



國|中|控|股|有|限|公|司
INTERCHINA HOLDINGS CO LTD

Stock Code: 202

INTERIM REPORT
2013



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Jiang Zhaobai (*Chairman*)
Mr. Lam Cheung Shing, Richard
Mr. Shen Angang
Mr. Zhu Deyu
Mr. Lu Yaohua
Mr. Gu Yungao

Independent Non-executive Directors

Mr. Ho Yiu Yue, Louis
Mr. Ko Ming Tung, Edward
Mr. Chen Yi, Ethan

AUDIT COMMITTEE

Mr. Ho Yiu Yue, Louis (*Chairman*)
Mr. Ko Ming Tung, Edward
Mr. Chen Yi, Ethan

REMUNERATION COMMITTEE

Mr. Ho Yiu Yue, Louis (*Chairman*)
Mr. Ko Ming Tung, Edward
Mr. Lam Cheung Shing, Richard

NOMINATION COMMITTEE

Mr. Ko Ming Tung, Edward (*Chairman*)
Mr. Ho Yiu Yue, Louis
Mr. Chen Yi, Ethan
Mr. Lam Cheung Shing, Richard

COMPANY SECRETARY

Mr. Lau Chi Lok

LISTING INFORMATION

Stock Code: 202
Board Lot: 5,000 shares

WEBSITE

www.interchina.com.hk

PRINCIPAL OFFICE IN HONG KONG

15/F., CCB Tower
3 Connaught Road Central
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

SOLICITOR

K&L Gates
44/F., Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

SHARE REGISTRAR

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Bank of East Asia Limited
Fubon Bank (Hong Kong) Limited

INVESTOR RELATIONS CONSULTANT

PR ASIA Consultants Ltd
5/F., Euro Trade Centre
13-14 Connaught Road Central
Hong Kong



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F., Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF INTERCHINA HOLDINGS COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 36, which comprise the condensed consolidated statement of financial position of Interchina Holdings Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 September 2013 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on this interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that this interim financial information as at 30 September 2013 is not prepared, in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 29 November 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 September	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Continuing operations			
Turnover	3	18,976	193,106
Cost of sales		(453)	(68,502)
Other income and gain, net	4	28,343	18,729
Staff costs		(8,210)	(27,632)
Amortisation and depreciation		(1,894)	(23,762)
Administrative costs		(58,725)	(67,608)
Other operating expenses		(53,601)	(19,630)
Gain/(loss) arising from change in fair value of investment properties		20,892	(82,871)
Loss arising from change in fair value of financial assets at fair value through profit or loss		(57,342)	(35,600)
Loss from operations	5	(112,014)	(113,770)
Finance costs	6	(26,220)	(95,403)
Gain on deemed disposal of associates	28	169,442	–
Gain on disposal of subsidiaries	27	6,270	–
Share of results of associates		14,164	16
Profit/(loss) before taxation		51,642	(209,157)
Taxation	7	(7,702)	910
Profit/(loss) for the period from continuing operations		43,940	(208,247)
Discontinued operations	8		
Profit/(loss) for the period from discontinued operations		5,236	(64,322)
Profit/(loss) for the period		49,176	(272,569)
Profit/(loss) attributable to:			
Owners of the Company		47,056	(291,098)
Non-controlling interests		2,120	18,529
		49,176	(272,569)
Earnings/(loss) per share attributable to the owners of the Company	9		
From continuing and discontinued operations – Basic and diluted		HK0.77cents	(HK5.53 cents)
From continuing operations – Basic and diluted		HK0.69cents	(HK4.31 cents)

The accompanying notes form an integral part of these condensed consolidated financial statements. Details of dividend payable to the owners of the Company are set out in note 10 to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Profit/(loss) for the period	49,176	(272,569)
Other comprehensive income/(loss) for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation during the period	23,684	–
Share of exchange reserve of associates	(206)	–
Total comprehensive income/(loss) for the period	72,654	(272,569)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	65,535	(291,098)
Non-controlling interests	7,119	18,529
	72,654	(272,569)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Non-current assets			
Investment properties	11	618,427	586,800
Property, plant and equipment	12	18,127	17,533
Mining rights	13	1,099,800	1,099,800
Intangible assets	14	124,327	121,492
Goodwill		18,069	18,069
Interests in associates	15	1,844,868	1,634,026
Other non-current assets		65,179	64,159
		3,788,797	3,541,879
Current assets			
Trade and other receivables and prepayments	16	1,538,655	1,560,003
Loan receivables	17	668,293	260,061
Financial assets at fair value through profit or loss		114,553	171,894
Tax recoverable		56	1,246
Bank balances — trust and segregated accounts		140	137
Cash and cash equivalents		457,638	975,279
		2,779,335	2,968,620
Assets classified as held for sale	25	–	28,563
		2,779,335	2,997,183
Total assets		6,568,132	6,539,062
Equity			
Share capital	18	607,867	607,867
Share premium and reserves		4,305,989	4,240,454
Equity attributable to owners of the Company		4,913,856	4,848,321
Non-controlling interests		393,003	385,884
Total equity		5,306,859	5,234,205
Non-current liability			
Deferred tax liabilities	19	63,011	57,399

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Current liabilities			
Trade and other payables and deposits received	20	120,054	152,722
Tax payable		71,557	140,617
Bank borrowings			
— due within one year	21	146,523	147,869
Other borrowings			
— due within one year	21	860,128	806,250
Convertible notes	22	—	—
		1,198,262	1,247,458
Total liabilities		1,261,273	1,304,857
Total equity and liabilities		6,568,132	6,539,062
Net current assets		1,581,073	1,749,725
Total assets less current liabilities		5,369,870	5,291,604

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Contributed surplus	Other reserve	Share options reserve	Exchange reserve	Convertible notes reserve	Statutory surplus reserve	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013 (Audited)	607,867	1,882,587	571,996	1,342,477	-	-	292,418	-	871	150,105	4,848,321	385,884	5,234,205
Profit for the period	-	-	-	-	-	-	-	-	-	47,056	47,056	2,120	49,176
Exchange differences arising from translation during the period	-	-	-	-	-	-	18,685	-	-	-	18,685	4,999	23,684
Share of exchange reserve of associates	-	-	-	-	-	-	(206)	-	-	-	(206)	-	(206)
Total comprehensive income for the period	-	-	-	-	-	-	18,479	-	-	47,056	65,535	7,119	72,654
At 30 September 2013 (Unaudited)	607,867	1,882,587	571,996	1,342,477	-	-	310,897	-	871	197,161	4,913,856	393,003	5,306,859

