



**EVERCHINA INT'L HOLDINGS COMPANY LIMITED**  
**潤中國際控股有限公司**

Stock Code: 202

Interim Report  
**2014**

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Jiang Zhaobai (*Chairman*)  
Mr. Lam Cheung Shing, Richard  
Mr. Shen Angang  
Mr. Chen Yi, Ethan

### Independent Non-executive Directors

Mr. Ho Yiu Yue, Louis  
Mr. Ko Ming Tung, Edward  
Professor Shan Zhemin

## BOARD COMMITTEES

### Audit Committee

Mr. Ho Yiu Yue, Louis (*Committee Chairman*)  
Mr. Ko Ming Tung, Edward  
Professor Shan Zhemin

### Remuneration Committee

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

### Nomination Committee

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

## COMPANY SECRETARY

Mr. Lau Chi Lok

## LISTING INFORMATION

Stock Code: 202  
Board Lot: 5,000 shares

## REGISTERED OFFICE

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

## WEBSITE

[www.everchina202.com.hk](http://www.everchina202.com.hk)

## AUDITORS

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

## SOLICITORS

K&L Gates  
Patrick Mak & Tse

## SHARE REGISTRAR

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 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 EVERCHINA INT'L HOLDINGS COMPANY LIMITED**

*(incorporated in Hong Kong with limited liability)*

### **INTRODUCTION**

We have reviewed the interim financial information set out on pages 4 to 28, which comprise the condensed consolidated statement of financial position of EverChina Int'l Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2014 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 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 the interim financial information as at 30 September 2014 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, 28 November 2014

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 September	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
<b>Continuing operations</b>			
Turnover	3	20,812	18,976
Cost of sales		(944)	(453)
Other income and gain, net	4	24,941	28,343
Staff costs		(8,013)	(8,210)
Amortisation and depreciation		(1,612)	(1,894)
Administrative costs		(16,653)	(58,725)
Other operating expenses		–	(53,601)
Gain arising on change in fair value of investment properties		25,528	20,892
Loss arising on change in fair value of financial assets at fair value through profit or loss		(5,080)	(57,342)
Profit/(loss) from operations	5	38,979	(112,014)
Finance costs	6	(15,829)	(26,220)
Share of results of associates		13,096	14,164
Gain on deemed disposal of associates		–	169,442
Gain on disposal of subsidiaries		–	6,270
Loss on partial disposal of associates		(61,026)	–
(Loss)/profit before taxation		(24,780)	51,642
Taxation	7	(72,875)	(7,702)
<b>(Loss)/profit for the period from continuing operations</b>		<b>(97,655)</b>	43,940
<b>Discontinued operations</b>			
(Loss)/profit for the period from discontinued operations	8	(409)	5,236
<b>(Loss)/profit for the period</b>		<b>(98,064)</b>	49,176
<b>Attributable to:</b>			
Owners of the Company		(97,736)	47,056
Non-controlling interests		(328)	2,120
		<b>(98,064)</b>	49,176
<b>(Loss)/earnings per share attributable to the owners of the Company</b>	9		
From continuing and discontinued operations — Basic and diluted		<b>HK(1.61) cents</b>	HK0.77 cents
From continuing operations — Basic and diluted		<b>HK(1.60) cents</b>	HK0.69 cents
From discontinued operations — Basic and diluted		<b>HK(0.01) cents</b>	HK0.08 cents

The accompanying notes form an integral part of these condensed consolidated financial statements. Details of dividend distribution 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	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
<b>(Loss)/profit for the period</b>	<b>(98,064)</b>	49,176
<b>Other comprehensive income</b>		
Exchange differences arising on translation during the period	<b>17,790</b>	23,684
Share of exchange reserve of associates	<b>(4)</b>	(206)
<b>Total comprehensive (loss)/income for the period</b>	<b>(80,278)</b>	72,654
<b>Total comprehensive (loss)/income attributable to:</b>		
Owners of the Company	<b>(79,950)</b>	65,535
Non-controlling interests	<b>(328)</b>	7,119
	<b>(80,278)</b>	72,654

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2014 HK\$'000 (Unaudited)	At 31 March 2014 HK\$'000 (Audited)
<b>Non-current assets</b>			
Investment properties	11	641,542	616,117
Property, plant and equipment	12	15,172	20,585
Mining rights	13	1,068,600	1,068,600
Goodwill		18,069	18,069
Interests in associates	14	1,442,687	1,872,961
Other non-current assets		58,157	58,157
		<b>3,244,227</b>	3,654,489
<b>Current assets</b>			
Trade and other receivables and prepayments	15	1,375,029	1,628,216
Loan receivables	16	240,681	232,699
Financial assets at fair value through profit or loss		506,589	188,509
Tax recoverable		1,204	1,204
Cash and cash equivalents		870,657	321,777
		<b>2,994,160</b>	2,372,405
<b>Total assets</b>		<b>6,238,387</b>	6,026,894
<b>Equity</b>			
Share capital	17	2,490,454	2,490,454
Reserves		2,504,425	2,584,375
Equity attributable to owners of the Company		4,994,879	5,074,829
Non-controlling interests		383,727	384,055
<b>Total equity</b>		<b>5,378,606</b>	5,458,884
<b>Non-current liability</b>			
Deferred tax liabilities	18	71,112	64,131
<b>Current liabilities</b>			
Other payables and deposits received	19	61,745	58,925
Tax payable		2,308	2,379
Bank borrowings			
— due within one year	20	24,315	27,480
Other borrowings			
— due within one year	20	700,301	415,095
		<b>788,669</b>	503,879
<b>Total liabilities</b>		<b>859,781</b>	568,010
<b>Total equity and liabilities</b>		<b>6,238,387</b>	6,026,894
<b>Net current assets</b>		<b>2,205,491</b>	1,868,526
<b>Total assets less current liabilities</b>		<b>5,449,718</b>	5,523,015

