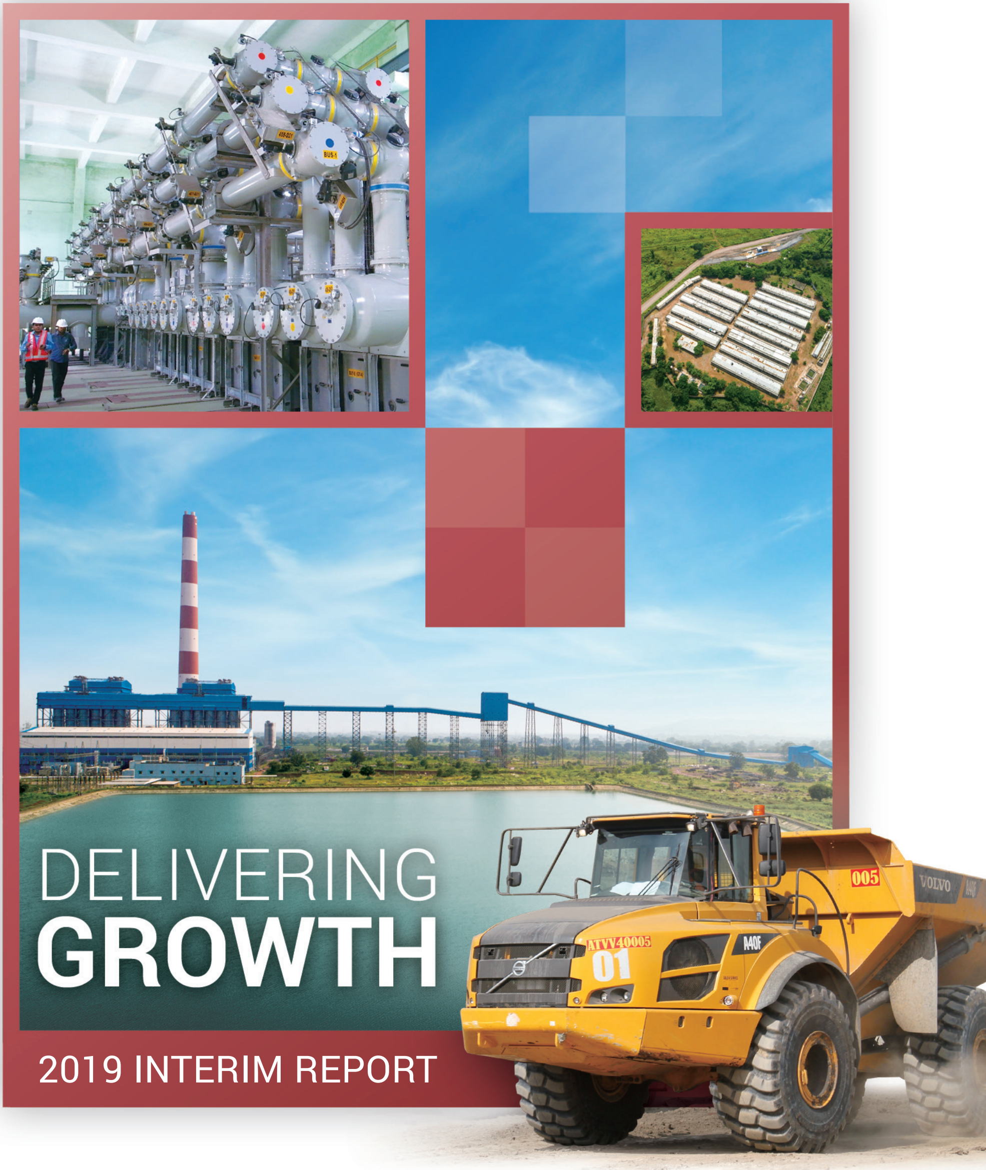
鴻寶資源有限公司

AGRITRADE RESOURCES LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1131.H.K.)



DELIVERING GROWTH

2019 INTERIM REPORT

CONTENTS

BUSINESS REVIEW

For the six months ended 30 September 2019 (the "**Review Period**"), Agritrade Resources Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") have three primary business segments, namely the mining business segment, the energy business segment and the shipping business segment.

MINING BUSINESS

The Group's mining business is principally engaged in the production, processing, transportation, sales, marketing and trading of coal products. During the Review Period, the Group was engaged in the mining business mainly through two operating mines located in Indonesia, namely PT Senamas Energindo Mineral ("**SEM**") mine (the "**SEM Mine**") and Rantau Nangka underground coal mine (the "**Merge Mine**"). The Group primarily sells and markets its coal products to Asian countries.

Since the global coal price reaching its high level in the third quarter of 2018, it has been continuously declining due to the shrinking coal import from certain major markets like the People's Republic of China ("**China**") and India. Under such unfavourable market situation, the Group reduced its coal production for the Review Period to 2.8 million tonnes (2018: 3.3 million tonnes), representing a 15.2% decrease. As a result of the declining global coal pricing and reduced coal production by the Group, the Group's mining segment recorded a significant decrease in both turnover and operating profit to HK$744.5 million (2018: HK$1,118.4 million) and HK$260.4 million (2018: HK$430.0 million) respectively for the Review Period.

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 traders and power generation plants in major international markets such as China and India and in Indonesia locally.

During the Review Period, the coal production for the SEM Mine was 2.4 million tonnes (2018: 2.7 million tonnes). Owing to the reduced coal production and lower average selling price for the Review Period, the Group's SEM mining and coal trading segment recorded a 24.6% decrease in turnover to HK$608.2 million (2018: HK$806.5 million) and a 32.9% decrease in operating profit to HK$262.5 million (2018: HK$391.1 million) for the Review Period.

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 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 for the SEM Mine's operation.

Merge mining operation

The Merge Mine is located in South Kalimantan, Indonesia and has significant initial JORC compliant proved and probable coal reserves of 97.1 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 with two sets of longwall systems on site currently, 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.

During the Review Period, the coal production of the Merge Mine was 400,000 tonnes (2018: 406,000 tonnes) and accordingly contributed a turnover of HK$136.3 million (2018: HK$243.9 million) and an operating profit of HK$3.1 million (2018: HK$31.7 million) to the Group's mining segment, representing a decrease of 44.1% and 90.2% respectively as compared to the same period in 2018 which was mainly attributable to the persistent deterioration of the global coal pricing in the Review Period. Since the quality of the coal products from the Merge Mine is higher than that of average Indonesian thermal coal, the Group mainly exported the Merge coal products to traders and power generation plants located in Asian countries that require constant supply of high CV thermal coal, such as Japan, South Korea, Taiwan and China. In light of the challenging market conditions, the Group will continue to develop and operate the Merge Mine with a prudent approach through ongoing capital investment in mining equipment and facilities in order to achieve an optimisation of its production capacity.

China mine operation

In April 2019, the Group acquired the coal mine (the "**China Mine**") located in Chengcheng County, Shaanxi Province of China through a 70%-owned subsidiary at a total consideration of Renminbi ("**RMB**") 243 million (equivalent to approximately HK$283 million). Based on the latest technical assessment by a leading mining consulting firm, the aggregate coal resources and reserves of the China Mine are estimated at approximately 19.6 million tonnes and 9.1 million tonnes respectively. The coal quality for the China Mine is low volatile bituminous coal with low inherent moisture, medium-ash and high-sulphur content with gross calorific value of approximately 5,400 kcal/kg on air-dried basis. As at the date hereof, the China Mine has not yet been operational. The Group believes the China Mine marks its first foray into the promising China market which can effectively diversify the Group's mining business to a new geographical location.

Other mining activities

For the six months ended 30 September 2018, the Group was engaged in the coal mining business under the contract mining arrangement in relation to an Indonesian coal mine under which the Group produced and extracted 178,000 tonnes of coal without ownership of such mine, contributing a turnover of HK$68.0 million to the Group's mining business. The Group was not engaged in any contract mining activities during the Review Period.