For the six months ended 30 September 2012

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Contributed surplus	Other reserve	Share options reserve	Exchange reserve	Convertible notes reserve	Statutory surplus reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012 (Audited)	427,467	1,490,940	571,996	1,342,477	292,960	55,175	341,319	-	26,410	(1,165,913)	3,382,831	1,346,902	4,729,733
(Loss)/profit for the period	-	-	-	-	-	-	-	-	-	(291,098)	(291,098)	18,529	(272,569)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	-	-	-	(291,098)	(291,098)	18,529	(272,569)
Placement of shares	85,400	204,960	-	-	-	-	-	-	-	-	290,360	-	290,360
Transaction cost on placement of shares	-	(5,808)	-	-	-	-	-	-	-	-	(5,808)	-	(5,808)
Issue of convertible notes	-	-	-	-	-	-	-	42,080	-	-	42,080	-	42,080
Recognition of deferred tax for convertible notes	-	-	-	-	-	-	-	(6,885)	-	-	(6,885)	-	(6,885)
Conversion of convertible notes	95,000	192,493	-	-	-	-	-	(35,195)	-	-	252,298	-	252,298
Incorporation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	14,334	14,334
Lapsed of share options	-	-	-	-	-	(55,175)	-	-	-	55,175	-	-	-
At 30 September 2012 (Unaudited)	607,867	1,882,585	571,996	1,342,477	292,960	-	341,319	-	26,410	(1,401,836)	3,663,778	1,379,765	5,043,543

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes:

Share premium

The application of is governed by Section 48B of the Hong Kong Companies Ordinance.

Special reserve

The special reserve represented the difference between the nominal value of shares of Burlingame International Company Limited ("Burlingame") and the nominal value of shares issued for the swap of the shares of Burlingame pursuant to the scheme of arrangement as set out in the document issued by the Company and Burlingame dated 27 July 2000.

Contributed surplus

Pursuant to a special resolution by the shareholders of the Company at a special general meeting held on 18 September 2009 and upon all conditions precedents to the capital reorganisation have been fulfilled on 9 April 2010, (i) the nominal value of each share was reduced from HK\$0.10 to HK\$0.01 by cancelling the Company's paid up capital to the extent of HK\$0.09 on each share, (ii) part of the credit arising from capital reduction was utilised to set off accumulated losses of the Company and (iii) the remaining credit balance in the contributed surplus of the Company will be utilised in accordance with the bye-laws of the Company and all applicable laws.

Other reserve

The other reserve represents the Group disposed of an aggregate of 4.43% equity interest in Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina") on 14 January 2013. The voting power of the Group over Heilongjiang Interchina is dropped from 53.77% to 49.34%. The Group ceased to have control but remained significant influence over Heilongjiang Interchina and its subsidiaries (the "Heilongjiang Interchina Group"). As a result, other reserve of approximately HK\$292,960,000 was transferred to accumulated losses of the Group upon if losing control of the Heilongjiang Interchina Group on 14 January 2013.

Share option reserve

Share options reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options at grant date. The amount for each period is determined by spreading the fair value of the share options over the relevant vesting period (if any) and is recognised as staff costs and related expenses with a corresponding increase in the share options reserve.

Exchange reserve

Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in the condensed consolidated statement of profit or loss and other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to the condensed consolidated statement of profit or loss on the disposal of the foreign operations.

Convertible notes reserve

Under Hong Kong Accounting Standard 32 "Financial Instruments: Presentation", convertible notes issued are split into their liability and equity components at initial recognition by recognising the liability component at its fair value which is determined using market interest rate for equivalent non-convertible debts and attributing to the equity component the difference between the proceeds from issue and the fair value of the liability component. The liability component is subsequently carried at amortised cost. The equity component is recognised in the convertible notes reserve until the notes are either converted (in which case it is transferred to share premium) or convertible notes are redeemed (in which case it is released directly to accumulated losses.)

Statutory surplus reserve

Pursuant to the relevant laws and regulations for business enterprises in the People's Republic of China (the "PRC"), a portion of the profits of the Group's entities which are registered in the PRC has been transferred to the statutory surplus reserve which is restricted as to use. When the balance of such reserve reaches 50% of the entity's capital, any further appropriation is optional. The statutory surplus reserve can be utilised, upon approval by the relevant authority, to offset prior year's losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at least 25% of entity's capital after such usage.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Net cash used in operating activities	(517,116)	(483,947)
Net cash used in investing activities	(29,582)	(15,241)
Net cash generated from financing activities	1,601	385,155
Net decrease in cash and cash equivalents	(545,097)	(114,033)
Cash and cash equivalents at beginning of the period	975,142	398,751
Effect of foreign exchange rate changes	27,453	–
Cash and cash equivalents at end of the reporting period	457,498	284,718
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	457,638	284,783
Less: Bank balances — trust and segregated accounts	(140)	(65)
	457,498	284,718

The accompanying notes form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at 15th Floor, CCB Tower, 3 Connaught Road Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in (i) environmental water treatment operation, (ii) property investment operation, (iii) financing and securities investment operation and (iv) nature resources operation.

The condensed consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group (the "Interim Financial Statement") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Interim Financial Statement has been prepared on historical cost basis except that the following assets are stated at their fair value:

- investment properties; and
- financial assets at fair value through profit or loss classified as held for trading

The Interim Financial Statement has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the impact of the adoption of the new and revised HKAS, Hong Kong Financial Reporting Standards and interpretations described below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the current period, the Group has applied, for the first time, the following new and revised standards and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial period beginning from 1 April 2013. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 1 (Revised in 2012) (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised in 2011)	Employee Benefits
HKAS 27 (Revised in 2011)	Separate Financial Statements
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except for the HKAS 1 (Amendments) and HKFRS 13, the adoption of the new and revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements. The principal effects of adopting these new and revised HKFRSs are as follows:

Amendments to HKAS 1 *Presentation of items of other comprehensive income*

The Group has applied the amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the “statement of comprehensive income” is renamed as the “statement of profit or loss and other comprehensive income” and the “income statement” is renamed as the ‘statement of profit or loss’. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the Interim Financial Statements. The Group has provided those disclosures in note 29. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKFRS 9	Financial Instruments ²
HKFRS 10, HKFRS 12 and HKAS 27 (Revised in 2011) (Amendments)	Investment Entities ¹
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets ¹
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC)-Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 January 2015

The directors of the Company has commenced their assessments of the impact of the above new and revised HKFRSs, but it is not yet in a position to state whether these new and revised HKFRSs would have a material impact on the results and the financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

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 continuing operating segments and discontinued operating segment 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 investment in Hong Kong
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 in Republic of Indonesia

Discontinued operations

Securities dealing and brokerage operation	—	Provision of securities dealing and brokerage operation services in Hong Kong
Supply and procurement operation	—	Supply and procurement of metal minerals and electronic components in the PRC

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

For the six months ended 30 September 2013

	Continuing operations				Discontinued operations			Consolidated total	Consolidated total
	Environmental water treatment operation	Property investment operation	Financing and securities investment operation	Natural resources operation	Securities dealing and brokerage operation	Supply and procurement operation	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Sub-total	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	-	10,272	8,704	-	18,976	7,423	-	7,423	26,399
Segment results	1,679	26,556	(48,702)	(964)	(21,431)	6,581	(147)	6,434	(14,997)
Interests income and other income					10,359			1	10,360
Unallocated expenses					(100,942)			-	(100,942)
(Loss)/profit from operations					(112,014)			6,435	(105,579)
Finance costs					(26,220)			(9)	(26,229)
Gain on deemed disposal of associates					169,442			-	169,442
Gain on disposal of subsidiaries					6,270			-	6,270
Share of results of associates					14,164			-	14,164
Profit before taxation					51,642			6,426	58,068
Taxation					(7,702)			(1,190)	(8,892)
Profit for the period					43,940			5,236	49,176

