CLEANER ENERGY
BETTER FUTURE

INTERIM REPORT 2010

鴻寶資源有限公司
AGRITRADE RESOURCES LIMITED
(Stock Code: 1131.HK)

CONTENTS

RESULTS

The board of directors (the "Board") of Agritrade Resources Limited (formerly known as "Kwong Hing International Holdings (Bermuda) Limited") (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2010 with comparative figures for the corresponding period as follows:

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2010

		Six months ended	
	Notes	**30.9.2010 HK$'000 (Unaudited)**	30.9.2009 HK$'000 (Unaudited)
Revenue	3	**117,642**	92,480
Cost of sales and services		**(88,831)**	(84,863)
Gross profit		**28,811**	7,617
Other income and gains		**4,838**	2,162
Distribution and selling expenses		**(2,198)**	(1,921)
Administrative expenses		**(34,194)**	(17,364)
Gain from bargain purchase	17	**75,574**	–
Fair value changes on financial instruments at fair value through profit or loss		**776**	19,335
Finance costs	5	**(8,616)**	–
Profit before taxation	4	**64,991**	9,829
Taxation	6	**1,641**	–
Profit for the period		**66,632**	9,829
Other comprehensive income for the period:			
Exchange difference arising on translation of foreign operations		**74,045**	402
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**140,677**	10,231
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		**65,184**	9,829
Non-controlling interest		**1,448**	–
		66,632	9,829
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		**108,850**	10,231
Non-controlling interest		**31,827**	–
		140,677	10,231
Earnings per share	7	**HK cents**	HK cents
Basic		**12.7**	2.6
Diluted		**8.2**	2.5

Condensed Consolidated Statement of Financial Position

At 30 September 2010

	Notes	30.9.2010 HK$'000 (Unaudited)	31.3.2010 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	**135,271**	76,707
Land use rights		**1,055**	–
Prepayment-land use right		**1,804**	–
Prepaid lease payments		**1,839**	1,868
Mining rights	9	**2,564,410**	–
Other intangible assets	10	**2,340**	–
		2,706,719	78,575
Current assets			
Inventories		**48,609**	54,670
Trade and other receivables	11	**58,271**	40,246
Bills receivable		**3,652**	332
Prepaid lease payments		**58**	58
Financial assets at fair value through profit or loss		**1,293**	20,910
Restricted bank deposit		**20,425**	22,891
Pledged bank deposit		**4,000**	4,000
Bank balances and cash		**35,204**	132,224
		171,512	275,331
Current liabilities			
Trade and other payables	12	**30,713**	20,184
Bills payable – secured		**4,626**	10,244
Taxation payable		**5,337**	5,337
Obligations under finance leases		**5,283**	–
Secured bank borrowings		**20,425**	19,925
		66,384	55,690
Net current assets		**105,128**	219,641
Total assets less current liabilities		**2,811,847**	298,216

Condensed Consolidated Statement of Financial Position (Continued)

At 30 September 2010

	Notes	30.9.2010 HK$'000 (Unaudited)	31.3.2010 HK$'000 (Audited)
Non-current liabilities			
Convertible bonds	13	**139,228**	–
Promissory notes	14	**110,685**	–
Deferred tax		**634,092**	–
Obligations under finance leases		**11,313**	–
		895,318	–
Net assets		**1,916,529**	298,216
Capital and reserves			
Share capital	15	**58,371**	38,763
Reserves		**1,021,931**	259,453
Equity attributable to:			
Owners of the Company		**1,080,302**	298,216
Non-controlling interest		**836,227**	–
Total equity		**1,916,529**	298,216

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 September 2010

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible preference shares reserve HK$'000	Convertible bonds equity reserve HK$'000	Warrant reserve HK$'000	Translation reserve HK$'000	Share options reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
At 1 April 2009	38,376	129,781	122,652	–	–	1,804	13,741	3,641	(10,410)	299,585	–	299.585
Total comprehensive income for the period	–	–	–	–	–	–	402	–	9,829	10,231	–	10,231
Expiration of warrants	–	–	–	–	–	(1,804)	–	–	1,804	–	–	–
At 30 September 2009	38,376	129,781	122,652	–	–	–	14,143	3,641	1,223	309,816	–	309,816
At 1 April 2010	**38,763**	**131,366**	**122,652**	**–**	**–**	**–**	**14,973**	**3,641**	**(13,179)**	**298,216**	**–**	**298,216**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**43,666**	**–**	**65,184**	**108,850**	**31,827**	**140,677**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**804,400**	**804,400**
Issue of convertible bonds	**–**	**–**	**–**	**–**	**317,737**	**–**	**–**	**–**	**–**	**317,737**	**–**	**317,737**
Issue of shares upon partial conversion of convertible bonds	**17,400**	**190,709**	**–**	**–**	**(123,245)**	**–**	**–**	**–**	**–**	**84,864**	**–**	**84,864**
Issue of convertible preference shares	**–**	**–**	**–**	**248,579**	**–**	**–**	**–**	**–**	**–**	**248,579**	**–**	**248,579**
Share-based payment expenses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,894**	**–**	**5,894**	**–**	**5,894**
Issue of shares on exercise of share options	**2,208**	**17,595**	**–**	**–**	**–**	**–**	**–**	**(3,641)**	**–**	**16,162**	**–**	**16,162**
At 30 September 2010	**58,371**	**339,670**	**122,652**	**248,579**	**194,492**	**–**	**58,639**	**5,894**	**52,005**	**1,080,302**	**836,227**	**1,916,529**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2010