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 2014

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Statutory surplus reserve HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2014 (Audited)	2,490,454	-	571,996	1,342,477	341,802	871	327,229	5,074,829	384,055	5,458,884
Exchange differences arising on translation during the period	-	-	-	-	17,790	-	-	17,790	-	17,790
Share of exchange reserve of associates	-	-	-	-	(4)	-	-	(4)	-	(4)
Loss for the period	-	-	-	-	-	-	(97,736)	(97,736)	(328)	(98,064)
Total comprehensive income for the period	-	-	-	-	17,786	-	(97,736)	(79,950)	(328)	(80,278)
At 30 September 2014 (Unaudited)	2,490,454	-	571,996	1,342,477	359,588	871	229,493	4,994,879	383,727	5,378,606

For the six months ended 30 September 2013

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Statutory surplus reserve HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity 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
Exchange differences arising on translation during the period	-	-	-	-	18,685	-	-	18,685	4,999	23,684
Share of exchange reserve of associates	-	-	-	-	(206)	-	-	(206)	-	(206)
Profit for the period	-	-	-	-	-	-	47,056	47,056	2,120	49,176
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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes:

## Share premium

Prior to 3 March 2014, the application of the share premium account was governed by sections 48B the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital. The use of share capital as from 3 March 2014 is governed by section 149 of the Hong Kong Companies Ordinance (Cap. 622).

## 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.

## 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 recognized directly in the 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 consolidated statement of profit or loss on the disposal of the foreign operations.

## 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	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	202,110	(517,116)
Net cash generated from/(used in) investing activities	293,993	(29,582)
Net cash generated from financing activities	44,080	1,601
Net increase/(decrease) in cash and cash equivalents	540,183	(545,097)
Cash and cash equivalents at beginning of the period	321,777	975,142
Effect of foreign exchange rate changes	8,697	27,453
Cash and cash equivalents at end of the reporting period	870,657	457,498
<b>Analysis of the balances of cash and cash equivalents:</b>		
Cash and bank balances	870,657	457,638
Less: Bank balances — trust and segregated accounts	—	(140)
	870,657	457,498

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 2014

## 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 Company and its subsidiaries are principally engaged in (i) environmental water treatment operation, (ii) property investment operation, (iii) financing and securities investment operation and (iv) natural 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 and liabilities 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 2014 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.

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 2014. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Revised in 2011) (Amendments)	Investment Entities
HK(IFRIC)-Int 21	Levies

The adoption of the new and revised HKFRSs has no material effect on the Interim Financial Statement for the current and prior periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

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

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

HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants <sup>3</sup>
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions <sup>1</sup>
HKAS 27 (Amendments)	Equity Method in Separate Financial Statement <sup>3</sup>
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle <sup>2</sup>
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle <sup>1</sup>
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle <sup>3</sup>
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>6</sup>
HKFRS 9 (2014)	Financial Instruments <sup>5</sup>
HKFRS 9, HKFRS 7 and (Amendments)	Hedge Accounting and Amendments to HKFRS 9, HKAS 39 HKFRS 7 and HKAS 39 <sup>5</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations <sup>3</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>3</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>6</sup> No mandatory effective date yet determined but is available for adoption.

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretation will have no 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 2014

## 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
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 the Republic of Indonesia

### Discontinued operations

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

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

#### For the six months ended 30 September 2014

	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)	
<b>Segment revenue</b>	-	12,830	7,982	-	20,812	-	-	-	20,812
<b>Segment results</b>	(6,277)	35,571	2,812	(1,028)	31,078	(678)	-	(678)	30,400
Interest income and other income					24,941			269	25,210
Unallocated expenses					(17,040)			-	(17,040)
<b>Profit/(loss) from operations</b>					<b>38,979</b>			<b>(409)</b>	<b>38,570</b>
Finance costs					(15,829)			-	(15,829)
Share of results of associates					13,096			-	13,096
Loss on partial disposal of associates					(61,026)			-	(61,026)
<b>Loss before taxation</b>					<b>(24,780)</b>			<b>(409)</b>	<b>(25,189)</b>
Taxation					(72,875)			-	(72,875)
<b>Loss for the period</b>					<b>(97,655)</b>			<b>(409)</b>	<b>(98,064)</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 3. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2013

	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)	
<b>Segment revenue</b>	-	10,272	8,704	-	18,976	7,423	-	7,423	26,399
<b>Segment results</b>	1,679	26,556	(48,702)	(964)	(21,431)	6,581	(147)	6,434	(14,997)
Interest income and other income					10,359			1	10,360
Unallocated expenses					(100,942)			-	(100,942)
<b>Loss/(profit) from operations</b>					(112,014)			6,435	(105,579)
Finance costs					(26,220)			(9)	(26,229)
Share of results of associates					14,164			-	14,164
Gain on deemed disposal of associates					169,442			-	169,442
Gain on disposal of subsidiaries					6,270			-	6,270
<b>Profit before taxation</b>					51,642			6,426	58,068
Taxation					(7,702)			(1,190)	(8,892)
<b>Profit for the period</b>					43,940			5,236	49,176

## 4. OTHER INCOME AND GAIN, NET

	Continuing operations For the six months ended 30 September		Discontinued operations For the six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Bank interest income	8,954	2,708	-	1
Other loan interest income	7,052	7,325	-	-
Government subsidies	-	17,984	-	-
Gain on disposal of property, plant and equipment	-	62	-	-
Net foreign exchange gain	4,441	215	-	-
Sundry income	4,494	49	269	-
	<b>24,941</b>	28,343	<b>269</b>	1