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

3. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2012

	Continuing operations					Discontinued operations			Consolidated total HK\$'000 (Unaudited)
	Environmental water treatment operation HK\$'000 (Unaudited)	Property investment operation HK\$'000 (Unaudited)	Financing and securities investment operation HK\$'000 (Unaudited)	Natural resources operation HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Securities dealing and brokerage operation HK\$'000 (Unaudited)	Supply and procurement operation HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	
Segment revenue	179,062	12,345	1,699	-	193,106	8,849	8,525	17,374	210,480
Segment results	15,975	(97,972)	(33,935)	(1,547)	(117,479)	(57,260)	(6,322)	(63,582)	(181,061)
Interests income and other income					18,729			332	19,061
Unallocated expenses					(15,020)			-	(15,020)
Loss from operations					(113,770)			(63,250)	(177,020)
Finance costs					(95,403)			-	(95,403)
Share of results of associates					16			-	16
Loss before taxation					(209,157)			(63,250)	(272,407)
Taxation					910			(1,072)	(162)
Loss for the period					(208,247)			(64,322)	(272,569)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both periods.

Segment results represent the profit/(loss) earned/(suffered) by each segment without allocation of central administration costs including other operating expenses, partial administrative costs, finance costs, gain on deemed disposal of associates, gain on disposal of subsidiaries, share of results of associates and taxation. This is measure reported to the management for the purposes of resource allocation and assessment of segment performance.

4. OTHER INCOME AND GAIN, NET

	Continuing operations For the six months ended 30 September		Discontinued operations For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Bank interests income	2,708	7,375	1	5
Other loan interests income	7,325	176	-	-
Government subsidies	17,984	6,711	-	-
Consultancy service income	-	1,021	-	-
Gain on disposal of property, plant and equipment	62	-	-	-
Net foreign exchange gain	215	-	-	-
Sundry income	49	3,446	-	327
	28,343	18,729	1	332

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

5. LOSS FROM OPERATIONS

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

	Continuing operations For the six months ended 30 September		Discontinued operations For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	1,894	3,777	22	108
Amortisation of prepaid lease payments and intangible assets	–	19,985	–	–
(Gain)/loss on disposal of property, plant and equipment	(62)	27	–	–
(Gain)/loss arising from change in fair value of investment properties	(20,892)	82,871	–	–
Loss arising from change in fair value of financial assets at fair value through profit or loss	57,342	35,600	–	–
Impairment loss recognised in respect of property, plant and equipment	1,537	19,526	–	928
Impairment loss recognised in respect of trade and other receivables and prepayments	43,949	104	83	22,174
Impairment loss recognised in respect of loan receivables	8,115	–	–	41,335
Write-down of inventories	–	–	–	3,115
Operating lease rentals in respect of premises	3,085	2,391	–	1,300
Gross rental income from investment properties	(10,272)	(12,346)	–	–
Less: direct operating expenses from investment properties that generated rental income during the period	108	100	–	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

6. FINANCE COSTS

	Continuing operations For the six months ended 30 September		Discontinued operations For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Interests on:				
– Bank borrowings	4,617	94,879	9	–
– Other borrowings	21,603	169	–	–
– Convertible notes	–	355	–	–
	26,220	95,403	9	–

7. TAXATION

	Continuing operations For the six months ended 30 September		Discontinued operations For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Current tax				
Hong Kong Profits Tax	105	–	1,190	1,072
The PRC Enterprise Income Tax	2,698	882	–	–
	2,803	882	1,190	1,072
Under provision in prior period:				
– Hong Kong	1	–	–	–
Deferred tax	4,898	(1,792)	–	–
	7,702	(910)	1,190	1,072

Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

The PRC Enterprise Income Tax

All the Company's subsidiaries established in the PRC are either subject to the PRC Enterprise Income Tax at 25% for both periods or preferential enterprise income tax rate of the assessable income of each company for both periods, as determined in accordance with the relevant PRC income tax rules and regulations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

8. DISCONTINUED OPERATIONS

The Group decided to cease the operations of securities dealing and brokerage operation and supply and procurement operation.

The results and cash flows of the discontinued operations for the current and prior periods were as follows:

(a) Securities dealing and brokerage operation

	For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Turnover	7,423	8,849
Other income and gain, net	1	313
Staff costs	(254)	(999)
Amortisation and depreciation	(22)	(5)
Administrative costs	(483)	(1,596)
Other operating expenses	(83)	(63,509)
Profit/(loss) from operation	6,582	(56,947)
Finance costs	(9)	–
Profit/(loss) before taxation	6,573	(56,947)
Taxation	(1,190)	(1,072)
Profit/(loss) for the period	5,383	(58,019)

	For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Net cash used in operating activities	(1,017)	(10,204)
Net cash used in financing activities	(9)	–
Net cash outflow	(1,026)	(10,204)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

8. DISCONTINUED OPERATIONS *(Continued)*

(b) Supply and procurement operation

	For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Turnover	-	8,525
Cost of sales	-	(9,297)
Other income and gain, net	-	19
Staff costs	(103)	(212)
Amortisation and depreciation	-	(103)
Administrative costs	(44)	(1,192)
Other operating expenses	-	(4,043)
Loss before taxation	(147)	(6,303)
Taxation	-	-
Loss for the period	(147)	(6,303)

	For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Net cash used in operating activities	(334)	(1,813)
Net cash outflow	(334)	(1,813)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

9. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

	For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Earnings/(loss)		
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic earnings/(loss) per share	47,056	(291,098)
Effect of dilutive potential ordinary shares on interest of convertible notes	–	355
Profit/(loss) for the purpose of diluted earnings/(loss) per share	47,056	(290,743)

	For the six months ended 30 September	
	2013 '000	2012 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	6,078,669	5,256,593

From continuing operations

	For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Earnings/(loss)		
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic earnings/(loss) per share	41,820	(226,776)
Effect of dilutive potential ordinary shares on interest of convertible notes	–	355
Profit/(loss) for the purpose of diluted earnings/(loss) per share	41,820	(226,421)

	For the six months ended 30 September	
	2013 '000	2012 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	6,078,669	5,256,593

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

9. EARNINGS/(LOSS) PER SHARE (Continued)

From discontinued operations

	For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Earnings/(loss)		
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	5,236	(64,322)

	For the six months ended 30 September	
	2013 '000	2012 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	6,078,669	5,256,593

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation for the six months ended 30 September 2012, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted loss per share.

10. INTERIM DIVIDEND

No interim dividend was paid or proposed during the six months ended 30 September 2013 and 30 September 2012, nor any dividend been proposed by the board of directors subsequent to the end of the reporting period.