ENERGY BUSINESS

The Group's energy business is principally engaged in the operation of a coal-fired thermal power plant in India and a biodiesel plant in the United States of America (the "**USA**").

Thermal power plant operation in India

On 18 March 2019, the Group successfully completed the acquisition at a total consideration of INR21.7 billion (equivalent to approximately HK$2,485.4 million) for the entire interest in SKS Power Generation (Chhattisgarh) Limited ("**SPGCL**"), which is engaged in the operation and construction of a coal-fired thermal power plant (the "**SKS Power Plant**") located at the State of Chhattisgarh in India with a total power capacity of 1,200 megawatt ("**MW**") capacity (with 4 units of 300MW capacity each), which includes two phases, namely the phase I (the "**Phase I**") of 600MW capacity (being 2 units of 300MW capacity each) and the phase II (the "**Phase II**") of another 600MW capacity (being 2 units of 300MW capacity each). The construction of the Phase I was fully completed and is fully operational while the Phase II is currently in its construction stage. All common infrastructures are already in place for the whole project of 4 X 300MW capacity.

The SKS Power Plant is well connected to the national central grid through a dedicated transmission line, which is about 27 kilometers from the plant site. Contract has been signed with the national grid for the 1,200MW capacity to supply power on a perennial basis. Coal is the main fuel for the SKS Power Plant, which is mainly sourced from nearby major local mines ("**SECL Mines**"). SPGCL has fuel supply agreements for coal linkage from Ministry of Coal, Government of India, and coal is transported from SECL Mines to the plant site by rail and road networks. The Group has its own railway siding which was fully commissioned in September 2019. Distance of SPGCL railway station to plant yard is approximately 4.5 kilometers. SPGCL also has its own block station consisting of four railway tracks covering a total distance of 13 kilometers between the plant and mid-station. The SKS Power Plant is strategically located in the coal belt wherein all the major SECL Mines are within the range of 20 to 100 kilometers. Along with the railway siding with wagon tipplers, the landed coal cost for the SKS Power Plant can be minimised as one of the lowest among industry peers.

For the 600MW capacity of the Phase I, various medium-term or long-term power purchase agreements have been entered into with State Distribution Company and/or governmental body. As a result, a stable and persistent revenue for the SKS Power Plant is secured. During the Review Period, the average monthly plant load factor for the Phase I was at approximately 70%, with a total of 1,603 million units of power generated and 1,436 million units of power exported by the SKS Power Plant, which contributed a revenue of HK$642.3 million and an operating profit of HK$88.8 million to the Group's energy segment.

Biodiesel plant operation in the USA

The Group owns 51% interest in a biodiesel plant (the "**Biodiesel Plant**") located in Arkansas, the USA with targeted maximum annual production of 40 million gallons. The Biodiesel Plant was retrofitted to accommodate multi-feedstock, including yellow grease, rendered animal fats, inedible corn oil and refined vegetable oil, to decrease cost of production. During the Review Period, due to the continuous capacity ramp-up of the Biodiesel Plant, its biodiesel production has reached 4.9 million gallons, which accounted for the significant increase in its turnover amounting to HK$111.4 million (2018: HK$78.1 million). As the Biodiesel Plant was still in its early stage of operation and was operating below its full capacity, an operating loss of HK$13.1 million (2018: HK$26.5 million) was recorded for the Review Period.

SHIPPING BUSINESS

The Group's shipping business segment comprises the provision of shipping transportation, vessel storage and relevant logistics services for crude oil and petrochemical products under time chartering or long-term contracts. Owing to the continuous downturn of the global shipping freight sector, the Group has disposed of the majority of its vessels, comprising three sets of very large crude carrier grade vessels and six sets of tug boats and barges, for the past year. During the Review Period, the performance of the Group's shipping segment was solely contributed by one set of panamax-grade vessel (the "**Panamax Vessel**"), which therefore resulted in a significant decrease in turnover to HK$6.4 million (2018: HK$51.2 million), and accordingly an operating loss of HK$1.6 million (2018: HK$12.1 million) was recorded for the Review Period.

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 for mining operations**

  The Group's mining management will continue to work closely with mining experts and technical consultants to plan, model and strategies our mining operations to optimise production capacity and maximise production efficiency. 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.

  As a major coal mine operator, the Group keeps expanding its coal mine portfolio in the past years including the acquisition of the China Mine in April 2019. Through such expansion, the Group has successfully transformed to a multi-mine and multi-product integrated coal producer with diversified coal product types ranging from low CV, sub-bituminous to high CV bituminous thermal coal. The target markets for the Group's coal export are similarly diversified from mainly China and India to other Asian countries with strong demand for high quality coal such as South Korea, Taiwan and Japan. With the recent acquisition of the China Mine, the Group can further penetrate into the fast-growing China market, which can effectively diversify the Group's business risk to a new geographical location.

Besides new acquisitions within the mining sector, the Group is also active in diversifying its business portfolio by entering other new business segments. In March 2019, the Group successfully acquired the 600MW SKS Power Plant located in India. The acquisition of the SKS Power Plant represents a remarkable milestone for the Group, that it can effectively diversify its business to the new energy business segment in thermal power plant and to the new geographical segment in India as one of the fast growing markets in the world.

- **Strong customer base in top international coal markets**
  The Group has established a strong customer base within the domestic Indonesian market and fast growing Asian coal markets such as China and India for a long time. Currently, China and India are among the top countries with strongest coal demand in the world. Also, the Group gained further access to high-end customers from Asian markets like Japan and South Korea with our high-quality coal products from the Merge Mine. In the year ahead, the Group will continue to expand its international customer base and will continue to put its focus on coal exports to top-tier international coal markets with the aim of becoming a more international and global coal industry player.

OUTLOOK AND PROSPECTS

Prospect on the mining business

The Group mainly sells and markets its coal products to major markets in China, India and Indonesia which are all developing economies with strong demand for coal as most of their power plants are fueled by coal. However, since the second half of 2018, the Indonesian and international coal pricing has continuously slipped back mainly due to shrinking market demand from Asia countries like China and India, which were currently limiting their Indonesian coal imports. Recently, the Ministry of Energy and Mineral Resources of Indonesia set its October 2019 thermal coal reference price at US$64.8 per tonne, the lowest since October 2016. In light of the unfavourable market conditions, the Group, as a sizeable multi-mine and multi-product integrated coal producer, will continue to adopt a cautious approach in operating its mining business. In the year ahead, it is expected that the SEM Mine will continue to be the key contributor to the Group's mining business, of which the annual production has been maintained at the sustainable and stable level of approximately 5 million tonnes per year. The Group will optimise the annual coal production of the SEM Mine with caution in response to the fast-changing market demand and conditions. As for the Merge Mine, the Group will continue to develop and invest in its production and operation in accordance with the business plan and budget from time to time. As at the date hereof, the Merge Mine is equipped with two longwall systems on site, therefore, the board (the "**Board**") of directors (the "**Directors**") of the Company believes that the production capacity of the Merge Mine would be improved in the future. The Group expects that it can finally achieve an aggregate annual coal production of 6 million tonnes for its mining business in the SEM Mine and the Merge Mine.

As part of the Group's diversification strategy, the Group continuously explores new investment opportunities for its mining business and diversifies its business to different product types and to different geographical locations. In April 2019, the Group successfully acquired the China Mine located in Chengcheng County, Shaanxi Province of China. The resources and reserves of the China Mine are estimated at approximately 19.6 million tonnes and 9.1 million tonnes respectively, with expected coal quality of gross calorific value at approximately 5,400 kcal/kg. As China is the largest coal consumer in the world, the Board believes that the China Mine would have positive prospect upon commencement of its operation in the future.