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 5. PROFIT/(LOSS) FROM OPERATIONS

Profit/(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	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	1,612	1,894	–	22
Loss/(gain) on disposal of property, plant and equipment	290	(62)	–	–
Gain arising on change in fair value of investment properties	(25,528)	(20,892)	–	–
Loss arising on change in fair value of financial assets at fair value through profit or loss	5,080	57,342	–	–
Impairment loss recognised in respect of property, plant and equipment	–	1,537	–	–
Impairment loss recognised in respect of trade and other receivables and prepayments	–	43,949	–	83
Impairment loss recognised in respect of loan receivables	–	8,115	–	–
Operating lease rentals in respect of premises	4,383	3,085	–	–
Gross rental income from investment properties	(12,830)	(10,272)	–	–
Less: direct operating expenses from investment properties that generated rental income during the period	551	108	–	–

## 6. FINANCE COSTS

	Continuing operations For the six months ended 30 September		Discontinued operations For the six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Interests on:				
— Bank borrowings	951	4,617	–	9
— Other borrowings	14,878	21,603	–	–
	15,829	26,220	–	9

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 7. TAXATION

	Continuing operations For the six months ended 30 September		Discontinued operations For the six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Current tax				
Hong Kong Profits Tax	–	105	–	1,190
The PRC Enterprise Income Tax	<b>65,868</b>	2,698	–	–
	<b>65,868</b>	2,803	–	1,190
Under provision in prior period:				
Hong Kong	–	1	–	–
Deferred tax (note 18)	<b>7,007</b>	4,898	–	–
	<b>72,875</b>	7,702	–	1,190

### 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 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.

### The Indonesia Corporate Tax

The corporate tax rate applicable to the subsidiary which is operating in the Indonesia is 25% for both periods. No Indonesia Corporate Tax was recognised as the subsidiary in the Indonesia has no estimated assessable profit for the period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 8. DISCONTINUED OPERATIONS

The Group ceased the operation of securities dealing and brokerage operation and supply and procurement operation during the year ended 31 March 2013. The supply and procurement operation was disposed of on 30 September 2013.

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	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Turnover	–	7,423
Other income and gain, net	<b>269</b>	1
Staff costs	<b>(252)</b>	(254)
Amortisation and depreciation	–	(22)
Administrative costs	<b>(426)</b>	(483)
Other operating expenses	–	(83)
(Loss)/profit from operation	<b>(409)</b>	6,582
Finance costs	–	(9)
(Loss)/profit before taxation	<b>(409)</b>	6,573
Taxation	–	(1,190)
(Loss)/profit for the period	<b>(409)</b>	5,383

	For the six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Net cash used in operating activities	<b>(25)</b>	(1,017)
Net cash used in financing activities	–	(9)
Net cash outflow	<b>(25)</b>	(1,026)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 8. DISCONTINUED OPERATIONS *(Continued)*

### (b) Supply and procurement operation

	For the six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Turnover	–	–
Cost of sales	–	–
Other income and gain, net	–	–
Staff costs	–	(103)
Amortisation and depreciation	–	–
Administrative costs	–	(44)
Other operating expense	–	–
Loss before taxation	–	(147)
Taxation	–	–
Loss for the period	–	(147)
Net cash used in operating activities	–	(334)
Net cash outflow	–	(334)

## 9. (LOSS)/EARNINGS PER SHARE

### From continuing and discontinued operations

	For the six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
(Loss)/profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<b>(97,736)</b>	47,056

	For the six months ended 30 September	
	2014 '000	2013 '000
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<b>6,078,669</b>	6,078,669

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 9. (LOSS)/EARNINGS PER SHARE *(Continued)* From continuing operations

	For the six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
(Loss)/profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<b>(97,327)</b>	41,820

	For the six months ended 30 September	
	2014 '000	2013 '000
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<b>6,078,669</b>	6,078,669

## From discontinued operations

	For the six months ended 30 September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
(Loss)/profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<b>(409)</b>	5,236

	For the six months ended 30 September	
	2014 '000	2013 '000
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<b>6,078,669</b>	6,078,669

The diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as the Company has no dilutive potential shares outstanding for the six months ended 30 September 2014 and 2013.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 10. INTERIM DIVIDEND

No interim dividend was paid or proposed during the six months ended 30 September 2014 and 30 September 2013, 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 2014 have been arrived at on the basis of a valuation carried out on that date by Peak Vision Appraisals Limited, independent professional valuers who are not connected with the Group and have recent experience in the valuation of similar properties in relevant locations. Peak Vision Appraisals Limited are members of the Institute of Valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in similar locations and conditions and the current rents passing the reversionary income potential of the properties.

At 30 September 2014, investment properties with the carrying amount of approximately HK\$297,177,000 (31 March 2014: HK\$562,482,000) have been pledged to secure banking facilities granted to the Group.

### Fair value measurements

The table below analyses recurring fair value measurements for investment properties located in Hong Kong and outside Hong Kong. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 30 September 2014</b>				
Hong Kong	–	22,800	–	22,800
Outside Hong Kong	–	–	618,742	618,742
	–	22,800	618,742	641,542
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 31 March 2014</b>				
Hong Kong	–	25,300	–	25,300
Outside Hong Kong	–	–	590,817	590,817
	–	25,300	590,817	616,117

There were no transfers among Level 1, Level 2 and Level 3 during the period/year. The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 12. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
<b>Carrying amounts:</b>	
At 1 April 2014 (Audited)	20,585
Additions	262
Depreciation expenses	(1,612)
Disposal	(4,063)
Exchange alignment	–
<b>At 30 September 2014 (Unaudited)</b>	<b>15,172</b>

At 30 September 2014, the carrying amounts of property, plant and equipment comprise the followings:

	HK\$'000 (Unaudited)
<b>Carrying amounts:</b>	
Property under development	5,665
Leasehold improvements	–
Furniture and fixtures	6,349
Equipment, motor vehicles and others	3,158
	<b>15,172</b>

During the six months ended 30 September 2014, no impairment loss (six months ended 30 September 2013: HK\$1,537,000) was recognised in the condensed consolidated statement of profit or loss.

