鴻寶資源有限公司

AGRITRADE RESOURCES LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 1131.H.K.)

DELIVERING GROWTH

INTERIM REPORT 2016

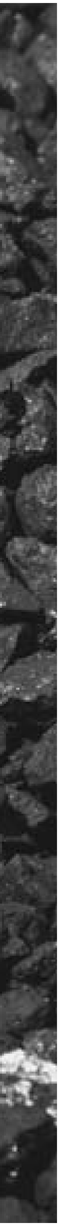
Contents

BUSINESS REVIEW

Agritrade Resources Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") have primarily two business segments, namely the mining business segment and the shipping business segment.

MINING BUSINESS

The mining business segment of the Group is principally engaged in the production, processing, transportation, sales, marketing and trading of the coal. During the six months ended 30 September 2016 (the "**Review Period**"), the Group owned two Indonesian coal mines, namely PT Senamas Energindo Mineral ("**SEM**") mine (the "**SEM Mine**") and Rantau Nangka underground coal mine (the "**Merge Mine**"), and operated one coal mine located in Indonesia, namely Bunda Kandung mine (the "**Contract Mine**"), under the contract mining arrangement. The Group primarily sells and markets its coal products in Asia. During the Review Period, amid the challenging global market conditions, there is sign of gradual coal recovery. The Group's mining segment recorded a slight decrease in turnover to HK$504.8 million (2015: HK$518.4 million). As the profitability of its principal mining operation at the SEM Mine has improved, the overall performance of the Group's mining business has also improved with its operational profit increased to HK$121.3 million (2015: HK$79.9 million).



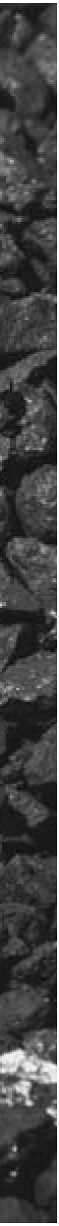
BUSINESS REVIEW

SEM mining and coal trading activities

SEM coal is a sub-bituminous, low-sulphur, low-pollutant thermal coal produced from the SEM Mine, a mining concession located in Central Kalimantan, Indonesia. Our SEM coal has a gross calorific value ("**CV**") of approximately 3,800 kcal/kg on as received basis and the target customers are Indonesian domestic traders and power generation plants and other customers in major international markets such as the People's Republic of China ("**China**") and India.

During the Review Period, the Group strategically cut down the production scale of the SEM Mine to 2.0 million tonnes of coal for the Review Period (2015: 2.5 million tonnes). Owing to such decrease in the coal production for the Review Period, the Group's SEM mining and coal trading segment recorded a decrease in the turnover to HK$446.5 million (2015: HK$518.4 million), representing a decrease of approximately 13.9% as compared to the same period in 2015. Attributable to the continuous effort by the Group to exercise stricter cost control on the SEM mining operation, the related costs and administrative expenses incurred have dropped significantly and therefore, the SEM operation has recorded an improved operational profit for the Review Period of HK$97.0 million (2015: HK$79.9 million), representing an increase of approximately 21.4%.



The competitive advantages of SEM's operations include advanced production infrastructure, excellent coal logistics networks and port service facilities as well as a high-caliber professional team. The Group continuously invests in mining equipment, such as excavators and dump trucks to facilitate its mining operations including overburden removal, coal getting, hauling and loading processes. In addition, the Group enjoys exclusive rights to operate and manage the 41-kilometre Ex-Pertamina road between the SEM Mine and jetty facilities until 30 September 2022. Consequent to these merits, the Group operates the SEM Mine at a higher production efficiency with good cost and operational control. The Group will continue to look at ways to reduce cost and enhance operational efficiency.

Merge mining operation

The Group owns Merge Mine located in South Kalimantan Province, Indonesia through Merge Mining Holding Limited ("**MMHL**"). The Group acquired a 51% interest in MMHL in December 2015. The Merge Mine has significant JORC compliant proved and probable coal reserves of 92.0 million tonnes and produces run-of-mine coal with low inherent moisture, low sulphur content and high CV of approximately 6,426 kcal/kg on air-dried basis, which is similar in quality to benchmark Newcastle coal of 6,300 kcal/kg. The Merge Mine is the only large-scale, mechanised longwall underground coal mine in Indonesia, which enables the Group to tap into the underground coal mining opportunities present in Indonesia. The fully retreating mechanised longwall mining is a proven and accepted mining method that reduces operating cost. The longwall operations also allow the Group to economically extract high CV coal with low inherent moisture and sulphur as compared to typical Indonesian coal.

BUSINESS REVIEW

The production and the commercial operation of the Merge Mine commenced in June 2016. During the Review Period, the Group produced approximately 269,000 tonnes of coal from the Merge Mine and recorded a turnover of approximately HK$38.9 million and operational profit of approximately HK$22.5 million for its Merge mining operations. Since the quality of the coal products from the Merge Mine is higher than that of average Indonesian thermal coal, the Group exported the Merge coal products to traders and power generation plants located in Asia such as Japan, South Korea, Taiwan and China — countries that require constant supply of high CV thermal coal. The Group will continue to invest in the longwall and other mining equipment to ramp up its production capacity in line with its initial production target.

Contract mining operation

The Group commenced the contract mining business since the first quarter of 2016. Under the contract mining arrangement with the Contract Mine, the Group makes royalty payments to the Indonesian mine owner in return for the production and extraction of coal without any ownership. The Group utilises its own mining equipment and labour force throughout the process of coal production and extraction. For the Review Period, the Group produced approximately 389,000 tonnes of coal from the Contract Mine, which contributed to the Group's turnover of approximately HK$19.4 million to the Group's mining business.