The Board expects the downward trend of coal market may continue in the near future, therefore, the revenue contributed by the mining segment of the Group will keep its decreasing trend. In view of such unfavourable market condition, the Group will continue to focus on export sales and will further explore new markets or customers in different Asian countries. Meanwhile, the Company will exercise extra caution in operating its mining business in order to achieve the stability in its performance.

Prospect on the energy business

Prospect on the SKS Power Plant business in India

The Group operates the SKS Power Plant in two phases of 600MW capacity each. The construction of the Phase I has completed and has already been in commercial operation. The Group currently intends to focus on the smooth running of the Phase I operation, while at the same time, it will also consider and assess the feasibility on further expansion, development and construction of the Phase II project.

Regarding the Phase I 600MW operation, currently the Group has various power purchase agreements with State Distribution Company and/or governmental body for the supply of more than 500 MW power capacity annually, under which the Board believes a stable income and cash inflows can be secured for the operation of the SKS Power Plant in the future. The Group will continue seeking the customers for any remaining power capacity, or otherwise, the remaining unsold capacity would be sold on the Indian Energy Exchange.

As India is one of the countries with the highest population in the world and there is a continuous shortage of power in the country, the Board considers that there is a strong demand and potential for thermal power in India and there would be a steady upward trend in the development of the energy sector. The Board expects that the revenue and profitability of the SKS Power Plant will demonstrate a steady growth and is optimistic about the prospect of the SKS Power Plant business in the coming years.

Prospect on the Biodiesel Plant business in the USA

The Biodiesel Plant is in the ongoing process of ramping up its production capacity towards the maximum target for annual production capacity of 40 million gallons. As the biodiesel business is still in its early stage and is currently operating below its expected full capacity, the Group expects that operating losses will be recorded for the biodiesel business in the near future. The Group will closely monitor and assess the market situation for the biodiesel sector, including the governmental policies and industry prospect, and will consider any potential opportunity arising from the market from time to time.

Prospect on the shipping business

Due to the continuous downturn of the global shipping freight sector, the Group expects to maintain a minimal level of operation for its shipping business. During the Review Period, the Group's shipping business was solely contributed by its Panamax Vessel, which was subsequently disposed of by the Group prior to the date hereof. As such, the Group expects there will be minimal operation and contribution to the Group by its shipping business segment in the near future.

Potential mergers and acquisitions and fund raising activities

The Group continuously explores investment opportunities to expand its business by mergers and acquisitions, particularly within the mining and energy sectors, which would be in line with the Company's strategy and will bring long-term benefit to the Group. As such, and for the purpose of financing the Group's current businesses, the Company is continuously seeking and assessing any opportunities for raising fund, which may include the issuance of debt securities, 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.

MAJOR EVENTS

ACQUISITION OF THE CHINA MINE

In April 2019, the Group successfully acquired the China Mine, which is located in Chengcheng County, Shaanxi Province of China through a 70%-owned subsidiary at a total consideration of RMB243 million (equivalent to approximately HK$283 million). Based on the latest technical assessment by a leading mining consulting firm, the aggregate coal resources and reserves of the China Mine are estimated at approximately 19.6 million tonnes and 9.1 million tonnes respectively. The coal quality for the China Mine is low volatile bituminous coal with low inherent moisture, medium-ash and high-sulphur content with gross calorific value of approximately 5,400 kcal/kg on air-dried basis. As at the date hereof, the China Mine has not yet been operational. The Board expects the China Mine would contribute positively to the Group's performance upon commencement of its operation, which can effectively diversify the Group's business risks to the new China market. Pursuant to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the acquisition of the China Mine was exempted from any requirements of Chapter 14 of the Listing Rules as all applicable percentage ratios under Rule 14.07 are below 5%.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Notes	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Revenue	3	**1,504,545**	1,247,725
Cost of sales and services		**(1,030,480)**	(853,307)
Gross profit		**474,065**	394,418
Gain on bargain purchase of a subsidiary	17	**13,800**	–
Other income, and gains and losses, net		**61,468**	66,207
Administrative expenses		**(238,429)**	(90,807)
Finance costs	4	**(242,107)**	(31,927)
Profit before income tax		**68,797**	337,891
Income tax	6	**(52,638)**	(91,453)
Profit for the period	5	**16,159**	246,438
Profit for the period attributable to:			
— Owners of the Company		**8,577**	161,891
— Non-controlling interests		**7,582**	84,547
		16,159	246,438
Earnings per share	7		
— Basic		**HK0.1 cent**	HK2.5 cents
— Diluted		**HK0.1 cent**	HK2.5 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 2019

	2019 **HK$'000** **(Unaudited)**	2018 HK$'000 (Unaudited)
Profit for the period	**16,159**	246,438
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	**16,448**	(989)
Total comprehensive income for the period	**32,607**	245,449
Total comprehensive income for the period attributable to:		
— Owners of the Company	**1,863**	161,008
— Non-controlling interests	**30,744**	84,441
	32,607	245,449

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*8*	**10,398,581**	10,054,810
Right-of-use assets	*2*	**249,088**	–
Prepaid lease payments		**–**	188,092
Exploration and evaluation assets	*9*	**12,802**	12,891
Other receivables, deposits and prepayments		**268,945**	391,549
		10,929,416	10,647,342
Current assets			
Inventories		**159,975**	143,163
Trade receivables	*10*	**471,854**	219,405
Other receivables, deposits and prepayments		**1,282,917**	575,247
Derivative financial assets	*11*	**263**	–
Amounts due from related parties		**278,698**	237,840
Pledged bank deposit		**–**	7,740
Bank balances and cash		**551,147**	642,364
		2,744,854	1,825,759
Current liabilities			
Trade payables	*12*	**388,450**	263,972
Other payables, accruals and deposits received		**884,310**	740,055
Derivative financial liabilities	*11*	**–**	1,094
Obligation under finance leases		**–**	150
Lease liabilities	*2*	**37,089**	–
Amounts due to related parties		**76,386**	5,261
Provision for close-down, restoration and environmental costs		**5,349**	5,349
Borrowings		**967,980**	368,582
Deferred revenue		**5,923**	6,018
Tax payable		**244,188**	260,528
		2,609,675	1,651,009
Net current assets		**135,179**	174,750
Total assets less current liabilities		**11,064,595**	10,822,092

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Non-current liabilities			
Amounts due to related parties		**100,486**	94,701
Lease liabilities	*2*	**24,623**	–
Borrowings		**2,699,116**	2,560,693
Deferred revenue		**225,435**	232,045
Deferred tax		**1,131,745**	1,068,634
		4,181,405	3,956,073
Net assets		**6,883,190**	6,866,019
Capital and reserves			
Share capital	*13*	**159,362**	159,362
Reserves		**4,363,182**	4,376,755
Equity attributable to owners of the Company		**4,522,544**	4,536,117
Non-controlling interests		**2,360,646**	2,329,902
Total equity		**6,883,190**	6,866,019