## 13. MINING RIGHTS

	HK\$'000
<b>Cost</b>	
At 1 April 2013, 31 March 2014, 1 April 2014 and 30 September 2014	1,232,400
<b>Accumulated impairment</b>	
At 1 April 2013	132,600
Impairment	31,200
At 31 March 2014, 1 April 2014 and 30 September 2014	163,800
<b>Carrying amount</b>	
<b>At 30 September 2014 (Unaudited)</b>	<b>1,068,600</b>
At 31 March 2014 (Audited)	1,068,600

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. For the six months ended 30 September 2014 and 30 September 2013, the directors of the Company considered that as the commercial production of the mine has not yet been commenced, no amortisation was recognised for both periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 14. INTERESTS IN ASSOCIATES

	At 30 September 2014 HK\$'000 (Unaudited)	At 31 March 2014 HK\$'000 (Audited)
Cost of investment		
— Listed (Note)	<b>1,386,284</b>	1,800,773
Share of result of associates	<b>66,304</b>	71,655
Share of other comprehensive income of associates	<b>5,459</b>	7,196
	<b>1,458,047</b>	1,879,624
Amount due from an associate	<b>100,940</b>	9,637
Amount due to associates	<b>(116,300)</b>	(16,300)
	<b>1,442,687</b>	1,872,961
Market value of listed associates	<b>1,902,447</b>	1,818,683

Note:

On 16 May 2014, the Group disposed of an aggregate of 72,000,000 Heilongjiang Interchina Water Treatment Company Limited (“Heilongjiang Interchina”) shares through the block trading system of the Shanghai Stock Exchange at a cash consideration of RMB311,250,000 (equivalent to HK\$391,510,000), net of transaction costs, representing RMB4.33 per Heilongjiang Interchina share.

Immediately after the partial disposal, the aggregate number of Heilongjiang Interchina Shares held by the Group decreased from 299,312,500 Heilongjiang Interchina shares, representing approximately 20.56% of the issued share capital of Heilongjiang Interchina, to 227,312,500 Heilongjiang Interchina shares, representing approximately 15.61% of the issued share capital of Heilongjiang Interchina. A loss on partial disposal of approximate HK\$61,026,000 was recognised in profit or loss during the six months ended 30 September 2014.

## 15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

As at the end of the reporting period, the aging analysis of trade receivables, based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 September 2014 HK\$'000 (Unaudited)	At 31 March 2014 HK\$'000 (Audited)
Trade receivables:		
0–30 days	<b>32,790</b>	32,790
Margin clients’ accounts receivables	<b>99,761</b>	99,761
Prepayments and deposits	<b>1,135,260</b>	1,366,829
Other receivables	<b>107,218</b>	128,836
Trade and other receivables and prepayments, net of allowance for doubtful debts	<b>1,375,029</b>	1,628,216

The average credit period granted to customers is 60 days (31 March 2014: 60 days).

Loans to margin clients are secured by client’s pledged securities, repayable on demand and interest free. 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

Included in the allowance for doubtful debts are individually impaired trade and other receivables and prepayment with an aggregate balance of approximately HK\$92,234,000 (31 March 2014: 92,234,000) which are past due at the end of the reporting period. The allowance for doubtful debts recognised because there has been a significant change in credit quality and the amounts are considered irrecoverable.

The Group's prepayments and deposits as at 30 September 2014, inter alia, are as follow:

- (i) deposits of HK\$293,396,000 paid for acquisition of certain investment properties in the PRC has been refunded during the six month period ended 30 September 2014;
- (ii) deposits of approximately HK\$295,119,000 (31 March 2014: HK\$295,119,000) paid for acquisition of several potential water projects in the PRC;
- (iii) prepayments of approximately HK\$296,527,000 (31 March 2014: HK\$295,458,000) to various contractors for construction of environmental protection and water treatment projects in the PRC;
- (iv) deposits of HK\$159,000,000 (31 March 2014: HK\$159,000,000) paid for acquisition of additional 30% equity interest in a Indonesia company which is principally engaged in the exploration, mining, processing and sale of manganese resources in Indonesia. Details of which is set out in the Company's announcement dated 21 March 2014, 30 April 2014, 30 May 2014, 20 June 2014, 15 August 2014 and 30 September 2014 and the Company's circular dated 7 July 2014; and
- (v) deposits of HK\$255,000,000 paid for acquisition of the entire equity interests of companies and the related sale loan, principally engaged in hospitality and car park rental (31 March 2014: HK\$255,000,000). Details of which were set out in the Company's announcements dated 26 November 2013, 29 November 2013, 10 January 2014, 28 February 2014, 28 March 2014, 31 July 2014 and 31 October 2014 and the Company's circular dated 23 January 2014.

## 16. LOAN RECEIVABLES

The loan was unsecured, carrying at the prevailing interest rate ranging from 2% to 7.2% per annum (31 March 2014: from 2% to 7.2% per annum).

