Shares consolidation (note i)	**(3,584,539)**	**–**	–	–
Rights Shares issued under rights issue (note ii)	**565,980**	**383,546**	–	–
Anti-dilution Shares issued under rights issue (note ii)	**968,114**	**–**	–	–
Scheme Shares issued under Debt Restructuring (note iii)	**322,706**	**174,261**	–	–
At 30 June 2016/31 December 2015	**2,045,460**	**5,550,144**	3,773,199	4,992,337

Notes:

(i) Share consolidation

Pursuant to the resolution passed at the extraordinary general meeting of the Company held on 16 May 2016, the share consolidation of every twenty issued ordinary shares of the Company into one ordinary share of the Company (the "Consolidated Share") became effective on 18 May 2016.

(ii) Shares issued under rights issue

As disclosed in note 20, the Cash Consideration as well as the Consent Fee and the success fee of Houlihan Lokey was funded by the proceeds of a rights issue ("Rights Issue") which was on the basis of three rights shares ("Rights Shares") for every one Consolidated Share held on the record date at the subscription price of $0.69 per rights share. As a mechanism to counter the dilutive effect of the issue of the Scheme Shares under the Debt Restructuring, three anti-dilution shares will be issued for no further consideration for each Rights Share subscribed ("Anti-dilution Shares").

As stated in the Prospectus as updated by the supplemented announcement dated 24 August 2016, the Scheme Shares would be distributed on two separate dates under the terms of the Schemes:

(a) on 28 June 2016 ("Initial Distribution Date"), a proportion of the Scheme Shares would be distributed among all Bondholders that have submitted a claim in the Schemes by the initial scheme consideration deadline on 17 May 2016 (the "Initial Bondholders"); and

(b) On 7 October 2016 ("Final Distribution Date"), the remainder of the Scheme Shares will be distributed among those Bondholders that have submitted a claim in the Schemes by 23 September 2016 (including the Initial Bondholders) (the "Participating Bondholders").

The Anti-dilution Shares to be issued and allotted on the Initial Distribution Date ("Initial Anti-dilution Shares") would be allotted and issued in the same proportion to the total Anti-dilution Shares as the Scheme Shares to be issued and allotted on the Initial Distribution Date ("Initial Scheme Shares") bear to the total number of Scheme Shares.

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22 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Share capital (Continued)

Notes: (Continued)

(ii) Shares issued under rights issue (Continued)

On 28 June 2016, a total number of 565,979,778 Rights Shares have been allotted and issued at the subscription price of $0.69 per Rights Share for net proceeds of $383,546,000 which has been credited to share capital account, and a total number of 322,706,001 Initial Scheme Shares have been allotted and issued to the Initial Bondholders in accordance with the terms of the Schemes on the Initial Distribution Date. Accordingly, 968,114,195 Initial Anti-dilution Shares (of a total number of 1,697,939,334 Anti-dilution Shares) has been allotted and issued for distribution on the Initial Distribution Date to qualifying shareholders allotted and issued Rights Shares. The remaining 729,825,139 Anti-dilution Shares will be allotted and issued to the qualifying shareholders allotted and issued Rights Shares on the Final Distribution Date when the remaining 243,273,777 Scheme Shares will be allotted and issued to Participating Bondholders.

(iii) Scheme Shares issued under Debt Restructuring

As disclosed in note (ii), on 28 June 2016, a total number of 322,706,001 Initial Scheme Shares have been allotted and issued to the Initial Bondholders in accordance with the terms of the Schemes on the Initial Distribution Date. In accordance with relevant Business Companies Act of the British Virgin Islands, the cumulative fair value recognised on the effective date of the Debt Restructuring of $174,261,000 has been transferred from scheme shares reserve account to share capital account.

(c) Equity settled share-based transactions

The Company has a share option scheme (the "2014 Scheme") which was adopted on 22 July 2014 (the "2014 Adoption Date") whereby the directors of the Company are authorised, at their direction, to invite employees of the Group including directors of any company of the Group, to take up options at $1 consideration to subscribe for shares of the Company. The options will vest every six months over a period of four years commencing from 1 October 2014 (the "2014 Initial Vesting Date") in equal portions (12.5% each) on the first day of each six-month period after the 2014 Initial Vesting Date and are exercisable during the relevant period to the extent the share options have vested until 5 years commencing from the date of grant at a fixed subscription price. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(1) The number of options granted to directors and management in 2014 are 46,000,000 and 65,400,000 respectively, whereby all options are settled by physical delivery of shares.