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Share capital HK$'000	Share premium HK$'000	Convertible preference shares 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 2018 (Audited)	159,207	1,400,086	85,492	18,430	20,136	(57,384)	1,822,802	31,847	3,480,616	2,202,414	5,683,030
Profit for the period	–	–	–	–	–	–	161,891	–	161,891	84,547	246,438
Other comprehensive loss for the period											
Exchange differences arising on translation of foreign operations	–	–	–	(883)	–	–	–	–	(883)	(106)	(989)
Total comprehensive (loss)/income for the period	–	–	–	(883)	–	–	161,891	–	161,008	84,441	245,449
Exercise of share options	30	365	–	–	(59)	–	–	–	336	–	336
Payment of dividends	–	–	–	–	–	–	–	(31,847)	(31,847)	–	(31,847)
At 30 September 2018 (Unaudited)	159,237	1,400,451	85,492	17,547	20,077	(57,384)	1,984,693	–	3,610,113	2,286,855	5,896,968
At 1 April 2019 (Audited)	**159,362**	**1,402,692**	**85,492**	**26,311**	**19,441**	**(41,937)**	**2,852,884**	**31,872**	**4,536,117**	**2,329,902**	**6,866,019**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**8,577**	**-**	**8,577**	**7,582**	**16,159**
Other comprehensive (loss)/income for the period											
Exchange differences arising on translation of foreign operations	**-**	**-**	**-**	**(6,714)**	**-**	**-**	**-**	**-**	**(6,714)**	**23,162**	**16,448**
Total comprehensive income for the period	**-**	**-**	**-**	**(6,714)**	**-**	**-**	**8,577**	**-**	**1,863**	**30,744**	**32,607**
Acquisition of additional interests in a subsidiary	**-**	**-**	**-**	**(7,740)**	**-**	**24,176**	**-**	**-**	**16,436**	**-**	**16,436**
Payment of dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(31,872)**	**(31,872)**	**-**	**(31,872)**
At 30 September 2019 (Unaudited)	**159,362**	**1,402,692**	**85,492**	**11,857**	**19,441**	**(17,761)**	**2,861,461**	**-**	**4,522,544**	**2,360,646**	**6,883,190**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	2019 **HK$'000** **(Unaudited)**	2018 HK$'000 (Unaudited)
Net cash (used in)/generated from operating activities	**(373,465)**	42,362
Investing activities		
Purchase of property, plant and equipment	**(231,673)**	(87,568)
(Increase)/decrease in amounts due from related parties	**(40,858)**	10,173
Proceeds from disposal of property, plant and equipment	**–**	331,630
Other cash inflow from investing activities, net	**34,838**	792
Net cash outflow of acquisition of a subsidiary	**(273,851)**	–
Net cash (used in)/generated from investing activities	**(511,544)**	255,027
Financing activities		
Increase/(decrease) in borrowings, net	**737,821**	(301,551)
Repayment of obligation under finance leases	**–**	(2,493)
Repayment of lease liabilities	**(1,595)**	–
Proceeds from exercise of share options	**–**	336
Increase in amounts due to related parties	**76,910**	24,768
Dividends paid	**(31,872)**	(31,847)
Net cash generated from/(used in) financing activities	**781,264**	(310,787)
Net decrease in cash and cash equivalents	**(103,745)**	(13,398)
Cash and cash equivalents at beginning of the period	**650,104**	464,865
Effect of foreign exchange rate changes	**4,788**	2,259
Cash and cash equivalents at end of the period, representing bank balances and cash	**551,147**	453,726

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2019 (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 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 2019, except as stated in note 2 below. The Interim Financial Statements should be read, where relevant, in conjunction with the 2019 annual financial statements of the Group.

The Interim Financial Statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

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.

Other than the changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards ("**HKFRSs**"), in preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimate uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2019.

The Group has adopted the following new and revised HKFRSs for the first time for the current period's condensed consolidated interim financial statements.

HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures
HKFRS (Amendments)	Annual Improvements to HKFRSs 2015–2017 Cycle
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Except as described below, the application of the new and revised HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

The new and revised to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application of HKFRS 16 *Lease*

As a lessee

The Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the reporting period ended 31 March 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the statement of financial position on 1 April 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 6.04%.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The re-measurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	HK$'000
Operating lease commitments disclosed as at 31 March 2019	77,290
Lease liabilities relating to operating leases discounted at relevant incremental borrowing rates	63,225
Add: Obligation under finance leases recognised at 31 March 2019	150
Lease liabilities recognised as at 1 April 2019 upon application of HKFRS 16	63,375
Analysed as:	
Current lease liabilities	38,752
Non-current lease liabilities	24,623
	63,375

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets
	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	63,225
Reclassified from prepaid lease payments (note (i))	188,092
	251,317
By class:	
Lands and buildings	188,092
Office premises	12,382
Hauling road	50,843
	251,317

Note (i): Upfront payments for lands and buildings in Indonesia and India were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, the prepaid lease payments amounting to HK$188,092,000 were reclassified to right-of-use assets.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included:

	Carrying amounts previously reported at 31 March 2019	**Adjustments**	**Carrying amounts under HKFRS 16 at 1 April 2019**
	HK$'000	HK$'000	HK$'000
Non-current assets			
Prepaid lease payments	188,092	(188,092)	–
Right-of-use assets	–	251,317	251,317
Current liabilities			
Lease liabilities	–	38,752	38,752
Obligation under finance leases	150	(150)	–
Non-current liabilities			
Lease liabilities	–	24,623	24,623

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) Energy segment comprised the production, generation, provision and sale of fuel and energy and other energy-related operations.

(iii) Shipping segment comprised the provision of shipping transportation, vessel storage and relevant logistics services for crude oil and petrochemical products under time chartering or long-term contracts.

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		Energy		Shipping		Total	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)	**2019 HK$'000 (Unaudited)**	2018 HK$'000 (Unaudited)	**2019 HK$'000 (Unaudited)**	2018 HK$'000 (Unaudited)	**2019 HK$'000 (Unaudited)**	2018 HK$'000 (Unaudited)
Revenue from external customers	**744,470**	1,118,397	**753,702**	78,094	**6,373**	51,234	**1,504,545**	1,247,725
Reportable segment profit/(loss)	**260,396**	429,983	**75,730**	(26,492)	**(1,550)**	(12,065)	**334,576**	391,426
Unallocated corporate expenses							**(37,472)**	(21,608)
Gain on bargain purchase of a subsidiary							**13,800**	–
Finance costs							**(242,107)**	(31,927)
Profit before income tax							**68,797**	337,891
Depreciation and amortisation	**182,029**	144,239	**59,389**	2,408	**978**	20,212	**242,396**	166,859

	Mining		Energy		Shipping		Total	
	At 30 September 2019 HK$'000 (Unaudited)	At 31 March 2019 HK$'000 (Audited)	**At 30 September 2019 HK$'000 (Unaudited)**	At 31 March 2019 HK$'000 (Audited)	**At 30 September 2019 HK$'000 (Unaudited)**	At 31 March 2019 HK$'000 (Audited)	**At 30 September 2019 HK$'000 (Unaudited)**	At 31 March 2019 HK$'000 (Audited)
Reportable segment assets	**8,437,290**	7,295,395	**4,990,026**	4,938,269	**245,411**	227,266	**13,672,727**	12,460,930
Reportable segment liabilities	**(3,467,818)**	(1,690,634)	**(3,228,755)**	(3,847,050)	**(43,432)**	(14,323)	**(6,740,005)**	(5,552,007)

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 2019 HK$'000 (Unaudited)	Six months ended 30 September 2018 HK$'000 (Unaudited)	**At 30 September 2019 HK$'000 (Unaudited)**	At 31 March 2019 HK$'000 (Audited)
Indonesia (place of domicile)	**750,843**	1,124,769	**6,347,795**	6,330,217
China and Hong Kong	**–**	–	**454,257**	16
Dubai	**–**	6,358	**–**	–
Singapore and Malaysia	**–**	38,504	**25,343**	26,137
India	**642,329**	–	**3,753,245**	3,817,872
The United States of America	**111,373**	78,094	**79,831**	81,551
	1,504,545	1,247,725	**10,660,471**	10,255,793

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.

(c) Information about major customers

Revenue from one major customer (2018: one major customer) of the Group's mining segment amounted to HK$343,995,000 (2018: HK$197,939,000) and two customers (2018: no customer) of the Group's energy segment amounted to HK$561,172,000 (2018: HK$Nil), which represented 10% or more of the Group's revenue for the period.