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**27,529**	9,959
Net cash (used in)/generated from investing activities	**(149,816)**	3,194
Net cash generated from financing activities:		
Other financing cash flows	**21,472**	–
Net (decrease)/increase in cash and cash equivalents	**(100,815)**	13,153
Cash and cash equivalents at beginning of the period	**132,224**	81,169
Effect on foreign exchange rate changes	**3,795**	148
Cash and cash equivalents at end of the period, representing bank balances and cash	**35,204**	94,470

Notes To The Unaudited Condensed Consolidated Financial Statements
For the six months ended 30 September 2010

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Interim Financial Statements should be read, where relevant, in conjunction with the 2010 audited 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.

The accounting policies and methods of computation 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 2010, except as described below.

The Group has adopted the following accounting policies, which have become applicable to the Group for the first time, during the current interim period as a result of the business combination transaction took place during the period and the effects of the applicable new/revised HKFRSs:

Provision for Close Down, Restoration and Environmental Costs

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

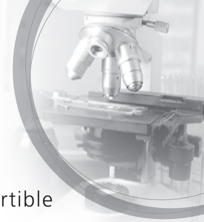
Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Close down and restoration costs are provided in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during mine development or during the production phase, based on the net present value of estimated future costs. The cost is capitalised where it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of close down. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision is included in borrowing costs. Where there is a change in the expected decommissioning and restoration costs, an adjustment is recorded against the carrying amount of the provision and related assets, and the effect is then recognised in profit or loss on a prospective basis over the remaining life of the operation. Provision for close down and restoration costs does not include any additional obligations which are expected to arise from future disturbance. The cost estimates are reviewed and revised at each end of the reporting periods to reflect changes in conditions.

Mining Right

Mining right is stated at cost less accumulated amortisation and any impairment losses and is amortised (i) on the units of production method utilising only proven and probable coal reserves in the depletion base; or (ii) straight-line method over the remaining terms of the mining right if no mining activity is carried out.

Compound Instruments

Convertible bonds and convertible preference shares that contain liability and equity components



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

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

In subsequent periods, the equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds – equity component and convertible preference shares until the embedded option is exercised in which case the balance stated in convertible bonds – equity component and convertible preference shares will be transferred to share premium. Where the option remains unexercised at the expiry dates, the balance stated in convertible bonds – equity component and convertible preference shares will be released to the retained profits. No gain or loss is recognised in upon conversion or expiration of the option.

Business Combinations

Acquisition of subsidiaries and business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets, except for non-current assets (or disposal groups) that are classified as held for sale, which are recognised and measured at fair value less costs to sell. Acquisition-related costs incurred are expensed.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Gain from Bargain Purchase

Where the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of business combination, after reassessment, the excess is recognised in profit or loss as gain from bargain purchase.

Adoption of New and Revised Standards

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new/revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2010.

HKAS 27 (revised) "Consolidated and Separate Financial Statements"

The revised standard requires the effects of all transactions with non-controlling interest (previously minority interest) to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. Furthermore, losses of non-wholly owned subsidiary are attributed to the owners of the Company and non-controlling interest even if that results in a deficit balances. The above changes apply prospectively from 1 April 2010 and losses prior to 1 April 2010 were not re-allocated between owners of the Company and non-controlling interest.

HKAS 17 (Amendments), "Lease"

The amendment to HKAS 17 made under "Improvements to HKFRSs 2009", mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgment to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group has reassessed the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the lease and concluded that the classification of such land leases as operating leases continues to be appropriate.

The adoption of the new/revised HKFRSs has had no material effect on the results and financial position of the Group for the current or prior accounting periods. The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Revenue and Segment Information

The Group's revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and charter hire income received and receivable during the period.

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 details of the operating segments are as follows:

(i) Mining segment comprised the mining, exploration and sale of coal.

(ii) Shipping segment comprised the chartering of vessels.

(iii) Textile segment comprised the manufacture and sale of knitted fabrics and dyed yarns, with the provision of dyeing, bleaching, setting and finishing services.

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers ("CODM"), representing the executive directors of the Group, for the purpose of allocating resources to segments and assessing their performance. The CODM of the Group regularly review revenue and profit of the Group as a whole for the purposes of performance assessment and resource allocation.

