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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 2012

FINANCIAL HIGHLIGHTS

- Turnover amounted to HK$657,360,000, representing an increase of 59% over HK$413,473,000 of the last year.
- Loss for the year amounted to HK$294,877,000, representing an increase of 255.6% over HK$82,919,000 of the last year.
- The Board does not recommend the payment of any final dividend for the year ended 31 March 2012 (31 March 2011: Nil).
- At 31 March 2012, total equity amounted to HK$4,728,330,000, representing a increase of 10.2% over HK$4,292,028,000 as at 31 March 2011.
- At 31 March 2012, net assets per share was HK$1.11, representing a decrease of 8.3% over HK$1.21 as at 31 March 2011.

RESULTS

The board of directors (the "Board") of Interchina Holdings Company Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2012 and the consolidated statement of financial position of the Group as at 31 March 2012. The turnover of the Group was HK$657,360,000 for the year, representing an increase of 59% as compared to HK$413,473,000 of the last year. Loss for the year was HK$294,877,000, representing an increase of 255.6% as compared to HK$82,919,000 of the last year.

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

	Turnover	**Profit/(loss) for the year**
	HK$'000	*HK$'000*
Environmental water treatment operation	373,241	86,455
Property investment operation	20,333	15,161
Securities and financial operation	24,965	(125,668)
Supply and procurement operation	238,821	(6,137)
Natural resources operation	—	(18,150)
Total from major operations	657,360	(48,339)
Other unallocated expenses*		(246,538)
Loss for the year		(294,877)

* Other unallocated expenses mainly consisted of finance costs of HK$164,061,000, loss on disposal of a subsidiary of HK$19,118,000, taxation of HK$17,615,000 and other operating and headquarter expenses of HK$45,744,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

Environmental Water Treatment Operation

The Group mainly operates the environmental water treatment operation through its wholly-owned subsidiary, Interchina (Tianjin) Water Treatment Company Limited ("Interchina (Tianjin)") and the 53.77% owned Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina") (Stock Code: 600187, listed on the Shanghai Stock Exchange). As at 31 March 2012, the Group's environmental water treatment operation comprised 9 sewage treatment projects, 4 water supply projects and a construction company. The aggregate daily processing capacity of the Group reached approximately 1,337,500 tonnes and is summarised below:

Project	Province	The Group's controlling interest	Daily processing capacity (tonnes)
Project under operation			
Qinhuangdao Sewage Treatment Plant ("Qinhuangdao Project")	Hebei	100%	120,000
Changli Sewage Treatment Plant ("Changli Project")	Hebei	100%	40,000
Zhuozhou Sewage Treatment Plants ("Zhuozhou Project")	Hebei	100%	80,000
Hanzhong Xingyuan Water Supply Plant ("Xingyuan Project")	Shaanxi	100%	110,000
Maanshan Sewage Treatment Plant ("Maanshan Project")	Anhui	100%	60,000
Xiongyue Sewage Treatment Plant ("Qinghai Project")	Qinghai	95%	42,500
Ordos Sewage & Water Treatment Plant ("Ordos Project")	Inn Mongolia	100%	35,000
Dongying Water Supply Plant ("Dongying Project")	Shandong	55.4%	150,000
Taiyuan Haofeng Wastewater Treatment Plant ("Taiyuan Project")	Shanxi	80%	160,000
Sub-total			797,500
Project under construction			
Xiangtan Water Supply Plant ("Xiangtan Water Project")[1]	Hunan	81.8%	300,000
Xiangtan Sewage Plant ("Xiangtan Sewage Project")[2]	Hunan	75.8%	100,000
Hekou Wastewater Treatment Plant ("Hekou Project")[3]	Shandong	100%	40,000
Hanzhong Shimen Water Supply Plant ("Shimen Project")[4]	Shaanxi	80%	100,000
Sub-total			540,000
Total			1,337,500

(1) The construction of Xiangtan Water Project is expected to be completed by the end of 2012.

(2) The construction of Xiangtan Sewage Project is expected to be completed by the mid of 2013.

(3) The construction of Hekou Project is expected to be completed by the end of 2012.

(4) Pending the approval for pipeline connection by the local government.

Analysis of the segment revenue of environmental water treatment operation during the year is set out below:

	2012	2011
	HK$'000	*HK$'000*
Sewage and water treatment income	**239,268**	127,644
Construction service income	**90,865**	187,910
Finance income under service concession arrangement	**43,108**	41,463
Total revenue of this segment	**373,241**	357,017

During the year under review, the Group's aggregate daily processing capacity reached 797,500 tonnes (2011: 607,500 tonnes), representing an increase of 31% from last year. The increase was mainly attributable to the commencement of commercial operation of Dongying Project and Taiyuan Project in July 2011 and August 2011 respectively. In addition, Qinhuangdao Project, Zhuozhou Project and Changli Project have received approval to increase their sewage treatment fees, the latter by almost 50%. As a result, sewage and water treatment income increased by HK$111,624,000 or 87.4% as compare with last year. Due to the completion of Taiyuan Project in August 2011 and most of the new projects currently under construction was at a preliminary stage, construction service income decreased by HK$97,045,000 or 51.6% as compare with last year.

