INTERCHINA HOLDINGS COMPANY LIMITED
國中控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 202)

PRELIMINARY ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

FINANCIAL HIGHLIGHTS

- Turnover from continuing operations amounted to HK$370,612,000 representing a decrease of 8.6 % as compared to HK$405,502,000 of last year.
- Profit for the year recorded a significant improvement, reaching a historical high of HK$948,285,000 as compared to the loss of HK$294,547,000 of last year.
- The Board does not recommend the payment of any dividend for the year ended 31 March 2013 (2012: Nil).
- As at 31 March 2013, total equity amounted to HK$5,234,205,000, representing an increase of 10.7% as compared to HK$4,729,733,000 as at 31 March 2012.
- As at 31 March 2013, net assets per share was HK$0.90, representing a decrease of 28% as compared to HK$1.25 as at 31 March 2012.

BUSINESS REVIEW

The board of directors (the "Board") of Interchina Holdings Company Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013 (the "Year") and the audited consolidated statement of financial position of the Group as at 31 March 2013. Turnover from continuing operation amounted to HK$370,612,000 representing a decrease of 8.6% as compared to HK$405,502,000 of last year. Profit for the year recorded a significant improvement, reaching a historical high of HK$948,285,000 as compared the loss of HK$294,547,000 of last year.

Environmental Water Treatment Operation

During the year under review, the Group mainly operated the environmental water treatment operation through its wholly-owned subsidiary, Interchina (Tianjin) Water Treatment Company Limited ("Interchina (Tianjin)") and the former 53.77% owned Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina") (Stock Code: 600187, listed on the Shanghai Stock Exchange). During the period between January and February 2013, the Group had disposal an aggregate of 110,000,000 shares of Heilongjiang Interchina, representing 25.75% to the issued share capital of Heilongjiang Interchina at the average price of approximately RMB8.2 per Heilongjiang Interchina shares (the "Disposal"). The Disposal contributed a substantial gain of approximately HK$1,601,833,000 for the year. The Disposal is in accordance with the terms of the disposal mandate approved by the shareholder at the Company's extraordinary general meeting held on 19 October 2012. Since then Heilongjiang Interchina ceased to be a 53.77% owned subsidiary of the Group and become a 28.02% owned associate of the Group. Start from 15 January 2013, the financial results of Heilongjiang Interchina and its net assets will be equity accounted for in the consolidated financial statement of the Group. Detail of the Disposal was set out in the Company's circular dated 28 September 2012.

As at 31 March 2013, the Group's environmental water treatment operation comprised a total of thirteen projects with aggregate daily processing capacity of approximately 1,337,500 tonnes, of which twelve projects with aggregate daily processing capacity of approximately 1,237,500 tonnes is under Heilongjiang Interchina and one project with daily processing capacity of approximately 100,000 tonnes is under Interchina (Tianjin).

Heilongjiang Interchina is the flagship assets of the Group's environmental water treatment operation. The revenue from this segment amounted to HK$339,219,000 which was mainly contributed by Heilongjiang Interchina before the completion of the Disposal. The segment profit amounted to HK$4,488,000, representing a decrease of HK$81,967,000 or 94.8% as compared with last year. The decrease was mainly attributable to the one-time gain from the derivative financial instruments of HK$50,543,000 recorded in last year and consultancy income decreased by HK$25,236,000 to HK$13,502,000 for the year.

During the year, the Group has continued in further consolidation of the environmental water treatment operation. On 31 May 2012, Heilongjiang Interchina has entered into a Strategic Cooperation Framework Agreement with the Research Centre for Eco-Environmental Sciences, Chinese Academy of Sciences. Both parties have agreed to jointly invest in and incorporate the Interchina CAS Ecological Scientific Innovation Co. Ltd. for the management and implementation of actual operations involved in the incubation of technological innovation and industrialisation. Details of the agreement were set out in the Company's announcement dated 31 May 2012.

In July 2012, Heilongjiang Interchina had submitted a proposal to the Shanghai Stock Exchange to increase its issued shares by not more than 160,000,000 new shares at the price of RMB8.03 each to not more than ten subscribers (the "Non-public Share Issue") to raise not more than RMB1,242,000,000. The Non-public Share Issue also constituted a deemed disposal of the Group's interest of Heilongjiang Interchina (the "Deemed Disposal") as well as a very substantial disposal transaction of the Company under the Listing Rules. Details of the Non-public Share Issue and the Deemed Disposal were set out in the Company's circular dated 28 September 2012. The Non-public Share Issue and the Deemed Disposal were approved by the shareholders of the Company at the extraordinary general meeting held on 19 October 2012. Heilongjiang Interchina is planning to use the net proceed raised from the Non-public Share Issue to further expand the existing projects on hand and acquire the 90% equity interest in Beijing TDR Enviro-Tech Company Limited ("Beijing TDR") and 100% equity interest in Huaibei Zhonglian Huanshui Environmental Company Limited ("Huaibei Zhonglian"). Beijing TDR is principally engaged in the development of the treatment technology and technique and the production of equipment/construction of facility for sewage water treatment purpose and Huaibei Zhonglian is principally engaged in the sewage treatment operation. Therefore, on the even date Heilongjiang Interchina has entered into two sale and purchase agreement in relation to (i) the acquisition of 90% equity interest in Beijing TDR at the aggregate consideration is RMB495,000,000 (the "Beijing TDR Acquisition") and (ii) the acquisition of 100% equity interest in Huaibei Zhonglian at the aggregate consideration is RMB34,300,000 (the "Huaibei Zhonglian Acquisition"). Beijing TDR Acquisition constitutes a major transaction of the Company under the Listing Rules while Huaibei Zhonglian Acquisition did not constitute any notifiable transaction of the Company under the Listing Rules. The Beijing TDR Acquisition was approved by the shareholders of the Company at the extraordinary general meeting held on 19 December 2012. Detail of the Beijing TDR Acquisition was set out in the Company's circular dated 23 November 2012.