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22 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Equity settled share-based transactions (Continued)

(2) The number and weighted average exercise prices of share options are as follows:

	2016	
	Weighted average exercise price	Number of options
Outstanding at 1 January	$0.420	36,525,000
Exercised during the period	$0.420	–
Expired during the period	$0.420	(36,525,000)
Forfeited during the period	$0.420	–
Outstanding at 30 June	–	–
Exercisable at 30 June	–	–

On 1 March 2016, all the outstanding options under the 2014 Scheme were cancelled by the Company, in accordance with the terms which stipulated in 2014 Scheme that the board of directors of the Company may at any time terminate this 2014 Scheme.

23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

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23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at 30 June 2016 $'000	**Fair value measurements as at 30 June 2016 categorised into**		
		Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**
Recurring fair value measurement				
Financial assets:				
Trading securities				
— Listed trading securities	**74**	**74**	**–**	**–**

	Fair value at 31 December 2015 $'000	Fair value measurements as at 31 December 2015 categorised into		
		Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurement				
Financial assets:				
Derivative financial instruments				
— Forward foreign exchange contracts	21,373	–	21,373	–
— Commodity futures contracts	10,387	10,387	–	–
Trading securities				
— Listed trading securities	613	613	–	–

During the six months ended 30 June 2016, there have been no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2015: $nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward foreign exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

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23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2016 and 31 December 2015 except for the Senior Notes (see note 20), for which its carrying amount and fair value is disclosed below:

	30 June 2016		31 December 2015	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Senior Notes	**–**	**–**	2,388,573	293,678

24 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

The Group also entered into several loan and offsetting agreements with commercial banks in domestic China with an offset over the Group's restricted bank deposits and bank loans. Under such agreements, the Group has a legally enforceable right to set off the restricted bank deposits with the bank loans, and the Group and the commercial banks will settle the difference between the amount of the restricted bank deposits and the bank loans on a net basis.

(a) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial assets $'000	**Gross amounts of recognised financial liabilities offset in the statement of financial position $'000**	**Net amounts of financial assets presented in the statement of financial position $'000**
As at 30 June 2016			
Restricted bank deposits	**–**	**–**	**–**
As at 31 December 2015			
Restricted bank deposits	354,715	(354,715)	–

There are no financial instruments or financial collateral received in connection with the above offsetting arrangements.

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24 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognised financial liabilities $'000	Gross amounts of recognised financial assets offset in the statement of financial position $'000	Net amounts of financial liabilities presented in the statement of financial position $'000
As at 30 June 2016			
Secured bank and other loans	**–**	**–**	**–**
As at 31 December 2015			
Secured bank and other loans	368,626	(354,715)	13,911

There are no financial instruments or financial collateral pledged in connection with the above offsetting arrangements.

The tables below reconcile the "net amounts of financial assets and financial liabilities presented in the statement of financial position", as set out above, to the "restricted bank deposits" and "secured bank and other loans" presented in the statement of financial position.

	At 30 June 2016 $'000	At 31 December 2015 $'000
Net amount of restricted bank deposits after offsetting as stated above	**–**	–
Restricted bank deposits not in scope of offsetting disclosure	**99,534**	499,104
Total restricted bank deposits	**99,534**	499,104

	At 30 June 2016 $'000	At 31 December 2015 $'000
Net amount of secured bank and other loans after offsetting as stated above	**–**	13,911
Secured bank and other loans not in scope of offsetting disclosure	**1,333,364**	1,086,739
Total secured bank and other loans	**1,333,364**	1,100,650

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

25 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the balances disclosed elsewhere in this interim financial report, the Group entered into the following material related party transactions during the six months ended 30 June 2016:

	Six months ended 30 June	
	2016	2015
	$'000	$'000
Sales of products to a related party	**–**	88,574
Purchase of products from a related party	**–**	59,575
Rental expense for lease of properties from related parties	**–**	3,883

The directors of the Company is of the opinion that the above related party transactions were conducted on normal commercial terms and in accordance with the agreements governing such transactions.