11. INVESTMENT PROPERTIES

The fair value of the Group's investment properties at 30 September 2013 have been arrived at on the basis of a valuation carried out on that date by Messrs. Cushman & Wakefield Valuation Advisory Services (HK) Limited, independent professional valuers who are not connected with the Group. Messrs. Cushman & Wakefield Valuation Advisory Services (HK) Limited is a member of the Royal Institution of Chartered Surveyors and have recent experience in the valuation of similar properties in relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in similar locations and conditions or on the basis of net rental income capitalisation.

At 30 September 2013, investment properties with the carrying amount of approximately HK\$564,109,000 (31 March 2013: HK\$535,550,000) have been pledged to secure general banking facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

12. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
Carrying amounts:	
At 1 April 2013 (Audited)	17,533
Additions	242
Acquisition of asset through acquisition of a subsidiary	2,053
Disposal	(279)
Depreciation	(1,894)
Impairment loss recognised	(1,537)
Exchange alignment	2,009
At 30 September 2013 (Unaudited)	18,127

At 30 September 2013, the carrying amounts of property, plant and equipment comprise the followings:

	HK\$'000 (Unaudited)
Carrying amounts:	
Property under development	7,499
Leasehold improvements	230
Furniture and fixtures	5,276
Equipment, motor vehicles and others	5,122
	18,127

During the six months ended 30 September 2013, certain property, plant and equipment were obsolete, damaged or that could not generate future economic benefits. In the opinion of the directors of the Company, an impairment loss of approximately HK\$1,537,000 (six months ended 30 September 2012: HK\$20,454,000) was recognised in the condensed consolidated statement of profit or loss.

13. MINING RIGHTS

	HK\$'000
Cost	
At 1 April 2012, 31 March 2013, 1 April 2013 and 30 September 2013	1,232,400
Accumulated impairment	
At 1 April 2012	–
Impairment	132,600
At 31 March 2013, 1 April 2013 and 30 September 2013	132,600
Carrying amount	
At 30 September 2013 (Unaudited)	1,099,800
At 31 March 2013 (Audited)	1,099,800

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

13. MINING RIGHTS *(Continued)*

The mining rights represent the rights to conduct mining activities in East Nusa Tenggara, Kupang, Republic of Indonesia.

The mining rights is amortised using the unit-of-production methods based on the total proven and probable mineral reserves, under the assumption that the initial granted period is 20 years, till all proven and probable mineral reserves have been mined. At 30 September 2013 and 30 September 2012, the directors of the Company considered that as the commercial production of the mine has not yet been commenced, no amortisation was recognised for the six months ended 30 September 2013 and 30 September 2012.

14. INTANGIBLE ASSETS

	Concession intangible assets HK\$'000
Cost	
At 1 April 2012 (Audited)	1,132,824
Additions	84,300
Disposal of subsidiaries	(1,086,442)
Exchange alignment	(9,190)
At 31 March 2013 and 1 April 2013 (Audited)	121,492
Exchange alignment	2,835
At 30 September 2013 (Unaudited)	124,327
Accumulated amortisation	
At 1 April 2012 (Audited)	66,919
Charge for the year	35,203
Elimination on disposal of subsidiaries	(103,637)
Exchange alignment	1,515
At 31 March 2013, 1 April 2013 and 30 September 2013	-
Carrying amount	
At 30 September 2013 (Unaudited)	124,327
At 31 March 2013 (Audited)	121,492

The intangible assets represented the tap water processing operating rights under Build-Operate-Transfer ("BOT") arrangement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

15. INTERESTS IN ASSOCIATES

	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Cost of investment — Listed (note)	1,800,773	1,631,331
Share of results of associates	35,981	21,817
Share of other comprehensive income of associates	6,948	7,155
	1,843,702	1,660,303
Amount due from an associate	10,111	1
Amounts due to associates	(8,945)	(26,278)
	1,844,868	1,634,026
Market value of listed associates	1,810,364	1,485,600

Note:

On 19 October 2012, the board of directors of Heilongjiang Interchina, approved a proposal in respect of the issue of maximum of 160,000,000 Heilongjiang Interchina new shares to not more than ten subscribers (the "Deemed Disposal").

On 12 April 2013, Heilongjiang Interchina received the formal approval notice from the China Securities Regulatory Committee ("CSRC") in respect to the issue of shares.

On 21 June 2013, Heilongjiang Interchina issued an aggregate of 155,024,691 shares to 8 subscribers at the price of RMB 8.1 per share and result net proceeds of approximately RMB1,215,231,000 (equivalent to approximately HK\$1,529,170,000) were raised accordingly. Following completion of the Deemed Disposal, the Group's interests in Heilongjiang Interchina was diluted from 28.02% to 20.56%. Considering the equity interest of 28.02% in Heilongjiang Interchina, the excess of the net proceeds from the Deemed Disposal over the carrying amount of equity interest in the Heilongjiang Interchina upon completion of the Deemed Disposal amount to approximately HK\$169,442,000 was recognised as gain on deemed disposal of associates in the condensed consolidated statement of profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

As of the end of the reporting period, the aging analysis of trade receivables, based on the invoice date is as follows:

	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Trade receivables:		
0–30 days	35,994	32,879
Margin clients' accounts receivables	103,960	99,761
Prepayments and deposits	1,370,377	1,400,077
Other receivables	28,324	27,286
Trade and other receivables and prepayments, net of allowance for doubtful debts	1,538,655	1,560,003

The average credit period granted to customers is 60 days (31 March 2013: 60 days).

Margin loans due from margin clients are repayable on demand. Margin loans are required to be secured by clients' listed securities held by the Group as collateral and bears interest at commercial rates for the six months ended 30 September 2013 and for the year ended 31 March 2013. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. No aging analysis of margin clients' accounts receivables is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of business of securities margin financing.

During the six months ended 30 September 2013, there were significant changes in credit quality of certain debtors. The directors of the Company considered that the recoverability of trade and other receivables and prepayment were in doubt and therefore, an impairment of HK\$44,032,000 (six months ended 30 September 2012: HK\$22,278,000) was recognised in the condensed consolidated statement of profit or loss for the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

The Group's prepayments and deposits as at 30 September 2013, inter alia, are as follow:

- (i) deposit of HK\$51,100,000 (31 March 2013: HK\$51,100,000) paid for acquisition of the remaining equity interest of the company principally engaged in the exploration, mining, processing and sale of manganese resources in the Republic of Indonesia;
- (ii) deposits of approximately HK\$364,504,000 (31 March 2013: HK\$439,663,000) paid for acquisition of certain investment properties in the PRC;
- (iii) deposits of approximately HK\$227,516,000 (31 March 2013: HK\$223,250,000) paid for acquisition of several potential water projects in the PRC;
- (iv) deposit of HK\$225,000,000 (31 March 2013: HK\$225,000,000) paid for acquisition of the entire equity interests of companies principally engaged in investment holding of a Bolivian company and the related sale loan; and
- (v) prepayments of approximately HK\$388,393,000 (31 March 2013: HK\$382,611,000) to various contractors for construction of environmental water treatment projects in the PRC.