(a) Reportable Segments

For six months ended 30 September 2010 (Unaudited)

	Textile HK$'000	Mining HK$'000	Shipping HK$'000	Total HK$'000
Reportable segment revenue	**95,421**	**14,579**	**7,642**	**117,642**
Reportable segment profit	**3,533**	**40**	**4,895**	**8,468**
Gain from bargain purchase				**75,574**
Unallocated corporate expenses				**(10,435)**
Finance costs				**(8,616)**
Profit before taxation				**64,991**
Depreciation and amortisation	**5,247**	**6,697**	**1,587**	**13,531**
Reportable segment assets as at 30 September 2010	**209,969**	**2,580,236**	**85,262**	**2,875,467**

For six months ended 30 September 2009 (Unaudited)

	Textile HK$'000	Mining HK$'000	Shipping HK$'000	Total HK$'000
Reportable segment revenue	92,480	–	–	92,480
Reportable segment profit	9,829	–	–	9,829
Unallocated corporate expenses				–
Profit before taxation				9,829
Depreciation and amortisation	7,214	–	–	7,214
Reportable segment assets as at 31 March 2010 (Audited)	353,906	–	–	353,906

(b) *Geographical Information*

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") are divided into the following geographical areas:

	Revenue from external customers		**Specified non-current assets**	
	Six months ended 30.9.2010 HK$'000 (Unaudited)	Six months ended 30.9.2009 HK$'000 (Unaudited)	**30.9.2010 HK$'000 (Unaudited)**	31.3.2010 HK$'000 (Audited)
The People's Republic of China*	**95,421**	92,480	**70,180**	78,575
Singapore	**7,642**	–	**67,838**	–
Indonesia	**14,579**	–	**2,568,701**	–
	117,642	92,480	**2,706,719**	78,575

* *including Hong Kong and Macau.*

4. Profit Before Taxation

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**6,485**	7,185
Amortisation of prepaid lease payments	**29**	29
Amortisation of intangible assets	**7,018**	–
Impairment loss on trade and other receivables	**–**	3,488
Share-based payment expenses	**5,894**	–
and after crediting:		
Interest income from banks	**51**	296
Gain on disposal of property, plant and equipment	**3,905**	746

5. Finance Costs

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on borrowings wholly repayable within five years	**451**	–
Imputed interest on promissory notes	**2,862**	–
Imputed interest on convertible bonds	**5,303**	–
	8,616	–

6. Taxation

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax	**–**	–
Deferred tax credit	**1,641**	–
	1,641	–

No provision for Hong Kong profits tax and overseas income tax has been made as the Group had no estimated assessable profit for both periods.

Deferred tax credit represents the tax effect on time difference arising from accelerated amortisation on mining rights.

7. Earnings per Share

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

	Six months ended	
	30.9.2010	30.9.2009
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit for the period, attributable to owners of the Company	**65,184**	9,829
Imputed interest on convertible bonds	**4,785**	–
	69,969	9,829

7. Earnings per Share (Continued)

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**513,063,845**	383,763,200
Effect of dilutive potential ordinary shares		
Share options	**1,256,575**	2,350,813
Convertible Bonds	**179,150,273**	–
Convertible Preferences Bonds	**156,065,574**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**849,536,267**	386,114,013

8. Movements in Property, Plant and Equipment

During the six months ended 30 September 2010, the Group acquired items of property, plant and equipment with a total cost of HK$858,000 (30 September 2009: HK$489,000), excluding property, plant and equipment items acquired through business combination. The Group disposed items of property, plant and equipment with a total cost of HK$4,496,000 for cash proceeds of HK$8,401,000, resulting in a gain on disposal of approximately HK$3,905,000.

9. Mining Rights

	HK$'000 (Unaudited)
Cost	
At 1 April 2010	–
Arising from acquisition of subsidiaries	**2,480,178**
Exchange adjustment	**90,609**
Additions	**204**
At 30 September 2010	**2,570,991**
Accumulated amortisation	
Charge for the period	**(6,581)**
At 30 September 2010	**(6,581)**
Net carrying value	
At 30 September 2010	**2,564,410**

The mining rights relating to the cash generating unit of coal mining (the "Coal Mining CGU") which were acquired as part of the acquisition of the 60% equity interests in PT Rimau Indonesia ("PTRI") during the current period is initially recognised at its fair values, details of which are set out in Note 17.

Amortisation is provided to write off the cost of the mining rights using the units of production method based on the proven and probable mineral reserves under the assumption that PT Senamas Energindo Mineral ("SEM"), a 95% - owned subsidiary of PTRI, can renew the mining rights till all proven and probable mineral reserves have been mined if the mining activity is carried out.

Additions represent the geological and geophysical costs, drilling and exploration expenses and labour costs directly attributable to mining activities.

10. Other Intangible Assets

	Customer Base HK$'000 (Unaudited)
Gross carrying amount	
At 1 April 2010	–
Arising from acquisition of subsidiary	**2,620**
Exchange adjustment	**157**
At 30 September 2010	**2,777**
Accumulated amortisation	
Charge for the period	**(437)**
At 30 September 2010	**(437)**
Net carrying value	
At 30 September 2010	**2,340**

Customer base relates to the contract-based intangible assets in the shipping cash generating unit acquired as part of the acquisition of Rimau Shipping Pte Ltd, and has a contract life of two years, over which the assets are amortised.