Due to the relevant government approval for the Huaibei Zhonglian Acquisition could not be obtained within the agreed timeframe, Huaibei Zhonglian Acquisition is finally terminated and on 20 September 2012, Heilongjiang Interchina had submitted a revised Non-public Share Issue proposal to the Shanghai Stock Exchange to reduce the proposed maximum proceeds raised from the Non-public Share Issue from RMB1,290,000,000 to RMB1,255,700,000 as the result of the termination of Huaibei Zhonglian Acquisition. Save for the aforesaid change, all other terms of the Non-public Share Issue remained unchanged. Heilongjiang Interchina has also submitted the revised proposal to the China Securities Regulatory Commission ("CSRS") on 26 September 2012.

On 18 April 2013, Heilongjiang Interchina, received the formal approval notice (the "Approval Notice") dated 12 April 2013 from the CSRC that the Non-public Share Issue was approved and the Approval Notice will be valid for a period of six months from its issue date. On 21 June 2013, Heilongjiang Interchina successfully issued an aggregate of 155,024,691 new shares to eight institutional investors at RMB8.1 per share raising net proceeds of approximately RMB1,215,000,000. The Group's equity interest in Heilongjiang Interchina further diluted from 28.02% to 20.56%, retained as associate investment of the Group.

Looking ahead, Heilongjiang Interchina remains as one of the major investments of the Group and will continue to contribute positively to the results of the Group through equity sharing. In addition, the Group will continue to seek opportunities of merger and acquisition of quality environmental water treatment projects to enrich the investment portfolio of this segment.

Property Investment Operation

During the year, the Group was successful in delivering stable revenue growth from property investment operation. Rental income slightly increased by 6.6% to HK$21,674,000.

The Group currently owns approximately total gross floor area of 19,620 sq. m. in Beijing Interchina Commercial Building, located in the CBD of Beijing (consist of approximately 7,700 sq. m. of office units, 5,800 sq. m. of retail units and 6,120 sq. m. of parking space) (the "Beijing Property"). As at 31 March 2013, the market value of the Beijing Property amounted to approximately HK$561,800,000 (2012: HK$533,901,000) and all of office units and retail units of the Beijing Property have been fully let out and provide stable rental income to the Group.

In November 2012, the Group entered into a sales and purchase agreement to disposal the property with total gross floor area of approximately 18,000 sq. m. in Yangpu District, Shanghai (the "Shanghai Property") at the consideration of RMB280,000,000 (equivalent to approximately HK$350,000,000) (the "Disposal of Shanghai Property"). Although the Disposal of Shanghai Property had realised a loss of approximately HK$82,988,000 after deduction of relevant costs and related taxes incurred in connection with the Disposal of Shanghai Property, the Board was of the view that it was a good opportunity to realise the Shanghai Property into cash and seek for another high quality property for long term investment which can provide a stable and reasonable income stream to the Group. Detail of the Disposal of Shanghai Property was set out in the Company's announcement dated 23 November 2012.

The segment loss amounted to HK$74,237,000, representing a significantly decrease of HK$89,398,000 as compared with the segment profit of HK$15,161,000 in last year. The loss was mainly attributable to the loss from the disposal of the Shanghai Property.

On 25 April 2012, the Group entered into a sale and purchase agreement to acquire 5 units of luxury properties located at Above The Bund (白金灣府邸), Shanghai, the PRC (the "Properties"), at the aggregate consideration of approximately RMB194,127,000 (equivalent to approximately HK$242,659,000). On the even date, the Group entered into a tenancy agreement with the vendor for the lease of the Properties to the vendor for a term of 3 years at the aggregate annual rental of RMB11,647,000 (equivalent to approximately HK$14,379,000). Detail of the transaction was set out in the Company's announcement dated 26 April 2012. However, due to the acquisition is being treated as a bulk transaction under the relevant PRC regulation, the procedures of transferring the legal title of the Properties is still underway.

Looking forward, the Group is prudently optimistic to the prospect of the property investment operation and believes that this segment can provide a stable income stream and future profitability to the Group. The Group will continue to seek opportunity of acquisition of high quality property to further enhance the assets base of the Group and strengthen the profitability of this segment.

Natural Resources Operation

During the year, this segment did not contribute any revenue to the Group.

The Group's natural resources operation is solely the exploration, exploitation, refining and processing of manganese ore, through a 65% indirect-owned subsidiary of the Company, P.T. Satwa Lestari Permai ("SLP"), a company incorporated in the Republic of Indonesia. 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 the rights for exploitation, refining, processing and export in the Mining Block for a period of twenty years. Resource of the Mining Block has no significant change during the year.

The segment loss amounted to HK$137,743,000, representing a significantly increase of HK$119,582,000 as compared with the segment loss of HK$18,161,000 in last year. The loss was mainly attributable to the impairment loss of HK$132,600,000 on the valuation of the mining rights of the Mining Block resulting from sluggish demand for manganese ore as well as downward pressure on the market prices as compared with the last year.

Besides, the Group has been under negotiation with the other shareholders of SLP to acquire the remaining 35% interests. This further acquisition does not just increase the Group's interest in SLP from 65% to 100% but also let the Group fully control and design the exploitation and production planning of the Mining Block.

Given natural resources operation is a new business to the Group, it is expected more time will be required to improve/fine tune its operating performance of this segment in order to achieve satisfactory results in the long run.

Financing and Securities Investment Operation

As at 31 March 2013, total securities investment/financial assets at fair value through profit and loss stood at HK$171,894,000 and total loan receivable under financing operation amounted to HK$260,061,000. Although this segment only recorded revenue of HK$9,719,000 for the year, representing a decrease of 18.5% as compared to last year, the segment loss significantly decreased by 33.5% from HK$110,002,000 of last year to HK$73,163,000 for the year. The decrease was mainly attributed by the decrease in the loss on fair value change of the securities investment from HK$121,858,000 in last year to a gain of HK$81,136,000 for the year. The Company will continue to take conservative approach in the securities investment, so as to reduce the risk resulted from the fluctuation of the securities market. Besides, the Group considered that financing operation can provide the Group an opportunity to obtain a higher return for its surplus funds under the current low interest rate environment.