The segment profit of HK$86,455,000 was recorded for the year, representing an increase of HK$50,006,000 or 137.2% as compared with last year.

During the year, the Group has continuously expanded its environmental water treatment operation and successfully obtained Xiangtan Water Project, Xiangtan Sewage Project and Hekou Project with aggregate daily processing capacity of 440,000 tonnes. Details of these projects are set out below:

(i) On 16 May 2011, Heilongjiang Interchina, entered into a joint venture agreement with 湘潭九華經濟建設投資有限公司 (Xiangtan Jiuhua Economic Construction Investment Company Limited) ("Xiangtan Jiuhua") in relation to the establishment of Xiangtan Interchina Water Treatment Company Limited ("Xiangtan Water") in the PRC for the construction and operation of water supply projects in the Xiangtan Jiuhua Demonstration Zone. Heilongjiang Interchina will hold 81.8% equity interests in Xiangtan Water. Xiangtan Water will be granted an exclusive right to invest, construct, produce and operate a water supply plant project of the Xiangtan Jiuhua Demonstration Zone with a daily capacity of 300,000 tonnes during the franchise period of 30 years. Xiangtan Water is formally established on 26 August 2011. Detail of the transaction was set out in the Company's announcement dated 18 May 2011.

(ii) On 9 March 2012, Heilongjiang Interchina, entered into a joint venture agreement with Xiangtan Jiuhua and 湘潭市污水處理有限責任公司 (Xiangtan City Sewage Treatment Company Limited) ("Xiangtan City Co") in relation to the establishment of Xiangtan Interchina Sewage Treatment Company Limited ("Xiangtan Sewage") in the PRC for the construction and operation of sewage projects in the Xiangtan Jiuhua Demonstration Zone. Xiangtan Sewage will be owned by Heilongjiang Interchina, Xiangtan Jiuhua and Xiangtan City Co as to 75.8%, 18.2% and 6%. Upon Xiangtan Sewage is formally established, Xiangtan Sewage will be granted an exclusive right to manage, operate and maintain a sewage treatment project of the Xiangtan Jiuhua Demonstration Zone with a daily capacity of 100,000 tonnes during the franchise period of 28 years. Detail of the transaction was set out in the Company's announcement dated 9 March 2012 and circular dated 4 May 2012 respectively.

(iii) On 25 August 2011, Heilongjiang Interchina entered into the franchise agreement with the People's Government of Dongying City, Hekou District. The People's Government of Dongying City, Hekou District has granted franchise to Heilongjiang Interchina for investment, construction and operation, of the sewage treatment project of Shandong Hekou Lanse Economic Development Zone in the PRC with a daily capacity of 40,000 tonnes, for a franchise period of 30 years. Detail of the transaction was set out in the Company's announcement dated 26 August 2011.

To develop core technology and boost its competitive strengths, on 10 February 2012, Heilongjiang Interchina entered into a sale and purchase agreement in relation to the acquisition of an aggregate of 10% equity interest in 北京天地人環保科技有限公司 (Beijing TDR Enviro-Tech Co., Ltd) ("Beijing TDR") and an option agreement for the acquisition of a further of 90% equity interest in Beijing TDR at an aggregate consideration of approximately RMB65,000,000. Pursuant to the option agreement, the aggregate exercise price would amount to RMB495,000,000. 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. The acquisition can strength and further consolidate the Group's leading position in the environmental water treatment sector and create a broader platform for the expansion of the Group's environmental water treatment operation. Details of the transactions are set out in the Company's announcement dated 15 February 2012 and 8 May 2012 respectively.

In order to harmonize with the Xian Municipal Government policy in water resources allocation the Group entered into a share transfer agreement (the "Share Transfer Agreement") with 西安閻良航城水務有限公司 (Xian Yanliang Hang Cheng Water Company Limited) ("Hang Cheng Water") in October 2011. Pursuant to the Share Transfer Agreement the Group agreed to sell and Hang Cheng Water agreed to acquire 99% equity interest in Xian Aviation Technology Assets Zone Water Supply Co., Ltd. ("Xian Aviation Water") and sale loan at an aggregate consideration of RMB149,500,000 (equivalent to approximately HK$184,568,000). The major asset of Xian Aviation Water is the water supply project with daily operation capacity of 120,000 tonnes. Detail of the transaction was set out in the Company's announcement dated 28 October 2011.

With the objectives of the "Twelve Five-Year Plan" gradually in shape, energy-saving environmental protection industry becomes the first of China's Seven Strategic Emerging Industries. It is expected that the environmental water treatment operation projects of the Group will also benefit from it. The Group, with the dual listing structure: the Company being listed in Hong Kong Stock Exchange which its subsidiary, Heilongjiang Interchina being listed in Shanghai Stock Exchange, has the ability to raise low-cost capital funding through its listing platform in Hong Kong, invest in environmental and water projects and inject the matured project into A-share Heilongjiang Interchina platform to generate high PE growth. By the way, we can enjoy low investment cost, high PE growth return and remarkable exchange gain brought by the appreciation of Renminbi. We expect that the daily processing capacity of the Heilongjiang Interchina with gradually increase to 4,500,000 tonnes within next two to five years and becoming a leading domestic water business enterprise. In addition, the Group is currently actively seeking opportunity to acquire companies with advanced environmental technology in the Europe and U.S. to strengthen the technology competitiveness of the Group.