The average CV quality of the coal produced is approximately 4,200 kcal/kg on the as received basis, which is strategically positioned between our low CV SEM coal and our high CV Merge coal so that the Group can effectively capture customers from a wider variety of markets with different CV demand. The Group expects the contract mining business to contribute to the Group's growth.

SHIPPING BUSINESS

The shipping business segment of the Group comprises of the shipping freight service from time chartering of leased vessels for and on behalf of customers, the provision of long-term vessel transportation and shipping freight services and the provision of long-term floating storage and relevant logistics services for crude oil and petrochemical products. During the Review Period, term shipping freight and floating storage services were mainly provided by the Group's own fleet, which includes two sets of very large crude carrier grade vessels (the "**VLCC(s)**"), one set of panamax-grade vessel (the "**Panamax Vessel**") and six sets of tug boats and barges (the "**Tug and Barge Vessels**").

For the Review Period, the revenue from external customers generated from the shipping business segment is HK$146.8 million (2015: HK$79.2 million) and the segment profit is HK$80.9 million (2015: HK$46.1 million). The significant increase in both the segment revenue to external customers and segment profit is mainly due to the additional floating storage service income contributed by the VLCC newly acquired by the Group in March 2016.

Time chartering of leased vessels and long-term vessel transportation and shipping freight services

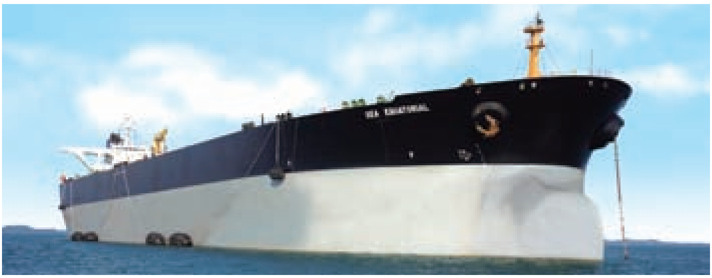
The Group's time chartering and long-term vessel transportation and shipping freight services are provided by its Panamax Vessel and Tug and Barge Vessels. During the Review Period, net service revenue from external customers of approximately HK$40.1 million (2015: HK$29.5 million) was recorded. The significant increase is mainly attributable to the additional transportation income relating to the Panamax Vessel, which was acquired by the Group in December 2015 and the higher freight rates charged to customers for its Tug and Barge Vessels for the Review Period.

The Group managed to enter into long-term transportation and shipping freight contracts for its vessels which can secure stable cash flows and profitability to the Group's shipping business. For the Panamax Vessel, the Group has entered into a five-year long-term coal transportation contract (the "**Panamax Contract**") since the first quarter of 2016 with coal-fired power stations. For the Tug and Barge Vessels, the Group entered into various long-term time-chartering agreements (the "**Charter Agreements**") in January 2016 with a Qatar-based independent third party for the shipment of construction aggregates on a three-year term. For the Review Period, the chartering revenue contributed by the Panamax Contract and the Charter Agreements amounted to approximately HK$6.4 million and HK$33.7 million respectively. The Group believes that the Panamax Contract and the Charter Agreements would continue to contribute a stable and diversified income and cash flow that would support the long-term growth of the Group in the future.

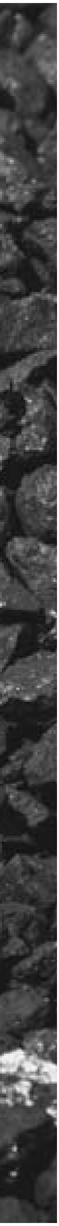
Long-term VLCC floating storage and logistic services

For the Review Period, the long-term floating storage and logistic services were provided by the two sets of VLCCs owned by the Group that were acquired in February 2015 and March 2016 respectively. Following each of the acquisitions, the Group entered into long-term floating storage service agreements with an international petroleum trading company to lease out the two sets of VLCCs for storage of crude oil with an option to renew. During the Review Period, the two VLCCs contributed approximately HK$106.7 million (2015: HK$49.7 million) of income and approximately HK$70.3 million (2015: HK$24.0 million) of profits to the Group, a significant increase due to the contribution of the second VLCC newly acquired by the Group in March 2016.

In October 2016, the Group agreed to acquire an additional VLCC. Upon completion of this transaction, the Group shall own a total of three VLCCs. It is expected that the income from the floating storage service agreements in the coming year will continue to go up significantly due to the contribution of the additional VLCCs recently acquired by the Group. The Group expects that the floating storage service agreements to continue contributing stable, sustainable and diversified income and cash flows on a long-term basis.



GROWTH STRATEGY AND OUTLOOK



OUR GROWTH STRATEGY

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

Increase production capacity and continuous cost reduction

The Group's mining management will continue to work closely with mining experts and technical consultants to plan, model and strategise our mining operations to maximise production capacity and efficiency under prevailing market conditions. The production structure of our coal mines have been carefully organised and optimised to realise stable growth in production and efficiency. The Group will also upgrade and improve existing logistics and infrastructure facilities such as securing exclusive rights to use the hauling road for coal delivery and improving the capacity and efficiency of the stockpiles, jetty and loading facilities. These measures were pursued to improve access to transportation infrastructure, and to enhance the supply network and distribution in order to deliver more cost effective coal products to end-users. The improvement in the coal supply chain is expected to increase the Group's market penetration, thereby strengthening the Group's position as a reliable coal supplier and enhancing the Group's brand reputation in the target markets.

Market and business diversification

The Group strongly believes that the strategy of market and business diversification will minimise its business risk, especially in volatile market conditions. The Group adopts the strategy of dual engines of growth, which comprises of the coal business and shipping business.

For the shipping business, the Group has continuously expanded this segment through various acquisitions, including the VLCCs and the Panamax Vessel. This is further supported by the long-term service contracts, which enabled the Group to secure a stable and diversified income stream.