Discontinued Operations

During the year, the Group decided to cease the operations of securities dealing and brokerage operation and supply and procurement operation, so as to minimise the business risk involved in these two operations. Both are presented as discontinued operations in the consolidated financial statements for the year ended 31 March 2013.

During the year, revenue from securities dealing and brokerage operation increased 22.4% to HK$15,953,000. The segment loss of HK$73,253,000 was recorded, representing an increase of 3.7 times as compared with the segment loss of HK$15,666,000 in last year. The loss is mainly attributed by the impairment loss of HK$84,498,000 in respect of client's receivable for the year.

During the year, revenue from supply and procurement operation decreased 96.4% to HK$8,633,000 as the result of cessation of business in April 2012. The segment loss of HK$6,898,000 was recorded, representing an increase 12.6% as compared with the segment loss of HK$6,126,000 in the last year.

Prospects

The Group's management remains cautiously optimistic towards the market environment given the global political and economic persistent uncertainties.

Looking ahead, the Group will adopt a vigorous but moderate investment tactic to develop the original environmental water treatment operation, property investment operation, natural resources operation and financing and securities investment operation. The Group will also continue to seek overseas investment projects with superb quality including the development of agricultural business and any other investment opportunity with lower operating risk, providing shareholders investment returns for their long-term support.

FINANCIAL REVIEW

Results

The Group's turnover from continuing operations decreased 8.6% to approximately HK$370,612,000 compared with HK$405,502,000 in the year ended 31 March 2012. Despites results for the year were encumbered by the cessation of supply and procurement operation and securities dealing and brokerage operation, the loss on the disposal of the Shanghai Property and the decrease in the fair value of the mining rights, profit for the year increased substantially to approximately HK$948,285,000, versus the loss of HK$294,547,000 for the last year. The rise in profit was mainly generated by the aggregate gains of approximately HK$1,601,833,000 following the disposal of its 25.75% interests in Heilongjiang Interchina.

Basic earnings per share stood at HK16.292 cents, compared with the basic loss per share of HK9.527 cents (restated) in the previous year. The Board does not recommend the payment of dividend for the year ended 31 March 2013 (2012: Nil).

Liquidity, Financial Resources and Capital Structure

At 31 March 2013, the Group's total assets were HK$6,539,062,000 (31 March 2012: HK$7,228,609,000) and the total liabilities were HK$1,304,857,000 (31 March 2012: Restated HK$2,498,876,000). At 31 March 2013, the number of issued share of the Company was 6,078,669,363 (31 March 2012: 4,274,669,363) and the equity reached HK$5,234,205,000 (31 March 2012: Restated HK$4,729,733,000). At 31 March 2013, the current ratio of the Group was 2.4 (31 March 2012: 1.1) whereas the gearing ratio (total outstanding borrowings over total assets) of the Group was 14.6 % (31 March 2012: 27.6%).

At 31 March 2013, the Group's cash on hand and deposits in bank was HK$975,279,000 (31 March 2012: HK$398,751,000). Around 95% of the Group's cash on hand and deposits in bank was denominated in Renminbi with the rest mainly in Hong Kong dollars.

At 31 March 2013, the Group's total borrowings comprising bank borrowings of HK$147,869,000 (31 March 2012: HK$876,728,000), other borrowings of HK$806,250,000 (31 March 2012: HK$1,116,606,000). The maturity profile of the outstanding bank and other borrowings was spread over a period of more than five years with HK$9,480,000 repayable within one year, HK$762,500,000 repayable after one year but within five years and HK$182,139,000 repayable after five years. Around 99% of the Group's total borrowings was denominated in Renminbi with the rest mainly in Hong Kong dollars.

On 8 May 2012, the Company successfully issued HK$294,500,000 of 2% convertible notes, at initial conversion price of HK$0.31 per conversion share, with a maturity of 3 years due in May 2015. The net proceeds of HK$287,138,000 will be used to (i) as to HK$130 million for repayment of the bank borrowings of the Group; (ii) as to HK$143.3 million for potential investment in new projects in relation to environmental water treatment operation; and (iii) as to HK$13.3 million will be reserved for general working capital purpose. Detail of the convertible notes was set out in the Company's announcement dated 13 December 2011 and circular dated 17 February 2012. All the convertible notes had been converted into share capital on 14 May 2012. On 14 August 2012, the Company successfully issued 854,000,000 ordinary shares to not less than seven subscribers at the price of HK$0.34 per share, which involved a total subscription price of HK$290,360,000. One of the subscribers, Pengxin Holdings Company Limited which is wholly and beneficially owned by Mr. Jiang Zhaobai ("Mr. Jiang"), has been issued 709,000,000 ordinary shares of the Company and become a substantial shareholder of the Company. Mr. Jiang has been appointed as executive director and chairman of the Company since 24 September 2012. Detail of the placing was set out in the Company announcements dated 29 March 2012, 18 June 2012 and 14 August 2012.

While having sufficient working capital, the Group is monitoring the market situation and the funding requirements for business development, will seek opportunities to optimise capital structure should the need arise.

Pledged of Assets

At 31 March 2013, the Group's investment properties with carrying amounts of HK$535,550,000 was pledged as security for its liabilities. In addition, certain shares of an associate held by the Group were also pledged to lender(s) to secure loan facilities granted to 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.

Material Acquisition and Disposal

Save as the acquisition and disposal has been described in the "Business Review" section, there was no material acquisition or disposal of subsidiaries or associates during the year.

Future plans for material investments or capital assets

On 16 December 2012, the Company entered into the sale and purchase agreement with Mr. Jiang regarding the acquisition of the entire equity interest in Pengxin Agricultural Holdings Company Limited ("Pengxin Agricultural") and the amount owing by Pengxin Agricultural to Mr. Jiang at an aggregate consideration of USD65,000,000 (equivalent to approximately HK$507,000,000) (the "Proposed Acquisition"). Upon the completion of the acquisition, Pengxin Agricultural should own not less than 99.9% of Empresa Agropecuaria Novagro S.A. (the "Bolivian Company"), a company incorporated in the Republic of Bolivia with limited liability and principally engaged in agricultural business over approximately 12,500 hectare of self-owned farmland in the north of Santa Cruz, the Republic of Bolivia. The Proposed Acquisition constitutes a discloseable and connected transaction of the Company under the Listing Rules and is needed to be approved by independent shareholders of the Company. As at 31 March 2013, the Proposed Acquisition is still underway. The Company will dispatch the relevant circular to seek the approval of independent shareholders of the Company as soon as practicable. Detail of the Proposed Acquisition was set out in the Company's announcement dated 16 December 2012. The Board is of the opinion that, after taking into account the existing available internal resources, the Group has sufficient resources to meet its foreseeable working capital requirements.