During the six months ended 30 September 2014, no impairment loss (six months ended 30 September 2013: HK\$8,115,000) was recognised in the condensed consolidated statement of profit or loss.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 17. SHARE CAPITAL

	Number of shares		Nominal value	
	At 30 September 2014 '000 (Unaudited)	At 31 March 2014 '000 (Audited)	At 30 September 2014 HK\$'000 (Unaudited)	At 31 March 2014 HK\$'000 (Audited)
Ordinary shares				
<b>Maximum number of shares can be issued:</b>				
At beginning and end of the reporting period	10,000,000	10,000,000		
<b>Issued and fully paid:</b>				
At beginning of the reporting period	6,078,669	6,078,669	2,490,454	607,867
Transfer from share premium	–	–	–	1,882,587
At end of the reporting period	6,078,669	6,078,669	2,490,454	2,490,454

An entirely new Company Ordinance (“CO”) that came into effect on 3 March 2014. The authorised share capital of the Company as at 31 March 2013 was HK\$1,000,000,000, representing 10,000,000,000 of ordinary shares, which become the maximum number of shares that can be issued under the new CO. The limit may be removed by shareholders of the Company passing an ordinary resolution. The new CO abolished authorised share capital, par value, share premium, and share redemption reserve, in respect of the share capital of Hong Kong companies. As a result, the amounts of share premium of the Company were transferred to the share capital during the year ended 31 March 2014.

## 18. 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
At 1 April 2013 (Audited)	57,399
Charge to the consolidated statement of profit or loss	6,509
Exchange alignment	223
At 31 March 2014 and 1 April 2014 (Audited)	64,131
Charge to the condensed consolidated statement of profit or loss (note 7)	7,007
Exchange alignment	(26)
<b>At 30 September 2014 (Unaudited)</b>	<b>71,112</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 19. OTHER PAYABLES AND DEPOSITS RECEIVED

	At 30 September 2014 HK\$'000 (Unaudited)	At 31 March 2014 HK\$'000 (Audited)
Other payables and deposits received	<b>61,745</b>	58,925

No interest expenses payable for the period ended 30 September 2014 (31 March 2014: HK\$2,953,000) is included in other payables.

## 20. BANK AND OTHER BORROWINGS

	At 30 September 2014 HK\$'000 (Unaudited)	At 31 March 2014 HK\$'000 (Audited)
Secured bank borrowings	<b>24,315</b>	27,480
Secured other borrowings	<b>477,987</b>	415,095
Unsecured other borrowings	<b>222,314</b>	–
Total bank and other borrowings	<b>724,616</b>	442,575
Carrying amounts repayable: Within one year:		
— Bank borrowings	<b>9,293</b>	420,475
— Other borrowings	<b>700,301</b>	–
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)	<b>15,022</b>	22,100
Total borrowings	<b>724,616</b>	442,575

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 20. BANK AND OTHER BORROWINGS (Continued)

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 2.45% to 5.25% (year ended 31 March 2014: 2.45% to 5.25%) per annum. The effective interest rates on bank borrowings denominated in Renminbi is 6.83% (31 March 2014: 6.83%) per annum.

The other borrowings bear interest at rates of 8.2% to 15% per annum for the six months ended 30 September 2014 (year ended 31 March 2014: 8.63% per annum).

- (b) Assets with the following carrying amount have been pledged to secured general banking facilities granted to the Group:

	At 30 September 2014 HK\$'000 (Unaudited)	At 31 March 2014 HK\$'000 (Audited)
Investment properties	294,177	562,482

The secured other borrowings of approximately HK\$477,987,000 are secured by 181,950,000 shares of Heilongjiang Interchina (31 March 2014: 110,785,000 shares), 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 2014 HK\$'000 (Unaudited)	At 31 March 2014 HK\$'000 (Audited)
Hong Kong dollars	227,129	5,881
Renminbi	497,487	436,694
	<b>724,616</b>	<b>442,575</b>

## 21. CAPITAL COMMITMENTS

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

	At 30 September 2014 HK\$'000 (Unaudited)	At 31 March 2014 HK\$'000 (Audited)
<b>Authorised and contracted, but not provided for:</b>		
— acquisition of property, plant and equipment	797	2,109
— acquisition of subsidiaries	891,000	891,000
	<b>891,797</b>	<b>893,109</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 22. OPERATING LEASE COMMITMENTS

### The Group as lessee

	For the six months ended	
	30 September 2014	2013
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Minimum lease payments paid under operating leases during the period:		
Premises	<b>4,383</b>	3,085

At 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 2014	At 31 March 2014
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Within one year	<b>9,288</b>	9,298
In the second to the fifth year inclusive	<b>14,936</b>	25,604
	<b>24,224</b>	34,902

Operating lease payments represent rentals payable by the Group for 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 end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 September 2014	At 31 March 2014
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Within one year	<b>20,166</b>	23,163
In the second to the fifth year inclusive	<b>19,641</b>	38,810
After five years	<b>1,789</b>	4,480
	<b>41,596</b>	66,453

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 23. PARTIAL DISPOSAL OF ASSOCIATES

On 16 May 2014, the Group disposed of an aggregate of 72,000,000 Heilongjiang Interchina shares, representing 4.95% of the issued share capital of Heilongjiang Interchina, through the block trading system of the Shanghai Stock Exchange at a cash consideration of RMB311,250,000 (equivalent to HK\$391,510,000), net of transaction cost. The effect of changes of interests in associates as at the completion date of the partial disposal is summarised as follow:

	HK\$'000
Considerations satisfied by cash	391,510
Less: Carrying amount of the 4.95% equity interests in Heilongjiang Interchina	(452,536)
Loss on partial disposal of associates	(61,026)

## 24. 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
<b>At 30 September 2014 (Unaudited)</b>				
<b>Recurring fair value measurement</b>				
Financial assets at fair value through profit or loss classified as held for trading	506,589	–	–	506,589

	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
<b>At 31 March 2014 (Audited)</b>				
<b>Recurring fair value measurement</b>				
Financial assets at fair value through profit or loss classified as held for trading	188,509	–	–	188,509

During the six months ended 30 September 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (31 March 2014: 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 2014 and 31 March 2014.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

## 25. 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	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other short-term benefits	2,384	3,956
Pension scheme contribution	150	133
	<b>2,534</b>	4,089

### (b) Balance with related parties

Included in other payables was an amount payable to related parties amounted to approximately HK\$8,396,000 (31 March 2014: HK\$8,396,000).