3. REVENUE AND SEGMENT REPORTING (Continued)

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

	For the six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit before income tax:		
Reportable segment profit	**334,576**	391,426
Unallocated corporate expenses and finance costs	**(279,579)**	(53,535)
Gain on bargain purchase of a subsidiary	**13,800**	–
Consolidated profit before income tax	**68,797**	337,891

	At 30 September 2019	At 31 March 2019
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Assets:		
Reportable segment assets	**13,672,727**	12,460,930
Unallocated corporate assets	**1,543**	12,171
Consolidated total assets	**13,674,270**	12,473,101
Liabilities:		
Reportable segment liabilities	**6,740,005**	5,552,007
Unallocated corporate liabilities	**51,075**	55,075
Consolidated total liabilities	**6,791,080**	5,607,082

4. FINANCE COSTS

	For the six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest charged under finance leases	**–**	580
Interest on lease liabilities	**150**	–
Interest on amount due to a related party	**1,054**	–
Interest on borrowings	**240,903**	31,347
	242,107	31,927

5. PROFIT FOR THE PERIOD

This is arrived at after charging/(crediting):

	For the six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cost of services	**1,108**	46,305
Cost of inventories	**1,029,372**	807,002
	1,030,480	853,307
Fair value changes on financial instruments, net *	**(953)**	(5,943)
Depreciation of right-to-use assets	**1,486**	–
Staff costs	**64,114**	56,453
Depreciation and amortisation of property, plant and equipment	**243,072**	166,867
Loss on disposal of property, plant and equipment	**608**	10,710

* 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, and 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:

	For the six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax — overseas	**78,531**	104,994
Deferred tax	**(25,893)**	(13,541)
Income tax	**52,638**	91,453

No provision for Hong Kong profits tax was made for the six months ended 30 September 2019 and 2018 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:

	For the six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings attributable to owners of the Company for the purposes of basic and diluted earnings per share	**8,577**	161,891

	2019	2018
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**6,374,481**	6,369,054
Effect of dilution — weighted average number of ordinary shares:		
Share options	**174,000**	178,580
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**6,548,481**	6,547,634

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the Group acquired items of property, plant and equipment with a total cost of approximately HK$231,673,000 (30 September 2018: HK$87,568,000) and mining expenditure incurred was approximately HK$396,156,000 (30 September 2018: HK$606,897,000).

9. EXPLORATION AND EVALUATION ASSETS

	At 30 September 2019 HK$'000 (Unaudited)	At 31 March 2019 HK$'000 (Audited)
Cost and carrying amounts:		
At beginning of the period/year	**12,891**	13,472
Disposal	**(144)**	–
Exchange alignment	**55**	(581)
At end of the period/year	**12,802**	12,891

10. 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 credit losses, presented based on the invoice date at the end of reporting period:

	At 30 September 2019 HK$'000 (Unaudited)	At 31 March 2019 HK$'000 (Audited)
0–60 days	**296,220**	145,044
61–90 days	**43,780**	11,412
91–120 days	**90,202**	–
Over 120 days	**41,652**	62,949
	471,854	219,405

11. DERIVATIVE FINANCIAL INSTRUMENTS

	At 30 September 2019		At 31 March 2019	
	Assets HK$'000 (Unaudited)	**Liabilities HK$'000 (Unaudited)**	Assets HK$'000 (Audited)	Liabilities HK$'000 (Audited)
Future oil contracts	**263**	**–**	–	141
Interest rate swap	**–**	**–**	–	953
Total amount, classified as current	**263**	**–**	–	1,094

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 1 and Level 2 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

Information about Level 1 fair value measurements
The fair value of future commodities contracts is determined based on those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Information about Level 2 fair value measurements
The fair value of interest rate swap is determined based on the forward exchange rate at the reporting date.

11. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

As at 30 September 2019

	Level 1 HK$'000	**Total HK$'000**
Financial assets		
Financial assets at fair value through profit or loss		
Derivative financial instruments		
— Future oil contracts	**263**	**263**
	263	**263**

As at 31 March 2019

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
Financial liabilities:			
Financial liabilities at fair value through profit or loss			
Derivative financial instruments			
— Interest rate swap	–	953	953
— Future oil contracts	141	–	141
	141	953	1,094

As at 30 September 2019, the Group has no financial instrument carried at fair value under Level 2 and Level 3 hierarchy. As at 31 March 2019, the Group has no financial instrument carried at fair value under Level 3 hierarchy.

There was no transfer between levels during the period.

12. 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 2019 HK$'000 (Unaudited)	At 31 March 2019 HK$'000 (Audited)
0–60 days	**164,003**	176,836
61–90 days	**48,489**	1,245
Over 90 days	**175,958**	85,891
	388,450	263,972

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.

13. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.025 each:		
At 31 March 2019 and 30 September 2019	18,400,000,000	460,000
Convertible preference shares of HK$0.10 each:		
At 31 March 2019 and 30 September 2019	400,000,000	40,000
Issued and fully paid:		
Ordinary shares of HK$0.025 each:		
At 31 March 2019 and 30 September 2019	6,374,480,581	159,362

14. COMMITMENTS

At 31 March 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises and the road which would fall due as follows:

	At 31 March 2019 HK$'000 (Audited)
Within one year	24,009
In the second to fifth years inclusive	53,281
	77,290

The Group is the lessee in respect of a number of lands and buildings, office premises and a hauling road held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances as at 1 April 2019 to recognise lease liabilities relating to these leases (please refer to note 2). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2.

Save for those disclosed above and elsewhere in these financial statements, the Group had no material commitments as at 30 September 2019 and 31 March 2019.

15. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme adopted since 28 August 2002 (the "**Old Scheme**") was expired on 27 August 2012. At the end of the reporting period, 79,000,000 share options under the Old Scheme were outstanding.

On 12 October 2012, the Company adopted a new share option scheme (the "**New Scheme**") for the primary purposed to attract, retain and motivate talented employees, executive and non-executive directors and consultants of the Company or any subsidiaries or associated companies or such persons who from time to time are determined by the Board at its discretion as having contributed to the Group based on his/her performance and/or years of services, or its regarded as valuable resources and other relevant factors (the "**Participants**"), to strive for future developments and expansion of the Group. The New Scheme will expire on 9 October 2022.

Under the New Scheme, the Board of the Company may grant options to the Participants to subscribe for shares in the Company at a price equal to the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the offer date, which must be a trading day; (ii) a price being the average of the closing prices of shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer date; and (iii) the nominal value of a share, subject to a maximum of 568,370,240 shares, representing approximately 10% of the issued share capital of the Company, as at the date of the approval of the refreshment of New Scheme mandate limit on 31 August 2015 and as adjusted for the effect of share subdivision effective on 12 January 2018. At the end of the reporting period, 95,000,000 share options under the New Scheme were outstanding.

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

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

15. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

There was no movement in the Company's share options during six months ended 30 September 2019. The following table discloses the details of the Company's share options as at 31 March 2019 and 30 September 2019:

Category	Date of grant	Exercisable period	Exercise price per share (HK$)	Number of share options at 31 March 2019 and 30 September 2019
1. Directors				
Mr. Ng Xinwei	30/8/2010	30/8/2010 to 29/8/2020	0.280	11,000,000
Ms. Lim Beng Kim, Lulu	30/8/2010	30/8/2010 to 29/8/2020	0.280	6,000,000
				17,000,000
2. Associate of shareholder				
Ms. Lim Chek Hwee	30/8/2010	30/8/2010 to 29/8/2020	0.280	12,000,000
3. Employees in aggregate	30/8/2010	30/8/2010 to 29/8/2020	0.280	600,000
	24/10/2016	24/10/2016 to 23/10/2026	0.380	40,000,000
				40,600,000
4. Consultants in aggregate	30/8/2010	30/8/2010 to 29/8/2020	0.280	47,400,000
	18/3/2011	18/3/2011 to 17/3/2021	0.2805	2,000,000
	27/4/2017	27/4/2017 to 26/4/2027	0.3455	55,000,000
				104,400,000
				174,000,000

15. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The exercise price of share options outstanding at the end of the period ranged from HK$0.28 to HK$0.38 (as at 31 March 2019: HK$0.28 to HK$0.38) and their weighted average remaining contractual life was 4.44 years (as at 31 March 2019: 4.94 years).