Save as the above mentioned, the Group did not have any future plans for material investments or capital assets as at 31 March 2013.

Human Resources

As at 31 March 2013, the Group, excluding its associate companies, had approximately 68 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.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2013 (2012: Nil).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000 (Restated)
Continuing operations			
Turnover	3	**370,612**	405,502
Cost of sales		**(172,571)**	(195,278)
Other income and gain, net	4	**56,670**	115,316
Staff costs		**(48,270)**	(52,440)
Amortisation and depreciation		**(65,214)**	(71,539)
Administrative costs		**(197,555)**	(114,205)
Other operating expenses		**(213,171)**	(64,447)
Fair value change in financial assets at fair value through profit or loss		**81,136**	(123,346)
Fair value change in investment properties		**24,306**	26,928
Loss from operations	5	**(164,057)**	(73,509)
Finance costs	6	**(189,656)**	(163,490)
Share of result of associates		**23,386**	(109)
Loss on disposal of investment property		**(82,988)**	–
Gain on disposal of associates		**353,264**	–
Gain/(loss) on disposal of subsidiaries		**1,248,594**	(19,118)
Profit/(loss) before taxation		**1,188,543**	(256,226)
Taxation	7	**(160,766)**	(16,103)
Profit/(loss) for the year from continuing operations		**1,027,777**	(272,329)
Discontinued operations			
Loss for the year from discontinued operations	8	**(79,492)**	(22,218)
Profit/(loss) for the year		**948,285**	(294,547)
Attributable to:			
Owners of the Company		**942,344**	(356,396)
Non-controlling interests		**5,941**	61,849
		948,285	(294,547)
Earnings/(loss) per share attributable to the owners of the Company	9		
From continuing and discontinued operations — Basic and diluted		**HK16.292 cents**	HK(9.527) cents
From continuing operations — Basic and diluted		**HK17.666 cents**	HK(8.933) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000 (Restated)
Profit/(loss) for the year	**948,285**	(294,547)
Other comprehensive income/(loss)		
Exchange differences on translation of overseas subsidiaries	**(11,804)**	67,343
Reclassification adjustment upon disposal of subsidiaries	**(55,067)**	(2,293)
Share of other comprehensive income of associates	**7,155**	–
Total comprehensive income/(loss) for the year	**888,569**	(229,497)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**893,443**	(300,890)
Non-controlling interests	**(4,874)**	71,393
	888,569	(229,497)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2013

	Notes	**31 March 2013 HK$'000**	31 March 2012 HK$'000 (Restated)	1 April 2011 HK$'000 (Restated)
Non-current assets				
Investment properties		**586,800**	951,247	746,881
Property, plant and equipment		**17,533**	404,295	299,878
Prepaid lease payments		**–**	102,315	15,781
Mining rights		**1,099,800**	1,232,400	–
Intangible assets		**121,492**	1,065,905	1,051,305
Other financial assets		**–**	494,408	483,996
Goodwill		**18,069**	439,927	426,017
Interests in associates	10	**1,634,026**	1,104	1,122
Available-for-sale financial assets		**–**	69,136	1,190
Other non-current assets		**64,159**	88,451	97,515
		3,541,879	4,849,188	3,123,685
Current assets				
Prepaid lease payments		**–**	3,436	–
Inventories		**–**	21,613	6,511
Trade and other receivables and prepayments	11	**1,560,003**	1,500,628	2,239,489
Loan receivables	12	**260,061**	316,278	223,768
Financial assets at fair value through profit or loss		**171,894**	73,985	162,771
Derivative financial instruments		**–**	62,889	–
Tax recoverable		**1,246**	1,527	76
Bank balances — trust and segregated accounts		**137**	314	5,202
Cash and cash equivalents		**975,279**	398,751	1,072,985
		2,968,620	2,379,421	3,710,802
Assets classified as held for sale		**28,563**	–	–
		2,997,183	2,379,421	3,710,802
Total assets		**6,539,062**	7,228,609	6,834,487

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	**31 March 2013 HK$'000**	31 March 2012 HK$'000 (Restated)	1 April 2011 HK$'000 (Restated)
Equity				
Share capital		**607,867**	427,467	355,542
Share premium and reserves		**4,240,454**	2,955,364	3,105,957
Equity attributable to owners of the Company		**4,848,321**	3,382,831	3,461,499
Non-controlling interests		**385,884**	1,346,902	831,602
Total equity		**5,234,205**	4,729,733	4,293,101
Non-current liabilities				
Bank borrowings — due after one year		**–**	127,114	198,000
Other borrowings — due after one year		**–**	–	822,976
Deferred tax liabilities		**57,399**	145,864	174,850
		57,399	272,978	1,195,826
Current liabilities				
Trade and other payables and deposits received	13	**152,722**	349,269	444,414
Tax payable		**140,617**	10,409	14,950
Bank borrowings — due within one year		**147,869**	749,614	499,406
Other borrowings — due within one year		**806,250**	1,116,606	386,790
Convertible notes		**–**	–	–
		1,247,458	2,225,898	1,345,560
Total liabilities		**1,304,857**	2,498,876	2,541,386
Total equity and liabilities		**6,539,062**	7,228,609	6,834,487
Net current assets		**1,749,725**	153,523	2,365,242
Total assets less current liabilities		**5,291,604**	5,002,711	5,488,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The 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 HKFRSs, 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 and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by 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.