Property Investment Operation

The Group's property investment operation, which mainly comprise two investment properties located in the centre of Beijing and Shanghai respectively. This segment recorded revenue of HK$20,333,000 (2011: HK$23,741,000) and profit of HK$15,161,000 (2011: HK$113,633,000). Due to the Shanghai property was under renovation during the year, the segment revenue decreased by HK$3,408,000 or 14.3% as compared with last year. The decrease in segment profit was mainly attributable to the fair value gain on the appreciation of the property values for the year dropped by HK$95,483,000 or 78% as compared with last year.

During the year, the Group has further acquired 32 commercial units and some car parking spaces of the Beijing property with aggregate areas of approximately 9,600 square meters at the consideration of HK$162,000,000. At 31 March 2012, the Beijing property was almost fully let out whereas the Shanghai property was still vacant. Given the Shanghai property comprises four-storey with aggregate area of approximately 18,000 sq. m., it is suitable for developing entertainment centre to provide catering and entertainment facility in the district. The Group is identifying potential tenants having experience in catering and entertainment business to lease the whole operation and management of the Shanghai property in form of contracting, in order to generate a stable income to the Group.

As the Group is optimistic about the prospect of the property market in the PRC, on 25 April 2012, the Group entered into a sale and purchase agreement to acquire 5 residential units with a total gross floor area of approximately 1,748.77 sq. m. located at Above The Bund (白金灣府邸), 18 Hai Ping Road, Hongkou District, Shanghai (the "Properties"), at the aggregate consideration of approximately RMB194,127,000. The developer is contracted to provide a minimum of three years rental income of RMB11,647,000 per annum after the transfer of the title. The Properties is located in the prime area in the north section of The Bund (外灘). Situating in the north, it captures the views of Huangpu River from a southward perspective, as well as the scenes of Lujiazui and The Old Bund. It is expected that the Properties has potential for appreciation and can generate a stable rental income to the Group.

Securities and Financial Operation

The Group's securities and financial operation is mainly comprised of securities dealing and brokerage, money lending and securities investment. During the year, this segment recorded revenue of HK$24,965,000 (2011: HK$32,715,000) and loss of HK$125,668,000 (2011: HK$6,750,000). The increase in the segment loss was mainly attributable to the unrealised loss arising from the drop in fair value of the securities investment of HK$123,346,000 recorded for the year due to recent downturn in the global financial markets and impairment loss of HK$21,767,000 was provided on aged receivables.

As a small size broker firm, the Group was under tremendous pressure and competition from other major securities broker firms and banks in Hong Kong. The recent fluctuation of the securities market has also affected the Group's business plan to this segment. Subsequent to the year ended, the management has decided to cease the Group's securities dealing and brokerage operation as soon as practicable, so as to concentrate the Group's financial resources in the environmental water treatment operation and natural resources operation in long term. Given securities dealing and brokerage operation is not a core business of the Group, it is expected that cessation of this operation would not have any material financial effect to the Group.

Natural Resources Operation

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

The Universe Glory Acquisition was completed in January 2012. Based on the technical report prepared by professional geologist, it is estimated that the Mining Block has aggregate resources of approximately 18,200,000 tonnes which consists of measured resources of approximately 3,700,000 tonnes, indicated resources of approximately 4,900,000 tonnes and inferred resources of approximately 9,600,000 tonnes. The Universe Glory Acquisition formed the basis of the natural resources operation segment which principally engaged in the mining, processing, trading and marketing of manganese ore. During the three months since completion of the acquisition, the Mining Block did not contribute revenue to the Group. Segment loss of HK$18,150,000 mainly represented written off the excessive consideration of HK$17,909,000 paid for the acquisition of Universe Glory and administrative expenses of HK$241,000 for natural resources operation in the reporting period.

It is expected that the trading of manganese ores can be commenced by the end of September 2012.

Supply and Procurement Operation

During the year, Interchina Qian Yuan (Shanghai) Co., Ltd, an indirect wholly-owned subsidiary of the Company commenced the supply and procurement of metal minerals and electronic components in Shanghai and recorded a turnover of HK$238,821,000 and segment loss of HK$6,137,000 for the year.

The management has reassessed the possibility of development this segment and the potential risk of this business. It decided to cease the operation as soon as practicable, so as to concentrate the Group's financial resources in the environmental water treatment operation and natural resources operation in long term.