## 26. EVENTS AFTER THE REPORTING PERIOD

- (a) On 29 November 2013, the Company entered into the sale and purchase agreement with Mr. Jiang Zhaobai, ("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"). As at the date of approval of these condensed consolidated financial statements, acquisition of the entire equity interests has not completed and the management of the Group was still in the midst of determining the financial effect of the aforesaid transactions. Details of which were set out in the Company's announcements dated 26 November 2013, 29 November 2013, 10 January 2014, 28 February 2014, 28 March 2014, 31 July 2014 and 31 October 2014 and the Company's circular dated 23 January 2014.
- (b) On 21 March 2014, Interchina Resources Holdings Limited, a wholly-owned subsidiary of the Company entered into the sale and purchase agreement with Mr. Ji WenWen regarding the further acquisition of the 30% equity interest in the Indonesian Company at the consideration of HK\$318,000,000. As at the date of approval of these condensed consolidated financial statements, acquisition of the additional interests has not completed and the management of the Group was still in the midst of determining the financial effect of the aforesaid transactions. Details of which were set out in the Company's announcements dated 21 March 2014, 30 April 2014, 30 May 2014, 20 June 2014, 15 August 2014 and 30 September 2014 and the Company's circular dated 7 July 2014.

## 27. APPROVAL AND AUTHORISATION FOR ISSUE OF INTERIM FINANCIAL REPORT

The Interim Financial Statement were approved and authorised for issue by the board of directors on 28 November 2014.

# MANAGEMENT STATEMENT

## BUSINESS REVIEW AND PROSPECT

### Property Investment Operation

During the Period, the rental income of the Group's investment properties increased by 24.9% to HK\$12,830,000 (six months ended 30 September 2013: HK\$10,272,000). Total GFA of the Group's operational investment properties mainly Beijing Interchina Commercial Building, located in the CBD of Beijing, the PRC (the "Beijing Property"), reached 19,620 square meters as at 30 September 2014. At 30 September 2014, the carrying value of the Group's investment properties amounted to HK\$641,542,000 (31 March 2014: HK\$616,117,000) and the average occupancy rate of the Beijing Property was approximately 99%.

The segment profit amounted to HK\$35,571,000 as compared with HK\$26,556,000 for the same period in 2013. The increase in profit was mainly attributable to the increase in rental income and the increase in the unrealised fair value gain on investment properties from HK\$20,892,000 for the same period in 2013 to HK\$25,528,000 for the Period.

The Group has been constantly seeking to expand its investment property portfolios with a view to expanding revenue source. On 29 November 2013, the Company entered into the sale and purchase agreement with Mr. Jiang Zhaobai and his brother (as vendors) in relation to acquire the entire equity interest of Loyal Rich International Investment Limited ("Loyal Rich") at HK\$573,000,000 (the "Hotel Acquisition"). Loyal Rich is the beneficial owner of Express by Holiday Inn Wujiaochang Shanghai (上海五角場快捷假日酒店), a 20-storey hotel with a gross floor area of approximately 15,949 sq.m., located in Levels 1–20, 1729 Huang Xing Road, Wujiaochang Jiedao, Yangpu District, Shanghai, the PRC (the "Hotel") and a 2-storey carpark with a gross floor area of 18,329 sq.m., located in Basement 2 & 3 1737 Huang Xing Road, Wujiaochang Jiedao, Yangpu District, Shanghai, the PRC (the "Carpark"). Detail of the transaction was set out in the Company's circular dated 23 January 2014. Besides, as additional time is required for the fulfilment of the conditions precedent set out in the sale and purchase agreement, on 31 October 2014, the Company and Mr. Jiang and his brother agreed in writing to further extend the long stop date from 31 December 2014 (or such other date as may be agreed by the Company in writing). Upon the date of this report, the Hotel Acquisition has not yet completed. It expects the Hotel and the Carpark can start contribute income and profit to the Group in January 2015.

Going forward, the Group will continue to acquire quality investment property to further enhance the assets base of the Group and strengthen the profitability of this segment.

### Financing and Securities Investment Operation

Segment revenue represents interest income from financing operation, slightly decreased by 8.3% to HK\$7,982,000. The segment gain amounted to HK\$2,812,000 as compared with the loss of HK\$48,702,000 for the same period in 2013. The turnaround to profit was mainly attributable to the decrease in unrealised fair value loss of the securities investment from HK\$57,342,000 for the same period in 2013 to HK\$5,080,000 for the Period.

In September 2014, the Company entered into a subscription agreement with KuangChi Science Limited (Stock Code: 439), pursuant to which the Company has conditionally agreed to subscribe for up to 60,000,000 new KuangChi shares at HK\$5.386 per KuangChi share in cash for an aggregate consideration of HK\$323,160,000 (the "KuangChi Subscription"). The KuangChi Subscription constitutes discloseable transaction for the Company under the Listing Rules. Detail of the transaction was set out in the Company's announcement dated 15 September 2014. The Subscription completed on 29 September 2014.

As at 30 September 2014, total securities investment/financial assets at fair value through profit and loss stood at HK\$506,589,000 (31 March 2014: HK\$188,509,000) and total loan receivable under financing operation amounted to HK\$240,681,000 (31 March 2014: HK\$232,699,000). The Company will continue to seek for securities investment opportunity with good business prospect in order to strength the earning base of the Group.