17. LOAN RECEIVABLES

The loan was unsecured, carrying at the prevailing interest rate ranging from 2.00% to 7.20% per annum (31 March 2013: from 2.00% to 7.20% per annum).

During the six months ended 30 September 2013, the directors of the Company have assessed the recoverability of loan receivables, based on past experience, and determined that loan receivables was impaired by approximately HK\$8,115,000 for the six months ended 30 September 2013 (six months ended 30 September 2012: HK\$41,335,000). 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

18. SHARE CAPITAL

	Number of shares		Nominal value	
	At 30 September 2013 '000 (Unaudited)	At 31 March 2013 '000 (Audited)	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Ordinary shares of HK\$0.10 each				
Authorised:				
At beginning and end of the reporting period	10,000,000	10,000,000	1,000,000	1,000,000
Issued and fully paid:				
At beginning of the period	6,078,669	4,274,669	607,867	427,467
Placement of shares	–	854,000	–	85,400
Conversion of convertible notes	–	950,000	–	95,000
At end of the reporting period	6,078,669	6,078,669	607,867	607,867

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

19. DEFERRED TAX LIABILITIES

The following is the major deferred tax liabilities recognised and movements thereon during the current and prior periods:

	Revaluation of properties HK\$'000	Convertible notes HK\$'000	Fair value adjustments arising on acquisition of subsidiaries HK\$'000	Temporary difference on assets under HK (IFRIC)- Int 12 HK\$'000	Total HK\$'000
At 1 April 2012 (Audited)	72,997	–	30,687	42,180	145,864
Issue of convertible notes	–	6,885	–	–	6,885
Conversion of convertible notes	–	(6,885)	–	–	(6,885)
Disposal of subsidiaries	–	–	(38,511)	(60,621)	(99,132)
Disposal of an investment property	(15,377)	–	–	–	(15,377)
Charge to the consolidated statement of profit or loss	5,327	–	–	6,135	11,462
Exchange alignment	(5,548)	–	7,824	12,306	14,582
At 31 March 2013 and 1 April 2013 (Audited)	57,399	–	–	–	57,399
Charge to the condensed consolidated statement of profit or loss	4,898	–	–	–	4,898
Exchange alignment	714	–	–	–	714
At 30 September 2013 (Unaudited)	63,011	–	–	–	63,011

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

20. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

As of the end of reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Trade payables:		
0-30 days	140	137
Other payables and deposits received	119,914	152,585
	120,054	152,722

Included in other payables was an amount of interest expenses payable amounted to approximately HK\$31,380,000 (31 March 2013: HK\$50,846,000).

21. BANK AND OTHER BORROWINGS

	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Secured bank borrowings	146,523	147,869
Secured other borrowings	579,618	556,250
Unsecured other borrowings	280,510	250,000
Total other borrowings	860,128	806,250
Total bank and other borrowings	1,006,651	954,119

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

21. BANK AND OTHER BORROWINGS (Continued)

	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Carrying amounts repayable:		
Within one year:		
— Bank borrowings	2,741	4,581
Carrying amount of bank and other borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	1,003,910	949,538
Total bank and other borrowings	1,006,651	954,119

Notes:

- (a) The bank borrowings are variable-rate borrowings, thus exposing the Group to cash flow interest rate risk. The effective interest rate on bank borrowings denominated in Hong Kong dollars is ranging from 2.45% to 5.25% (31 March 2013: 2.45% to 5.25%) per annum. The effective interest rates on bank borrowings denominated in Renminbi ranging from 5.40% to 6.83% (31 March 2013: 4.00% to 9.00%) per annum.

The other borrowings with the carrying amount of approximately HK\$834,395,000 (31 March 2013: HK\$806,250,000) bear interest at rates of 5.60% to 9.00% per annum for the six months ended 30 September 2013 (year ended 31 March 2013: 5.60% to 11.10% per annum).

The other borrowings with carrying amount of approximately HK\$25,733,000 (31 March 2013: Nil) is unsecured, interest-free and repayable on demand.

- (b) Asset with the following carrying amount have been pledged to secured general banking facilities granted to the Group, set out as follow:

	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Investment properties	564,109	535,550

The secured other borrowings are secured by 110,785,000 shares (31 March 2013: 257,397,500) shares of Heilongjiang Interchina, which its shares are listed on the Shanghai Stock Exchange.

- (c) The Group's bank and other borrowings are denominated in the following currencies:

	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Hong Kong dollars	7,961	9,999
Renminbi	998,690	944,120
	1,006,651	954,119

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

22. CONVERTIBLE NOTES

On 13 December 2011, the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent agreed amongst other things, on a best effort basis, to procure placees to subscribe in cash for convertible notes issued by the Company up to the principal amount of HK\$294,500,000.

The convertible notes carries interest at 2% per annum and payable per quarter and will be matured in 2015. The convertible notes are denominated in Hong Kong dollar. The initial conversion price is HK\$0.31 per share. The effective interest rate of the liability component of the convertible note is 7.5% per annum. Details of which were set out in the Company's circular dated 17 February 2012.

On 8 May 2012, the placing conditions precedents for the placing of the convertible notes under the placing agreement were fulfilled and that the placing of convertible notes has been issued to more than six independent parties. On 14 May 2012, an aggregated of HK\$294,500,000 of the convertible notes were converted at an initial conversion price of HK\$0.31 each into 950,000,000 ordinary shares of the Company at HK\$0.10 each.

Reconciliation of the liability component of the convertible notes:

	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Proceeds of issue of convertible notes	–	287,138
Equity component	–	(42,080)
Imputed interest recognised for the year	–	355
Conversion into ordinary shares	–	(245,413)
	–	–

23. CAPITAL COMMITMENTS

The Group had the following outstanding commitments at the end of the reporting period:

	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Authorised and contracted, but not provided for:		
– acquisition of property, plant and equipment	7,640	7,404
– acquisition of subsidiaries	273,000	507,000
	280,640	514,404

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

24. OPERATING LEASE COMMITMENTS

The Group as lessee

	For the six months ended 30 September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Minimum lease payments paid under operating leases during the period:		
Premises	3,085	2,391

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Within one year	10,426	8,087
In the second to the fifth year inclusive	23,470	28,299
	33,896	36,386

Operating lease payments represent rentals payable by the Group for leasing certain of its office properties located in Hong Kong and the Republic of Indonesia. Leases for the office properties are negotiated for an average term of three years.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Within one year	18,533	38,359
In the second to the fifth year inclusive	26,459	46,750
After five years	6,496	8,671
	51,488	93,780

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

25. ASSETS CLASSIFIED AS HELD FOR SALE

For the period ended 30 September 2013

On 28 January 2013, the Company entered into a share transfer agreement with Interchina Water Treatment Hong Kong Company Limited ("Interchina Water Treatment"), pursuant to which the Company agreed to disposal of 25% equity interest in Interchina (Qinhuangdao) Sewage Treatment Company Limited ("Interchina (Qinhuangdao)") to Interchina Water Treatment at a consideration of RMB22,850,000 (equivalent to approximately HK\$28,563,000). The disposal had been completed on 31 May 2013.

