



**Prosperity International  
Holdings (H.K.) Limited**

**昌興國際控股(香港)有限公司**

*(Incorporated in Bermuda with limited liability)*  
Stock code: 803

**Interim Report 2013/2014**



# Corporate Information



## BOARD OF DIRECTORS

### Executive Directors

Mr. WONG Ben Koon, *Chairman*  
Mr. SUN Yong Sen, *Deputy Chairman*  
Mr. ZHU Kai, *Deputy Chairman*  
(*appointed on 25 September 2013*)  
Dr. MAO Shuzhong  
Mr. LIU Yongshun  
Mr. Johannes Petrus MULDER  
Ms. Gloria WONG  
Mr. KONG Siu Keung

### Non-executive Director

Mr. LIU Benren, *Deputy Chairman*  
(*resigned on 25 September 2013*)

### Independent Non-executive Directors

Mr. YUEN Kim Hung, Michael  
Mr. YUNG Ho  
Mr. CHAN Kai Nang  
Mr. MA Jianwu

### QUALIFIED ACCOUNTANT

Mr. KONG Siu Keung, FCPA, FCCA

### COMPANY SECRETARY

Mr. KONG Siu Keung, FCPA, FCCA

### AUTHORISED REPRESENTATIVES

Mr. WONG Ben Koon  
Mr. KONG Siu Keung

## AUDIT COMMITTEE

Mr. YUEN Kim Hung, Michael, *Chairman*  
Mr. YUNG Ho  
Mr. MA Jianwu

## REMUNERATION COMMITTEE

Mr. YUEN Kim Hung, Michael, *Chairman*  
Mr. YUNG Ho  
Mr. CHAN Kai Nang

## NOMINATION COMMITTEE

Mr. CHAN Kai Nang, *Chairman*  
Mr. MA Jianwu  
Mr. KONG Siu Keung

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 1801-6,  
18th Floor  
Tower 2,  
The Gateway  
25 Canton Road,  
Tsim Sha Tsui,  
Kowloon,  
Hong Kong

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda





# Corporate Information

## **BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

HSBC Securities Services (Bermuda) Limited  
6 Front Street  
Hamilton HM 11  
Bermuda

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Tengis Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wanchai, Hong Kong

## **STOCK CODE**

803

## **AUDITOR**

RSM Nelson Wheeler  
Certified Public Accountants  
29th Floor  
Caroline Centre  
Lee Gardens Two  
28 Yun Ping Road  
Hong Kong

## **SOLICITORS**

Stephenson Harwood  
35th Floor  
Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

## **PRINCIPAL BANKERS**

Hang Seng Bank Limited  
Industrial and Commercial Bank of China  
(Asia) Limited  
Oversea-Chinese Banking  
Corporation Limited  
Standard Chartered Bank  
(Hong Kong) Limited  
DBS Bank (Hong Kong) Limited

## **COMPANY WEBSITE ADDRESS**

[www.pihl-hk.com](http://www.pihl-hk.com)

# Management Discussion and Analysis



## RESULTS OVERVIEW

For the six months ended 30 September 2013 (the "Period"), Prosperity International Holdings (H.K.) Limited ("Prosperity") or "the Company") and its subsidiaries (collectively, the "Group") recorded a turnover of approximately HK\$1,963 million, representing an increase of 11% as compared with approximately HK\$1,775 million for the six months ended 30 September 2012. Net profit for the Period is approximately HK\$42 million, compared with the net loss of approximately HK\$193 million during the same period a year earlier. Basic earnings per share stood at HK0.09 cents, compared with the basic losses per share of HK2 cents the previous year.

The Board does not recommend a payment of an interim dividend for the Period (2012: Nil).

## Business Review

### *Iron Ore Trading*

The Group's iron ore trading business mainly sources iron ore from iron ore producers in South Africa and Malaysia, and then ships the commodity to China for its industrial consumption. The majority of the iron ore is sold to large steel manufacturers in China.

For the six months ended 30 September 2013, the Group shipped approximately 1.6 million tonnes of iron ore (six months ended 30 September 2012: approximately 1.5 million tonnes). It contributed a segment profit of HK\$1.3 million (six months ended 30 September 2012: segment loss of approximately HK\$63 million). The improvement of segment results was mainly attributable to the increase in iron ore shipped in current period and the absence of a non-recurring loss of approximately HK\$39 million in relation to a customer reneged on an agreement to accept a shipment of 200,000 tonnes of iron ore last period. The iron ore trading market during the Period remained difficult and volatile. To cope with the situation, the Group continued to be selective in taking orders for iron ore shipments, while controlling costs and expenses.

