INTERCHINA HOLDINGS COMPANY LIMITED
國中控股有限公司

(incorporated in Hong Kong with limited liability)
(Stock Code: 202)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

FINANCIAL HIGHLIGHTS

- Turnover amounted to HK$413,473,000, representing an increase of 69.6% over HK$243,770,000 of the last year.
- Loss for the year amounted to HK$82,919,000, representing a decrease of 237.4% over the profit of HK$60,369,000 of the last year.
- The Board does not recommend the payment of any dividend for the year ended 31 March 2011 (2010: Nil).
- At 31 March 2011, total equity amounted to HK$4,292,028,000, representing an increase of 82% over HK$2,358,119,000 as at 31 March 2010.
- At 31 March 2011, net assets per share was HK$1.21, representing an increase of 19.8% over HK$1.01 after adjustment of the share consolidation as at 31 March 2010.

RESULTS

The board of directors (the "Board") of Interchina Holdings Company Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2011 (the "Year"). The turnover of the Group was HK$413,473,000 for the Year, representing an increase of 69.6% over HK$243,770,000 of the last year. Loss for the Year was HK$82,919,000, representing a decrease of 237.4% over the profit of HK$60,369,000 of the last year.

Analysis of the Group's turnover and profit/(loss) contributed by each business segment during the Year are set out below:

	Turnover	Proportion	Profit/(loss) for the year	Proportion
	HK$'000	*%*	*HK$'000*	*%*
Environmental protection and water treatment operation	357,017	86.3	36,449	25.4
Property investment operation	23,741	5.7	113,633	79.3
Securities and financial operation	32,715	8.0	(6,750)	(4.7)
Total from major operations	413,473	100	143,332	100
Other unallocated expenses*			(226,251)	
Loss for the year			(82,919)	

* Other unallocated expenses mainly consisted of share-based payment expenses of HK$91,064,000, finance costs of HK$57,969,000, taxation of HK$43,018,000 and other operating and headquarter expenses of HK$34,200,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospect

Environmental Protection and Water Treatment Operation

The Group mainly operates the environmental protection and water treatment operation through its wholly-owned subsidiary, Interchina (Tianjin) Water Treatment Company Limited ("Interchina (Tianjin)") and the 53.77% owned Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina") (Stock Code: 600187, listed on the Shanghai Stock Exchange). As at 31 March 2011, the Group's environmental protection and water treatment operation comprised a total of 11 sewage treatment and water supply projects with an aggregate daily processing capacity of 1,017,500 tonnes and is summarized below:

Project	Province	The Group's controlling interest	Daily processing capacity (tonnes)
Qinhuangdao Sewage Treatment Plant ("Qinhuangdao Project")	Hebei	100%	120,000
Changli Sewage Treatment Plant ("Changli Project") [1]	Hebei	100%	40,000
Zhuozhou Sewage & Water Treatment Plants ("Zhuozhou Project") [2]	Hebei	100%	80,000
Hanzhong Xingyuan Water Supply Plant ("Xingyuan Project")	Shannxi	100%	110,000
Yanliang Water Supply Plant ("Yanling Project")	Shannxi	99%	120,000
Hanzhong Shimen Water Supply Plant ("Shimen Project") [3]	Shannxi	80%	100,000
Maanshan Sewage Treatment Plant ("Maanshan Project")	Anhui	100%	60,000
Xiongyue Sewage Treatment Plant ("Qinghai Project")	Qinghai	95%	42,500
Ordos Sewage & Water Treatment Plant ("Ordos Project")	Inn Mongolia	100%	35,000
Dongying Water Supply Plant ("Dongying Project") [4]	Shandong	55.4%	150,000
Taiyuan Haofeng Wastewater Treatment Plant ("Taiyuan Project") [5]	Shanxi	80%	160,000
Total			1,017,500

(1) Changli Project is currently under upgrading work to Grade 1A of the national waste water discharge standard.

(2) Zhuozhou Project consists of Eastern plant and Western plant with average daily treatment capacity of 40,000 tonnes respectively and is currently under upgrading work to Grade 1A of the national waste water discharge standard.

(3) The pipeline connection of Shimen Project is outstanding and is expected to be completed by mid of 2011.

(4) Dongying Project commenced trail run in March 2011.

(5) Construction work of Taiyuan Project is expected to be completed by the end of 2011.

The segment revenue of environmental protection and water treatment operation represented mainly (i) sewage and water treatment income; (ii) sewage and water treatment construction service income; and (iii) finance income under service concession arrangement. During the Year, the Group's environmental protection and water treatment operation recorded revenue of HK$357,017,000 (2010: HK$211,945,000) and a segment profit of HK$36,449,000 (2010: HK$41,127,000). The increase in revenue was mainly attributable to (i) the increase in construction service income by HK$115,894,000 to HK$187,910,000 (2010: HK$72,016,000) as the construction of Taiyuan Project was in full swing during the Year; and (ii) contribution from Ordos Project of HK$13,098,000 which commenced operation in November 2010. The decrease in segment profit was mainly attributable to increase in administrative expenses and professional expenses resulting from continuing expansion of this operation.

During the year under review, the Group has continuously expanded its environmental protection and water treatment operation and successfully obtained two projects. On 12 August 2010, the Group through Heilongjiang Interchina, entered into the agreements to acquire the entire equity interest in 涿州中科國益水務有限公司 (Zhuozhou Zhongke Guoyi Water Treatment Company Limited) ("Zhuozhou Zhongke"), a company established in People's Republic of China (the "PRC") at the aggregate consideration of RMB44,650,000. Zhuozhou Zhongke is principally engaged in sewage treatment business in Zhuozhou, Hebei Province, the PRC under a Built-Operate-Transfer arrangement with a term of operation of 25 years. The daily processing capacity of Zhuozhou Zhongke is 80,000 tonnes. On the even date, the Group also through Heilongjiang Interchina, entered into the agreements to acquire an aggregate of 85% equity interest in 北京中科國益環保工程有限公司 (Beijing Zhongke Guoyi Environmental Protection Engineering Company Limited) ("Beijing Zhongke"), a company established in the PRC at the aggregate consideration of RMB34,850,000. Beijing Zhongke is one of the best service providers in providing environmental protection engineering services and solutions in the PRC. Details of the above acquisitions were set out in the Company's announcement dated 17 August 2010.