Prospect

Volatility in global financial markets and concerns over a potential 'soft landing' for the Chinese economy continue to signal challenges for the year ahead. Driven by the current favourable government policies on environmental protection and water treatment industry, we believe that the environmental water treatment operation as the core business of the Group is less influenced by economy volatility. While focusing on its existing environmental protection and water treatment development, the Group will also actively expand natural resources operation as another core business of the Group, so as to strengthen the Group's profit in the long run. Challenges will be abundant in the year 2012. The Group will closely monitor the performance of each business sector and place stronger emphasis on operating cash flow management, stringent control on working capital and cost management. In addition, the Group will continue to look for any potential investment opportunities capable of enhancing the Group's asset portfolio, strengthen the foothold of the Group and maximise shareholders' benefit.

FINANCIAL REVIEW

Operating Results

During the year, the Group recorded a continuing growth in revenue amounted to HK$657,360,000, representing an increase of 59% as compared to last year of HK$413,473,000. The increase was mainly attributable to the revenue of HK$238,821,000 contributed by the Group's newly established supply and procurement business in the PRC during the year and the revenue derived from environmental water treatment operation increased 4.5 % to HK$373,241,000 for the year.

Despite the significant improvements in turnover, the Group still suffered loss of HK$294,877,000, representing an increase of HK$211,958,000 as compared to last year of HK$82,919,000. The loss was mainly attributable to (i) there was an unrealized loss arising on change in fair value of investment in listed securities of HK$123,346,000 for the year as the result of the unstable global economic and investment market conditions comparing to a fair value gain of HK$6,177,000 was recorded in last year; (ii) the increase in finance cost of HK$106,423,000 as a result of increase in bank and other borrowings for the Group's expansions; and (iii) the Group's fair value change in investment properties for the year decreased significantly by HK$95,483,000 from those of HK$122,411,000 in the last year.

Financial Position

At 31 March 2012, the Group's total assets were HK$7,228,609,000 (31 March 2011: HK$6,834,487,000) and the total liabilities were HK$2,500,279,000 (31 March 2011: HK$2,542,459,000), and the equity reached HK$4,728,330,000 (31 March 2011: HK$4,292,028,000). At 31 March 2012, the current ratio of the Group was approximately 1.07 (31 March 2011: 2.76) whereas the gearing ratio (total outstanding borrowings over total assets) of the Group was 27.6 % (31 March 2011: 27.9%).

Financial Resources and Capital Structure

At 31 March 2012, the Group's cash on hand and deposits in bank was approximately HK$399,065,000 (31 March 2011: HK$1,078,187,000). Around 95.3% 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 2012, the Group's total borrowings comprising bank borrowings of HK$876,728,000 (31 March 2011: HK$697,406,000), other borrowings of HK$1,116,606,000 (31 March 2011: HK$1,209,766,000). The maturity profile of the outstanding bank and other borrowings was spread over a period of more than five years with HK$1,866,220,000 repayable within one year, HK$109,213,000 repayable after one year but within five years and HK$17,901,000 repayable after five years. Around 98.9% of the Group's total borrowings was denominated in Renminbi with the rest mainly in Hong Kong dollars.

During the year, pursuant to the share option scheme, a total 7,250,000 share options granted were exercised, for which a total of 7,250,000 new shares were issued. The proceeds in the sum of approximately HK$6,473,000 generated from the exercise of share options were used as general working capital of the Group.

Pursuant to the placing agreement dated 13 December 2011, on 30 December 2011, the Company successfully placed 712,000,000 ordinary shares at the price of HK$0.31 per share raising net proceeds of approximately HK$214,800,000. The net proceeds had been used to (i) as to approximately HK$134.9 million for the development of natural resources operation of the Group; (ii) as to approximately HK$52 million for repayment of bank borrowings of the Group and (iii) as to approximately HK$27.9 million for payment of operating expenses of the Group. On 8 May 2012, the Company successfully issued HK$294,500,000 2% convertible notes with a maturity of 3 years due in May 2015. The net proceeds of approximately HK$286,600,000 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 purpose. Details of the placing of shares and convertible notes were 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.

Foreign Exchange Exposure

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

Significant Acquisition and Disposal

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

Pledged of Group's Assets

At 31 March 2012, the Group's assets were pledged as security for its liabilities, comprising investment properties with carrying amounts of HK$379,531,000, property, plant and equipment with carrying amounts of HK$341,292,000, intangible assets with carrying amounts of HK$464,279,000 and other financial assets with carrying amounts of HK$391,580,000. In addition, certain shares of subsidiary held by the Group were also pledged to lender(s) to secure loan facilities granted to the Group.

Contingent Liability

At 31 March 2012, the Group had no significant contingent liability.