11. Trade and Other Receivables

The credit terms given to the customers vary from cash on delivery to 120 days and are generally based on the financial strength of individual customers. In order to effectively manage the credit risks associated with the trade receivables, credit evaluation of customers are performed periodically.

Included in trade and other receivables of the Group are trade receivables net of allowance for doubtful debts of approximately HK$44,926,000 (31 March 2010: HK$24,745,000). The following is an aged analysis of trade receivables net of allowance for doubtful debts at the end of reporting periods:

11. Trade and Other Receivables (Continued)

	30.9.2010 HK$'000 (Unaudited)	31.3.2010 HK$'000 (Audited)
0 – 60 days	**34,189**	19,448
61 – 90 days	**2,150**	3,129
91 – 120 days	**2,412**	913
Over 120 days	**6,175**	1,255
	44,926	24,745

12. Trade and Other Payables

Included in trade and other payables of the Group are trade payables of approximately HK$11,594,000 (31 March 2010: HK$12,120,000). The following is an aged analysis of trade payables at the end of reporting periods:

	30.9.2010 HK$'000 (Unaudited)	31.3.2010 HK$'000 (Audited)
0 – 60 days	**8,173**	8,846
61 – 90 days	**1,437**	1,346
Over 90 days	**1,984**	1,928
	11,594	12,120

13. Convertible Bonds

On 4 June 2010, the Company issued zero-coupon convertible bonds (the "Convertible Bonds") at a total nominal value of HK$674,250,000 to Agritrade International Pte. Ltd. ("AIPL'), WSJ International Sdn Bhd ("WSJ") and Ms. Lim Beng Kim ("Ms. Lulu Lim") (collectively, the "Mine Vendors') as part of the consideration of the business combination (Note 17). The Convertible Bonds have a maturity period of ten years from the date of issue and can be converted into 1 ordinary share of the Company at HK$1.5 at the holders' option. If the Convertible Bonds have not be converted or early redeemed by the bondholders, they will be redeemed at the tenth anniversary of the date of issue of the Convertible Bonds at par.

13. **Convertible Bonds** (Continued)

During the period, Convertible Bonds in total nominal value of HK$261,000,000 had been converted into 174,000,000 ordinary shares.

The carrying amount of the Convertible Bonds in issue was split into the equity and liability components. The fair value of the liability component was calculated using a market borrowing rate of 11.89% at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in the convertible bonds equity reserve.

The fair value of the Convertible Bonds was valued by Greater China Appraisal Limited, an independent firm of professionally qualified valuers, on the date of issue. The valuers have adopted the binomial model in measuring the fair value of the conversion option. The major inputs into the binomial option pricing model were as follows:

	At 4 June 2010 (date of issue)
Expected volatility	58.79%
Expected life	10 years
Risk-free rate	2.48%
Expected dividend yield	0%

As the Company has new businesses of coal industry and shipping industry in addition to the existing garment manufacturing industry during the period, the expected volatility was estimated by the average annualised standard deviations of the continuously compounded rates of return on the share prices of comparable companies which have similar business nature.

The fair value of the Convertible Bonds, at the initial recognition, was HK$537,616,000, comprising equity portion of HK$318,382,000 and liability portion of HK$219,234,000. Balances of HK$317,737,000 (net of expenses of HK$645,000) and HK$218,789,000 (net of expenses of HK$445,000) were credited to convertible bonds equity reserve and liability portion of convertible bonds, respectively.

13. Convertible Bonds (Continued)

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

	HK$'000 (Unaudited)
Fair value at inception, net of issue costs	**218,789**
Interest expense	**5,303**
Conversion of shares	**(84,864)**
At 30 September 2010	**139,228**

14. Promissory Notes

	HK$'000 (Unaudited)
Fair value at inception	**107,823**
Interest expense	**2,862**
At 30 September 2010	**110,685**

On 4 June 2010, promissory notes in the principal amount of HK$120,000,000 were issued by the Company as part of consideration for the business combination (Note 17). The coupon interest rate of promissory notes is 2.5% per annum and the maturity period is two years from the date of issue. The Company may repay any part of the principal amount of the promissory notes (in amounts of not less than HK$500,000 or should the outstanding principal amount is less than HK$500,000, the whole (but not part of it) thereof) at any time from the date of issue to the date immediately prior to the maturity date.

The fair value of the promissory notes at the issue date was HK$107,823,000. The effective interest rate of the promissory notes is determined to be 8.21% per annum.

15. Share Capital

	Note	Number of shares	Amount HK$'000
Authorised:			
Ordinary shares of HK$0.10 each ("Ordinary Share")			
At 31 March 2010		**5,000,000,000**	**500,000**
Re-classification and re-designation into CPS capital	(a)	**(500,000,000)**	**(50,000)**
At 30 September 2010		**4,500,000,000**	**450,000**
Convertible preference shares of HK$0.10 each ("CPS")			
At 31 March 2010		**–**	**–**
Re-classification and re-designation	(a)	**500,000,000**	**50,000**
At 30 September 2010		**500,000,000**	**50,000**
Issued and fully paid:			
At 31 March 2010		**387,629,600**	**38,763**
Issue of conversion shares	(b)	**174,000,000**	**17,400**
Exercise of share options	(c)	**22,076,000**	**2,208**
At 30 September 2010		**583,705,600**	**58,371**

(a) On the special general meeting of the Company (the "Special General Meeting") held on 21 April 2010, the shareholders passed a special resolution to approve the re-classification and re-designation of the existing authorised share capital of the Company of HK$500,000,000 divided into 5,000,000,000 Ordinary Share into (i) 4,500,000,000 Ordinary Shares and (ii) 500,000,000 CPS.