In February 2011, Heilongjiang Interchina successfully issued an aggregate of 100,000,000 new shares to 7 institutional investors at RMB7.5 per share raising net proceeds of RMB724,500,000 (the "Share Issue"). After the completion of the Share Issue, the Group's equity interest in Heilongjiang Interchina diluted from 70.20% to 53.77%, constituted a deemed disposal by the Company of its part of interest in subsidiary. As Heilongjiang Interchina remains as a subsidiary of the Group after the dilution, the gain on deemed disposal of HK$365,160,000 have to be recorded directly in the other reserve of the Group instead of the consolidated income statement. Nevertheless, the Share Issue has attracted certain institutional investors to become shareholders of Heilongjiang Interchina and provide Heilongjiang Interchina with funding necessary for its expansion. Details of the Share Issue were set out in the Company's announcement dated 29 March 2010.

Besides, Changli Project and Zhuozhou Project are currently under upgrading to Grade 1A of the national waste water discharge standard. The relevant government authority has agreed to increase sewage treatment fee after the upgrade. It expects the profitability of Changli Project and Zhuozhou Project can be further enhanced.

On 16 May 2011, Heilongjiang Interchina, entered into a joint venture agreement with 湘潭九華經濟建設投資有限公司(Xiangtan Jiuhua Economic Construction Investment Company Limited*) ("Xiangtan Jiuhau") in relation to the establishment of Xiangtan Interchina Water Treatment Company Limited ("Xiangtan Interchina") in the PRC for the construction and operation of water supply projects in the Xiangtan Jiuhua Demonstration Zone, except areas with water supply operated by General Water of China. Heilongjiang Interchina will inject RMB122,700,000 and Xiangtan Jiuhua will inject RMB27,300,000 to Xiangtan Interchina representing 81.8% and 18.2% of the registered capital of Xiangtan Interchina respectively. Xiangtan Interchina will enter into the Franchise Agreement for Tap Water Supply to the Xiangtan Jiuhua Demonstration Zone of Hunan Province ("Franchise Agreement") with the Management Committee of the Xiangtan Jiuhua Demonstration Zone. The Management Committee of the Xiangtan Jiuhua Demonstration Zone will grant the franchise for the water supply plant project of the Xiangtan Jiuhua Demonstration Zone (hereinafter referred to as the "Project"), with the franchise period commencing on the date the Project is ready to supply water and ends on the 30th anniversary. Xiangtan Interchina Water Treatment will invest, construct, produce and operate a water supply plant project of the Xiangtan Jiuhua Demonstration Zone with a daily capacity of 300,000 tonnes during the franchise period. Of which, the phase I investment and construction projects will include the construction of new water pipeline, a water treatment plant of 50,000 tonnes/day and a raw water plant of 50,000 tonnes/day, as well as the main water distribution pipe and related auxiliary facilities. Detail of the transaction was set out in the Company's announcement dated 18 May 2011.

With the objectives of the Twelve "Five-Year Plan" gradually in shape, energy-saving environmental protection industry becomes the first of China's Seven Strategic Emerging Industries. It is expected that the environmental protection and water treatment operation projects of the Group will also benefit from it. Currently, the Company has gained access to the domestic A-share market investment and financing platform with its holding of Heilongjiang Interchina, which allows the Group to own two direct investment and financing platforms, enables the Group to enjoy the exchange gains brought by the appreciation of RMB; the benefits of high valuation of the domestic capital market; and the strategic synergy of reducing costs and enhancing return on water assets.

To further consolidate the development of this operation, the Group has established clear development objectives for Interchina (Tianjin) and Heilongjiang Interchina. Interchina (Tianjin) will mainly engage in merger and acquisition of and investment in water treatment projects as well as other integrated investment business; while Heilongjiang Interchina will focus on the management and operation of water treatment projects. The Group intends to carry out domestic and overseas merger and acquisition by Interchina (Tianjin), including merging and acquiring domestic high-tech corporations related to the water treatment industry, and develop the overseas water treatment market, including investing in the water treatment projects in Southeast Asia and Middle East and other corporations with high potential return.

The Group plans to invest RMB 8.0 billion in the next two years to acquire domestic water projects with daily processing capacity of 4,500,000 tonnes, and will gradually inject its water projects into Heilongjiang Interchina, aiming at becoming a leading domestic water business enterprise with an aggregate daily processing capacity of 5,000,000 tonnes. In addition, the Group is currently actively seeking to acquire companies with advanced environmental technology in the U.S. and Europe which will be injected into Heilongjiang Interchina with using its structural advantages, so as the Group's business scale and quality can obtain a valuable opportunity to develop by leaps and bounds.

Property Investment Operation

During the year under review, the Group's property investment operation recorded revenue of HK$23,741,000 (2010: HK$18,404,000) and a segment profit of HK$113,633,000 primarily from fair value gains on the appreciation of the property values in the current year.

Since the Group's major investment properties are located in the centre of Beijing and Shanghai and provide the Group with stable and substantial rental income and earnings, the Group intends to further acquire the remaining commercial units in Beijing Guozhong Commercial Building and to set up boutique hotels in Beijing and Shanghai to further enhance the rental income and earnings.