GROWTH STRATEGY AND OUTLOOK

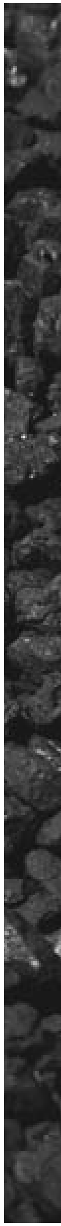
Regarding the mining business, the Group acquired the Merge Mine in December 2015, which was valued at more than US$300 million at the material time of acquisition. Upon completion of such acquisition, the Group has successfully transformed from a single-mine operator to a multi-mine and multi-product integrated coal producer with diverse coal product types ranging from low CV, sub-bituminous to high CV bituminous thermal coal. The target markets for the Group's coal export will similarly be diversified from mainly China and India to other Asian countries with strong demand for high quality coal such as South Korea, Taiwan and Japan.

Build upon our strong base of domestic and international customers in top coal markets

The Group has established strong sales and marketing capabilities within the domestic Indonesian market and fast growing Asian coal market such as China and India. The Group has successfully established our coal distribution network rapidly by leveraging on the 35-year commodities trading experience and wide network of international clientele of Agritrade International Pte. Ltd., the Company's controlling shareholder. In the year ahead, the Group will continue to expand our domestic and international customer base and place more focus on coal exports to top-tier international coal market to become a more international and global coal industry player.

Strong and strategic relationships with well-known international energy companies

Regarding the shipping business, the Group has been able to enter into long-term floating storage and shipping freight service contracts with reputable international energy companies following each significant acquisition. Our reputation and proven track record for safe, reliable and efficient operations have enabled the Group to capture further opportunities to meet our customers' chartering needs and expectation. The Group intends to continue building and capitalising on its long-term relationships with international energy companies to expand this business segment.



OUTLOOK AND PROSPECTS

Prospect on the mining business

The coal price has recently shown a recovery starting from the early 2016. The Newcastle coal price climbed even higher since the fourth quarter of 2016 after coal production cuts from the Chinese mines were ordered by the Chinese Government. Leveraging on the recovery of coal price, the Group will continue to capitalise on its three operating coal mines to maximise production capacity in order to capture the opportunities in the market. With the improvement in coal demand from Asian countries like China, Japan, Korea and Taiwan, the Group will also keep its focus on export sales and will further explore new markets or customers in different Asian countries. The Group expects that it would ultimately reach the annual coal production of 6 million tonnes for all its three operating mines.

As a sizeable multi-mine and multi-product integrated coal producer, the Group will continue to adopt a cautious approach in operating its mining business. For the SEM Mine, the annual production has been maintained at approximately 4 million tonnes per year for the past year. The Group will continue to optimise its annual coal production for the SEM Mine with caution, in response to the prevailing market demand. For the Merge Mine, the production and operation have started since second quarter of 2016 and it is currently in an advanced stage of development. The Group will further develop and invest in the production and operation of the Merge Mine in accordance to the established business plan and budget. The Group expects the Merge Mine to reach a monthly production capacity of at least 100,000 tonnes of coal by the end of this financial year.

GROWTH STRATEGY AND OUTLOOK

Prospect on the shipping business

The Group has strategically expanded its shipping business in the past years through acquisitions of VLCC vessels and a Panamax Vessel. As at the date hereof, the Group's fleet comprises two VLCCs, one Panamax Vessel and six sets of Tug and Barge Vessels, all of which have secured related floating storage service contracts and transportation contracts entered into with sizeable companies on a long-term basis, ranging from two years to five years. As such, a stable revenue and profitability have been secured for the Group that is supported by reliable cash inflows generated for the Group's operations in the long run.

In addition, in October 2016, the Group further entered into an acquisition of a VLCC. Upon completion of this acquisition, the Group will possess three VLCC vessels. The Group believes that its shipping business will continue to grow and generate recurring stable cash flow for the company.

With the view that the crude oil prices will increase in future, the Group is continuously looking for opportunities to expand the shipping business through further acquisition and chartering of new vessels, particularly VLCCs, at this opportune moment to meet growing market demand. The Group is also seeking investment opportunities in shipping logistics infrastructure projects in the Southeast Asian region. The Group will capitalise on its long-term relationships with international energy companies and other customers for its shipping business, and believes that our reputation and proven track record for safe, reliable and efficient operations has positioned us favorably to capture additional opportunities to meet our customers' future chartering needs.

Mergers and acquisitions

The Group intends to conduct strategic mergers and acquisitions, particularly within the energy sector, in response to prevailing market conditions and opportunities, by diversifying into other forms of energy such as renewable energy. The Group also intends to conduct vertical integration into other energy sectors, such as thermal power sector, to diversify the Group's business and to expand our customer base into new markets. The Group is actively seeking investment opportunities that will bring long term benefit to the Group. The Group has been in active discussions and negotiations with various natural resources and energy companies for potential investment opportunities and/or mergers and acquisitions in, including but not limited to, renewable energy projects and power plant projects. As at the date hereof, such discussions and negotiations are still at a preliminary stage and no final terms and conditions have been concluded. Further announcement(s) will be made by the Group in compliance with the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") to inform the shareholders of the Company in relation to the status of these discussions and negotiations as and when appropriate.