Human Resources and Remuneration Policy

At 31 March 2012, the Group had approximately 890 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 2012 (2011: Nil).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March

	Notes	**2012** **HK$'000**	2011 *HK$'000*
Turnover	*3*	**657,360**	413,473
Cost of sales		**(432,785)**	(247,451)
Other income and gain, net	*4*	**116,643**	125,352
Staff costs		**(56,018)**	(52,853)
Amortisation and depreciation		**(47,555)**	(31,216)
Administrative costs		**(148,987)**	(226,836)
Other operating expenses		**(86,214)**	(190)
Share-based payment expenses		**—**	(91,064)
Fair value change in financial assets at fair value through profit or loss		**(123,346)**	6,177
Fair value change in investment properties		**26,928**	122,411
(Loss)/profit from operations	*5*	**(93,974)**	17,803
Finance costs	*6*	**(164,061)**	(57,638)
Share of result of an associate		**(109)**	(44)
Loss on disposal of a subsidiary		**(19,118)**	(22)
Loss before taxation		**(277,262)**	(39,901)
Taxation	*7*	**(17,615)**	(43,018)
Loss for the year		**(294,877)**	(82,919)
Attributable to:			
Owners of the Company		**(356,726)**	(101,699)
Non-controlling interests		**61,849**	18,780
		(294,877)	(82,919)
Loss per share for loss attributable to the owners of the Company	*8*		
— Basic and diluted		**(HK9.535 cents)**	(HK2.846 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March

	2012 *HK$'000*	2011 *HK$'000*
Loss for the year	**(294,877)**	(82,919)
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	**67,343**	85,561
Reclassification adjustments upon disposal of a subsidiary	**(2,293)**	(246)
Total comprehensive (loss)/income for the year	**(229,827)**	2,396
Total comprehensive (loss)/income attributable to:		
Owners of the Company	**(301,220)**	(27,048)
Non-controlling interests	**71,393**	29,444
	(229,827)	2,396

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Investment properties		**951,247**	746,881
Property, plant and equipment		**404,295**	299,878
Prepaid lease payments		**102,315**	15,781
Mining rights	*9*	**1,232,400**	—
Intangible assets		**1,065,905**	1,051,305
Other financial assets		**494,408**	483,996
Goodwill		**439,927**	426,017
Interest in an associate		**1,104**	1,122
Available-for-sale financial assets		**69,136**	1,190
Other non-current assets		**88,451**	97,515
		4,849,188	3,123,685
Current assets			
Prepaid lease payments		**3,436**	—
Inventories		**21,613**	6,511
Trade and other receivables and prepayments	*10*	**1,500,628**	2,239,489
Loan receivables	*11*	**316,278**	223,768
Financial assets at fair value through profit or loss		**73,985**	162,771
Derivative financial instruments		**62,889**	—
Tax recoverable		**1,527**	76
Bank balances — trust and segregated accounts		**314**	5,202
Cash and cash equivalents		**398,751**	1,072,985
		2,379,421	3,710,802
Total assets		**7,228,609**	6,834,487
Equity			
Share capital		**427,467**	355,542
Share premium and reserves		**2,953,961**	3,104,884
Equity attributable to owners of the Company		**3,381,428**	3,460,426
Non-controlling interests		**1,346,902**	831,602
Total equity		**4,728,330**	4,292,028

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current liabilities			
Bank borrowings — due after one year		**127,114**	198,000
Other borrowings — due after one year		**—**	822,976
Deferred tax liabilities		**147,267**	175,923
		274,381	1,196,899
Current liabilities			
Trade and other payables and deposits received	*12*	**349,269**	444,414
Tax payable		**10,409**	14,950
Bank borrowings — due within one year		**749,614**	499,406
Other borrowings — due within one year		**1,116,606**	386,790
		2,225,898	1,345,560
Total liabilities		**2,500,279**	2,542,459
Total equity and liabilities		**7,228,609**	6,834,487
Net current assets		**153,523**	2,365,242
Total assets less current liabilities		**5,002,711**	5,488,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The 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 (Amendments)	Improvement to HKFRSs 2010
HKFRS 1(Amendments)	Limited Exemption from Comparative HKFRS 7 — Disclosure for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) - Int 14 (Amendments)	Prepayment of a Minimum Funding Requirement
HK(IFRIC) - Int 19 (Amendments)	Extinguishing Financial Liabilities with Equity Instruments

Other than as further explained below regarding the impact of HKAS 24 (Revised), amendment to HKFRS 3, HKAS 1 and HKAS 27 included in the improvement to HKFRSs 2010, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements. The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKAS 24 (Revised) Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) Improvement to HKFRSs 2010

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 Business Combinations: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 Presentation of Financial Statements: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the consolidated statement of changes in equity.

- HKAS 27 Consolidated and Separate Financial Statements: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

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

HKFRS 1 (Amendments)	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation Removal of Fixed Dates for First-time Adopter[1]
HKFRS 1 (Amendments)	Government Loans[4]
HKFRS 7 (Amendments)	Amendment to HKFRS 7 Financial Instruments Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 7 (Amendments)	Amendment to HKFRS 7 Financial Instruments Disclosures — Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Amendments to HKAS 1 Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Amendment to HKAS 12 Income Taxes — Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investment in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Amendments to HKAS 32 Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 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 upon initial application. So far, the Group considers that while the application of these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

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

Environmental water treatment operation	—	Construction of sewage and water treatment plants and treatment operation other infrastructural facilities, sewage treatment, water treatment and distribution, and the provision of consultancy services in the PRC
Property investment operation	—	Leasing of rental property in the PRC and Hong Kong
Securities and financial operation	—	Securities investment provision of financial service
Supply and procurement operation	—	Supply and procurement of metal minerals and electronic components
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