Securities and Financial Operation

During the year under review, the Group's securities and financial operation recorded revenue of HK$32,715,000 (2010: HK$13,421,000) and a segment loss of HK$6,750,000 (2010: profit of HK$122,559,000). The decrease is mainly attributable to the results arising from investment in listed securities which had a realised profit of approximately HK$114,415,000 in last year and had a realised loss of approximately HK$28,482,000 for this year.

As a small to medium size broker firm, the Group was under tremendous pressure and competition from other major securities broker firms and banks in Hong Kong. The Group intends to enhance its competitiveness in securities and financial operation by merger and acquisition with a view to further extend the size of this operation. Moreover, the Group will continue to strengthen internal control over the lending to clients but also will continue to launch more customer-oriented value added service to its customers in future with a view to gaining customer confidence in the Group.

Nature Resources Operation

On 5 November 2010, the Group entered into a legally binding framework agreement (the "Framework Agreement") with 北安市人民政府 (the People's Government of Beian City*), in respect of the formation of a joint venture (the "JV") in the PRC. Pursuant to the Framework Agreement, the registered capital of the JV shall be RMB50 million while its total investment amount shall be RMB500 million. The JV will be principally engaged in the exploration, processing and sale of natural soda water. The Group and the People's Government of Beian City will hold 80% and 20% equity interests in the JV respectively. The Group shall contribute (in proportion to its equity interests) towards the registered capital of the JV in cash while the People's Government of Beian City shall contribute by injecting of the exploitation right and right of use in relation to the identified exploration area of natural soda water together with all relevant information involved. The Group will be responsible for all fund-raising for the JV. It is estimated that the production capacity of natural soda water by the JV will achieve 50,000 tonnes for the first production year and up to 600,000 tonnes within fifth production year. Detail of the transaction was set out in the Company's announcement dated 5 November 2010. The Group is in the progress preparing the feasibility study and investment plan for this potential investment.

On 10 January 2011, the Company entered into the memorandum of understanding with Northwest Nonferrous International Investment Company Limited ("NWII") in relation to the formation of a joint venture in Hong Kong for the purpose of seeking favourable mineral resources exploration projects worldwide, conducting evaluation and feasibility studies for the potential projects, providing consultation and management, and/or investment in projects. Both party also agreed to employ the responsible technical team of NWII to deal with all technology-related matters of the joint venture. Detail of the transaction was set out in the Company's announcement dated 10 January 2011. The joint venture, namely Interchina Northwest Nonferrous Holdings Limited ("Interchina Northwest") is established on 28 March 2011. Interchina Northwest is owned as to 80% and 20% by the Company and NWII, respectively. It is expected that Interchina Northwest would be able to provide support for the Group's direct resource input and exploit its extensive human and technology resource to set up a resource investment fund in order to rapidly develop the Company's resource investment business.

On 2 March 2011, the Group entered into a sale and purchase agreement for the acquisition of the entire equity interest in Universe Glory Limited ("Universe Glory"), for consideration of HK$800,000,000 (the "Universe Glory Acquisition"). Upon completion of the Universe Glory Acquisition, Universe Glory shall be directly interested in 65% equity interest in P.T. Satwa Lestari Permai ("SLP"), a company incorporated in the Republic of Indonesia, which is licensed by the Indonesian Government for exploration, exploitation, refining and processing of manganese ore. The flagship asset of SLP is a mining block of approximately 2,000 hectare in and around the sub-district of Amfoang Selatan, sub-district of Takari and sub-district of Fatuleu, Kupang City Nusantara Timor Tenggena, Indonesia ("Mining Block") and have rights for exploitation, refining, processing and export in the Mining Block. Based on the preliminary technical report prepared by professional valuer in accordance with JORCO

Code, it is estimated that the Mining Block has aggregate resources of approximately 18,800,000 tonnes which consists of measured resources of approximately 3,750,000 tonnes, indicated resources of approximately 5,050,000 tonnes and inferred resources of approximately 10,000,000 tonnes. The Board considers that the Universe Glory Acquisition has milestone significance to the Group's investments in the mining sector. The Universe Glory Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and detail of the transaction was set out in the Company's announcement dated 2 March 2011.

It is expected that the Universe Glory Acquisition will be completed in August 2011. Upon completion of the Universe Glory Acquisition, the Group should directly hold the 65% interest in the Mining Block. The Group has commissioned NWII to plan a further exploration and formal exploitation and production program in the Mining Block and planned to create favorable conditions for commencement of exploitation project by building roads, setting up electricity supply system and preliminary construction within the Mining Block. The construction of processing centre is nearly completed. In addition, the Group has also set up a wholly owned subsidiary in Shanghai, Interchina Qian Yuan (Shanghai) Company Limited, for the development of the domestic and international nature resources products trading business. In the coming years, the Company will continue seek for other suitable nature resources investment opportunities for business expansion and growth of the Group. It is expected that this segment can bring significant cashflows and returns to the Group in the near future.

Financial Review

Operating Results

For the Year, the Group recorded a continuing growth in revenue amounted to HK$413,473,000, representing an increase of 69.6% in last year of HK$243,770,000. The increase was mainly attributable to revenue derived from environmental protection and water treatment operation and securities and financial operation increased 68.4% to HK$357,017,000 and 143.8% to HK$32,715,000 respectively.

For the Year, the Group recorded a loss of HK$82,919,000 as compared to a profit of HK$60,369,000 in last year. This was primarily due to (i) the realised loss of HK$28,482,000 arising from investment in listed securities as compared to a realised gain of HK$114,415,000 for the last year; (ii) the recognition of share-based payment expenses of approximately HK$91,064,000 in respect of share options granted during the year; and (iii) increase in administrative expenses mainly due to continuing expansion of the environmental protection and water treatment operation and increase in professional expenses. Although the Group turned into loss this year, in fact the management has implemented stringent cost control to reduce the loss by 30.4% as compared to the loss of HK$119,172,000 for the six months ended 30 September 2010. Moreover, the Group recognised a gain on deemed disposal of interest in a subsidiary approximately HK$365,160,000 arose from the dilution of the Group's effective interest in Heilongjiang Interchina from 70.20% to 53.77% upon the issuance of 100,000,000 new shares by Heilongjiang

Interchina in February 2011. However, according to the applicable accounting standard, the aforesaid deemed gain have recorded directly in the other reserve of the Group and does not affect the consolidated income statement of the Group.