15. Share Capital (Continued)

(b) On 4 June 2010, that is the date of completion of the business combination (Note 17), the Company received the conversion notice from AIPL for the conversion of the Convertible Bonds in the principal amount of HK$261,000,000. The Company has allotted and issued a total of 174,000,000 conversion shares to AIPL at the conversion price of HK$1.50 per conversion share on 11 June 2010.

(c) During the period, as a result of the exercise of employees' share options under the Company's share option scheme, the Company allotted and issued 22,076,000 Ordinary Shares for cash at average exercise price of HK$0.73 each per share.

16. Convertible Preference Shares

On 4 June 2010, the Company issued 240,000,000 CPS at a total nominal value of HK$360,000,000 to the Mine Vendors as part of the consideration for the business combination (Note 17). The conversion price of the CPS is fixed at HK$1.5 per Ordinay Share and can be converted into Ordinary Shares without a maturity date. The CPS shall at all times rank equally among themselves and pari passu with any ordinary shares of the Company in issue with respect of rights to any dividends and distributions declared. Other details on the term of the CPS are set out in the circular of the Company dated 26 March 2010 (the "Circular"). The fair value of the CPS, at the initial recognition, was HK$249,084,000. An amount of HK$248,579,000, net of professional expenses of HK$505,000, was credited to the convertible preference shares reserve.

17. Business Combination

On 4 June 2010, the Group acquired 60% equity interest in PTRI and its subsidiary ("PTRI Group") and 100% equity interest in Rimau Shipping Pte Ltd. ("Rimau Shipping") for a total consideration of HK$1,054,523,000. Details of the fair value of net assets acquired in respect of the acquisition of the PTRI Group and Rimau Shipping are as follows:

Provisional Fair Value of Net Assets Acquired

	PTRI Group HK$'000	Rimau Shipping HK$'000	Total HK$'000
Property, plant and equipment	**1,297**	**62,844**	**64,141**
Land use rights	**339**	**–**	**339**
Prepayment – land use rights	**1,594**	**–**	**1,594**
Mining right and other intangible assets	**2,480,178**	**2,620**	**2,482,798**
Inventories	**1,007**	**–**	**1,007**
Trade and other receivables	**2,282**	**15,401**	**17,683**
Bank balances and cash	**1,103**	**202**	**1,305**
Trade and other payables	**(3,227)**	**(539)**	**(3,766)**
Obligation under finance leases	**(248)**	**(17,025)**	**(17,273)**
Deferred tax liabilities	**(613,331)**	**–**	**(613,331)**
Net assets	**1,870,994**	**63,503**	**1,934,497**
Less: Non-controlling interest	**(804,400)**	**–**	**(804,400)**
	1,066,594	**63,503**	**1,130,097**
Gain from bargain purchase			**(75,574)**
			1,054,523

17. Business Combination (Continued)

	Total HK$'000
Consideration satisfied by:	
Cash	**160,000**
Issuance of Convertible Bonds (Note 13)	**537,616**
Issuance of CPS (Note 16)	**249,084**
Issuance of promissory notes (Note 14)	**107,823**
	1,054,523
Net cash outflow arising from acquisition:	
Cash and cash equivalent balances acquired	**158,695**

Notes:

1. Details of the acquisition of PTRI Group and Rimau Shipping were set out in the Circular. Since the date of the acquisitions, the subsidiaries contributed a profit of HK$3,489,609 to the Group.

2. The fair values are determined provisionally based on information available up to date of this report. The directors are in the process of finalising the identification and valuation of assets and liabilities acquired.

3. The Group has elected to measure the non-controlling interest in this business combination at proportionate share of the acquiree's identifiable net assets.

4. The fair value of the trade and other receivables amounted to HK$17,683,000 which also represented the gross amount of these receivables. None of the balances have been impaired and it is expected that the full contractual amount can be collected.

5. The acquisition-related costs of HK$2,640,000 in total have been incurred. Except for the acquisition-related costs that are directly related to the issuance of the Convertible Bonds and CPS (Notes 13 and 16) have been allocated to the liability and equity components in proportion, the remaining acquisition-related costs of HK$1,045,000 have been expensed and are included in administrative expenses as shown on the condensed consolidated statement of comprehensive income.

6. The gain from bargain purchase was mainly attributable to the increase in the value of the mining rights, as the result of the increase in market price of coal at acquisition date.