26. ACQUISITION OF ASSET THROUGH ACQUISITION OF A SUBSIDIARY

On 18 July 2013, the Group entered into a sale and purchase agreement to acquire 100% equity interest and a shareholder loan of approximately HK\$1,374,000 in Joint Triumph Investment Limited ("Joint Triumph") at a total consideration of HK\$2,050,000. Joint Triumph is engaged in renting of motor vehicle and its only asset is a motor vehicle. The transaction has been accounted for as acquisition of asset that does not meet the definition of a business combination. The transaction had been completed on 19 July 2013.

Consideration transferred:

	HK\$'000
Cash and cash equivalent	2,050

Asset acquired and liability recognised at the date of acquisition are as follows:

	HK\$'000
Net assets acquired:	
Property, plant and equipment	2,053
Accrual	(3)
Consideration transferred	2,050

Net cash outflow arising from acquisition of Joint Triumph

	HK\$'000
Net cash outflow	2,050

According to the sales and purchase agreement, the shareholder's loan amounted to approximately HK\$1,374,000 was acquired by the Group upon completion of the acquisition.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

27. DISPOSAL OF SUBSIDIARIES

On 23 September 2013, the Group entered into a sale and purchase agreement to disposal of 100% equity interest and a shareholder's loan of approximately HK\$4,160,000 in Grand Bright Group Holdings Limited and its wholly-owned subsidiary, 國中乾源（上海）有限公司 (collectively referred as "Grand Bright Group") at a total consideration of HK\$100. Grand Bright Group is engaged in supply and procurement operation. The disposal was completed on 30 September 2013, on which date control of Grand Bright Group passed to the acquirer.

Consideration transferred:

	HK\$
Cash and cash equivalent	100

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Other receivable	5
Cash and cash equivalent	188
Trade payables	(1,860)
Other payables	(4,603)
Amount due to a shareholder	(4,160)
Net liabilities of Grand Bright Group	(10,430)

Gain on disposal of Grand Bright Group:

	HK\$'000
Consideration received and receivable	-
Net liabilities disposed of	(10,430)
Shareholder's loan	4,160
Gain on disposal of Grand Bright Group	(6,270)

Net cash outflow arising from disposal:

	HK\$
Cash consideration	100
Less: cash and cash equivalent disposed of	(188,498)
Net cash outflow	(188,398)

The impact of Grand Bright Group on the Group's results and cash flows in the current and prior period is disclosed in note 8(b) to the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

28. DEEMED DISPOSAL OF ASSOCIATES

On 21 June 2013, Heilongjiang Interchina issued an aggregate of 155,024,691 shares to 8 subscribers at the price of RMB 8.1 per share and result net proceeds of approximately RMB1,215,231,000 were raised accordingly. Following completion of the Deemed Disposal, the Group's interests in Heilongjiang Interchina was diluted from 28.02% to 20.56%. Considering the equity interest of 28.02% in Heilongjiang Interchina, the excess of the net proceeds from the Deemed Disposal over the carrying amount of equity interest in the Heilongjiang Interchina upon completion of the Deemed Disposal amount to approximately HK\$169,442,000 was recognised as gain on deemed disposal of associates in the condensed consolidated statement of profit or loss. The effect of changes of interests in associates as at the completion date of the Deemed Disposal is summarised as follow:

	HK\$'000
Net proceed from Deemed Disposal	1,529,170
Less: Carrying amount of equity interests deemed disposed of	(1,359,728)
Gain on deemed disposal of associates	169,442

29. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

	Quoted prices in active market for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
At 30 September 2013 (Unaudited)				
Recurring fair value measurement				
Financial assets at fair value through profit or loss classified as held for trading	114,553	-	-	114,553

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

29. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets measured at fair value (Continued)

	Quoted prices in active market for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
At 31 March 2013 (Audited)				
Recurring fair value measurement				
Financial assets at fair value through profit or loss classified as held for trading	171,894	–	–	171,894

During the six months ended 30 September 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (31 March 2013: nil).

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 September 2013 and 31 March 2013.

30. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, during the period, the Group entered into the following transactions with related parties:

(a) Compensation of key management personnel

Compensation for key management personnel, including amount paid to the Company's directors and the senior executives is as follows:

	For the six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other short-term benefits	3,956	4,499
Pension scheme contribution	133	133
	4,089	4,632

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

30. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balance with related parties

There was no amount advanced to directors of a subsidiary included in the other receivables (31 March 2013: HK\$32,000).

Included in other payables was amounts payable to related parties amounted to approximately HK\$8,396,000 (31 March 2013: HK\$8,396,000).

- (c) On 16 December 2012, the Company entered into the sale and purchase agreement (the “Sale and Purchase Agreement”) with Mr. Jiang Zhaobai (“Mr. Jiang”), the chairman and executive director of the Company, regarding the acquisition, pursuant to which Mr. Jiang has agreed to disposal equity interest of Pengxin Agricultural Holdings Company Limited (“Pengxin Agricultural”) and the sale loan of amounted to US\$26,500,000 (equivalent to HK\$206,700,000) at the aggregate consideration of US\$65,000,000 (equivalent to 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.

31. EVENTS AFTER THE REPORTING PERIOD

- (i) On 26 November 2013, the Company and Mr. Jiang entered into a termination deed (the “Termination Deed”) to terminate the Sale and Purchase Agreement. Pursuant to the Termination Deed, Mr. Jiang shall refund the deposit to the Company. Subject to the refund of the deposit by Mr. Jiang, the Company and Mr. Jiang discharges and releases each other from the performance of any obligations under the Sale and Purchase Agreement. 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, 31 May 2013, 31 July 2013, 27 September 2013 and 26 November 2013.
- (ii) On 29 November 2013, the Company entered into the sale and purchase agreement with Mr. Jiang and his brother, Mr. Jiang Lei regarding the acquisition of the entire equity interest in Loyal Rich International Investment Limited (“Loyal Rich”) and the amount owing by Loyal Rich to Mr. Jiang and Mr. Jiang Lei at the consideration of HK\$573,000,000 (the “Acquisition”). Details of which were set out in the Company’s announcements dated 26 November 2013 and 29 November 2013.

32. APPROVAL AND AUTHORISATION FOR ISSUE OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the board of directors on 29 November 2013.

MANAGEMENT STATEMENT

BUSINESS OVERVIEW

Property Investment Operation

The Group's currently owns approximately total gross floor area of 19,620 sq. m. in Beijing Interchina Commercial Building, located in the CBD of Beijing, the PRC (the "Beijing Property"). At 30 September 2013, the carrying value of the Group's investment properties amounted to HK\$618,427,000 (31 March 2013: HK\$586,800,000) and all of them have been fully let out during the Period.

Due to the Group completed the disposal of the Shanghai property in January 2013, rental income decreased by 16.8% to HK\$10,272,000. The segment profit amounted to HK\$26,556,000, representing an increase of HK\$124,528,000 as compared with the segment loss of HK\$97,972,000 of the same period last year. The increase in profit was primarily due to a fair value gain of HK\$20,892,000 arising from change in fair value of the Group's investment property (six months ended 30 September 2012: fair value loss of HK\$82,871,000).