Financial Position

As at 31 March 2011, the Group's total assets were HK$6,834,487,000 (2010: HK$3,673,173,000) and the total liabilities were HK$2,542,459,000 (2010: HK$1,315,054,000), and the equity reached HK$4,292,028,000 (2010: HK$2,358,119,000). As at 31 March 2011, the current ratio of the Group was approximately 2.76 (2010: 1.39 restated) whereas the gearing ratio (total outstanding borrowings over total assets) of the Group was 27.9% (2010: 24.7%).

Financial Resources and Capital Structure

As at 31 March 2011, the Group's cash on hand and deposits in bank was approximately HK$1,078,187,000 (2010: HK$156,874,000), significantly increased by 5.9 times. Around 31% of the Group's cash on hand and deposits in bank was held in Hong Kong dollars with the rest mainly in Renminbi.

As at 31 March 2011, the Group's total borrowings comprising bank borrowings of HK$697,406,000 (2010: HK$493,404,000), other borrowings of HK$1,209,766,000 (2010: HK$394,830,000) and convertible notes of nil (2010: HK$19,881,000). The maturity profile of the outstanding bank and other borrowings was spread over a period of more than five years with HK$886,196,000 repayable within one year, HK$984,666,000 repayable after one year but within five years and HK$36,310,000 repayable after five years. Around 4.8% of the Group's total borrowings was denominated in Hong Kong dollars with the rest mainly in Renminbi. The increase in bank and other borrowings was mainly due to the increase in investment by financing from non-financial institutions in China for the business development.

During the Year, on 9 April 2010, the Company completed the capital reorganisation which involved: (i) a reduction in the nominal value of each issued ordinary share of the Company from HK$0.10 to HK$0.01 by the cancellation of HK$0.09 of the paid up capital for each issued ordinary share; (ii) the application of the credit arising from such reduction of approximately HK$2,091,797,427 to cancel towards the accumulated losses; (iii) the consolidation of every ten reduced shares of HK$0.01 each in the capital of the Company into one adjusted new consolidated share of HK$0.10 each; and (iv) to increase the authorised share capital of the Company from HK$400,000,000 divided into 4,000,000,000 new consolidated shares to HK$1,000,000,000 divided into 10,000,000,000 new consolidated shares by the creation of an additional 6,000,000,000 new consolidated shares.

On 19 May 2010, the Company successfully placed 440,000,000 ordinary shares at the price of HK$0.65 per share raising net proceeds of approximately HK$278,000,000. Details of the placing were set out in the Company's announcement dated 28 April 2010 and 19 May 2010.

Pursuant to the placing agreement dated 16 September 2010, in October 2010, the Company successfully issued 2-year convertible notes bearing interest at 5% p.a. convertible into a total 550,000,000 shares of HK$1.00 each and all the convertible notes had been converted into share capital during the Year. The net proceeds approximately HK$482,500,000 should be used for the development of its environmental protection and water treatment operation and exploration of potential business and investment opportunities in the future. Details of the placing were set out in the Company's announcement dated 16 September 2010 and 8 October 2010.

During the Year, pursuant to the share option scheme, a total of 322,000,000 share options were granted by the Company at an exercise price ranging from HK$0.83 to HK$0.89. During the Year, a total 221,200,000 share options granted were exercised, for which a total of 221,200,000 new shares were issued. The proceeds in the sum of approximately HK$202,000,000 generated from the exercise of share options were used as general working capital of the Group.

Foreign Exchange Exposure

The Group's principal assets, liabilities, revenue and payments are denominated in Hong Kong dollars and Renminbi. During the Year, the Group did not employ any financial instruments for hedging purpose and did not engage in foreign currency speculative activities. The Group will closely manage and monitor foreign currency risks whenever its financial impact is material to the Group.

Significant Acquisition and Disposal

Save as the acquisition has been described in the "Business Review and Prospects" section, there was no material acquisition or disposal during the Year.

Pledged of Group's Assets

As at 31 March 2011, the Group's assets were pledged as security for its liabilities, comprising investment properties with carrying amounts of HK$316,550,000, property, plant and equipment with carrying amounts of HK$246,081,000, intangible assets with carrying amounts of HK$424,080,000 and other financial assets with carrying amounts of HK$331,961,000. In addition, certain shares of subsidiary held by the Group were also pledged to lender(s) to secure loan facilities granted to the Group.

Contingent Liability

As at 31 March 2011, the Group had no significant contingent liability.