18. Related Party Transactions

During the period ended 30 September 2010, the Group had entered into the following significant related party transactions in its ordinary course of business and on terms mutually agreed between the relevant parties:

	Note	**2010** **HK$'000**	2009 HK$'000
Charter income received from a related company*	(i)	**7,642**	–
Management fee paid to a related company*	(i)	**300**	–

* The related party transactions also constitute exempted or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(i) Details of these transactions had been disclosed in the Circular.

19. Capital Commitment

The Group had no material capital commitment as at 30 September 2010.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the current period (2009: NIL).

BUSINESS REVIEW

Mining business

On 4 June 2010, the Group completed the acquisition of 60% interests in Rimau Indonesia and its 95% subsidiary, PT Senamas Energindo Mineral ("SEM") (the "Mine Acquisition") which owns 2,000 hectares of concession rights with a 30 years term (20 years + 10 years) located at the town of Tamiang Lyang in Central Kalimantan, Indonesia. The mine is about 10km from the town and about 41km to the loading port. 600 hectares out of 2,000 hectares of the concession area had been reviewed under JORC standard by an international mining consultant, Minarco Mine Consult ("Minarco"), and disclosed in the technical report that was set out in the Company's circular dated 26 March 2010. The 600 hectares reviewed under the JORC standard in the mine concession shows the probable resources of 79 million tones and basing on the estimated long term coal price of US$26.6 in the technical report, it resulted with a probable reserve of 30 million tones. The coal produced in SEM coal mine is classified as environmental thermal coal with a low ash, low nitrogen and low sulphur characteristic.

The Mine Acquisition formed the basis of the mining business segment which is principally engaged in the mining, processing, trading and marketing of thermal coal. During the four months since the completion of the acquisition, the segment contributed approximately HK$14.6 million in turnover and HK$6.7 million in profit before depreciation and amortization during the current period.

Approximately HK$204,000 exploration expenditures had been incurred in the mine during the period under review and capitalized in mining rights.

Shipping business

On 4 February 2010, Rimau Shipping entered into a charter party agreement with Integral Marine. This arrangement enables the Group to derive a steady flow of income at a reasonable level of expense. The segment recorded a turnover of approximately HK$7.6 million and generated HK$6.5 million profit before depreciation and amortization during the current period.

Textile business

The Group recorded a turnover of approximately HK$95.4 million from its textile business representing an moderate increase of 3.2% as compared to same period last year. Due to the surge in price of dyed material, coal and electricity, and salary and wages in China, the segment generated profit of approximately HK$3.5 million representing a decrease of 64% compared to the same period last year.

PROSPECTS

External Factors

The international demand in Indonesia thermal coal showed a strong growth in the first half of 2010 and such growth continues in the second half of 2010. The growth is mainly driven by the fuel demands from the power plants in Asian by countries such as China, India, Korea, Philippines and Taiwan. Amongst these markets, China is currently the largest importer of Indonesian thermal coal and the Group believes that China's robust economic growth will further support the long term growth in Indonesia's coal mining sector.

The Group's growth strategy

The Group will continue to focus its efforts on the development and further exploration of the coal mine and on the sales and distribution of our Indonesia thermal coal products in Indonesia as well as international market primarily for the Asia region. In order to deliver and fulfill the above goals, the Group shall carry out the following measures:–

Increase of production efficiency

The Company's mining executives will work closely with external mine consultants regularly to rationalize the mine plan and mining model on the direction to maximise the mine's production efficiency and capacity. We will also optimise our logistics efficiency to cope with the coal's production operation. The Group firmly believes in "Good Mining Practice" which will enhance production and ensure cost efficiency thus maintaining SEM's coal competitiveness.

Matching Our Thermal Coal Resources Consumers Internationally

The Company is making progress with its sales and marketing efforts internationally and with the focus on efficiency and prudent financial management, the Company will be able to manage the production levels to meet anticipated demand for the Company's products in the growing energy market. The Group believes that it is in a good position to take advantage of any potential increase in coal prices in the local and export markets.

To develop regional infrastructure

The Company's immediate priority centers upon improving the logistics by upgrading the existing 41km hauling road of SEM Mine and improving the loading facilities and stockpile at the loading port. With this upgraded infrastructure, logistics efficiency increases with transportation time and cost reduced. Transportation downtime caused by adverse weather around the mining region during the raining season will also be cut down significantly.

Advancing the SEM Deposit

The Group intends to further explore and evaluate the coal deposit with continuous exploration work whilst also substantially advancing the feasibility, mine planning of the remaining 1,400 hectares of concession area that have not underwent a JORC review. The long term coal price has shown a substantial change during the period and the Group plans to have an update JORC review on the existing 600 hectare that is currently under operations. This will reflect the change of the coal reserve accordingly.

Value-adding/upgrading coal

To maintain the competitiveness of SEM coal, the Company has commenced a study on GeoCoal technology, a coal drying technology to enhance and improve SEM's coal quality by reducing the total moisture, increasing the energy value whilst retaining the environmental characteristics of the coal. The Group aims to commission the GeoCoal technology commercially to enhance the profit margin of SEM's coal.