2. 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 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Financial Instruments: Disclosures — Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

Other than as further explained below regarding the impact of HKAS 12 (Amendments), the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The Group has applied for the first time the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes unless the presumption is rebutted.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors of the Company have determined that the "sale" presumption set out in the amendments to HKAS 12 is not rebutted. The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties located in Hong Kong. Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use. The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by approximately HK$1,073,000 as at 1 April 2011 with the corresponding credit being recognised in accumulated loss. Similarly, the deferred tax liabilities have been decreased by approximately HK$1,403,000 as at 31 March 2012.

In the current year, no deferred taxes have been provided for changes in fair value of the Group's investment properties. The change in accounting policy has resulted in the Group's income tax expense for the years ended 31 March 2013 and 31 March 2012 being reduced by approximately HK$495,000 and HK$330,000 respectively and hence resulted in profit/loss for the years ended 31 March 2013 and 2012 being increased/decreased by approximately HK$495,000 and HK$330,000 respectively.

Impact of the application of amendments to HKAS 12

Impact on profit/(loss) for the year

	For the year ended 31 March	
	2013	2012
	HK$'000	HK$'000
Decrease in income tax expenses	**495**	330
Increase/decrease in profit/(loss) for the year attributable to:		
Owners of the Company	**495**	330
Non-controlling interests	**–**	–
	495	330

Impact on net assets and equity as at 1 April 2011

	As at 1 April 2011 as previously reported HK$'000	Amendments to HKAS 12 adjustments HK$'000	As at 1 April 2011 as restated HK$'000
Deferred tax liabilities	175,923	(1,073)	174,850
Total effect on net assets	4,292,028	1,073	4,293,101
Accumulated losses	803,841	(1,073)	802,768
Total effect on equity	4,292,028	1,073	4,293,101

Impact on net assets and equity as at 31 March 2012

	As at 31 March 2012 as previously reported HK$'000	Amendments to HKAS 12 adjustments HK$'000	As at 31 March 2012 as restated HK$'000
Deferred tax liabilities	147,267	(1,403)	145,864
Total effect on net assets	4,728,330	1,403	4,729,733
Accumulated losses	1,167,316	(1,403)	1,165,913
Total effect on equity	4,728,330	1,403	4,729,733

Impact on net assets and equity as at 31 March 2013

	Amendments to HKAS 12 adjustments HK$'000
Deferred tax liabilities	**(1,898)**
Total effect on net assets	**1,898**
Retained earnings	**(1,898)**
Total effect on equity	**1,898**

The effect of the above change in accounting policy on the Group's basic and diluted earnings/(loss) per share for the current and prior year are as follows:

Impact on basic and diluted earnings/(loss) per share from continuing operations

	2013 HK cents per share	2012 HK cents per share
Basic and diluted earnings/(loss) per share for the year, as previously stated	**17.658**	(8.941)
Effect on adoption of HKAS 12 (Amendments)	**0.008**	0.008
Basic and diluted earnings/(loss) per share for the year, as restated	**17.666**	(8.933)

Impact on basic and diluted earnings/(loss) per share from continuing and discontinued operations

	2013 HK cents per share	2012 HK cents per share
Basic and diluted earnings/(loss) per share for the year, as previously stated	**16.284**	(9.535)
Effect on adoption of HKAS 12 (Amendments)	**0.008**	0.008
Basic and diluted earnings/(loss) per share for the year, as restated	**16.292**	(9.527)

There is no impact on basic and diluted earnings/(loss) per share from discontinued operations.

The Group has not early applied the following new and revised HKFRSs, amendments and interpretations ("new and revised HKFRSs") that have been issued but are not yet effective:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle[2]
HKFRS 1 (Amendments)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (Revised in 2011)	Employee Benefits[2]
HKAS 27 (Revised in 2011)	Separate Financial Statements[2]
HKAS 28 (Revised in 2011)	Investment in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[3]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
HK(IFRIC)-Int 21	Levies[3]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to determine whether these new and revised HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new and revised HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

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 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. Particulars of the Group's reportable operating segments are summarised as follows:

Continuing operations

Environmental water treatment operation	— Operation of water plants and sewage treatment plants in the PRC
Property investment operation	— Leasing of rental property in the PRC and Hong Kong
Financing and securities investment operation	— Provision of financing service and securities and investment
Natural resources operation	— Mining and production of manganese products including principally, through the Group's integrated processes, the beneficiation, concentrating, grinding and the production of manganese concentrate and natural discharging manganese

Discontinued operations

Securities dealing and brokerage operation	—	Provision of securities dealing and brokerage
Supply and procurement operation	—	Supply and procurement of metal minerals and electronic components

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

For the year ended 31 March 2013

	Continuing operations					Discontinued operations			
	Environmental water treatment operation HK$'000	Property investment operation HK$'000	Financing and securities investment operation HK$'000	Natural resources operation HK$'000	Sub-total HK$'000	Securities dealing and brokerage operation HK$'000	Supply and procurement operation HK$'000	Sub-total HK$'000	Consolidated total HK$'000
Segment revenue	339,219	21,674	9,719	–	370,612	15,953	8,633	24,586	395,198
Segment results	4,488	(74,237)	(73,163)	(137,743)	(280,655)	(73,253)	(6,898)	(80,151)	(360,806)
Interest income and other income					125,913			653	126,566
Unallocated expenses					(92,303)			–	(92,303)
Loss from operations					(247,045)			(79,498)	(326,543)
Finance costs					(189,656)			–	(189,656)
Share of result of associates					23,386			–	23,386
Gain on disposal of associates					353,264			–	353,264
Gain on disposal of subsidiaries					1,248,594			–	1,248,594
Profit/(loss) before taxation					1,188,543			(79,498)	1,109,045
Taxation					(160,766)			6	(160,760)
Profit/(loss) for the year					1,027,777			(79,492)	948,285