Of the total number of share options outstanding at the end of the period, 174,000,000 (as at 31 March 2019: 174,000,000) had vested and were exercisable at the end of the reporting period.

During the period, no (2018: 1,200,000) share option was exercised.

In respect of the share options exercised during six months ended 30 September 2018, the average market share price at the dates of exercise was HK$1.64.

No share option was granted during the six months ended 30 September 2018 and 2019.

The Group did not enter into any share-based payment transactions with parties other than advisor, consultant, directors or employees during the six months ended 30 September 2018 and 2019.

16. MATERIAL RELATED PARTY TRANSACTIONS

Save for those disclosed elsewhere in these condensed consolidated financial statements, details of transactions between the Group and other related parties are disclosed below.

Key management personnel compensation

The remuneration for key management personnel, including amount paid to the directors of the Company during the periods is as follows:

	For the six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Fees	**455**	520
Salaries and other benefits	**3,375**	3,380
Post-employment benefit contributions	**44**	44
	3,874	3,944

17. ACQUISITION OF A SUBSIDIARY

On 9 April 2019, the Group acquired 100% of the issued share capital of a mining company incorporated in China (the "**China Mine Company**"), which was engaged in the operation of the China Mine located in Chengcheng County, Shaanxi Province of China, through a 70%-owned subsidiary at a total consideration of RMB243 million (equivalent to HK$274 million) which was or would be fully settled in cash. This acquisition has been accounted for using the purchase method. The amount of gain on bargain purchase arising as a result of the acquisition was approximately HK$13,800,000. The acquisition of the China Mine Company marked the Group's first foray into the promising China market which could effectively diversify the Group's mining business to a new geographical location.

Acquisition-related costs of approximately HK$701,000 have been excluded from the consideration transferred and have been recognised as an expense within the administrative expenses line item in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair values of assets acquired and liabilities recognised at the date of acquisition are as follows:

	Carrying amount HK$'000	**Fair value adjustment HK$'000**	**Fair value HK$'000**
Property, plant and equipment	13,074	365,751	378,825
Other receivables, deposits and prepayments	264	–	264
Bank balances and cash	225	–	225
Deferred tax	–	(91,438)	(91,438)
	13,563	274,313	287,876

17. ACQUISITION OF A SUBSIDIARY (Continued)

Gain on bargain purchase arising on acquisition:

	HK$'000
Consideration transferred	274,076
Less: net assets acquired	(287,876)
Gain on bargain purchase arising on acquisition	(13,800)

The Group recognised a gain on bargain purchase of approximately HK$13,800,000 in the condensed consolidated statement of profit or loss as a result of acquisition of the China Mine Company. The China Mine Company was not in operation before the acquisition, which gave rise to the bargain purchase that the total consideration was set at a discount below the provisional fair value of the acquired net identifiable assets of the China Mine Company with reference to independent valuation.

Net cash outflow on acquisition of the China Mine Company:

	HK$'000
Cash consideration paid	274,076
Less: cash and cash equivalent balances acquired	(225)
	273,851

Included in the profit for the period is approximately HK$5,343,000 loss attributable to the additional business arising by the China Mine Company. No revenue was generated by the China Mine Company for the current period. Had the acquisition been completed on 1 April 2019, total group revenue for the period would have been HK$1,504,545,000, and profit for the period would have been approximately HK$16,159,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2019, nor is it intended to be a projection of future results.

18. LITIGATIONS

1. MMHL Litigations

In December 2015, the Group acquired (the "**Merge Acquisition**") 51% indirect equity interest in Merge Mining Holding Limited ("**MMHL**") through its wholly-owned subsidiary AMHL from the previous 100% owner of MMHL, Sino Island Limited ("**SIL**"), which is owned and controlled by Mr. Jing Yu ("**Mr. Yu**"). Upon completion of the Merge Acquisition, SIL continued to own 49% of the equity interest in MMHL. Subsequent to the Merge Acquisition, the Group acquired management control with respect to MMHL and its subsidiaries pursuant to the terms of the shareholders' agreement between AMHL, SIL and MMHL (the "**MMHL Shareholders Agreement**") by appointing its nominees to the relevant boards of directors and boards of commissioners, as well as into key management positions. However, contrary to the terms of the MMHL Shareholders Agreement, SIL and its related persons including Mr. Yu have opposed such actions by the Group and its representatives. As a result of this disagreement, the Group is involved in the following legal proceedings:

Hong Kong Arbitration Matter

In June 2016, AMHL initiated arbitration proceedings in the Hong Kong International Arbitration Center against SIL (the "**Hong Kong Arbitration Matter**"). AMHL alleged, amongst other things, that SIL, through its related parties, including Mr. Yu, breached the MMHL Shareholders Agreement, and that SIL has attempted to frustrate the corporate governance framework envisaged under the MMHL Shareholders Agreement and the Group's management rights over MMHL and its subsidiaries. AMHL sought remedies to enforce its rights under the MMHL Shareholders Agreement.

18. LITIGATIONS (Continued)

1. MMHL Litigations (Continued)

Hong Kong Arbitration Matter (Continued)

In May 2017, SIL filed a counterclaim against, amongst others, AMHL in the Hong Kong Arbitration Matter and has sought various remedies, including the return by the Group of its entire shareholding in MMHL. AMHL disputed the allegations raised by SIL and filed its response to the counterclaim in June 2017. On 1 August 2017, the arbitral tribunal ruled, amongst others, that it has no jurisdiction to determine SIL's counterclaim relating to the return of the Group's entire shareholding in MMHL, and that it has no jurisdiction to determine any of SIL's counterclaims beyond AMHL. The arbitration proceedings therefore continue only as between AMHL and SIL and the reliefs claimed in the proceedings are limited to these parties alone. The proceedings are ongoing and the arbitral hearing was scheduled to take place in September 2018. However, the arbitral hearing was subsequently vacated and rescheduled to October 2019, so as to include the hearing of other claims which have been consolidated with those in the arbitration proceedings. As a gesture of good faith and to facilitate the amicable discussions between parties, the parties had jointly and successfully made an application to the arbitral tribunal to vacate the merits hearing in order to commence settlement talks. The parties are in the midst of advanced discussions for the settlement talks.

Jakarta Proceedings

In September 2016, Mr. Yu and a related person (the "**Plaintiffs**") initiated proceedings in South Jakarta District Court against certain of MMHL's subsidiaries, including PT Merge Energy Sources Development ("**MESD**") and PT Merge Mining Industry ("**MMI**"), certain of their directors, commissioners and officers and other parties (the "**Jakarta Proceedings**"). The Plaintiffs alleged, among other things, violation of certain provisions of the Indonesian Law No. 40 of 2007 on Limited Liability Companies and the Indonesian mining regulations relating to the appointment of the Group's nominees to the relevant boards of directors and commissioners in MESD and MMI and the amendment of articles of association of MESD and MMI. The Plaintiffs sought nullification of the appointments of the Group's nominees to the relevant boards of directors and boards of commissioners in MESD and MMI and the amendment of articles of association of MESD and MMI, as well as monetary damages.

18. LITIGATIONS (Continued)

1. MMHL Litigations (Continued)

Jakarta Proceedings (Continued)

As at the date hereof, the Jakarta Proceedings at the District Court and High Court level have been completed. At the District Court level, the court issued a final judgment in favour of the Group and rejected the Plaintiffs' claim. Thereafter, the Plaintiffs lodged an appeal to the High Court. On appeal, the High Court rejected the Plaintiffs' appeal in its entirety and further awarded costs against the Plaintiffs.