# MANAGEMENT STATEMENT

## Natural Resources Operation

During the Period, this segment did not contribute any revenue to the Group. The segment loss amounted to HK\$1,028,000, representing an increase of 6.6% as compared with HK\$964,000 for the same period in 2013. The loss was mainly represented administrative expenses for the Period.

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 2014 amounted to HK\$1,068,600,000 (31 March 2014: HK\$1,068,600,000).

In March 2014, the Group entered into a sale and purchase agreement with one of the minority shareholder of the SLP to acquire the 30% equity interest in SLP at the consideration of HK\$318,000,000 (the "Further Acquisition"). Upon the completion of the Further Acquisition, the Group's interest in SLP will increased from 65% to 95%. Detail of the transaction was set out in the Company's circular dated 7 July 2014. As additional time is required for the fulfilment of the conditions precedent set out in the sale and purchase agreement, on 30 September 2014, the Company has inform the vendor to extend the long stop date to 31 December 2014 (or such other date as may be agreed by the Company in writing). Upon the date of this report, the Further Acquisition has not yet completed.

To implement the Law on Mineral and Coal Mining (No. 4 of 2009, Laws of the Indonesia), Indonesian government authorities promulgated a regulation on 13 January 2014, pursuant to which all holders of mining production operation licenses shall undertake mineral processing and refining within the territory of Indonesia in order to export a certain amount of products. In addition, the Ministry of Energy and Mineral Resources of the Republic of Indonesia formulated the Regulation of the Minister of Energy and Mineral Resources No. 1 of 2014 ("GR1/2014") which are enacted on 11 January 2014, export of minerals are banned. Manganese is one of the five minerals that can be exported after they are processed in the three-year grace period. After the grace period, the minerals have to be purified before being exported. Since the Group has its own processing plant with well-equip facilities, it is of the view that such regulations do not have material adverse impact to the segment. However, the Group would also consider build a smelting facilities, if necessary in the processing plant in order to comply with the GR1/2014 in the future.

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.

# MANAGEMENT STATEMENT

## Environmental Water Treatment Operation — Interest in associates

During the Period, the Group mainly operates the environmental water treatment operation through its associate company, Heilongjiang Interchina Water Treatment Company Limited (“Heilongjiang Interchina”) which is listed on the Shanghai Stock Exchange (Stock Code: 600187). At 30 September 2014, Heilongjiang Interchina operated seventeen water projects located in different regions in the PRC, with aggregate daily capacity of 1,497,500 tonnes. Although this segment recorded no turnover for the Period (Six months ended 30 September 2013: Nil), the Group shared a net profit of Heilongjiang Interchina amounted to HK\$13,096,000 for the Period (Six months ended 30 September 2013: HK\$14,164,000).

In May 2014, the Group disposed an aggregate of 72,000,000 Heilongjiang Interchina Shares (the “Disposal”), representing 4.95% of the issued share capital of Heilongjiang Interchina, through the block trading system of the Shanghai Stock Exchange at an aggregate consideration of RMB311,760,000 (equivalent to approximately HK\$392,151,000), representing RMB4.33 (equivalent to approximately HK\$5.45) per Heilongjiang Interchina Share. The Disposal recognised a loss of HK\$61,026,000 for the Group. The net proceed from the Disposal had been used to repay the outstanding borrowings of the Group. After the Disposal, the Group still holds 227,312,500 Heilongjiang Interchina Shares, representing approximately 15.61% of the issued shares capital of Heilongjiang Interchina.

As at 30 September 2014, Heilongjiang Interchina’s closing share price was RMB6.58, representing Heilongjiang Interchina’s market capitalisation of approximately RMB9.58 billion (approximately HK\$11.97 billion) and the market value of approximately HK\$1.87 billion of the Group’s shareholding in Heilongjiang Interchina.

Meanwhile, Heilongjiang Interchina is in progress of applying a non-public shares issue of not more than 274,000,000 new shares of Heilongjiang Interchina at the issue price of RMB4.01 per Heilongjiang Interchina Share to two subscribers, being Mr. Jiang Zhaobai (“Mr. Jiang”) and Mr. Zhu Yongjun (“Mr. Zhu”). Mr. Jiang is the substantial shareholder, an executive Director and the chairman of the Company and Mr. Zhu is the director and chairman of Heilongjiang Interchina. It estimates that upon the completion of the aforesaid non-public share issue, the Company’s interest in Heilongjiang Interchina will be diluted to approximately 13.14%. Detail of the non-public shares issue was set out in the Company’s announcement dated 15 August 2014.

## Discontinued Operations

Securities dealing and brokerage operation is presented as discontinued operation for the Period.

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. No revenue was recognised during the Period (Six months ended 30 September 2013: HK\$7,423,000). This segment recorded loss of HK\$409,000 (Six months ended 30 September 2013: profit of HK\$5,383,000).

## OUTLOOK

The global economy recovery remains sluggish. Coupled with the political environment is becoming more complicated, the Company expected that the 2015 to be full of challenges. To cope with the challenging environment, the Group will continue to adopt a vigorous but moderate investment tactic to develop the original core businesses and will probing for other business opportunities as appropriate in order to enhance its growth, broadening its income stream and to provide shareholders with largest investment return for their long support.