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 RMB194,127,000. 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 HK\$14,379,000). Detail of the transaction was set out in the Company's announcement dated 25 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 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.

Financing and Securities Investment Operation

As at 30 September 2013, total securities investment/financial assets at fair value through profit and loss stood at HK\$114,553,000 (31 March 2013: HK\$171,894,000) and total loan receivable under financing operation amounted to HK\$286,384,000 (31 March 2013: HK\$260,061,000). Although this segment recorded revenue of HK\$8,704,000 for the Period, representing an increase of 412.3% as compared with HK\$1,699,000 of the same period last year, the segment loss significantly increased by 43.5% from HK\$33,935,000 of the same period last year to HK\$48,702,000 for the Period. The increase in loss was mainly attributed by the increase in the unrealised loss arising from the drop in fair value of the securities investment from HK\$35,600,000 in the same period last year to HK\$57,342,000 for the Period. 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.

Natural Resources Operation

During the Period, this segment did not contribute any revenue to the Group. The segment loss amounted to HK\$964,000, representing an decrease of HK\$583,000 as compared with HK\$1,547,000 of the same period last year. The loss was mainly represented administrative expenses for the Period.

MANAGEMENT STATEMENT

The Group's nature 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 licensed mining company under the Laws of 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 Tenggara, Indonesia ("Mining Block") and have obtained mining license IUP Manganese Production Operation to conduct the activities of construction, production, sales transportation and processing/refinery in the Mining Block for a period of twenty years ("Mining Right"). Resource of the Mining Block has no significant change during the Period. The carrying value of the Mining Right at 30 September 2013 amounted to HK\$1,099,800,000 (31 March 2013: HK\$1,099,800,000). Besides, the construction of the processing centre was completed in September 2013, with well-equip facilities such as warehouse, vibration screener machine and grinding machine which not only can processing and refining of our own manganese ore but also can provide service to outside customer.

The Group was in discussions to acquire the 35% equity interest in SLP currently held by the minority shareholders of the SLP. Those discussions have been on-going over year on an intermittent basis and no agreement has been reached.

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

Environmental Water Treatment Operation — Interests in associates

The Group mainly operates the environmental water treatment operation through its wholly-owned subsidiary, Interchina (Tianjin) Water Treatment Limited ("Interchina (Tianjin)") and its associate company, Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina") (Stock Code: 600187, listed on the Shanghai Stock Exchange). At 30 September 2013, the Group operated fourteen water projects located in different regions in the PRC, with aggregate daily processing capacity of approximately 1,500,000 tonnes, of which thirteen projects with aggregate daily processing capacity of approximately 1,400,000 tonnes is under Heilongjiang Interchina and the Hanzhong project with daily processing capacity of approximately 100,000 tonnes is under Interchina (Tianjin).

Following the completion of the disposal of aggregate of 110,000,000 shares of Heilongjiang Interchina took place in January 2013 (the "Heilongjiang Disposal"), Heilongjiang Interchina ceased to be a subsidiary of the Company and became a 28.02% owned associate of the Group. On 12 April 2013, Heilongjiang Interchina received the approval notice from the CSRC to approve the non-public share issue proposal (the "Non-public Share Issue") which had been approved by the Shareholder at the Company's extraordinary general meeting held on 19 October 2012. The completion of the Non-public Share Issue took place on 21 June 2013 and Heilongjiang Interchina finally issued an aggregate of 155,024,691 Heilongjiang Interchina shares to 8 institutional investors at a price of RMB 8.1 per share raising net proceeds of RMB1,215,000,000. As a result, the Company's interest in Heilongjiang Interchina had been reduced from 28.02% to 20.56%, resulting in a gain on deemed disposal of HK\$169,442,000. After the dilution, the Group remains as the single largest shareholder of Heilongjiang Interchina and is entitled to share the operating results of the Heilongjiang Interchina Group with respect to its shareholding interest in Heilongjiang Interchina after the completion the Non-public Share Issue. Up to 30 September 2013, the Group shared a net profit from Hailongjiang Interchina for the period of HK\$14,164,000.

On 17 September 2013, the shareholders of Heilongjiang Interchina approved the proposal of profit distribution and capitalisation from capital reserves for the half year of 2013 (issue of 15 bonus shares for every 10 shares by way of capitalisation of capital reserves). The capitalisation from capital reserve will be based on the total share capital of Heilongjiang Interchina of 582,249,691 shares as at 30 June 2013 and the share capital of Heilongjiang Interchina will be increased by a total of 873,374,537 shares. The completion of the aforesaid capitalisation from capital reserve took place on 8 October 2013 and the enlarged share capital of Heilongjiang Interchina is 1,455,624,228 shares. As a result, the number of Heilongjiang Interchina shares owned by the Company increased from 119,725,000 shares to 299,312,500 shares, the equity interest in Heilongjiang Interchina remains unchanged.

MANAGEMENT STATEMENT

Discontinued Operations

Securities dealing and brokerage operation and supply and procurement operation are presented as discontinued operation in the condensed consolidated financial statements for the six months ended 30 September 2013.

The cessation of securities dealing and brokerage operation became effective on 31 July 2012 but has been pending the final approval by the Securities and Futures Commission. During the Period, revenue from securities dealing and brokerage operation represented the interest income arising from client's receivable of this segment, decreased 16.1% to HK\$7,423,000. This segment recorded profit of HK\$5,383,000 as compared to the loss of HK\$58,019,000 of the same period last year, is primarily due to there were the impairment loss of HK\$41,335,000 in respect of client's receivable and the impairment loss of HK\$22,174,000 in respect of trade and other receivables and prepayments for the same period of last year.

Due to the Group had discontinued the supply and procurement operation in April 2012, no further turnover was recognised during the Period (six months ended 30 September 2012: HK\$8,525,000). The segment loss significantly decreased 97.7% to HK\$147,000. In September 2013, the Group entered into the sale and purchase agreement with the independent third party to disposal of entire equity interest in the subsidiaries under supply and procurement operation at the consideration of HK\$100 (the "Disposal"). The Disposal did not constitute any notifiable transaction of the Company under the Listing Rules. The Disposal completed in September 2013 and recognised a gain on disposal of subsidiaries of HK\$6,270,000.

Outlook

The global economy continues to be uncertain. 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 and any other investment opportunity with low operating risk, and to provide shareholders with largest investment returns in return for their long-term support.

FINANCIAL REVIEW

Overall Performance

Due to Heilongjiang Interchina ceased to be a subsidiary of the Company and become an associate company of the Company since January 2013, hence its financial results are accounted for by equity method in the condensed consolidated financial statement of the Group, the Group recorded a significant decreased in turnover, operating expenses and finance costs for the Period.