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

MAJOR EVENTS

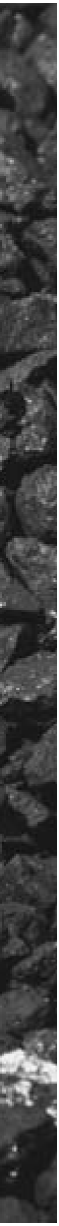
ACQUISITION OF A NEW VLCC

Subsequent to the Review Period, on 28 October 2016, Fair Cypress Limited, a direct wholly-owned subsidiary of the Company, entered into a memorandum of agreement (the "**MOA**") with a sizeable tanker operator to acquire a VLCC for a consideration of US$23.7 million (approximately equivalent to HK$183.7 million). The VLCC was South Korean-built in 2001 with a capacity of 309,300 DWT (deadweight tonnage) and classified by Lloyd's Register. The acquisition constituted a disclosable transaction for the Group under the Listing Rules. The Group expects the acquisition to complete in January 2017. The board (the "**Board**") of directors (the "**Directors**") of the Company considers that the acquisition of the additional VLCC will further contribute to stable, sustainable and diversified income and cash flows to the Group on a long-term basis.

FORMATION OF JOINT VENTURE WITH CONTROLLING SHAREHOLDER IN RELATION TO NEW VLCC ACQUISITION

Subsequent to the financial period end date but prior to the date of despatch of this interim report, on 13 December 2016, the Company and Mr. Ng Say Pek, the executive Director and a controlling shareholder of the Company, entered into a sale and purchase agreement, pursuant to which the Company has agreed to sell and Mr. Ng Say Pek has agreed to purchase 45% equity interest in the Company's wholly-owned subsidiary which shall hold the VLCC as acquired by the Group under the MOA. The consideration is US$10,665,000 (equivalent to approximately HK$82.65 million) which shall be payable by cash upon completion. The transaction constituted a connected transaction for the Company.

The Board considered the transaction is a desirable way of financing for the Group to obtain sufficient, timely and costless financial resources under its control for the completion of the VLCC acquisition under the MOA. It also represents a strategic partnership between the Company and the controlling shareholder, who is willing to provide his continuous support to the Group for its long-term development and growth. The disposal has not completed as at the date of despatch of this report.



ACQUISITION OF BIODIESEL PLANT IN THE UNITED STATES OF AMERICA (THE "USA")

Subsequent to the financial period end date but prior to the date of despatch of this interim report, on 14 December 2016, the Group completed an acquisition of a biodiesel plant (the "**Biodiesel Plant**") located in Arkansas, the USA from an American-based independent third party, through the Company's 51%-owned subsidiary at a consideration of US$2.97 million. Following the completion of such acquisition, the Group and Solfuels Holdings Pte Ltd. ("**Solfuels**"), a Singapore-based independent third party, beneficially owned 51% and 49% interests in the Biodiesel Plant, respectively. The Biodiesel Plant will have a production capacity of 137,000 metric tonnes annually and is expected to be operational by April 2017.

Solfuels is a leading and experienced biofuel operator in biodiesel plant in the USA. The acquisition of the Biodiesel Plant by the Group marks its first foray into the renewable energy sector. Leveraging on the operational expertise of Solfuels, the Group expects to retrofit the Biodiesel Plant to accommodate multi-feedstock, including yellow grease, rendered animal fats, inedible corn oil and refined vegetable oil, and achieves a reduction in the cost of production. The Group believes that the Biodiesel Plant will cater to the increasing demand for renewable energy in the USA market and lead to the creation of a new business vertical.

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2016 with comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September

	Notes	**2016 HK$'000 (Unaudited)**	2015 HK$'000 (Unaudited)
Revenue	3	**651,632**	597,535
Cost of sales and services		**(431,012)**	(430,936)
Gross profit		**220,620**	166,599
Other income, gains and losses, net		**39,108**	34
Administrative expenses		**(50,762)**	(56,599)
Finance costs	4	**(20,139)**	(12,644)
Profit before income tax		**188,827**	97,390
Income tax	6	**(21,497)**	(7,978)
Profit for the period	5	**167,330**	89,412
Profit for the period attributable to:			
– Owners of the Company		**143,168**	81,896
– Non-controlling interests		**24,162**	7,516
		167,330	89,412
Earnings per share	7		
– Basic		**HK9.0 cents**	HK5.8 cents
– Diluted		**HK8.1 cents**	HK5.8 cents
Interim dividend per share		**Nil**	Nil

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September

	2016 HK$'000 (Unaudited)	2015 HK$'000 (Unaudited)
Profit for the period	**167,330**	89,412
Other comprehensive income/(loss) for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**461**	(13,737)
Total comprehensive income for the period	**167,791**	75,675
Total comprehensive income for the period attributable to:		
– Owners of the Company	**143,629**	82,183
– Non-controlling interests	**24,162**	(6,508)
	167,791	75,675

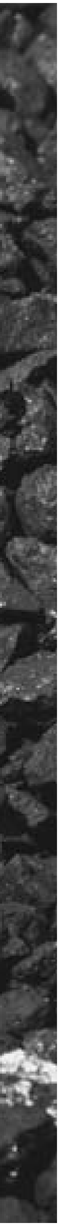
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Notes	As at 30 September 2016 HK$'000 (Unaudited)	As at 31 March 2016 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	**6,037,518**	5,998,700
Prepaid lease payments		**44,060**	44,264
Exploration and evaluation assets		**12,615**	5,704
		6,094,193	6,048,668
Current assets			
Inventories		**61,147**	48,956
Trade receivables	9	**220,058**	183,334
Other receivables, deposits and prepayments		**330,674**	365,055
Derivative financial assets		**6,785**	988
Amounts due from related parties		**146,859**	149,178
Bank balances and cash		**113,460**	295,925
		878,983	1,043,436
Current liabilities			
Trade payables	10	**86,153**	78,312
Other payables, accruals and deposits received		**155,858**	273,500
Provision for close-down, restoration and environmental costs		**5,349**	5,349
Secured bank borrowings		**192,606**	237,802
Amounts due to related parties		**1,090**	1,070
Derivative financial liabilities		**394**	14,575
Tax payable		**180,998**	214,666
Obligation under finance leases		**26,046**	40,047
		648,494	865,321
Net current assets		**230,489**	178,115
Total assets less current liabilities		**6,324,682**	6,226,783