Human Resources and Remuneration Policy

As at 31 March 2011, the Group had approximately 900 employees in Hong Kong and the PRC. To maintain the Group's competitiveness, salary adjustments and award of bonus for staff are subject to the performance of individual staff members. Apart from offering retirement benefit scheme, share option scheme and medical insurance for its staff, the Group also provides staff with various training and development programs.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Continuing operations			
Turnover	*3*	**413,473**	243,770
Cost of sales		**(247,451)**	(117,946)
Other revenue and operating income, net	*4*	**103,047**	156,164
Staff costs		**(52,853)**	(43,922)
Amortisation and depreciation		**(31,216)**	(27,981)
Administrative costs		**(198,213)**	(75,904)
Share-based payment expenses		**(91,064)**	(76,408)
Fair value change in investment properties		**122,411**	106,667
Profit from operations	*5*	**18,134**	164,440
Finance costs	*6*	**(57,969)**	(62,194)
Share of result of an associate		**(44)**	–
(Loss)/gain on disposal of subsidiaries		**(22)**	24,031
(Loss)/profit before taxation		**(39,901)**	126,277
Taxation	*7*	**(43,018)**	(56,661)
(Loss)/profit for the year from continuing operations		**(82,919)**	69,616
Discontinued operation			
Loss for the year from discontinued operation		**–**	(9,247)
(Loss)/profit for the year		**(82,919)**	60,369
Attributable to:			
Owners of the Company		**(101,699)**	63,293
Non-controlling interests		**18,780**	(2,924)
		(82,919)	60,369
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company	*8*		(Restated)
From continuing and discontinued operations			
– Basic		**HK(2.846 cents)**	HK2.901 cents
– Diluted		**HK(2.846 cents)**	HK2.594 cents
From continuing operations			
– Basic		**HK(2.846 cents)**	HK3.325 cents
– Diluted		**HK(2.846 cents)**	HK2.972 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	2011	2010
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(82,919)**	60,369
Other comprehensive (loss)/income		
Exchange differences on translation of financial statements of overseas subsidiaries	**85,561**	(12,710)
Reclassification adjustments upon disposal of subsidiaries	**(246)**	(22,666)
Total comprehensive income for the year	**2,396**	24,993
Total comprehensive (loss)/income attributable to:		
Owners of the Company	**(27,048)**	28,926
Non-controlling interests	**29,444**	(3,933)
	2,396	24,993

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 March 2011** *HK$'000*	31 March 2010 *HK$'000* (Restated)	1 April 2009 *HK$'000* (Restated)
Non-current assets				
Investment properties		**746,881**	609,722	503,228
Property, plant and equipment		**299,878**	19,075	20,092
Prepaid lease payments		**15,781**	–	–
Intangible assets		**1,051,305**	702,801	685,811
Other financial assets		**483,996**	452,158	444,805
Goodwill		**426,017**	387,588	387,557
Interests in an associate		**1,122**	–	–
Available-for-sale financial assets		**1,190**	–	–
Other non-current assets		**97,515**	2,283	2,277
		3,123,685	2,173,627	2,043,770
Current assets				
Inventories		**6,511**	3,078	4,198
Trade and other receivables and prepayments	*9*	**2,239,489**	1,154,387	282,577
Loan receivables	*10*	**223,768**	–	102,898
Financial assets at fair value through profit or loss		**162,771**	143,546	80
Tax recoverable		**76**	47	511
Bank balances – trust and segregated accounts		**5,202**	27,734	7,323
Cash and cash equivalents		**1,072,985**	129,140	34,259
		3,710,802	1,457,932	431,846
Assets classified as held for sale		**–**	41,614	589,680
		3,710,802	1,499,546	1,021,526
Total assets		**6,834,487**	3,673,173	3,065,296
Equity				
Share capital	*12*	**355,542**	2,324,219	2,028,619
Share premium and reserves		**3,104,884**	(200,268)	(309,154)
Equity attributable to owners of the Company		**3,460,426**	2,123,951	1,719,465
Non-controlling interests		**831,602**	234,168	155,686
		4,292,028	2,358,119	1,875,151

	Notes	31 March 2011 HK$'000	31 March 2010 HK$'000 (Restated)	1 April 2009 HK$'000 (Restated)
Non-current liabilities				
Bank borrowings – due after one year		**198,000**	101,249	115,812
Other borrowings – due after one year		**822,976**	–	12,425
Deferred tax liabilities		**175,923**	136,938	106,590
		1,196,899	238,187	234,827
Current liabilities				
Trade and other payables and deposits received	*11*	**444,414**	230,018	339,687
Tax payable		**14,950**	39,917	9,660
Derivative financial instruments		**–**	66	–
Bank borrowings – due within one year		**499,406**	392,155	269,060
Other borrowings – due within one year		**386,790**	394,830	126,541
Convertible notes		**–**	19,881	–
		1,345,560	1,076,867	744,948
Liabilities classified as held for sale		**–**	–	210,370
		1,345,560	1,076,867	955,318
Total liabilities		**2,542,459**	1,315,054	1,190,145
Total equity and liabilities		**6,834,487**	3,673,173	3,065,296
Net current assets		**2,365,242**	422,679	66,208
Total assets less current liabilities		**5,488,927**	2,596,306	2,109,978

NOTES

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong, the Hong Kong Companies Ordinance and the applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to exercise its judgement in the process of applying the Company's accounting policies.

2.1 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group and the Company have applied the following new standards, amendments and interpretations issued by the HKICPA which are effective for the current accounting periods.

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendments)	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Amendments to HKFRS 2 Share-based Payments – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Amendments to HKAS 32 Financial Instruments Presentation – Classification of rights issues
HKAS 39 (Amendments)	Eligible Hedged Items
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners
HKFRS 5 Amendments included in Improvements to HKFRSs issued in October 2008	Amendments to HKFRS 5 Non-current assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 Leases – Determination of the Length of the Lease Term in respect of Hong Kong Land Leases
HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), Improvement to HKFRSs 2009 and HK Interpretation 5, the adoption of the new and revised HKFRSs has had no significant financial effect on these consolidated financial statements. The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidated and Separate Financial Statements

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 Statement of Cash Flows, HKAS 12 Income Taxes, HKAS 21 The Effects of Changes in Foreign Exchange Rates, HKAS 28 Investments in Associates and HKAS 31 Interests in Joint Ventures.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 April 2010.

(b) Improvements to HKFRSs 2009

Improvements to HKFRSs 2009 issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 Statement of Cash Flows: Requires that only expenditures that result in a recognized asset in the statement of financial position can be classified as a cash flow from investing activities.