Turnover from continuing operations decreased by 90.2% to HK\$18,976,000 (six months ended 30 September 2012: HK\$193,106,000). Turnover for the Period was generated from the property investment operation and financing and securities investment operation. The environmental water treatment operation recorded no turnover for the Period (six months ended 30 September 2012: HK\$179,062,000). Cost of sales decreased by 99.3% to HK\$453,000 (six months ended 30 September 2012: HK\$68,502,000). The environmental water treatment operation recorded no cost of sales for the Period (six months ended 30 September 2012: HK\$67,390,000). Total operating expenses (the aggregate amount of staff costs, amortisation and depreciation and administrative costs) decreased by 42.2% to HK\$68,829,000 (six months ended 30 September 2012: HK\$119,002,000), of which the total operating expenses under environmental water treatment operation decreased by 83.9% to HK\$15,851,000 (six months ended 30 September 2012: HK\$98,404,000). Finance costs also decreased by 72.5% to HK\$26,220,000 (six months ended 30 September 2012: HK\$95,403,000), of which finance cost under environmental water treatment operation decreased by 73.2% to HK\$24,960,000 (six months ended 30 September 2012: HK\$93,248,000).

MANAGEMENT STATEMENT

Profit for the Period was HK\$49,176,000 (six months ended 30 September 2012: loss of HK\$272,569,000). Such improvement represented the net effect of (i) a gain of HK\$169,442,000 recognised from the deemed disposal of its 7.46% equity interests in Heilongjiang Interchina Water Treatment Company Limited, an associate investment of the Group; (ii) the fair value gain of the Group's investment properties amounted to HK\$20,892,000 (six months ended 30 September 2012: fair value loss of HK\$82,871,000); (iii) the loss arising from change in fair value of investment in listed securities of HK\$57,342,000 (six months ended 30 September 2012: HK\$ 35,600,000 as the result of securities market fluctuation; and (iv) the impairment loss recognised in respect of trade and other receivables and prepayments of HK\$43,949,000 (six months ended 30 September 2012: HK\$104,000) during the Period.

Basic earnings per share stood at HK0.77 cents (six months ended 30 September 2012: basic loss per share HK5.53 cents). The Board does not recommend the payment of interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

Liquidity, Financial Resources and Capital Structure

At 30 September 2013, the Group's total assets were HK\$6,568,132,000 (31 March 2013: HK\$6,539,062,000) and the total liabilities were HK\$1,261,273,000 (31 March 2013: HK\$1,304,857,000). There has been no change in the share capital of the Company during the Period. As at 1 April and 30 September 2013, the number of issued shares of the Company were 6,078,669,363. At 30 September 2013, the equity reached HK\$5,306,859,000 (31 March 2013: HK\$5,234,205,000). At 30 September 2013, the current ratio of the Group was 2.3 (31 March 2013: 2.4) whereas the gearing ratio (total outstanding borrowings over total assets) of the Group was 15.3 % (31 March 2013: 14.6%).

At 30 September 2013, the Group's cash on hand and deposits in bank was HK\$457,638,000 (31 March 2013: HK\$975,279,000). Around 98% of the Group's cash on hand and deposits in bank was denominated in Renminbi with the rest mainly in Hong Kong dollars.

At 30 September 2013, the Group's total borrowings comprising bank borrowings of HK\$146,523,000 (31 March 2013: HK\$147,869,000), other borrowings of HK\$860,128,000 (31 March 2013: HK\$806,250,000). The maturity profile of the outstanding bank and other borrowings was spread over a period of more than five years with HK\$782,036,000 repayable within one year and HK\$24,615,000 repayable after one year but within five years. Around 99.2% of the Group's total borrowings was denominated in Renminbi with the rest mainly in Hong Kong dollars.

Pledged of Assets

At 30 September 2013, the Group's investment properties with carrying amounts of HK\$564,109,000 was pledged as security for its liabilities. In addition, certain shares of an associate company 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 Period, 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 Period.

MANAGEMENT STATEMENT

Human Resources

As at 30 September 2013, the Group 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.

OTHER INFORMATION

BOARD CHANGES

The change of directors' information as required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

1. Mr. Lam Cheung Shing Richard, executive director of the Company, has been appointed as the independent non-executive director of Eagle Legend Asia Limited (stock code: 936) with effect from 23 May 2013.
2. Mr. Gu Yungao has been appointed as an executive director of the Company with effect from 2 September 2013.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2013, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in shares and underlying shares

Name of Director	Capacity	Number of shares and underlying shares held	Percentage of the issued share capital (Note 1)
Jiang Zhaobai	Interest in controlled corporation	1,742,300,000	28.66%
Shen Angeng	Beneficial owner	187,865,000	3.09%
Lam Cheung Shing, Richard	Beneficial owner	7,700,000	0.13%
Zhu Deyu	Beneficial owner	1,000,000	0.02%
Lu Yaohua	Beneficial owner	1,000,000	0.02%

Note:

- (1) The calculation of percentages is based on 6,078,669,363 shares of the Company in issue as at 30 September 2013

Save as disclosed above, as at 30 September 2013, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2013, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in shares and underlying shares

Name of shareholder	Capacity	Number of shares and underlying shares held	Percentage of the issued share capital of the Company (Note 2)
Jiang Zhaobai	Interest in controlled corporation (Note 1)	1,742,300,000	28.66%
Rich Monitor Limited	Beneficial owner	1,033,300,000	17.00%
Pengxin Holdings Company Limited	Beneficial owner	709,000,000	11.66%

Notes:

- (1) The entire issued share capital of Rich Monitor Limited and Pengxin Holdings Company Limited is held by Jiang Zhaobai. Therefore, Jiang Zhaobai is deemed to be interested in 1,742,300,000 shares of the Company under the SFO.
- (2) The calculation of percentages is based on 6,078,669,363 shares of the Company in issue as at 30 September 2013.

Save as disclosed above, as at 30 September 2013, no person, other than a Director or chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

During the period under review, the Company operates a share option scheme for the purpose of promoting additional commitment and dedication to the objectives of the Company by the participants ("New Share Option Scheme").

There are no changes in any terms of the New Share Option Scheme during the six months ended 30 September 2013. Detailed terms of the New Share Option Scheme were disclosed in the 2013 annual report.

No share options have been granted pursuant to the New Share Option Scheme since its adoption.

OTHER INFORMATION

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 six months ended 30 September 2013.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. Save as disclosed below, the Company had complied with the code provisions of the CG Code throughout the Period.

- (i) The code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Currently, all directors of the Company (including executive and independent non-executive directors) are not appointed for any specific term. However, all directors are subject to retirement by rotation at each of annual general meeting in accordance with the Company's Articles of Association and shall be eligible for re-election. The Board shall ensure that all directors shall be subject to retirement by rotation at least once every three years so as to accomplish the same purpose as a specific term of the appointment.
- (ii) The code provision E.1.2 of the CG Code stipulates that chairman of the Board should attend the annual general meeting ("AGM"). Mr. Jiang Zhaobai, the Chairman of the Board did not attend the 2013 AGM due to other business engagements.

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 period under review.

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 interim results of the Group for the six months ended 30 September 2013.

By order of the Board of
Interchina Holdings Company Limited
Jiang Zhaobai
Chairman

Hong Kong, 29 November 2013