26 COMMITMENTS

At 30 June 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2016 $'000	At 31 December 2015 $'000
Within 1 year	**4,954**	5,102
After 1 year but within 5 years	**3,633**	7,004
	8,587	12,106

The Group leases buildings and others under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew when all terms are renegotiated. None of the leases includes contingent rentals.

Review Report to the Board of Directors of E-Commodities Holdings Limited

(Incorporated in the British Virgin Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 19 to 56 which comprises the consolidated statement of financial position of E-Commodities Holdings Limited (the "Company") as of 30 June 2016 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

Except as explained in the following paragraphs, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

BASIS FOR QUALIFIED CONCLUSION

(a) Impairment of other investments in equity securities

As disclosed in note 12 to the interim financial report, as of 30 June 2016, the Group continues to make a full impairment provision of $245,700,000 (31 December 2015: $250,656,000) against the Group's investments in certain of these companies, having taken into account the investees' poor financial performance since 2015, worsening of financial results during the six months ended 30 June 2016, and other indicators of impairment. We qualified our auditor's report dated 22 April 2016 on the Group's financial statements for the year ended 31 December 2015 in respect of a limitation in the scope of our audit relating to this impairment loss provision. Given the inherent limitations in the scope of our review, which is by definition substantially less than an audit, we continue to be unable to reach a conclusion as to whether the directors' judgement in this matter is appropriate and therefore whether the amount of this impairment loss provision is, or is not, in accordance with the applicable accounting framework.

Any decrease in the impairment losses recognised against other investments in equity securities would affect the net assets of the Group as at 30 June 2016 and could also affect the Group's profit for the six months then ended, opening balance of accumulated losses as at 1 January 2016 and net liabilities as at 31 December 2015 and the related disclosures in the interim financial report.

Review Report to the Board of Directors of E-Commodities Holdings Limited

(Incorporated in the British Virgin Islands with limited liability)

(b) Impairment of loan due from a third party

As disclosed in note 13 to the interim financial report, as at 30 June 2016, the Group had an outstanding loan due from Moveday Enterprises Limited ("Moveday") of US$15.5 million (equivalent to approximately $120,316,000) (31 December 2015: US$20.4 million (equivalent to approximately $158,075,000)). As at 30 June 2016, the Group continues to make an impairment provision of $120,316,000 (31 December 2015: $120,189,000) having taken into account information about the adverse financial and operating circumstances of Moveday since 2015, and lack of significant improvement over its financial and operating circumstances during the six months ended 30 June 2016, but not the possibility of any recovery that may be achieved in future through re-negotiation of the terms of the loan or alternative forms of settlement in kind. We qualified our auditor's report dated 22 April 2016 on the Group's financial statements for the year ended 31 December 2015 in respect of a limitation in the scope of our audit relating to this impairment loss provision. Given the inherent limitations in the scope of our review, which is by definition substantially less than an audit, we continue to be unable to reach a conclusion as to whether the directors' judgement in this matter is appropriate and therefore whether the amount of this impairment provision is, or is not, in accordance with the applicable accounting framework.

Any decrease in the impairment losses recognised against this loan balance due from Moveday would affect the net assets of the Group as at 30 June 2016 and could also affect the Group's profit for the six months then ended, opening balance of accumulated losses as at 1 January 2016 and net liabilities as at 31 December 2015, and the related disclosures in the interim financial report.

QUALIFIED CONCLUSION

Based on our review, except for the possible effects of the matters described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2016 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

EMPHASIS OF MATTER

Without further qualifying our conclusion, we draw attention to note 2 to the interim financial report which describes that the Group has a net cash outflow of $736,740,000 in respect of operating activities for the six months ended 30 June 2016. These conditions, along with other matters as set forth in note 2 to the interim financial report, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The interim financial report has been prepared on a going concern basis, the validity of which depends upon the Group's ability to generate sufficient cash flows from future operations to cover the Group's operating costs and to meet its financing commitments. The interim financial report does not include any adjustments that would result should the Group be unable to continue to operate as a going concern.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
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31 August 2016