For the year ended 31 March 2012

	Continuing operations					Discontinued operations			
	Environmental water treatment operation HK$'000	Property investment operation HK$'000	Financing and securities investment operation HK$'000	Natural resources operation HK$'000	Sub-total HK$'000 (Restated)	Securities dealing and brokerage operation HK$'000	Supply and procurement operation HK$'000	Sub-total HK$'000	Consolidated total HK$'000 (Restated)
Segment revenue	373,241	20,333	11,928	–	405,502	13,037	238,821	251,858	657,360
Segment results	86,455	15,161	(110,002)	(18,161)	(26,547)	(15,666)	(6,126)	(21,792)	(48,339)
Interest income and other income					116,804			1,327	118,131
Unallocated expenses					(163,766)			–	(163,766)
Loss from operations					(73,509)			(20,465)	(93,974)
Finance costs					(163,490)			(571)	(164,061)
Share of result of an associate					(109)			–	(109)
Loss on disposal of a subsidiary					(19,118)			–	(19,118)
Loss before taxation					(256,226)			(21,036)	(277,262)
Taxation					(16,103)			(1,182)	(17,285)
Loss the year					(272,329)			(22,218)	(294,547)

4. OTHER INCOME AND GAIN, NET

	Continuing operations Year ended 31 March		**Discontinued operations Year ended 31 March**	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Bank interest income	**8,477**	3,999	**7**	47
Consultancy service income	**13,502**	38,738	**–**	–
Government subsidies	**11,052**	10,195	**–**	–
Gain on derivative financial instruments	**–**	50,543	**–**	–
Net foreign exchange gain	**–**	2,907	**–**	–
Reversal of impairment loss recognised in respect of trade and other receivables and prepayments	**12,200**	1,340	**–**	–
Sundry income	**11,439**	7,594	**646**	1,280
	56,670	115,316	**653**	1,327

5. LOSS FROM OPERATIONS

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

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Depreciation	**29,437**	14,919	**113**	132
Amortisation of prepaid lease payments and intangible assets	**35,777**	56,620	**–**	–
Auditors' remuneration	**2,401**	2,604	**–**	–
(Gain)/loss on disposal of subsidiaries	**(1,248,594)**	19,118	**–**	–
Gain on disposal of associates	**(353,264)**	–	**–**	–
Loss on disposal of investment property	**82,988**	–	**–**	–
Impairment loss recognised in respect of trade and other receivables and prepayments	**7,207**	34,231	**22,174**	21,767
Reversal of impairment loss recognised in respect of trade and other receivables and prepayments	**(12,200)**	(1,340)	**–**	–
Impairment loss recognised in respect of goodwill	**31**	–	**–**	–
Impairment loss recognised in respect of loan receivables	**36,202**	2,764	**62,324**	–
Impairment loss recognised in respect of other non-current assets	**23,388**	9,065	**–**	–
Impairment loss recognised in respect of property, plant and equipment	**1,383**	–	**940**	–
Written down of inventories	**344**	–	**3,322**	–
Impairment loss recognised in respect of mining rights	**132,600**	–	**–**	–
Operating lease rentals in respect of premises	**5,026**	9,913	**–**	–
Net foreign exchange loss/(gain)	**297**	(2,907)	**–**	–
Gain from sale of financial assets at fair value through profit or loss	**(1,214)**	(1,488)	**–**	–
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(79,922)**	123,346	**–**	–
Fair value gain on derivative financial instruments	**–**	(50,543)	**–**	–
Fair value gain on investment properties	**(24,306)**	(26,928)	**–**	–
Remeasurement of fair value less cost to sell in respect of assets classified as held for sale	**12,016**	–	**–**	–
Gross rental income from investment properties	**(21,674)**	(17,452)	**–**	–
Less: direct operating expenses from investment properties that generated rental income during the year	**1,556**	2,617	**–**	–

6. FINANCE COSTS

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interests on:				
Bank borrowings and overdrafts wholly repayable:				
— within five years	**189,129**	142,508	**–**	571
— over five years	**–**	19,139	**–**	–
Other borrowings	**172**	1,843	**–**	–
Convertible notes	**355**	–	**–**	–
	189,656	163,490	**–**	571

7. TAXATION

	Continuing operations Year ended 31 March		Discontinued operations Year ended 31 March	
	2013	2012	**2013**	2012
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)
Current tax:				
Hong Kong Profits Tax	**–**	3	**–**	1,182
The PRC Enterprise Income Tax	**148,761**	9,329	**–**	–
	148,761	9,332	**–**	1,182
Under/(over) provision in prior year:				
Hong Kong Profits Tax	**1,625**	4	**(6)**	–
The PRC Enterprise Income Tax	**(1,082)**	–	**–**	–
	149,304	9,336	**(6)**	1,182
Deferred tax	**11,462**	6,767	**–**	–
	160,766	16,103	**(6)**	1,182

Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits of certain subsidiaries in Hong Kong for the year.

The PRC Enterprise Income Tax

All the Company's subsidiaries established in the PRC are either subject to the PRC Enterprise Income Tax, which has been provided based on the statutory enterprise income tax rate, or preferential enterprise income tax rate of the assessable income of each company during the years ended 31 March 2013 and 2012, 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 is unified at 25% with effect from 1 January 2008.

Indonesia Corporate Tax

The corporate Tax rate applicable to the subsidiary which is operating in Indonesia is 25% (2012: 25%) during the year. No Indonesia Corporate Tax was recognised as the subsidiary in Indonesia has no estimated assessable profits for the year.

8. DISCONTINUED OPERATIONS

During the year, the Group decided to cease the operation of securities dealing and brokerage operation and supply and procurement operation.