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

	Environmental water treatment operation		Property investment operation		Securities and financial operation		Supply and procurement operation		Natural resources operation		Consolidated total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**373,241**	357,017	**20,333**	23,741	**24,965**	32,715	**238,821**	—	**—**	—	**657,360**	413,473
Segment results	**86,455**	36,449	**15,161**	113,633	**(125,668)**	(6,750)	**(6,137)**	—	**(18,150)**	—	**(48,339)**	143,332
Interest income and unallocated (loss)/gain											**(9,801)**	1,744
Administrative costs											**(35,834)**	(36,209)
Share-based payment expenses											**—**	(91,064)
(Loss)/profit from operations											**(93,974)**	17,803
Finance costs											**(164,061)**	(57,638)
Share of result of an associate											**(109)**	(44)
Loss on disposal of a subsidiary											**(19,118)**	(22)
Loss before taxation											**(277,262)**	(39,901)
Taxation											**(17,615)**	(43,018)
Loss for the year											**(294,877)**	(82,919)

4. OTHER INCOME AND GAIN, NET

	Year ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Bank interest income	**4,046**	1,678
Dividend income	**—**	498
Consultancy service income	**38,738**	40,068
Government subsidies	**10,195**	73,891
Gain on derivative financial instruments	**50,543**	66
Net foreign exchange gain	**2,907**	—
Sundry income	**10,214**	9,151
	116,643	125,352

5. (LOSS)/PROFIT FROM OPERATIONS

	Year ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
(Loss)/profit from operations has been arrived at after charging/(crediting):		
Depreciation	**15,051**	8,247
Amortisation of prepaid lease payments and intangible assets	**56,620**	22,969
Auditors' remuneration	**2,604**	1,762
Excessive consideration paid for acquisition of subsidiaries	**17,909**	—
Impairment loss recognised in respect of trade and other receivable and prepayments	**55,998**	190
Reversal of impairment loss recognised in respect of trade and other receivable and prepayment	**(1,340)**	—
Impairment loss recognised in respect of loan receivables	**2,764**	—
Operating lease rentals in respect of premises	**9,913**	6,189
Net foreign exchange (gain)/loss	**(2,907)**	632
(Gain)/loss from sale of financial assets at fair value through profit or loss	**(1,488)**	28,482
Fair value loss/(gain) on financial assets at fair value through profit or loss	**123,346**	(6,177)
Fair value gain on derivative financial instruments	**(50,543)**	(66)
Gross rental income from investment properties	**(17,452)**	(13,483)
Less: direct operating expenses from investment properties that generated rental income during the year	**2,617**	2,618

6. FINANCE COSTS

	Year ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings and overdrafts wholly repayable:		
— within five years	**143,079**	39,156
— over five years	**19,139**	3,551
Other borrowings	**1,843**	13,862
Convertible notes	**—**	1,069
	164,061	57,638

7. TAXATION

	Year ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**1,185**	3,654
The PRC Enterprise Income Tax	**9,329**	9,849
	10,514	13,503
Under/(over) provision in prior year:		
Hong Kong Profits Tax	**4**	(3,240)
	10,518	10,263
Deferred tax	**7,097**	32,755
	17,615	43,018

Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits of certain subsidiaries in Hong Kong for the year.

At 31 March 2012, the Group had unused tax losses of approximately HK$39,184,000 (2011: HK$31,753,000) available for offset against future profits. No deferred tax asset has been recognised due to unpredictability of future profit streams.

The PRC Enterprise Income Tax

All the Company's subsidiaries established in the PRC are subject to the PRC Enterprise Income Tax, which has been provided based on the statutory income tax rate of the assessable income of each companies during the years ended 31 March 2012 and 2011, as determined in accordance with the relevant PRC income tax rules and regulations.

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

Indonesia Corporate Tax

The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 25% during the year.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share from operation is based on the following data:

	Year ended 31 March	
	2012	2011
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**356,726**	101,699

	At 31 March	
Number of shares	**2012**	2011
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,741,051,194**	3,573,192,975

The calculation of diluted loss per share for the year ended 31 March 2012 and 2011 has not assumed the exercise of the share options as these potential ordinary shares would have anti-dilutive effect.

9. MINING RIGHTS

	HK$'000
Cost	
At 1 April 2011	**—**
Acquisition of subsidiaries	**1,232,400**
At 31 March 2012	**1,232,400**
Accumulated amortisation and impairment	
At 1 April 2011	**—**
Charge for the year	**—**
At 31 March 2012	**—**
Carrying amount	
At 31 March 2012	**1,232,400**

Acquired mining rights represents the mining rights acquired during the acquisition of Universe Glory Limited and its subsidiary ("Universe Glory Group"). As Universe Glory Group has not commenced the commercial production at 31 March 2012, accordingly there was no amortisation related to the acquired mining rights during the year ended 31 March 2012.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group allows an average credit period of 60 days (2011: 60 days) to its trade customers. Trade receivables that are less than 60 days past due are not considered impaired. The aged analysis of trade receivables is as follows:

	At 31 March	
	2012	2011
	HK\$'000	*HK\$'000*
Trade receivables:		
0 – 30 days	**206,360**	385,223
Over 90 days	**—**	10,622
	206,360	395,845
Margin clients accounts receivables	**91,889**	9,222
Clearing houses, brokers and dealers	**274**	1,075
Prepayments and deposits	**1,200,611**	1,726,522
Other receivables	**58,465**	109,138
	1,557,599	2,241,802
Less: Impairment of trade and other receivables and prepayments	**(56,971)**	(2,313)
	1,500,628	2,239,489

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

	2012	2011
	HK\$'000	*HK\$'000*
At beginning of the year	**2,313**	2,123
Impairment loss reversed	**(1,340)**	—
Impairment loss recognised	**55,998**	190
At end of the year	**56,971**	2,313

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

	2012	2011
	HK\$'000	*HK\$'000*
Neither past due nor impaired	**206,360**	385,223
Over three months past due	**—**	10,622
	206,360	395,845

Trade receivables that were past due but not impaired relate to a number of independent customers that either have a good track record with the Group or are in negotiation with the Group over the amounts or terms of repayment. 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 had not been a significant change in credit quality and the amounts were still considered recoverable. The Group does not hold any collateral over these balances.

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 reporting date is the fair value. 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 2012 and 2011, inter alia, the following:

(i) deposits of approximately HK$198,765,000 (2011:HK$292,007,000) paid for acquisition of certain investment properties in the PRC;

(ii) deposits of approximately HK$306,914,000 (2011:HK$292,952,000) paid for acquisition of several potential water plant projects in the PRC;

(iii) prepayments of approximately HK$602,102,000 (2011:HK$349,149,000) to various contractors for construction of environmental water treatment projects in the PRC; and

(iv) deposits of approximately HK$504,762,000 paid as at 31 March 2011 for acquisition of companies principally engaged in the exploration, mining, processing and sale of Manganese resources in the Republic of Indonesia. The acquisition was completed in December 2011 and details of the acquisition were set out in the Company's announcement dated 2 March 2011.

11. LOAN RECEIVABLES

	At 31 March	
	2012	2011
	HK$'000	*HK$'000*
Loan receivables	**319,042**	223,768
Less: Impairment loss recognised	**(2,764)**	—
	316,278	223,768

The loan receivables were unsecured, carrying at the prevailing interest rate ranging from 9.6% to 15% per annum with fixed repayment terms.

During the year, an impairment loss of approximately HK$2,764,000 (2011: HK$Nil) was recognised in respect of an individual debtor who was in financial difficulties and management assessed that only a portion of the receivables is expected to recovered. The Group does not hold any collateral over these balances.

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

12. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

The aged analysis of trade payables is as follow:

	At 31 March 2012 HK$'000	2011 HK$'000
Trade payables:		
0 – 30 days	**38,451**	152,735
Over 90 days	**—**	3,795
	38,451	156,530
Accounts payable arising from the business of dealing in securities and equity options:		
Margin clients	**493**	1,732
Other payables and deposits received	**310,325**	286,152
	349,269	444,414

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

13. EVENTS AFTER THE REPORTING PERIOD

(a) On 9 March 2012, the Group entered into a joint venture agreement with 湘潭九華經濟建設投資有限公司 (Xiangtan Jiuhua Economic Construction Investment Company Limited) ("Xiangtan Jiuhua") and 湘潭市污水處理有限責任公司 (Xiangtan City Sewage Treatment Company Limited) ("Xiangtan City Co"), in relation to establish of 湘潭國中污水處理有限公司 (Xiangtan Interchina Sewage Treatment Company Limited) (the "Xiangtan Sewage"), which will be owned as to 75.8% by Heilongjiang Interchina, as to 18.2% by Xiangtan Jiuhua and as to 6% by Xiangtan City Co.

Upon establishment of the Xiangtan Sewage, it will enter into a franchise agreement (the "Franchise Agreement") to be entered into between the Xiangtan Sewage and 湘潭九華示範區管理委員會 (the Management Committee of the Xiangtan Jiuhua Demonstration Zone). Pursuant to the Franchise Agreement, among others, Xiangtan Sewage will be granted an exclusive right to manage, operate and maintain a sewage treatment plant in Xiangtan in return for sewage treatment fees payable by the Management Committee. The Franchise Agreement was signed on 7 March 2012. Details of the joint venture were set out in the Company's announcement dated 9 March 2012 and circular dated 4 May 2012.

(b) On 29 March 2012, the Group entered into a placing agreement with the placing agent for the purpose of placing of the Company's shares of maximum of 854,000,000 placing shares at placing price of HK$0.42 each. On 18 June 2012, the Company and the placing agent, after arm's length negotiations, entered into a supplemental placing agreement, pursuant to which (i) the placing price be amended from HK$0.42 to HK$0.34; and (ii) the long-stop date of the placing agreement be extended from 29 June 2012 to 15 August 2012 or such later date as to be agreed between the Company and the placing agent. Details were set out in the Company's announcement dated 29 March 2012 and 18 June 2012 respectively.