In addition, one of the Group's subsidiaries holds an effective 35% interest in United Goalink Limited (the "UGL"), a joint venture company holding a exploration rights over a mining site of approximately 600 sq.km. and mining concessions over 3 sq.km. in Ceará, Brazil. The construction of processing plant was completed in May 2013 and in November 2013, UGL delivered approximately 21,000 tonnes of iron ore with an iron content of approximately 58% (2012: approximately 55,800 tonnes) and approximately 62,000 tonnes of iron ore with an iron content of approximately 62% (2012: Nil).





# Management Discussion and Analysis

## *Real Estate Development Projects*

The Group's real estate investment and development division focuses on creating a portfolio of properties in China with good upside potential and manageable risk.

The Group holds interests in an existing commercial building and a new commercial and residential development, both located in downtown Guangzhou City, through its wholly-owned subsidiary Bliss Hero Investment Limited ("Bliss Hero"). Bliss Hero owns approximately 11,472 sq.m. of office and commercial space in SilverBay Plaza which had 97% occupancy rate as at 30 September 2013. Bliss Hero also holds a 55% interest in a commercial and residential development project named Oriental Landmark which is currently under construction.

Presales of the residential units at Oriental Landmark continued to exceed the Group's original expectations, and the management believes that, by the end of the current fiscal year, the sale of these units will generate satisfactory profits. Presales in the first block commenced in December 2011 and by 30 September 2013, all of the 192 units had been sold at an average price of approximately RMB31,000 per sq.m. Presales in the second block commenced in April 2012 and, by 30 September 2013, 159 of 176 units had been sold at an average price of approximately RMB34,000 per sq.m. Presales in the third block commenced in July 2012 and, by the end of September 2013, 150 out of the 155 units had been sold at an average price of approximately RMB38,000 per sq.m. Presales in the fourth block commenced in October 2012 and, by 30 September 2013, 101 of the 126 units had been sold at an average price of approximately RMB42,000 per sq.m.

By 30 September 2013, contracted sales of residential units amounted to RMB2,078 million (HK\$2,618 million), of which approximately RMB2,039 million (HK\$2,569 million) was already received by the Company in cash. Since then, contracted sales have increased to RMB2,183 million (HK\$2,751 million), of which RMB2,150 million (HK\$2,709 million) was already received by the Company in cash.

Associated retail space and car parking are also being developed at Oriental Landmark. The management is confident that rents from both the facilities will provide a good level of recurring income for the Company.

On 12 July 2013, the Group announced that it had completed the disposal of its 50% interest in a property development project in Hangzhou City, and thus recorded a gain on disposal of approximately HK\$44 million.

# Management Discussion and Analysis



## *Clinker and Cement Trading Business and Operation*

During the Period, countries which are producing more cost competitive clinker and cement, especially Vietnam, are replacing China as the more important exporters of the commodities as their weak domestic demand led to serious oversupply.

The Group took advantage of this situation by sourcing lower-cost clinker and cement from such countries, including Vietnam. It was also actively seeking more regions which can supply quality clinker and cement at competitive prices. The Group's management guided the trading business through the highly competitive environment with its experience, expertise and extensive regional network. For the Period under review, this business generated a segment profit of approximately HK\$1.4 million (2012: segment profit of approximately HK\$8.5 million).

The Group holds a 33.06% interest in Anhui Chaodong Cement Company Limited ("ACC") which is listed on the Shanghai Stock Exchange (stock code: 600318). ACC is a cement and clinker manufacturer located in Anhui Province. For the six months ended 30 September 2013, ACC contributed an attributable profit of approximately RMB9.8 million (2012: approximately HK\$14 million).

On 23 August 2013, the Group announced the completion of disposal of its 16.11% interest in TCC Liaoning Cement Company Limited ("TCC Liaoning"), and has thus recorded a gain on disposal of approximately HK\$49.4 million. During the period under review and up to the date of the disposal, TCC Liaoning contributed an attributable profit of approximately HK\$4.7 million.

Overall, the Group's cement operation performed in line with the management's expectations during the Period.

## *Granite Production*

With regard to the granite material production business, the Group had entered into this business by acquiring the Xiang Lu Shan Granite Mining Site in Guangxi, the PRC. Under the mining permit, the Group is allowed to produce up to 40,000 m<sup>3</sup> (equivalent to approximately 102,000 tonnes) of granite products per annum at the site. Its feldspar powder plant there has a designed annual production capacity of 100,000 tonnes.