(c) HK Interpretation 5: Presentation of Financial Statements – Classification by the borrower of a Term Loan that Contains a Repayment on Demand Clause

HK Interpretation 5 requires that a term loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current liabilities in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement. Prior to the adoption of this interpretation, the Group's term loan was classified in the statement of financial position separately as to the current and non-current liability portions based on the maturity dates of repayment. Upon the adoption of the interpretation, the term loan has been reclassified as a current liability. The interpretation has been applied by the Group retrospectively and comparative amounts have been restated. In addition, as a result of this change and as required by HKAS 1 Presentation of Financial Statements, the Group is required to present a statement of financial position as at 1 April 2009.

The above change has had no effect on the consolidated income statement and the consolidated statement of comprehensive income. The effect on the consolidated statement of financial position is summarised as follows:

	31 March 2011	31 March 2010	1 April 2009
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Increase in bank borrowings – due within one year	**287,172**	177,898	176,124
Non-current liabilities			
Decrease in bank borrowings – due after one year	**287,172**	177,898	176,124

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRSS

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRS 1 (Amendments)	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopter[1]
HKFRS 1 (Amendments)	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation Removal of Fixed Dates for First-time Adopter[3]
HKFRS 7 (Amendments)	Amendment to HKFRS 7 Financial Instruments Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[5]
HKAS 12 (Amendments)	Amendment to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets[4]
HKAS 24	Related Party Disclosures[2]
HK(IFRIC) – Int 14 (Amendments)	Prepayment of a Minimum Funding Requirement[2]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[1]

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2010 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC) – Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 July 2010
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that the application of these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

For management purpose, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segment 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. Particulars of the Group's reportable operating segments are summarised as follows:

Environmental protection and water treatment operation	–	Operation of water supply plants and sewage treatment plants in the PRC
Property investment operation	–	Leasing of rental property in the PRC and Hong Kong
Securities and financial operation	–	Securities investment provision of financial service

The following is an analysis of the segment revenue and results:

	Continuing operations								Discontinued operation			
	Environmental protection and water treatment operation		Property investment operation		Securities and financial operation		Total		City development and investment operation		Consolidated total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**357,017**	211,945	**23,741**	18,404	**32,715**	13,421	**413,473**	243,770	**–**	–	**413,473**	243,770
Segment results	**36,449**	41,127	**113,633**	120,057	**(6,750)**	122,559	**143,332**	283,743	**–**	(4,384)	**143,332**	279,359
Interest income and unallocated gains							**1,744**	2,808	**–**	10	**1,744**	2,818
Administrative costs							**(35,878)**	(45,703)	**–**	–	**(35,878)**	(45,703)
Share-based payment expenses							**(91,064)**	(76,408)	**–**	–	**(91,064)**	(76,408)
Profit/(loss) from operations							**18,134**	164,440	**–**	(4,374)	**18,134**	160,066
Finance costs							**(57,969)**	(62,194)	**–**	(4,873)	**(57,969)**	(67,067)
Share of result of an associate							**(44)**	–	**–**	–	**(44)**	–
(Loss)/gain on disposal of subsidiaries							**(22)**	24,031	**–**	–	**(22)**	24,031
(Loss)/profit before taxation							**(39,901)**	126,277	**–**	(9,247)	**(39,901)**	117,030
Taxation							**(43,018)**	(56,661)	**–**	–	**(43,018)**	(56,661)
(Loss)/profit for the year							**(82,919)**	69,616	**–**	(9,247)	**(82,919)**	60,369

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2010: Nil).

Segment results represent the result generated from each segment without allocation of central administration costs including directors' salaries, finance costs and income tax expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

4. OTHER REVENUE AND OPERATING INCOME, NET

	Continuing operations		Discontinued operation		Consolidated total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Bank interest income	**1,678**	350	**–**	10	**1,678**	360
Dividend income	**498**	26	**–**	–	**498**	26
Consultancy service income	**40,068**	4,643	**–**	–	**40,068**	4,643
Government subsidies	**73,891**	32,520	**–**	–	**73,891**	32,520
(Loss)/gain from sale of financial assets at fair value through profit or loss	**(28,482)**	114,415	**–**	–	**(28,482)**	114,415
Fair value gain on financial assets at fair value through profit or loss	**6,177**	–	**–**	–	**6,177**	–
Gain on derivative financial instruments	**66**	1,884	**–**	–	**66**	1,884
Sundry income	**9,151**	2,326	**–**	–	**9,151**	2,326
	103,047	156,164	**–**	10	**103,047**	156,174

5. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging/(crediting):

	Continuing operations		Discontinued operation		Consolidated total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation	**8,247**	6,675	**–**	239	**8,247**	6,914
Amortisation of prepaid lease payments and intangible assets	**22,969**	24,642	**–**	333	**22,969**	24,975
Auditors' remuneration	**1,762**	1,220	**–**	37	**1,762**	1,257
Impairment loss recognised in respect of other receivables and prepayments	**190**	1,863	**–**	–	**190**	1,863
Impairment loss recognised in respect of asset held for sale	**–**	1,241	**–**	–	**–**	1,241
Operating lease rentals in respect of premises	**6,189**	5,520	**–**	–	**6,189**	5,520
Net foreign exchange loss	**632**	3,915	**–**	–	**632**	3,915
Gross rental income from investment properties	**(13,483)**	(17,008)	**–**	–	**(13,483)**	(17,008)
Less: direct operating expenses from investment properties that generated rental income during the year	**2,618**	2,874	**–**	–	**2,618**	2,874

6. FINANCE COSTS

	Continuing operations		Discontinued operation		Consolidated total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Bank charges	**331**	–	**–**	–	**331**	–
Interests on:						
Bank borrowings and overdrafts wholly repayable:						
– within five years	**39,156**	35,259	**–**	4,873	**39,156**	40,132
– over five years	**3,551**	6,116	**–**	–	**3,551**	6,116
Other borrowings	**13,862**	18,467	**–**	–	**13,862**	18,467
Interest on convertible notes	**1,069**	2,352	**–**	–	**1,069**	2,352
	57,969	62,194	**–**	4,873	**57,969**	67,067