The results of the discontinued operations for the current and prior year were as follows:

(a) Securities dealing and brokerage operation

	Year ended 31 March	
	2013	2012
	HK$'000	HK$'000
Turnover	**15,953**	13,037
Other income and gain, net	**632**	1,282
Staff costs	**(1,466)**	(2,863)
Amortisation and depreciation	**(10)**	(21)
Administrative costs	**(3,232)**	(4,052)
Other operating expenses	**(84,498)**	(21,767)
Loss from operation	**(72,621)**	(14,384)
Finance costs	**–**	(482)
Loss before taxation	**(72,621)**	(14,866)
Taxation	**6**	(1,182)
Loss for the year	**(72,615)**	(16,048)
Attributable to:		
Owners of the Company	**(72,615)**	(16,048)
Non-controlling interests	**–**	–
	(72,615)	(16,048)

(b) Supply and procurement operation

	Year ended 31 March	
	2013	2012
	HK$'000	HK$'000
Turnover	**8,633**	238,821
Cost of sales	**(9,413)**	(237,507)
Other income and gain, net	**21**	45
Staff costs	**(353)**	(715)
Amortisation and depreciation	**(103)**	(111)
Administrative costs	**(1,400)**	(6,614)
Other operating expenses	**(4,262)**	–
Loss from operation	**(6,877)**	(6,081)
Finance costs	**–**	(89)
Loss before taxation	**(6,877)**	(6,170)
Taxation	**–**	–
Loss for the year	**(6,877)**	(6,170)
Attributable to:		
Owners of the Company	**(6,877)**	(6,170)
Non-controlling interests	**–**	–
	(6,877)	(6,170)

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to the owners of the Company was based on the following data:

From continuing and discontinued operations

	Year ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(Restated)
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted profit/(loss) per share	**942,344**	(356,396)

	Year ended 31 March	
	2013	2012
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted profit/(loss) per share	**5,784,252,924**	3,741,051,194

The diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as the Company has no dilutive potential shares outstanding for the year ended 31 March 2013 and the Company's outstanding share options would have anti-dilutive effect for the year ended 31 March 2012.

From continuing operations

	Year ended 31 March	
	2013	2012
	HK$'000	HK$'000
		(Restated)
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted profit/(loss) per share	**942,344**	(356,396)
Loss for the year from discontinued operations	**79,492**	22,218
	1,021,836	(334,178)

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

From discontinued operations

Basic and diluted loss per share for discontinued operations is HK1.374 cents per share (2012: HK0.594 cents per share), based on the loss for the year from discontinued operations of HK$79,492,000 (2012: HK$22,218,000).

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

10. INTERESTS IN ASSOCIATES

	At 31 March	
	2013	2012
	HK$'000	HK$'000
Cost of investment		
— Listed (note)	**1,629,730**	–
— Unlisted	**–**	1,140
Share of result of associates	**23,386**	(109)
Share of other comprehensive income of associates	**7,173**	(44)
Exchange alignment	**14**	117
	1,660,303	1,104
Amount due from an associate	**1**	–
Amount due to associates	**(26,278)**	–
	1,634,026	1,104
Market value of listed associates	**1,485,600**	–

Note:

On 19 October 2012, the shareholders of the Company approved the disposal mandate (the "Disposal Mandate") to disposal of an aggregate of 110,000,000 shares of Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina"), a company listed on the Shanghai Stock Exchange and 53.77% owned subsidiary of the Group.

Upon completion of the partial disposal of interests in Heilongjiang Interchina under the Disposal Mandate on 14 January 2013, the Group's interests in Heilongjiang Interchina was reduced to 49.34% and the Group ceased to have control over Heilongjiang Interchina thereafter. The fair value of the Group's interests in Heilongjiang Interchina of approximately HK$2,199,425,000 as at 14 January 2013, determined based on quoted market price of Heilongjiang Interchina at the same date, has been regarded as cost of interests in associate from the date on which the Group ceased to have control, and incorporated in the consolidated financial statements using the equity method of accounting.

The Group recognised a gain on disposal of subsidiaries with loss of control of approximately HK$1,248,569,000 to the consolidated income statement. Heilongjiang Interchina and its subsidiaries then became associates of the Group thereafter.

Pursuant to the Disposal Mandate, the Group further disposed of the remaining interests in Heilongjiang Interchina during January and February 2013. On 25 February 2013, the Disposal Mandate was fully exercised that the aggregate of 110,000,000 shares of Heilongjiang Interchina were fully disposed of. The Group then recognised a gain on disposal of partial interests in associates of approximately HK$353,264,000 in the consolidated income statement. Following completion of the Disposal Mandate, the Group remained 28.02% interests in Heilongjiang Interchina.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group allows an average credit period of 60 days (2012: 60 days) to its trade customers. During the year ended 31 March 2013 and 2012, all the trade receivables are aged within 30 days:

	At 31 March	
	2013	2012
	HK$'000	HK$'000
Trade receivables	**77,681**	206,360
Margin clients' accounts receivables	**99,761**	91,889
Clearing houses, brokers and dealers	**–**	274
Prepayments and deposits	**1,429,427**	1,200,611
Other receivables	**27,286**	58,465
	1,634,155	1,557,599
Less: Impairment of trade and other receivables and prepayment	**(74,152)**	(56,971)
	1,560,003	1,500,628

Movement on impairment of trade and other receivables and prepayments were as follow:

	At 31 March	
	2013	2012
	HK$'000	HK$'000
At beginning of the year	**56,971**	2,313
Reversal of impairment loss recognised in previous years	**(12,200)**	(1,340)
Impairment loss recognised	**29,381**	55,998
At end of the year	**74,152**	56,971

The aged analysis of the trade receivables that are not considered to be impaired was as follow:

	At 31 March	
	2013	2012
	HK$'000	HK$'000
Neither past due nor impaired	**77,681**	206,360

Trade receivables within credit terms relate to a wide range of customers for whom there is no recent history of default. The maximum exposure to credit risk at the end of reporting period is the carrying amount of trade receivables. The Group does not hold any collateral over these balances.

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 2013 and 2012, inter alia, are as follow:

(i) deposit of HK$51,000,000 (31 March 2012: Nil) paid for acquisition of companies principally engaged in the exploration, mining, processing and sale of manganese resources in the Republic of Indonesia;

(ii) deposits of approximately HK$439,663,000 (31 March 2012: HK$198,765,000) paid for acquisition of certain investment properties in the PRC;

(iii) deposits of HK$223,250,000 (31 March 2012: HK$306,914,000) paid for acquisition of several potential water projects in the PRC;

(iv) prepayments of approximately HK$382,611,000 (31 March 2012: HK$602,102,000) to various contractors for construction of environmental water treatment projects in the PRC; and

(v) deposit of HK$225,000,000 (31 March 2012:Nil) paid for acquisition of the entire equity interest of companies principally engaged in investment holding of a Bolivian company and the related sale loan.