# Management Discussion and Analysis

## *Operation of Public Port and Other Related Facilities Business*

Since October 2006, the Group has invested in a public port and has been providing warehousing services in Jiangsu Province, the PRC, through its 25% equity stake in a joint venture with Anhui Conch Venture Investment Company Limited.

The public port is located in Jiangdu City of Jiangsu Province, and is one of the few deep water ports along the Yangtze River Delta, accommodating ten berth docks (three for 70,000-tonnage vessels and seven for 5,000-tonnage vessels) which provide inland waterway cargo transportation services and lightering service. The public port has a terminal storage area of approximately 340,000 sq.m. with stockpiling capacity of 3.5 million tonnes. The terminal can handle a huge throughput of 20 million tonnes per year.

The construction of all the berths was completed. The port operation recorded a turnover of HK\$84.7 million for the Period and handled approximately 9.57 million tonnes of throughput, of which the majority were coal. It reported an attributable profit of approximately HK\$5 million for the Period.

With the modern equipment, the public port operation will mainly serve the needs of handling cargoes which call for high quality logistics in Yangzhou and eastern China. It will also become a bulk cargo transshipment base for the upper reaches of the Yangtze River, serving large steel mills, power generation firms and companies engaged in production of building materials and chemicals.

## *Privatization of Prosperity Minerals Holdings Limited ("PMHL")*

On 22 July 2013, Jetgo Development Limited ("Jetgo"), a wholly-owned subsidiary of the Company, made an offer (the "Privatization Offer") as to acquire the entire ordinary shares of PMHL, other than those PMHL shares already owned by the Company, with an offer price of £1.3 to each PMHL share. The Privatization Offer also extended to the 5,590,000 PMHL share options which are outstanding as at the date of Privatization Offer, with an offer price of £0.60 to each PMHL share option. The Company financed up to 90% of the total consideration of the Privatization Offer with a term loan facility of up to US\$108 million (equivalent to approximately HK\$842.4 million) by Industrial and Commercial Bank of China (Asia) Limited (the "ICBC (Asia)").

In view of PMHL's iron ore trading business requires increased capital investment, notably for its transformation into a principal trader from an agent trader, the persistently low share price and poor trading liquidity of PMHL had prevented it from functioning effectively as a fund-raising vehicle, the Company believed that it would be easier for it to use the consolidated financial strength of a combined group, as well as the Hong Kong capital market, to raise fund to fulfill PMHL's capital requirements. As a result, the Company decided to privatize PMHL.

# Management Discussion and Analysis



As at 30 September 2013, the Company, directly and indirectly through Jetgo, held over 99% of the ordinary shares of PMHL. On 2 October 2013, PMHL successfully delisted from the AIM of London Stock Exchange. In early November 2013, Jetgo completed the compulsory acquisition of the then outstanding PMHL shares to which the Privatization Offer relates and PMHL became a wholly owned subsidiary of the Group.

Full details about the privatization of PMHL can be found in the relevant announcements of the Company posted on the website of the HKEx.

## *Proposed acquisition of the entire issued share capital of Billion Win Capital Limited ("Billion Win")*

On 29 October 2012, the Company entered into the conditional agreements with All Wealthy Capital Limited ("All Wealthy"), Sun Honest Enterprise Limited ("Sun Honest") and Million Sea Group Limited ("Million Sea") in relation to the sale and purchase of up to 100% of the issued share capital of Billion Win for an aggregate consideration of US\$500 million (equivalent to approximately HK\$3,900 million), subject to adjustment and a maximum amount of US\$650 million (equivalent to approximately HK\$5,070 million) ("Billion Win Acquisition"). Billion Win and its subsidiaries are principally engaged in (i) the operation of the iron mines located in Sri Jaya, Pahang State, Malaysia (the "Sri Jaya Mines"); (ii) the operation of the iron ore processing plant which is adjacent to the Sri Jaya Mines; and (iii) the sale of iron ore mined in Malaysia.

Further to the above, the Company entered into the memorandum of agreements on 21 December 2012, among other things, All Wealthy agreed to reduce the consideration by US\$19.75 million (approximately HK\$154.05 million). As at the date of this report, the Billion Win Acquisition is not yet completed and details of the transaction are set out in the relevant announcements of the Company posted on the website of HKEx.