# MANAGEMENT STATEMENT

## FINANCIAL REVIEW

### Results of Operations

The Group recorded a total revenue from continuing operations for the Period of HK\$20,812,000 (six months ended 30 September 2013: HK\$18,976,000). This was mainly contributed by the growth of the property investment operation. Administrative costs significantly decreased by HK\$42,072,000 to HK\$16,653,000, representing a decrease of 71.6% from the same period of 2013. The decrease was mainly due to the decrease in professional and consultancy fee expenses for business expansion for the Period. Besides, due to absence of impairment loss recognised in respect of the Group's assets for the Period, no other operating expenses were recorded for the Period (six months ended 30 September 2013: HK\$53,601,000). As a result of turnaround in share prices of some listed securities during the period, loss arising on change in fair value of financial assets at fair value through profit or loss decreased by HK\$52,262,000 to HK\$5,080,000 from the same period of 2013. Finance costs decreased by HK\$10,391,000 to HK\$15,829,000, representing a decrease of 39.6% from the same period of 2013. As a result of the foregoing, the Group still recorded net loss of HK\$98,064,000 for the Period (six months ended 30 September 2013: net profit of HK\$49,176,000). The turnaround to loss was mainly due to (i) the absence of non-recurring gain on deemed disposal of associates (six months ended 30 September 2013: HK\$160,442,000) and (ii) the Group recorded a loss on disposal of associate of HK\$61,026,000 during the Period. Basic loss per share stood at HK1.61 cents, compared with the basic earnings per share of HK0.77 cents the previous year.

### Liquidity, Financial Resources and Capital Structure

At 30 September 2014, the Group's total assets were HK\$6,238,387,000 (31 March 2014: HK\$6,026,894,000) and the total liabilities were HK\$859,781,000 (31 March 2014: HK\$568,010,000). There has been no change in the share capital of the Company during the period. As at 1 April 2014 and 30 September 2014, the number of issued shares of the Company was 6,078,669,363. At 30 September 2014, the equity reached HK\$5,378,606,000 (31 March 2014: HK\$5,458,884,000) and the current ratio of the Group was 3.8 (31 March 2014: 4.7) whereas the gearing ratio (total outstanding borrowings over total assets) of the Group was 11.6% (31 March 2014: 7.3%).

At 30 September 2014, the Group's cash on hand and deposits in bank was HK\$870,657,000 (31 March 2014: HK\$321,777,000). Around 99% 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 2014, the Group had total borrowings of HK\$724,616,000 (31 March 2014: HK\$442,575,000) of which approximately HK\$709,594,000 are repayable within one year and the remaining balance of approximately HK\$15,022,000 are not repayable within one year from the end of the reporting period but contain a repayment on demand clause. Around 69.3% of the Group's total borrowings was denominated in Renminbi with the rest mainly in Hong Kong dollars.

### Pledged of Assets

At 30 September 2014, the Group's investment properties with carrying amounts of HK\$294,177,000 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.

# MANAGEMENT STATEMENT

## 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

On 7 July 2014, the Company proposed to dispose entire equity interest of Heilongjiang Interchina held by the Company at not less than RMB4.1 per Heilongjiang Interchina Share (the "Proposed Disposal"). The Proposed Disposal constitutes a very substantial disposal of the Company under the Listing Rules. Detail of the Proposed Disposal was set out in the Company's announcement dated 7 July 2014. Due to the change of strategic development plan, on 15 August 2014, the Company announced not to proceed with the Proposed Disposal. Detail of the termination of the Proposed Disposal was set out in the Company's announcement dated 15 August 2014. As the result, Heilongjiang Interchina continues to be an associate company of the Group.

Save as the above mentioned, the Hotel Acquisition, the KuangChi Subscription and the Further Acquisition have been described in the "Business Review and Prospect" section, there was no material acquisition or disposal of subsidiaries or associates during the Period.

## Future plans for material investments or capital assets

Save as the above mentioned, the Group did not have any future plans for material investments or capital assets as at 30 September 2014.

## Human Resources

As at 30 September 2014, the Group had approximately 39 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. Due to other business commitments, both of Mr. Zhu Deyu and Mr. Lu Yaohua resigned as an executive Director on 1 June 2014 respectively.
2. Due to personal development, Mr. Gu Yungao resigned as an executive Director on 12 September 2014.
3. Mr. Chen Yi, Ethan has been re-designated from an independent non-executive Director to an executive Director on 10 October 2014.
4. Professor Shan Zhemin was appointed as an independent non-executive Director on 10 October 2014.

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

As at 30 September 2014, 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 held	Approximate percentage shareholding
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%

Save as disclosed above, as at 30 September 2014, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or 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 Hong Kong Stock Exchange pursuant to the Model Code.

# OTHER INFORMATION

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

As at 30 September 2014, 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 Hong Kong 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 held	Approximate percentage shareholding
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%

Note:

- (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.

Save as disclosed above, as at 30 September 2014, 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 Hong Kong 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 2014. Detailed terms of the New Share Option Scheme were disclosed in the 2014 annual report.

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

## 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 2014.

# OTHER INFORMATION

## COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the principles code provisions of the Code on Corporate Governance Practices contained in Appendix 14 (the “CG Code”) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). Throughout the Period under review, the Company had complied with all the code provisions of the CG Code except for the deviations as stated below:

- (i) Pursuant to the Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. Currently all directors (including non-executive directors) are not appointed for a fixed term. However, according to Article 101 of the Articles of Association of the Company, one-third of the directors (including executive and non-executive Directors) shall retire each year and every director shall be subject to retirement by rotation at least once every three years. The retiring director shall be eligible for re-election. The Board believes that the current arrangement will give the Company sufficient flexibility to organise the composition of the Board to serve the needs of the Group.
- (ii) Pursuant to the Code Provision E.2.1 of the CG Code, the chairman of the Board should attend the annual general meeting (“AGM”) to answer questions at the AGM. Mr. Jiang Zhaobai, the chairman of the Board did not attend the 2014 AGM due to other business engagements. Mr. Lam Cheung Shing Richard, being the executive director of the Company, attended the AGM on 15 August 2014 and was delegated to make himself available to answer questions if raised at the meeting.

## 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 2014.

By Order of the board of directors  
**EverChina Int’l Holdings Company Limited**  
**Lam Cheung Shing, Richard**  
*Chief Executive Officer and Executive Director*

Hong Kong, 28 November 2014