7. TAXATION

	Continuing operations		Discontinued operation		Consolidated total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current tax						
Hong Kong Profits Tax	**3,654**	14,468	**–**	–	**3,654**	14,468
The PRC Enterprise Income Tax	**9,849**	11,081	**–**	–	**9,849**	11,081
	13,503	25,549	**–**	–	**13,503**	25,549
Over provision in prior year:						
Hong Kong Profits Tax	**(3,240)**	–	**–**	–	**(3,240)**	–
	10,263	25,549	**–**	–	**10,263**	25,549
Deferred tax	**32,755**	31,112	**–**	–	**32,755**	31,112
	43,018	56,661	**–**	–	**43,018**	56,661

Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year.

As at 31 March 2011, the Group had unused tax losses of approximately HK$31,753,000 (2010: HK$14,311,000) available for offset against future profits. No deferred tax asset has been recognised due to unpredictability of future profit streams.

The PRC Enterprise Income Tax

All the Company's subsidiaries established in the PRC are subject to the PRC Enterprise Income Tax, which has been provided based on the statutory income tax rate of the assessable income of each company during the years ended 31 March 2011 and 2010, as determined in accordance with the relevant PRC income tax rules and regulations.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (the "New Tax Law") which took effect on 1 January 2008. According to the New Tax Law, the applicable tax rate of the Company's subsidiaries established in the PRC are unified at 25% with effect from 1 January 2008.

8. (LOSS)/EARNINGS PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic earnings and diluted (loss)/earnings per share from continuing and discontinued operations is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
(Loss)/earnings attributable to owners of the Company for the purpose of basic (loss)/earnings per share	**(101,699)**	63,293
Effect of dilutive potential ordinary shares		
– After tax effect of interest on convertible notes	**–**	220
(Loss)/earnings attributable to owners of the Company for the purpose of diluted (loss)/earnings per share	**(101,699)**	63,513

Number of shares	**2011**	2010
		(Restated)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**3,573,192,975**	2,181,875,802
Effect of dilutive potential ordinary shares:		
– Convertible notes	**–**	266,438,356
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**3,573,192,975**	2,448,314,158

(b) From continuing operations

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
(Loss)/earnings attributable to owners of the Company for the purpose of basic (loss)/earnings per share	**(101,699)**	63,293
Add: Loss for the year from discontinued operation	**–**	9,247
	(101,699)	72,540
Effect of dilutive potential ordinary shares:		
– After tax effect of interest on convertible notes	**–**	220
(Loss)/earnings attributable to owners of the Company for the purpose of diluted (loss)/earnings per share from continuing operations	**(101,699)**	72,760

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

(c) From discontinued operation

For the year ended 31 March 2010, basic loss per share from discontinued operation is calculated based on the loss from the discontinued operations of HK$9,247,000 and the denominators as detailed above for both basic and diluted loss per share.

(d) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share for the year ended 31 March 2011 and 2010 has not assumed the exercise of the share options as these potential ordinary shares would have anti-dilutive effect.

The weighted average number of ordinary shares for the basic and diluted earnings per share for the year ended 31 March 2010 have been adjusted for the effect of share consolidation in April 2010.

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group allows an average credit period of 60 days (2010: 60 days) to its trade customers. The aged analysis of trade receivables is as follow:

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**385,223**	148,178
Over 90 days	**10,622**	24,450
	395,845	172,628
Margin clients accounts receivables	**9,222**	2,570
Clearing houses, brokers and dealers	**1,075**	6,943
Prepayments and deposits	**1,726,522**	905,302
Other receivables	**109,138**	69,067
	2,241,802	1,156,510
Less: Impairment of other receivables and prepayments	**(2,313)**	(2,123)
	2,239,489	1,154,387

Loans to margin clients are secured by client's pledged securities, repayable on demand and bear interest at commercial rates. No aged analysis is disclosed, as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of business of share margin financing.

The Group's prepayments and deposits as at 31 March 2011, inter alia, the following:

(i) a deposit of approximately HK$504,762,000 (2010: Nil) paid for acquisition of companies principally engaged in the exploration, mining, processing and sale of Manganese resources in the Republic of Indonesia. Details of the acquisition were set out in the Company's announcement dated 2 March 2011;

(ii) deposits of approximately HK$292,007,000 (2010: HK$90,483,000) paid for acquisition of certain investment properties in the PRC;

(iii) deposits of approximately HK$295,952,000 (2010: HK$92,000,000) paid for acquisition of several potential water plant projects in the PRC; and

(iv) prepayments of approximately HK$349,149,000 (2010: HK$121,914,000) to various contractors for construction of environmental protection and water treatment projects in the PRC.

10. LOAN RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Loan receivables	**223,768**	–

The loan was unsecured, carrying at the prevailing interest rate ranging from 7.50% to 15% per annum with fixed repayment terms.

Loan receivables relate to a number of independent debtors that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as it had not been a significant change in credit quality and the amounts were still considered recoverable. The Group does not hold any collateral over these balances.

11. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

The aged analysis of trade payables is as follow:

	2011	2010
	HK$'000	*HK$'000*
Trade payables		
0 – 30 days	**152,735**	39,257
Over 90 days	**3,795**	–
Accounts payable arising from the business of dealing in securities and equity options:		
Margin clients	**1,732**	106
Other payables and deposits received	**286,152**	190,655
	444,414	230,018

Amounts due to margin clients are repayable on demand. No aged analysis is disclosed, as in the opinion of the directors of the Company, the aged analysis does not give additional value in view of the nature of business of share margin financing.