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016



	Note	As at 30 September 2016 HK$'000 (Unaudited)	As at 31 March 2016 HK$'000 (Audited)
Non-current liabilities			
Deferred tax		**1,130,166**	1,139,150
Secured bank borrowings		**364,695**	411,246
Convertible bonds	11	**116,503**	113,133
Obligation under finance leases		**22,522**	25,194
		1,633,886	1,688,723
Net assets		**4,690,796**	4,538,060
Capital and reserves			
Share capital	12	**152,107**	152,093
Reserves		**2,672,109**	2,543,549
Equity attributable to owners of the Company		**2,824,216**	2,695,642
Non-controlling interests		**1,866,580**	1,842,418
Total equity		**4,690,796**	4,538,060

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Share capital HK$'000	Share premium HK$'000	Convertible preference shares reserve HK$'000	Convertible bonds equity reserve HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2015	135,460	1,040,092	–	–	16,791	4,878	–	388,760	14,208	1,600,189	906,608	2,506,797
Profit for the period	–	–	–	–	–	–	–	81,896	–	81,896	7,516	89,412
Other comprehensive income/(loss) for the period												
Exchange differences arising on translation of foreign operations	–	–	–	–	287	–	–	–	–	287	(14,024)	(13,737)
Total comprehensive income/(loss) for the period	–	–	–	–	287	–	–	81,896	–	82,183	(6,508)	75,675
Issuance of convertible bonds	–	–	–	46,714	–	–	–	–	–	46,714	–	46,714
Exercise of share options	133	1,616	–	–	–	(261)	–	–	–	1,488	–	1,488
Grant of share options	–	–	–	–	–	8,836	–	–	–	8,836	–	8,836
Placing of shares	6,500	92,235	–	–	–	–	–	–	–	98,735	–	98,735
Payment of dividends	–	–	–	–	–	–	–	–	(14,208)	(14,208)	–	(14,208)
At 30 September 2015	142,093	1,133,943	–	46,714	17,078	13,453	–	470,656	–	1,823,937	900,100	2,724,037
At 1 April 2016	**152,093**	**1,280,942**	**85,492**	**–**	**3,838**	**13,453**	**300,282**	**844,331**	**15,211**	**2,695,642**	**1,842,418**	**4,538,060**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**143,168**	**–**	**143,168**	**24,162**	**167,330**
Other comprehensive income for the period												
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**461**	**–**	**–**	**–**	**–**	**461**	**–**	**461**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**461**	**–**	**–**	**143,168**	**–**	**143,629**	**24,162**	**167,791**
Exercise of share options	**14**	**170**	**–**	**–**	**–**	**(28)**	**–**	**–**	**–**	**156**	**–**	**156**
Lapse of share options	**–**	**–**	**–**	**–**	**–**	**(8,836)**	**–**	**8,836**	**–**	**–**	**–**	**–**
Payment of dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(15,211)**	**(15,211)**	**–**	**(15,211)**
At 30 September 2016	**152,107**	**1,281,112**	**85,492**	**–**	**4,299**	**4,589**	**300,282**	**996,335**	**–**	**2,824,216**	**1,866,580**	**4,690,796**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September

	Six months ended 30 September	
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**64,717**	21,767
Net cash used in investing activities	**(121,010)**	(200,214)
Net cash (used in)/generated from financing activities	**(126,490)**	223,072
Net (decrease)/increase in cash and cash equivalents	**(182,783)**	44,625
Cash and cash equivalents at beginning of the period	**295,925**	265,062
Effect of foreign exchange rate changes	**318**	(548)
Cash and cash equivalents at end of the period, representing bank balances and cash	**113,460**	309,139

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements (the "**Interim Financial Statements**") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 March 2016, except as stated in note 2 below. The Interim Financial Statements should be read, where relevant, in conjunction with the 2016 annual financial statements of the Group.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the Interim Financial Statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

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

Other than those disclosed in note 2 to the Group's consolidated financial statements for the year ended 31 March 2016, the Group has not early applied any new or revised standards, amendments and interpretations that have been issued but are not yet effective. The Directors anticipate that the application of the new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT REPORTING

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

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

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

(i) Mining segment comprised the mining, exploration, logistics, sales of coal and other mining-related activities.

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

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

3. REVENUE AND SEGMENT REPORTING (Continued)

(a) Reportable segments

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

For the six months ended 30 September

	Mining		Shipping		Total	
	2016 HK$'000 (Unaudited)	2015 HK$'000 (Unaudited)	**2016 HK$'000 (Unaudited)**	2015 HK$'000 (Unaudited)	**2016 HK$'000 (Unaudited)**	2015 HK$'000 (Unaudited)
Revenue from external customers	**504,789**	518,369	**146,843***	79,166*	**651,632**	597,535
Reportable segment profit	**121,330**	79,915	**80,898**	46,145	**202,228**	126,060
Unallocated corporate income/(expenses)					**6,738**	(16,026)
Finance costs					**(20,139)**	(12,644)
Profit before income tax					**188,827**	97,390
Depreciation and amortisation	**58,037**	60,601	**18,464**	10,196	**76,501**	70,797

* The shipping segment revenue includes floating storage service income of HK$106,717,000 (2015: HK$49,669,000) and the revenue arising from the chartering of leased vessels of HK$40,126,000 (2015: HK$29,497,000).