MAJOR EVENTS

Change of Company Name

To better reflect the business operations of the Group, which now includes shipping and mining, the name of the Company was changed from Kwong Hing International Holdings (Bermuda) Limited to Agritrade Resources Limited which took effect on 25 August 2010.

Material Acquisitions and Disposals of Subsidiaries and Associates

On 4 June 2010, the Group acquired 60% equity interest in PTRI for a total consideration of HK$1,154,250,000 by way of issuance of convertible bonds, promissory notes and convertible preference shares.

On the same date, the Group acquired 100% equity interest in Rimau Shipping from Mr. Ng Say Pek and Mr. Ng Xinwei for a cash consideration of HK$160,000,000.

Details of the above acquisitions were disclosed in the Circular and in the Company's annual report for the year ended 31 March 2010 respectively.

Save as disclosed above, there were no material acquisitions and disposals during the period.

FINANCIAL REVIEW

For the six months ended 30 September 2010, the Group recorded a turnover of approximately HK$117.6 million (2009: HK$92.5 million), representing an increase of approximately 27% as compared to same period last year. The increase in turnover was mainly due to the contribution in turnover from the newly acquired mining and shipping business.

The Group recorded a consolidated profit attributable to owners of the Company of approximately HK$65,184,000 as compared to the consolidated profit of HK$9,829,000 recorded in corresponding period in 2009. The substantial increase in profit of the Group was primarily attributable to the combined effect on non-cash items of (i) gain from bargain purchase of HK$75.6 million (2009: nil); (ii) amortisation of intangible assets and mining rights of HK$7 million (2009: nil); (iii) imputed interest on convertible notes and promissory notes of HK$8.2 million (2009: nil); (iv) share-based payment expenses of HK$5.9 million (2009: nil); and (vi) gain from fair value adjustments on the Group's financial instruments through profit or loss of HK$0.7 million (2009: HK$19.3 million). The aggregate of the above-mentioned accounting gain and losses amounted to a net gain of HK$55.2 million (2009: HK$19.3 million) which represents 84.9% of the Group's profit before tax for the year. Net of the above non-cash items, the Group's profit for the period was approximately HK$11.4 million (2009: loss of HK$9.5 million).

Capital Structure, Liquidity and Financial Resources

On 4 June 2010, pursuant to the agreement for the Mine Acquisition, the Company issued to the Mine Vendors, (i) unsecured promissory notes in the aggregate principal sum of HK$120,000,000 due in 2012 bearing interest of 2.5% per annum, (ii) Convertible Bonds in the principal amount of HK$674,250,000 (after adjustment) at a conversion price of HK$1.50 per conversion share and (iii) an aggregate of 240,000,000 CPS at a conversion price of HK$1.50 per CPS. As at 30 September 2010, principal amounting to HK$261,000,000 of the said Convertible Bonds were exercised, and were converted into 174,000,000 ordinary shares of the Company.

As at 30 September 2010, the Group's shareholders' equity amounted to HK$1,916,529,000, while total bank indebtedness amounted to approximately HK$37,021,000 and cash on hand amounted to approximately HK$35,204,000. The Group's bank indebtedness to equity ratio current ratio are 0.019 and 2.6 respectively. 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.

As at 30 September 2010, the Group has financial assets of approximately HK$1,293,000 (2009: HK$56,973,000) and high graded held-to-maturity investments of approximately HK$NIL (2009: HK$7,800,000).

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

Pledge of Assets

As at 30 September 2010, bank deposit of HK$4,000,000 (2009: HK$4,000,000) and restricted bank deposit of HK$20,425,000 (2009: NIL) were pledged to banks as securities for general banking facilities granted to the Group and as collateral for a secured bank loan, respectively.

STAFF AND REMUNERATION POLICIES

As at 30 September 2010, the Group had approximately 483 employees. The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the directors of the Company are reviewed and recommended by the remuneration committee, and decided by the Board of directors, as authorised by the shareholders at the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

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

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

At 30 September 2010, the interests of the directors, the chief executives and their associates in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long Position

Name of director	Convertible preference shares	Ordinary shares		Interest in underlying shares	Aggregated interest	Percentage of the issued share capital of the Company
	Personal interest	Personal interest	Corporate interest	Personal interest		
Ms. Li Mei Lin	–	**3,100,000**	–	–	**3,100,000**	**0.53%**
Mr. Li Man Ching	–	**3,830,000**	–	–	**3,830,000**	**0.66%**
Mr. Ng Xinwei	–	–	–	**2,750,000 (Note 1)**	**2,750,000**	**0.47%**
Ms. Lim Beng Kim, Lulu ("Ms. Lulu Lim")	**16,000,000**	–	–	**31,466,667 (Note 2)**	**47,466,667**	**8.13%**
Ms. Elly Ong	–	–	–	**2,750,000 (Note 3)**	**2,750,000**	**0.47%**
Mrs. Chen Chou Mei Mei ("Mrs. Chen")	–	**6,210,000**	**1,500,000 (Note 4)**	–	**7,710,000**	**1.32%**
Mr. Chong Lee Chang ("Mr. Chong")	–	–	**3,760,000 (Note 5)**	–	**3,760,000**	**0.64%**

Note:

(1) This represents the number of share option granted to Mr. Ng Xinwei.