12. SHARE CAPITAL

	Number of shares		Nominal value	
	2011	2010	**2011**	2010
			HK$'000	*HK$'000*
Ordinary shares of HK$0.10 each				
Authorised				
At beginning of the year	**40,000,000,000**	40,000,000,000	**4,000,000**	4,000,000
Capital reduction	**–**	–	**(3,600,000)**	–
Share consolidation	**(36,000,000,000)**	–	**–**	–
Increase in authorised share capital	**6,000,000,000**	–	**600,000**	–
	10,000,000,000	40,000,000,000	**1,000,000**	4,000,000
Issued and fully paid:				
At beginning of the year	**23,242,193,632**	20,286,193,632	**2,324,219**	2,028,619
Capital reduction *(note a)*	**–**	–	**(2,091,797)**	–
Share consolidation *(note a)*	**(20,917,974,269)**	–	**–**	–
Placement of shares *(note b)*	**440,000,000**	–	**44,000**	–
Exercise of share options *(note c)*	**221,200,000**	706,000,000	**22,120**	70,600
Conversion of convertible notes *(note d)*	**570,000,000**	2,250,000,000	**57,000**	225,000
At end of the year	**3,555,419,363**	23,242,193,632	**355,542**	2,324,219

All shares issued by the Company rank pari passu with the existing shares in all respects.

For the year ended 31 March 2011

(a) Pursuant to a special resolution passed at an extraordinary general meeting of the Company held on 18 September 2009, the High Court of Hong Kong issued an order on 1 April 2010 to grant and allowed the Company to undergo the following changes to the share capital of the Company with effective from 9 April 2010:

(i) Reduction of the share capital of the Company by cancelling the issued and paid up capital to the extent of HK$0.09 on each of the share issued and by reducing the nominal value of all issued and unissued shares from HK$0.10 each to HK$0.01 each;

(ii) Reduction of the authorised share capital of the Company from HK$4,000,000,000 divided into 40,000,000,000 shares to HK$400,000,000 by cancelling the issued and paid up capital to the extent of HK$0.09 on each of the share and by reducing the nominal value of all issued and unissued shares from HK$0.10 each to HK$0.01 each;

(iii) Consolidation of every ten reduced shares into one consolidated share; and

(iv) Increase in the authorised share capital of the Company from 4,000,000,000 consolidated shares to 10,000,000,000 consolidated shares by creation of an additional 6,000,000,000 consolidated shares.

(b) On 19 May 2010, the Company allotted and issued an aggregate of 440,000,000 new shares of HK$0.10 each by way of placing to independent investors at a price of HK$0.65 per share. The net proceeds from the placing amounted to approximately HK$278,000,000.

(c) During the year, the Company issued 221,200,000 new shares of HK$0.10 each pursuant to the exercise of share options granted to the Group's employees and consultants. The exercise prices ranged from HK$0.83 to HK$0.89 per share.

(d) (i) In October 2010 and November 2010, HK$495,000,000 convertible notes issued during the year were converted at initial conversion price of HK$0.90 each into 550,000,000 ordinary shares of the Company at HK$0.10 each.

(ii) In November 2010, the remaining issued convertible notes issued during the year ended 31 March 2010 with principal amount of HK$20,000,000 were converted at adjusted conversion price of HK$1.00 each into 20,000,000 ordinary shares of the Company at HK$0.10 each.

For the year ended 31 March 2010

(e) In July 2009 and August 2009, the Company allotted and issued 706,000,000 new shares of HK$0.10 each pursuant to the exercise of share options granted to the Group's employees and consultants. The exercise price was HK$0.103 per share.

(f) In August 2009, the convertible notes issued during the year ended 31 March 2010 with principal amounts of HK$120,000,000 were converted at initial conversion price of HK$0.10 each into 1,200,000,000 ordinary shares of the Company at conversion price of HK$0.10 per share.

(g) In December 2009, the convertible notes issued to Favour City Limited during the year ended 31 March 2010 with principal amount of HK$35,000,000 were converted at initial conversion price of HK$0.10 each into 350,000,000 ordinary shares of the Company at conversion price of HK$0.10 per share.

(h) In December 2009, a portion of the convertible notes issued during the year ended 31 March 2010 amounted to HK$70,000,000 were converted at initial conversion price of HK$0.10 each into 700,000,000 ordinary shares of the Company at HK$0.10 each of the Company.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2011 (2010: Nil).

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles, the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the implementation details for the CG Code and, where appropriate, the Recommended Best Practices. For the year ended 31 March 2011, the Company had complied with the code provision of the CG Code save as disclosed below.

Code Provision A.4.1

Pursuant to the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. Currently, all directors of the Company (including executive and non-executive directors) are not appointed for any specific term. However, in view of the fact that they are subject to retirement by rotation in accordance with the Company's Articles of Association, the Company considers that there are sufficient measures to ensure that the corporate governance standard of the Company is not less exacting than that of the code provisions.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2011.

AUDIT COMMITTEE

The Audit Committee comprises all the independent non-executive directors of the Company and had reviewed with management of the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters including review of the annual results of the Group for the year ended 31 March 2011.

PUBLICATION ON THE STOCK EXCHANGE'S WEBSITE

This result announcement will be published on the Company's website (http://www.interchina.com.hk) and Stock Exchange's website (http://www.hkexnews.hk). The 2011 Annual Report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and Stock Exchange in due course.

By order of the Board of
Interchina Holdings Company Limited
Lam Cheung Shing, Richard
Executive Director and Chief Executive Officer

Hong Kong, 29 June 2011

As at the date of this announcement, the executive Directors are Mr. Zhang Yang, Mr. Lam Cheung Shing, Richard, Mr. Zhu Yongjun and Mr. Zhang Chen, and the independent non-executive Directors are Ms. Ha Ping, Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Fu Tao.

* *For identification purpose only*