	Mining		Shipping		Total	
	At 30 September 2016 HK$'000 (Unaudited)	At 31 March 2016 HK$'000 (Audited)	**At 30 September 2016 HK$'000 (Unaudited)**	At 31 March 2016 HK$'000 (Audited)	**At 30 September 2016 HK$'000 (Unaudited)**	At 31 March 2016 HK$'000 (Audited)
Reportable segment assets	**6,256,871**	6,353,221	**705,835**	712,085	**6,962,706**	7,065,306

3. REVENUE AND SEGMENT REPORTING (Continued)

(b) Geographical information

The following table provides an analysis of the Group's revenue from external customers and its non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets ("**specified non-current assets**"):

	Revenue from external customers		Specific non-current assets	
	Six months ended 30 September 2016 HK$'000 (Unaudited)	Six months ended 30 September 2015 HK$'000 (Unaudited)	**At 30 September 2016 HK$'000 (Unaudited)**	At 31 March 2016 HK$'000 (Audited)
Indonesia (place of domicile)	**511,208**	547,866	**5,503,137**	5,438,254
The People's Republic of China and Hong Kong	**–**	–	**49**	65
Dubai	**33,707**	–	**–**	–
Singapore and Malaysia	**106,717**	49,669	**591,007**	610,349
	651,632	597,535	**6,094,193**	6,048,668

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

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

4. FINANCE COSTS

	Six months ended 30 September	
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Imputed interest on convertible bonds	**7,807**	3,328
Interest charged under finance leases	**2,277**	4,787
Interest on secured bank borrowings	**10,055**	4,529
	20,139	12,644

5. PROFIT FOR THE PERIOD

This is arrived at after charging/(crediting):

	Six months ended 30 September	
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cost of services	**145,701**	80,925
Cost of inventories	**285,311**	350,011
	431,012	430,936
Fair value changes on financial instruments, net*	**(30,287)**	–
Staff costs (including share-based payment expenses)	**47,959**	41,327
Share-based payment expenses	**–**	8,836
Depreciation and amortisation of property, plant and equipment	**76,517**	70,815

* Fair value changes on financial instruments, net is included and accounted for in the condensed consolidated statement of profit or loss and other comprehensive income as "other income, gains and losses, net".

6. INCOME TAX

The amount of income tax in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 September	
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax – overseas	**30,481**	16,918
Deferred tax	**(8,984)**	(8,940)
Income tax	**21,497**	7,978

No provision for Hong Kong profits tax was made for the six months ended 30 September 2015 and 2016 as the Company and its subsidiaries incorporated in Hong Kong had no assessable profits for both periods.

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

7. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2016	2015
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings attributable to owners of the Company for the purposes of basic earnings per share	**143,168**	81,896
Fair value change on conversion option component of convertible bonds	**(13,986)**	–
Interest on convertible bonds	**7,807**	3,328
Earnings attributable to owners of the Company for the purposes of diluted earnings per share	**136,989**	85,224

7. EARNINGS PER SHARE (Continued)

	2016 **'000**	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,584,327**	1,395,963
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	**70,455**	30,415
Share options	**23,493**	28,691
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,678,275**	1,455,069

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2016, the Group acquired items of property, plant and equipment with a total cost of approximately HK$92,512,000 (30 September 2015: HK$4,268,000) and mining expenditure incurred was approximately HK$307,278,000 (30 September 2015: HK$340,845,000).

9. TRADE RECEIVABLES

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

	At 30 September 2016 HK$'000 (Unaudited)	At 31 March 2016 HK$'000 (Audited)
0 – 60 days	**143,038**	89,477
61 – 90 days	**26,407**	30,276
91 – 120 days	**35,209**	39,909
Over 120 days	**15,404**	23,672
	220,058	183,334

10. TRADE PAYABLES

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

	At 30 September 2016 HK$'000 (Unaudited)	At 31 March 2016 HK$'000 (Audited)
0 – 60 days	**42,215**	24,056
61 – 90 days	**21,538**	13,550
Over 90 days	**22,400**	40,706
	86,153	78,312

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

11. CONVERTIBLE BONDS

On 14 July 2015, the Company issued convertible bonds (the "**Convertible Bonds**") with a principal amount of US$20,000,000 and maturity on 36 months from the issue date, which bears interest at a rate of (i) 5.5% per annum from the issue date to the first anni versary of the issue date; and (ii) 6% per annum from the first anniversary of the issue date to the maturity date. The Convertible Bonds are convertible into ordinary shares of the Company from six months after the issue date up to the maturity date. The number of conversion shares to which the bondholder is entitled on conversion of the Convertible Bonds shall be determined by dividing the principal amount of the Convertible Bonds to be converted by the conversion price of HK$2.2 per share (subject to anti-dilutive adjustments) at a fixed rate of exchange of US$1:HK$7.75. The Convertible Bonds are redeemable by the Company with the prior written and express consent of the bondholder in United States dollars ("**US$**"). Any Convertible Bonds not converted will be redeemed on maturity at the outstanding principal amount and the accrued interest in US$. There was no conversion or redemption of the Convertible Bonds during the six months ended 30 September 2015 and 2016.

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

	2016 **HK$'000**	2015 HK$'000
Audited balance as at 31 March	**113,133**	–
Issued during the period	**–**	108,086
Imputed interest expense	**7,807**	3,328
Interest paid and payable	**(4,437)**	(1,820)
Unaudited balance as at 30 September	**116,503**	109,594

12. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.10 each:		
At 31 March 2016 and 30 September 2016	4,600,000,000	460,000
Convertible preference shares of HK$0.10 each:		
At 31 March 2016 and 30 September 2016	400,000,000	40,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each:		
At 31 March 2016	1,520,925,600	152,093
Exercise of share options	140,000	14
At 30 September 2016	1,521,065,600	152,107

13. COMMITMENTS

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

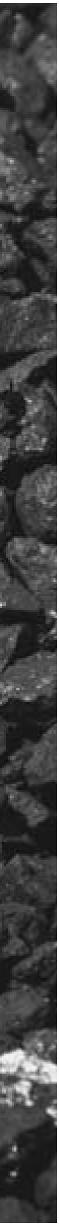
	At 30 September 2016 HK$'000 (Unaudited)	At 31 March 2016 HK$'000 (Audited)
Within one year	**22,433**	22,889
In the second to fifth years inclusive	**78,654**	77,598
Over five years	**24,579**	28,755
	125,666	129,242

Save for those disclosed above and elsewhere in these financial statements, the Group had no material commitments as at 30 September 2016 and 31 March 2016.

14. MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 September 2016, the Group had coal sales transactions to a shareholder of the Company of approximately HK$50,310,000 (30 September 2015: HK$43,189,000).

FINANCIAL REVIEW



For the Review Period, the Group recorded a turnover of approximately HK$651.6 million (2015: HK$597.5 million), representing an increase of approximately 9.1% as compared to the same period in 2015. The increase is mainly due to the improved performance of the Group's shipping operation in early 2016 as well as the expansion of vessels acquired by the Group. The Group recorded an increase in both the gross profit to HK$220.6 million (2015: HK$166.6 million) and the gross profit margin to 33.9% (2015: 27.9%) for the Review Period as the profit margin of the shipping business is comparatively higher than that of the mining business. Accordingly, the Group's consolidated profit attributable to owners of the Company for the Review Period increased significantly to approximately HK$143.2 million (2015: HK$81.9 million) as compared to the corresponding period in 2015.

For the Review Period, the administrative expenses incurred by the Group were reduced to HK$50.8 million (2015: HK$56.6 million) mainly due to no share-based payment expenses were recognised for the Review Period (2015: HK$8,836,000) in relation to the grant of share options. Other income and gains recognised by the Group have significantly increased to HK$39.1 million (2015: HK$0.03 million) which was mainly attributable to the recognition of significant fair value gain for its financial instruments during the Review Period. The increase in the Group's finance costs to HK$20.1 million (2015: HK$12.6 million) is in line with the increase in the average bank loan and convertible bonds balances for the Review Period.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

During the Review Period, a total of 140,000 share options of the Company were exercised by the option holders and therefore, 140,000 new shares of the Company were allotted and issued by the Company to the option holders for a consideration received by the Company of approximately HK$157,000.

Subsequent to the Review Period, on 24 October 2016, the Company granted 10,000,000 share options to an employee of a subsidiary of the Company to subscribe for a total of 10,000,000 shares of the Company at an exercise price of HK$1.52 per share during the period from 24 October 2016 to 23 October 2026 pursuant to the share option scheme adopted by the Company on 12 October 2012. The consideration for the grant was HK$1.00. As at the date hereof, none of such 10,000,000 share options was exercised or lapsed or cancelled.

As at 30 September 2016, the Group's equity attributable to owners of the Company amounted to HK$2,824,216,000, while total bank indebtedness amounted to approximately HK$557,301,000 and cash on hand amounted to approximately HK$113,460,000. The Group's bank indebtedness to equity ratio is 0.2. Current ratio is 1.36. The Board believes that the Group's sound and healthy financial position will enable it to finance its operation and explore other business development opportunities.

GEARING RATIO

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total borrowings include current and non-current borrowings as shown in the condensed consolidated statement of financial position, including secured bank borrowings, amounts due to related parties, obligation under finance leases and convertible bonds. Total capital is calculated as the aggregate of the equity attributable to owners of the Company as shown in the condensed consolidated statement of financial position and the total borrowings. The gearing ratio of the Group as at 30 September 2016 is 26% (as at 31 March 2016: 24%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGE

The Group's assets, liabilities and business transactions are principally denominated in Hong Kong dollars, Singapore dollars, Indonesia Rupiah and the United States dollars and therefore the Group is exposed to various foreign exchange risks. The Group manages its foreign exchange risks by regularly reviewing and monitoring its foreign exchange exposure. During the Review Period, the Group also entered into foreign currency hedging contract with financial institution as a tool to manage and reduce its exposure to foreign exchange risks by hedging its Indonesia Rupiah positions against United States dollars.

PLEDGE OF ASSETS

As at 30 September 2016, the net carrying values of the Group's motor vehicles and plant and machinery held under finance leases amounted to HK$7,876,000 (as at 31 March 2016: HK$8,991,000) and HK$137,955,000 (as at 31 March 2016: HK$151,436,000), respectively. The Group's obligation under finance leases is secured by the lessor's charge over the leased assets.

As at 30 September 2016, the Group's mining-related plant and machinery and vessels with carrying value of HK$12,734,000 (as at 31 March 2016: HK$13,884,000) and HK$590,672,000 (as at 31 March 2016: HK$609,205,000), respectively, were pledged to secure bank borrowings of the Group.

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

As at 30 September 2016, the interests and short position of the Directors and chief executives of the Company and each of their respective associates in the shares (the "**Shares**") of the Company, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO); or (b) to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix 10 of the Listing Rules adopted by the Company were as follows:

Long position in Shares/underlying Shares

	Ordinary Shares		Interest in underlying Shares		
Name of director	Personal interest	Corporate interest	Personal interest	Aggregated interest	Percentage of the issued share capital of the Company
Mr. Ng Say Pek (Note 1)	–	860,533,333	3,000,000	863,533,333	56.77%
Mr. Ng Xinwei	–	–	2,750,000 (Note 2)	2,750,000	0.18%
Mr. Ashok Kumar Sahoo	–	48,854,000 (Note 3)	–	48,854,000	3.21%
Ms. Lim Beng Kim, Lulu	45,966,667	–	1,500,000 (Note 4)	47,466,667	3.12%
Mr. Shiu Shu Ming	–	–	2,750,000 (Note 5)	2,750,000	0.18%
Mr. Chong Lee Chang	–	3,760,000 (Note 6)	–	3,760,000	0.25%

Notes:

(1) This represents (i) 860,533,333 Shares held by Agritrade International Pte Ltd. ("**AIPL**") and its associate. AIPL was owned as to 66.57% by Mr. Ng Say Pek and 16.64% by Ms. Lim Chek Hwee, the spouse of Mr. Ng Say Pek; and (ii) 3,000,000 share options granted to Ms. Lim Chek Hwee. By virtue of SFO, Mr. Ng Say Pek was deemed to be interested in the shares and underlying shares held by AIPL and Ms. Lim Chek Hwee respectively.