2. EPC Contractor Case for SPGCL

SPGCL is setting up a 1,200 MW coal based thermal power plant (the "**Project**") in Raigarh district, Chhattisgarh, in 2 phases, each comprising of 2 units of 300 MW each. SPGCL has achieved commercial operation date ("**COD**") of Unit 2 (1x300 MW) of Phase I on 6 October 2017 and that of Unit 1 on 1 April 2018. Majority of the work pertaining to common facilities for Phase I and II have been completed/constructed and work specifically pertaining to Phase II shall commence after successful completion of resolution plan.

The main EPC Contractor (the "**Contractor**") was responsible for design, engineering, supply, civil works, erection and commissioning for the Project. Due to financial stress faced by them, they were not in compliance with the respective contracts entered into for execution of the Project. At the request of the Contractor, in the prior years, SPGCL made on account payments against the contracts and also made payments to its vendors for the Project and its employees connected with execution of the Project and these payments were being adjusted against the invoices/proforma invoices raised by the Contractor for the work executed. On 12 November 2013, SPGCL and the EPC Contractor had entered into Amendment Agreement, pursuant to which SPGCL has taken over the entire site management under its control effective 30 December 2013, except supply contract which continued with the said EPC Contractor. Under the said Amendment Agreement, it was decided that the EPC Contractor shall pay liquidated damages aggregating to INR 750,000,000 (approximately HK$82 million) in three tranches, which shall be accounted as and when received, the first tranche was payable on or before 31 December 2014, second tranche was payable on or before 31 March 2016 and third tranche was payable on or before 31 March 2017 for which SPGCL had been in discussion with Contractor for payment. Pending civil and erection work related to the said EPC Contractor was carried out by the other contractors/sub-contractors with whom SPGCL signed new contracts.

18. LITIGATIONS (Continued)

2. **EPC Contractor Case for SPGCL** (Continued)

The EPC Contractor had issued proforma invoices during the previous year against the supply of material amounting to INR 1,813,300,000 (approximately HK$199 million) for which no details/supportings have been furnished by the EPC Contractor and the Company based on its records/available information accounted INR 630,800,000 (approximately HK$69 million). The amount recoverable from the EPC contractor of INR 1,594,300,000 (approximately HK$175 million) (excluding retention money) as at period end and after adjustment of encashment of bank guarantees referred to below of INR 330,000,000 (approximately HK$36 million).

Pursuant to the petition filed by a creditor of the EPC contractor, the National Company Law Tribunal ("**NCLT**"), Division Bench, Chennai has ordered commencement of a corporate insolvency resolution process against the said EPC Contractor vide its Order No CP/511/(IB) 2017 dated 16 June 2017. The interim insolvency resolution professional ("**IRP**") appointed by NCLT issued a notice dated 20 July 2017 to the creditors of the said EPC Contractor to submit their respective claims to IRP. In response to the notice, SPGCL, on 3 August 2017, submitted its claim amounting to INR 3,430,000,000 (approximately HK$376 million) (including liquidated damages, interest and other cost overrun suffered by SPGCL due to reason attributed to the EPC Contractor and after adjustment of advances) to the IRP. The claim shall be accounted for as and when settled by the IRP.

SPGCL has invoked bank guarantees (the "**BGs**") of aggregate amount of INR 2,119,500,000 (approximately HK$232 million) (advance and performance bank guarantees) for the loss and damages caused to SPGCL by reason of default on the part of EPC Contractor in discharging its obligations under the Supply, Civil Works and Erection and Commissioning contracts. The EPC Contractors/bankers objected and filed a suit against the encashment of the said BGs which has been legally challenged before various High Courts. The Hon'ble Bombay High Court has allowed encashment of BGs aggregating to INR 330,000,000 (approximately HK$36 million) pertaining to civil contracts for which amount has been received during the prior year. Considering this the management is confident that its appeals before other High Courts would be decided in favour of SPGCL. SPGCL has also obtained a legal opinion on the matter which supports management's conclusion. Accordingly, the Company is of the view that it has a strong case that its dues will be recovered and no additional liability will devolve on the Company.

18. LITIGATIONS (Continued)

3. SEM Litigations

On 8 December 2009, SEM obtained a license for coal production at the SEM Mine (the "**IUP**") from the Regent of Barito Timur (the "**Provincial Government**"). The IUP is valid from 8 December 2009 until 8 December 2029.

Around 2009, an unauthorised representative (the "**Unauthorised Director**") of PT Puteri Mea had brought an action (the "**IUP Dispute**") before the Central Jakarta District Court against the Provincial Government and SEM to challenge the validity of the IUP. This action culminated in Supreme Court decision 3034K/PDT/2011 (the "**Supreme Court Decision**") where the court held that the IUP had no legal binding force. Around 2014, SEM applied for a judicial review of the Supreme Court Decision but the judicial review application was dismissed by the Supreme Court on 12 March 2015.

The Company was informed by PT Puteri Mea that PT Puteri Mea did not have knowledge of the above proceedings until around 2012, given that the proceedings were commenced by the Unauthorised Director. Around the same time, PT Puteri Mea commenced proceedings (the "**Removal Proceedings**") to remove the Unauthorised Director and this was finalised in the State Administrative Court of Jakarta 22/G/2012/PTUN.JKT. PT Puteri Mea entered into a binding settlement with SEM in relation to the IUP Dispute concurrently with the Removal Proceedings.

This binding settlement is set out in a notarial deed dated 26 March 2014 (the "**Settlement Deed**") between SEM and PT Puteri Mea which states that:

(i) PT Puteri Mea and SEM have agreed to terminate the court decisions; and

(ii) PT Puteri Mea and SEM have fully and finally settled the IUP dispute and that PT Puteri Mea does not challenge the validity of SEM's IUP.

18. LITIGATIONS (Continued)

3. **SEM Litigations** (Continued)

The Company has been advised by its Indonesian lawyers and has confirmed with SEM and PT Puteri Mea that:

(i) the Settlement Deed is legally valid and binding on SEM and PT Puteri Mea;

(ii) no enforcement actions have been taken by up PT Puteri Mea since the District Court decision in 2009 up till now; and

(iii) no steps have been taken by any Indonesian authorities to revoke the IUP.

As at the date hereof, according to the online database of the Ministry of Energy and Mineral Resources of the Republic of Indonesia (the "**ESDM Records**"), it clearly states that SEM's IUP is valid and in force until 8 December 2029. Furthermore, the board of PT Puteri Mea has consistently stressed to SEM that, ever since the conclusion of the Removal Proceedings, PT Puteri Mea has never nor does it intend challenge the validity of SEM's IUP.

The Board has obtained independent Indonesian legal advice on all the matters addressed above including the Supreme Court Decision, the Settlement Deed and the ESDM Records and wishes to clarify that the court proceedings have not and will continue to not have any impact on SEM's ownership or operations of the SEM Mine.

19. EVENT AFTER REPORTING PERIOD

Subsequent to the end of the reporting period, save for those disclosed elsewhere in these condensed consolidated financial statements, the Group had no significant events occurred, which may have a significant effect, on the assets and liabilities of future operations of the Group.

FINANCIAL REVIEW

In March 2019, the Group completed the acquisition of the SKS Power Plant, of which the revenue has started to contribute to the Group's turnover for the Review Period. Owing to such additional contribution by the SKS Power Plant, the overall turnover of the Group increased by 20.6% to HK$1,504.5 million (2018: HK$1,247.7 million) for the Review Period, after netting off the impact of the decrease in revenue from the Group's mining segment as a result of the declining global coal pricing and unfavourable coal market conditions. The Group's gross profit increased by 20.2% to HK$474.1 million (2018: HK$394.4 million) which is in line with the increase in the Group's turnover for the Review Period, while the gross profit margin maintained at a stable level of 31.5% (2018: 31.6%).