(c) On 25 April 2012, the Group entered into a sales and purchase agreement to acquire 5 units of properties located at Above The Bund (白金灣府邸), 18 Hai Ping Road, Hongkou District, Shanghai, the PRC, at the aggregate cash consideration of approximately RMB194,127,000. The acquisition was completed in May 2012 and the details were set out in the Company's announcement dated 25 April 2012.

(d) On 8 May 2012, the Group completed the placing of convertible notes in the maximum aggregate principle amount of HK$294,500,000 pursuant to a conditional placing agreement dated 13 December 2011 entered into between the Company and the placing agent. Details of the placing of the convertible notes were set out in the Company's announcement dated 13 December 2011 and 8 May 2012 respectively.

(e) On 31 May 2012, Heilongjiang Interchina, a subsidiary of the Company whose A Shares are listed on the Shanghai Stock Exchange of the PRC, has entered into the 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 industrialization. Details of the agreement were set out in the Company's announcement dated 31 May 2012.

(f) On 21 June 2012, the board of directors of Heilongjiang Interchina, a subsidiary of the Company with its shares listed on the Shanghai Stock Exchange, the PRC approved a proposal in respect of the issue of not more than 160,000,000 Heilongjiang Interchina new shares at the price of not less than RMB8.03 per Heilongjiang Interchina share to not more than ten subscribers (the "Non-public Share Issue Proposal"). The maximum proceeds shall not exceed RMB1,290,000,000. The Non-public Share Issue Proposal is subject to the approval from (i) the shareholders of Heilongjiang Interchina; (ii) the shareholders of the Company; and (iii) the China Securities Regulatory Commission. The shareholder's meeting of Heilongjiang Interchina in respect of the Non-public Share Issue Proposal will be held on 11 July 2012. If the approval of the shareholders of Heilongjiang Interchina on the Non-public Share Issue Proposal is obtained, Heilongjiang Interchina will need to submit a formal Non-public Share Issue Proposal to the Shanghai Stock Exchange. It is expected that upon completion of the share issue, the Company's interest in Heilongjiang Interchina will be diluted by 14.65% to 39.12%, constituting a deemed disposal to the Company. Detail of the Non-public Share Issue Proposal was set out in the Company's announcement dated 25 June 2012.

(g) On 21 June 2012, Heilongjiang Interchina entered into the sale and purchase agreement with the vendors in relation to the acquisition of an aggregate of 90% equity interest in Beijing TDR Enviro-Tech Co., Ltd ("Beijing TDR") at the aggregate consideration of RMB495,000,000. 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. Currently, the Group is interested in 10% equity capital of Beijing TDR. Upon completion of the acquisition, Beijing TDR will become a wholly-owned subsidiary of Heilongjiang Interchina. The Acquisition constitutes a major transaction of the Company under the Listing Rules and subject to the Company's shareholders' approval. Detail of the transaction was set out in the Company's announcement dated 27 June 2012.

(h) On 28 June 2012, Universe Glory Limited, an indirect wholly-owned subsidiary of the Company entered into an non-legally binding memorandum of understanding ("MOU") with the vendors pursuant to which Universe Glory Limited intended to acquire and the vendors intended to sell the remaining 35% of issued share capital of P.T. Satwa Lestari Permai ("SLP"), a 65% owned subsidiary of Universe Glory Limited. SLP is a limited company incorporated in the Republic of Indonesia, which is principally engaged in mining business and is holder of IUP Operation Production in respect of the mining blocks in the Republic of Indonesia for the period of twenty years. Upon entered into the MOU, Universe Glory Limited and the vendors will proceed to the negotiation for the sale and purchase agreement and the completion of the acquisition is subject to the entering into of the sale and purchase agreement and any other agreements contemplated under the acquisition on or before 30 September 2012. Detail of the transaction was set out in the Company's announcement dated 28 June 2012.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period presentation of the financial statements of the Group.

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 2012, the Company has complied with all the code provisions of the Code and to a large extent, the recommended best practices in the CG Code except the followings:

(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 non-executive directors) are not appointed for any specific term. However, in view of the fact that they are subject to retirement by rotation in accordance with the Company's Articles of Association, the Company considers that there are sufficient measures to ensure that the corporate governance standard of the Company is not less exacting than that of the code provisions.

(ii) The code provision A.4.2 of the CG Code stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. However, all directors of the Company appointed during the year will subject to re-election by shareholders at the next following annual general meeting following his appointment in accordance with the Company's Articles of Association. The Company considers that the re-election requirement for newly appointed directors under the Company's Articles of Association is not less exacting than that of the code provisions.

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 2012.

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 2012.

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, Mr. Chi Chi Hung, Kenneth 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 2012 will be despatched to the Shareholders in mid July 2012 and will be 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 accordingly.

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

Hong Kong, 29 June, 2012

As at the date of this announcement, the executive Directors are Mr. Sheng Angang, Mr. Lam Cheung Shing, Richard, Mr. Zhu Yongjun, Mr. Wong Hin Shek and Mr. Choi Fun Tai, Bosco and the independent non-executive Directors are Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward, Mr. Chi Chi Hung, Kenneth and Mr. Chen Yi, Ethan.