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

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

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

(5) This represents the number of share options granted to Mr. Shiu Shu Ming. Mr. Shiu Shu Ming has resigned as Director with effect from 31 October 2016.

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

Save as disclosed above, as at 30 September 2016, none of the Directors and chief executives of the Company and each of their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

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

Category	Date of grant	Exercisable period	Exercise price per share (HK$)	Number of share options At 31/3/2016	Lapsed	Exercised	At 30/9/2016
1. Directors							
Mr. Ng Xinwei	30/8/2010	30/8/2010 to 29/8/2020	1.120	2,750,000	–	–	2,750,000
Ms. Lim Beng Kim, Lulu	30/8/2010	30/8/2010 to 29/8/2020	1.120	1,500,000	–	–	1,500,000
Mr. Shiu Shu Ming (Note 1)	30/8/2010	30/8/2010 to 29/8/2020	1.120	2,750,000	–	–	2,750,000
Mr. Wong Man Hung, Patrick (Note 2)	6/7/2015	6/7/2015 to 5/7/2025	1.724	10,000,000	(10,000,000)	–	–
				17,000,000	(10,000,000)	–	7,000,000
2. Associate of shareholder							
Ms. Lim Chek Hwee (Note 3)	30/8/2010	30/8/2010 to 29/8/2020	1.120	3,000,000	–	–	3,000,000
3. Employees in aggregate	30/8/2010	30/8/2010 to 29/8/2020	1.120	540,000	–	(140,000)	400,000
4. Consultants in aggregate	30/8/2010	30/8/2010 to 29/8/2020	1.120	12,450,000	–	–	12,450,000
	18/3/2011	18/3/2011 to 17/3/2021	1.122	500,000	–	–	500,000
				12,950,000	–	–	12,950,000
				33,490,000	(10,000,000)	(140,000)	23,350,000

Notes:

(1) The share options were granted to the grantee as an employee instead of a director at the date of grant. Mr. Shiu Shu Ming has resigned as Director with effect from 31 October 2016.

(2) Mr. Wong Man Hung, Patrick has resigned as Director with effect from 1 May 2016.

(3) Ms. Lim Chek Hwee is the spouse of Mr. Ng Say Pek who holds 66.57% equity interest of AIPL, a controlling shareholder of the Company. Ms. Lim Chek Hwee also holds 16.64% equity interest of AIPL personally.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2016, so far as is known to any Director or chief executive of the Company, the following persons or corporations (other than the Directors or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of the Group:

Name	Capacity	Number of Shares/underlying Shares held	Approximate percentage of shareholding
AIPL (Note 1)	Beneficial owner and interest of a controlled corporation	860,533,333	56.57%
Amber Future Investments Limited	Beneficial owner	485,360,000	31.91%

Note:

(1) This represents 375,173,333 Shares beneficially held by AIPL and 485,360,000 Shares held through Amber Future Investments Limited, a wholly-owned subsidiary of AIPL.

Save as disclosed herein, as at 30 September 2016, there was no other person or corporation so far as is known to the Directors and the chief executive of the Company, other than the Directors or chief executive of the Company, has an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

INTERIM DIVIDEND

The Board does not propose the payment of interim dividend for the six months ended 30 September 2016 (2015: HK$ Nil).

STAFF AND REMUNERATION POLICIES

As at 30 September 2016, the Group had 507 employees. The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the Directors are reviewed and recommended by the remuneration committee, and decided by the Board, as authorised by the shareholders at the annual general meeting, in accordance with the Group's operating results, individual performance and comparable market statistics.

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

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

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

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the annual financial statements of the Company for the year ended 31 March 2016 up to the date of despatch of this interim report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Chong Lee Chang, an independent non-executive Director, was appointed as the member of the remuneration committee (the "**Remuneration Committee**") of the Company with effect from 31 October 2016.

Mr. Terence Chang Xiang Wen, an independent non-executive Director, was appointed as the member of the nomination committee (the "**Nomination Committee**") of the Company with effect from 31 October 2016.

Mr. Shiu Shu Ming resigned as the non-executive Director, the member of the Remuneration Committee and the member of the Nomination Committee with effect from 31 October 2016.

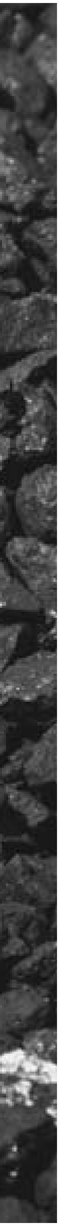
Mr. Cheng Yu was appointed as the independent non-executive Director with effect from 1 December 2016.

CORPORATE GOVERNANCE

The Board is of the view that the Company has applied the principles and complied with the applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules during the six months ended 30 September 2016. The Directors are not aware of any information that reasonably reveals that there is any non-compliance with or deviation from the CG Code by the Company any time during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2016.



AUDIT COMMITTEE

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

The unaudited condensed consolidated interim results for the six months ended 30 September 2016 have been reviewed by the Audit Committee and were approved by the Board on 29 November 2016.

By order of the Board
Agritrade Resources Limited
Ng Xinwei
Chief Executive Officer

Hong Kong, 29 November 2016