During the Review Period, the Group recorded a significant increase in administrative expenses to HK$238.4 million (2018: HK$90.8 million) mainly due to the taking up of the expenses incurred by the SKS Power Plant of HK$124.2 million (2018: HK$Nil) for the Review Period upon completion of acquisition in March 2019. In addition, the Group's finance costs also increased significantly to HK$242.1 million (2018: HK$31.9 million) mainly due to the increase in both the Group's average borrowings and average interest rate of the borrowings for the Review Period. Owing to the increase in the administrative expenses and finance costs for the Review Period, the Group's consolidated profit attributable to owners of the Company decreased significantly to HK$8.6 million (2018: HK$161.9 million), representing a decrease of 94.7% as compared to the comparative period last year. For the Review Period, a gain on bargain purchase of HK$13.8 million (2018: HK$Nil) was recorded as a result of the acquisition of the China Mine completed during the Review Period.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2019, the Group's equity attributable to owners of the Company amounted to HK$4,522,544,000 (as at 31 March 2019: HK$4,536,117,000), while total indebtedness amounted to HK$3,667,096,000 (as at 31 March 2019: HK$2,929,275,000) and cash on hand amounted to HK$551,147,000 (as at 31 March 2019: HK$650,104,000). The Group's indebtedness to equity ratio is 0.81 (as at 31 March 2019: 0.65) and the current ratio is 1.05 (as at 31 March 2019: 1.11). 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.

FUNDING POLICIES AND MANAGEMENT

The Group firmly adhered to its sound and prudent financial policies and stringent fund management systems and strived to maintain a healthy cash flow level and thereby ensuring the safety and integrity of its funds and financial position.

For the purpose of financing the Group's current operations as well as for any potential mergers and acquisitions activities, the Group continuously and actively seeking opportunities for any potential fund raising activities that is beneficial to the Company and its shareholders as a whole, including but not limited to the issuance of debt securities, the allotment and issue of new shares and/or convertible securities of the Company, arrangement of swap-related loans and financing and/or by other means or otherwise as may be considered to be effective and appropriate. The fund raising activities can provide additional working capital and flexibility to the Group and for the settlement of the consideration for any potential mergers and acquisitions.

The Group believes that its sound funding policies is essential to maintain a healthy and sustainable financial position of the Group for its long-term growth and development.

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 both secured and unsecured borrowings, amounts due to related parties, obligation under finance leases, lease liabilities and derivative financial liabilities. 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 2019 is 46% (as at 31 March 2019: 40%).

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, Indian Rupees 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 did not have any foreign currency hedging contract, however, it will consider using forward currency contracts as a tool to manage and reduce its exposure to foreign exchange risks should there be the need.

PLEDGE OF ASSETS

As at 30 September 2019, certain of the Group's assets, being mainly the property, plant and equipment, in relation to the SKS Power Plant with carrying value of approximately HK$3,710 million were pledged to secure certain banking facilities and borrowings of the Group.

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

As at 30 September 2019, 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		Percentage of the issued share capital of the Company
Name of director	**Corporate interest**	**Personal interest**	**Aggregated interest**	
Mr. Ng Say Pek (Note 1)	3,550,453,332	12,000,000	3,562,453,332	55.89%
Mr. Ng Xinwei (Note 2)	3,550,453,332	11,000,000	3,561,453,332	55.87%
Mr. Ashok Kumar Sahoo	195,416,000 (Note 3)	–	195,416,000	3.07%
Ms. Lim Beng Kim, Lulu (Note 4)	183,866,668	6,000,000	189,866,668	2.98%

Notes:

(1) This represents (i) 3,550,453,332 Shares held by Agritrade International Pte Ltd. ("**AIPL**") and its associates, in which as at 30 September 2019, AIPL was owned as to 50.1% by Mr. Ng Say Pek; and (ii) 12,000,000 share options granted to Ms. Lim Chek Hwee, the spouse of Mr. Ng Say Pek. By virtue of SFO, Mr. Ng Say Pek was deemed to be interested in the Shares and underlying Shares held by AIPL and Ms. Lim Chek Hwee respectively.

(2) This represents (i) 3,550,453,332 Shares held by AIPL and its associates, in which as at 30 September 2019, AIPL was owned as to 49.9% by Mr. Ng Xinwei. By virtue of the SFO, Mr. Ng Xinwei was deemed to be interested in the Shares held by AIPL; and (ii) 11,000,000 share options granted to Mr. Ng Xinwei.

(3) This represents 195,416,000 Shares held by Mr. Ashok Kumar Sahoo through his controlled corporation Berrio Global Limited. Berrio Global Limited was wholly owned by Mr. Ashok Kumar Sahoo.

(4) This represents (i) 183,866,668 Shares held by Ms. Lim Beng Kim, Lulu through her controlled corporation Harvest Jade International Limited. Harvest Jade International Limited was wholly owned by Ms. Lim Beng Kim, Lulu; and (ii) 6,000,000 share options granted to Ms. Lim Beng Kim, Lulu.

Save as disclosed above, as at 30 September 2019, 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

There was no movement in the Company's share options during six months ended 30 September 2019. The following table discloses the details of the Company's share options as at 31 March 2019 and 30 September 2019:

Category	Date of grant	Exercisable period	Exercise price per share (HK$)	Number of share options at 31 March 2019 and 30 September 2019
1. Directors				
Mr. Ng Xinwei	30/8/2010	30/8/2010 to 29/8/2020	0.280	11,000,000
Ms. Lim Beng Kim, Lulu	30/8/2010	30/8/2010 to 29/8/2020	0.280	6,000,000
				17,000,000
2. Associate of shareholder				
Ms. Lim Chek Hwee (Note)	30/8/2010	30/8/2010 to 29/8/2020	0.280	12,000,000
3. Employees in aggregate	30/8/2010	30/8/2010 to 29/8/2020	0.280	600,000
	24/10/2016	24/10/2016 to 23/10/2026	0.380	40,000,000
				40,600,000
4. Consultants in aggregate	30/8/2010	30/8/2010 to 29/8/2020	0.280	47,400,000
	18/3/2011	18/3/2011 to 17/3/2021	0.2805	2,000,000
	27/4/2017	27/4/2017 to 26/4/2027	0.3455	55,000,000
				104,400,000
				174,000,000

Note: Ms. Lim Chek Hwee is the spouse of Mr. Ng Say Pek who held 50.1% equity interest of AIPL as at 30 September 2019, which was the controlling shareholder of the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2019, 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)	Interests of controlled corporations	3,550,453,332	55.70%
Gain Amber Limited (Note 2)	Interests of controlled corporations	1,527,153,332	23.96%
Amber Future Investments Limited	Beneficial owner	2,023,300,000	31.74%
Fortunella Investments Limited	Beneficial owner	1,527,153,332	23.96%

Notes:

(1) This represents 2,023,300,000 Shares beneficially held by Amber Future Investments Limited and 1,527,153,332 Shares beneficially held by Fortunella Investments Limited, both were wholly-owned subsidiaries of AIPL.

(2) This represents 1,527,153,332 Shares held by its wholly-owned subsidiary Fortunella Investments Limited.

Save as disclosed herein, as at 30 September 2019 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 2019 (2018: HK$ Nil).

STAFF AND REMUNERATION POLICIES

As at 30 September 2019, the Group had 1,375 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 2019, 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 2019 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. Terence Chang Xiang Wen, Mr. Siu Kin Wai, Mr. Cheng Yu and Mr. Phen Chun Shing Vincent, all are independent non-executive Directors, entered into service contracts with the Company on 1 August 2019, 24 August 2019, 1 December 2019 and 12 December 2019, respectively, and their appointment as an independent non-executive Director is for a fixed term of two years and it can be early terminated by giving not less than one month's notice in writing served by either party.

CORPORATE GOVERNANCE

The Board is of the view that the Company has applied the principals and complied with the applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules during the six months ended 30 September 2019. The Directors are not aware of any information that reasonably reveals that there is any non-compliance with or derivation from the CG Code by the Company any time during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2019.

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. Phen Chun Shing Vincent 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 2019 have been reviewed by the Audit Committee and were approved by the Board on 28 November 2019.

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

Hong Kong, 28 November 2019