(2) This represents HK$44.95 million convertible bonds, which can be converted to 29,966,667 ordinary shares held by Ms. Lulu Lim and 1,500,000 share option granted to Ms. Lulu Lim.

(3) This represents the number of share option granted to Ms. Elly Ong.

(4) This represents 1,500,000 shares of the Company held by Mrs. Chen through controlled corporations of Avec Inc. It is wholly owned by Mrs. Chen.

(5) This represents 3,760,000 shares of the Company held by Mr. Chong through controlled corporation of Shieldman Limited. It is wholly owned by Mr. Chong.

Save as disclosed above, as at 30 September 2010, none of the directors, the chief executives and their associates had any personal, family, corporate or other interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The following table disclosed movements in the Company's share option scheme during the period:

				Number of share options			
Category	Date of grant	Exercisable period	Exercise price per share	At 1 Apr 2010	Granted	Exercised	At 30 Sep 2010
1. Directors							
Ms. Li Mei Lin	17 Sep 2007	17 Sep 2007 to 16 Sep 2010	0.77	3,100,000	–	3,100,000	–
Mr. Li Man Ching	26 Jul 2007	26 Jul 2007 to 25 Jul 2010	1.04	3,830,000	–	3,830,000	–
Mr. Ng Xinwei	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.12	–	2,750,000	–	2,750,000
Ms. Lulu Lim	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.12	–	1,500,000	–	1,500,000
Ms. Elly Ong	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.12	–	2,750,000	–	2,750,000
				6,930,000	7,000,000	6,930,000	7,000,000
2. Associates of shareholder							
Ms. Lim Chek Hwee (Note)	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.12	–	3,000,000	–	3,000,000
3. Employees in aggregate	2 Nov 2002	2 Nov 2002 to 1 Nov 2012	0.51	9,666,000	–	9,666,000	–
	26 Jul 2007	26 Jul 2007 to 25 Jul 2010	1.04	2,380,000	–	2,380,000	–
	2 Apr 2008	2 Apr 2008 to 1 Apr 2011	0.77	3,100,000	–	3,100,000	–
	30 Aug 2010	30 Aug 2010 to 29 Aug 2020	1.12	–	20,000,000	–	20,000,000
				15,146,000	20,000,000	15,146,000	20,000,000
				22,076,000	30,000,000	22,076,000	30,000,000

Note: Ms. Lim Chek Hwee is the spouse of Mr. Ng Say Pek who has a 80% interest in AIPL, a substantial shareholder of the Company.

The fair value of equity-settled share options granted during the period was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options was granted.

The inputs into the model were as follows:

Date of grant	30 August 2010
Expected volatility (%)	44.12
Risk-free interest rate (%)	0.37
Expected life of option (year)	1.5
Closing share price (HK$)	1.1
Expected dividend yield (%)	0

Expected volatility was determined by using the historical volatility of the Company's share price over the previous trading days which equivalent to the assumed life of the share option. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. No other feature of the options granted was incorporated into the measurement of fair value.

The Group recognized a share option expense of HK$5,894,000 (2009: HK$Nil) during the period ended 30 September 2010.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2010 and so far as is known to the Board and according to the register of interests in shares and short positions of substantial shareholders maintained by the Company under Section 336 of the SFO, the following persons or corporations (other than the directors of the Company) has interest of 5% or more of the nominal value of the issued share capital that carry a right to vote in all circumstances at general meetings of the Company:

Name	Capacity	Number of shares/ underlying shares held	Approximate percentage of shareholding
AIPL (Note 1)	Beneficial owner	367,733,333	63.00%
Mr. Ng Say Pek (Note 2)	Corporate interests	370,733,333	63.00%
WSJ	Beneficial owner	275,800,000	47.25%

Note:

(1) This represents 128,000,000 CPS, 174,000,000 ordinary shares and HK$98.6 million convertible bonds, which can be converted to 65,733,333 ordinary shares held by AIPL.

(2) Mr. Ng Say Pek held 80% equity interest of AIPL. By virtue of SFO, Mr. Ng Say Pek is deemed to be interested in the shares held by AIPL.

(3) This represents 96,000,000 CPS and HK$269.7 million convertible bonds, which can be converted to 179,800,000 Ordinary Shares held by WSJ.

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

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

During the six months ended 30 September 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied throughout for the six months ended 30 September 2010 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules on the Stock Exchange as the code of conduct regarding securities transactions by directors. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code.

The Company has formed an audit committee whose terms of reference are formulated in accordance with the requirements of the Stock Exchange. Its current members comprise of three independent non-executive directors. The primary responsibilities of the Audit Committee include reviewing the financial reporting and other information of shareholders, systems of internal controls, risk management and the effectiveness and objectivity of the audit process.

These unaudited condensed financial results have been reviewed by the audit committee of the Company and were approved by the Board on 26 November 2010.

By Order of the Board
Rashid Bin Maidin
Chief Executive Officer

Hong Kong, 26 November 2010