12. LOAN RECEIVABLES

	At 31 March	
	2013	2012
	HK$'000	HK$'000
Loan receivables	**361,351**	319,042
Less: Impairment loss recognised	**(101,290)**	(2,764)
	260,061	316,278

The loan was unsecured, carrying at the prevailing interest rate ranging from 2% to 7.2% (2012: 9.6% to 15%) per annum with fixed repayment terms.

During the year, an impairment loss of approximately HK$98,526,000 (2012: HK$2,764,000) was recognised in respect of several debtors who were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. The Group does not hold any collateral over these balances.

The remaining balance of loan receivables relates 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 there has 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.

13. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

During the year ended 31 March 2013 and 2012, all the trade payables are aged within 30 days.

	At 31 March	
	2013	2012
	HK$'000	HK$'000
Trade payables	**137**	38,451
Accounts payable arising from the business of dealing in securities and equity options:		
Margin clients	**–**	493
Other payables and deposits received	**152,585**	310,325
	152,722	349,269

Amounts due to margin clients are repayable on demand. 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.

14. EVENTS AFTER THE REPORTING PERIOD

(a) On 21 June 2012, the board of directors of Heilongjiang Interchina, an associate of the Company with its shares listed on the Shanghai Stock Exchange, the PRC approved a proposal in respect of the issue of maximum of 160,000,000 Heilongjiang Interchina new shares at the price of RMB8.03 each to not more than ten subscribers. The deemed disposal was approved by the shareholders of the Company on 19 October 2012.

On 18 April 2013, Heilongjiang Interchina received the formal approval notice dated 12 April 2013 from the China Securities Regulatory Commission ("CSRC") and the issue of new shares has been completed on 21 June 2013.

Details of which were set out in the Company's announcements dated 25 June 2012, 13 July 2012, 20 September 2012, 19 October 2012, 18 April 2013 and 24 June 2013 and circular dated 28 September 2012.

(b) On 28 June 2012, Universe Glory Limited, an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding pursuant to which Group intend to acquire additional 35% of issued share capital of P.T. Satwa Lestari Permai. As at the date of approval of these consolidated financial statements, acquisition of the additional interests has not completed. Details of which were set out in the Company's announcements dated 28 June 2012 and 3 October 2012.

(c) On 16 December 2012, the Company entered into the sale and purchase agreement with Mr. Jiang regarding the acquisition, pursuant to which Mr. Jiang has agreed to disposal equity interest of Pengxin Agricultural and the sale loan of amounted to approximately US$26,500,000 (equivalent to approximately HK$206,700,000) at the aggregate consideration of US$65,000,000 (equivalent to approximately HK$507,000,000). Upon completion, the Group will hold 99.9% equity interest of Empresa Agropecuaria Novagro S.A., a company principally engaged in farming of soybean and corn. As at the date of approval of these consolidated financial statements, the acquisition has not completed. Details of which were set out in the Company's announcements dated 16 December 2012, 9 January 2013, 31 January 2013, 28 February 2013, 28 March 2013 and 31 May 2013.

(d) On 28 January 2013, the Company entered into a share transfer agreement with Interchina Water Treatment Hong Kong Company Limited ("Interchina Water Treatment"), a directly wholly-owned subsidiary of Heilongjiang Interchina, pursuant to which the Company agreed to disposal of 25% equity interest in Interchina (Qinhuangdao) Sewage Treatment Company Limited to Interchina Water Treatment at a consideration of RMB22,850,000(equivalent to approximately HK$28,563,000). As at the date of approval of these consolidated financial statements, the transaction has not completed. Details of the disposal were set out in the Company's announcement dated 28 January 2013.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is incorporated in Hong Kong and has its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The corporate governance rules applicable to the Company are the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. Throughout the year ended 31 March 2013, the Company had complied with all the code provisions of the CG Code throughout the year under review, except for the deviations as stated below:

(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 of the Directors of the Company (including non-executive Directors) are not appointed for a fixed term. However, according to Article 101 of the Articles of Association of the Company, one-third of the Directors (including executive and non-executive Directors) shall retire each year and every Director shall be subject to retirement by rotation at least once every three years. The retiring Director shall be eligible for re-election. The Board believes that the current arrangement will give the Company sufficient flexibility to organize the composition of the Board to serve the needs of the Group.

(2) Pursuant to the Code Provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. However, the Directors, namely Mr. Jiang Zhaobai, Mr. Zhu Deyu and Mr. Lu Yaohua appointed during the year, will follow Article 92 of the Articles of Association of the Company to re-elect themselves at the forthcoming annual general meeting of the Company to be held in August 2013. The Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

(3) Pursuant to the Code Provision D.1.4 of the CG Code, the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. Currently, the Company did not have formal letters of appointment for Directors. However, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors", and, if applicable, "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors are required to comply with the requirements under the Listing Rules. In the opinion of the Directors, this meets the objective of the Code provision D.1.4.

The Board has established an Audit Committee, a Nomination Committee and a Remuneration Committee with defined terms of reference which are no less exacting than those set out in the CG Code. Full details on the subject of corporate governance are set out in the Company's Annual Report for the year ended 31 March 2013.

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 2013.

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 under review.

AUDIT COMMITTEE

The Audit Committee comprises all independent non-executive directors of the Company Mr. Ho Yiu Yue, Louis (the chairman of the Committee), Mr. Ko Ming Tung, Edward and Mr. Chen Yi, Ethan. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal controls system of the Company. The annual results have been reviewed and approved by the Audit Committee of the Company.

PUBLICATION OF ANNUAL REPORT

The Annual Report 2013 will be despatched to the Shareholders and made available at the HKExnews website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.interchina.com.hk in the due course.

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

Hong Kong, 28 June 2013

As at the date of this announcement, the executive Directors are Mr. Jiang Zhaobai, Mr. Shen Angang, Mr. Lam Cheung Shing, Richard, Mr. Zhu Deyu and Mr. Lu Yaohua and the independent non-executive Directors are Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Chen Yi, Ethan.