## **LIQUIDITY, FINANCIAL RESOURCE AND CAPITAL RESOURCES**

The total shareholders' fund of the Group as at 30 September 2013 was HK\$2,604 million (31 March 2013: HK\$2,211 million). As at 30 September 2013, the Group had current assets of HK\$5,277 million (31 March 2013: HK\$5,012 million) and current liabilities of HK\$4,126 million (31 March 2013: HK\$3,783 million). The current ratio was 1.28 as at 30 September 2013 as compared to 1.32 at 31 March 2013. The Group generally finances its operations with internally generated cash flow, credit facilities provided by its principal bankers in Hong Kong and the PRC and the proceed from issuance of convertible loan notes.







# Management Discussion and Analysis

As at 30 September 2013, the Group's total time deposits, bank and cash balances were approximately HK\$1,351 million (31 March 2013: HK\$1,426 million) and total outstanding debts (including bank borrowings and convertible notes) were approximately HK\$2,236 million (31 March 2013: HK\$1,674 million).

The debt-to-equity ratio of the Group as at 30 September 2013, calculated on the basis of total interest bearing debts divided by owners' equity, was approximately 0.86 (31 March 2013: 0.76).

## HUMAN RESOURCES

As at 30 September 2013, the Group had a total of 356 staff members, 263 of them based in the PRC and 93 based in Hong Kong.

The Group remunerates its employees based on their performance, experience and the prevailing industry practice. The Group will pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. With a view to retaining certain important employees who continue to make valuable contributions to the Group, share options to subscribe for shares of the Company in accordance with the new share option scheme adopted on 25 September 2009 may be granted.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labor disputes nor has it experienced any difficulties in the recruitment and retention of experienced staff. The Directors believe that the Group has a good work relationship with its employees.

## CHARGE ON GROUP ASSETS

The following assets held by the Group were pledged to banks to secure banking facilities granted to the Group:

- (a) pledged bank deposits of approximately HK\$111,744,000 (31 March 2013: approximately HK\$9,679,000);
- (b) 33.06% equity interest in ACC;
- (c) investment properties and investment properties under development with their carrying amount as at 30 September 2013 was HK\$395,931,000 (31 March 2013: HK\$670,306,000);

# Management Discussion and Analysis



- (d) 70% equity interest in Lead Hero Investments Limited, an indirectly owned subsidiary of the Group;
- (e) assignment of the Group's sale and purchase agreements of iron ore with the subsidiary of a jointly controlled entity;
- (f) 100% equity interests in Jetgo; and
- (g) all the assets of Jetgo

## OUTLOOK

The iron ore market remained volatile in the Period, and is expected to do so in the rest of the current fiscal year. The Group will cope with the situation with its rich experience, long standing connections in China, an adaptable trading model and cost-control measures. This will enable it to have satisfactory performance in its iron ore trading in the second half of the fiscal year. As part of its move to transform itself to a principal trader from an agent trader, the Group has been improving the production facilities of its 35%-held United Goalink Limited, an iron ore producer in Brazil.

The Group is confident about the prospects of the businesses of iron ore and other mineral resources because of China's robust demand. The Group will continue to seek opportunities for investing in such businesses.

As to the property development division, the Group will have the Oriental Landmark completed in the second half of the current fiscal year. Presales of the residential units of the project have drawn good responses from the market. The Group believes that Oriental Landmark will generate satisfactory profits when completed.

The Group remains optimistic about the overall property market in China's first-tier cities such as Guangzhou, and will continue to seek new property development projects with potential for good returns.

Under the leadership of an experienced management team, the Group will implement its strategies of transforming into a principal iron ore trader and tapping China's booming property markets for growth. It will build on what it has achieved and enhance its businesses' competitiveness in their respective markets.

Looking ahead, the Group will strive to become a leading supplier of building materials and mineral resources in Asia and will generate fruitful return to the shareholders in the long run.

# Condensed Consolidated Statement of Profit or Loss

The board of directors of the Company (the "Board") is pleased to announce the condensed consolidated results of the Group for the six months ended 30 September 2013, together with the comparative figures for the corresponding period of last year, as follows:

	Note	For the six months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
<b>Turnover</b>	4	1,963,427	1,774,674
Cost of goods sold		(1,919,314)	(1,779,580)
<b>Gross profit/(loss)</b>		44,113	(4,906)
Other income	5	49,732	32,204
Selling and distribution costs		(17,580)	(27,275)
Administrative expenses		(150,570)	(131,761)
<b>Loss from operations</b>		(74,305)	(131,738)
Finance costs	7	(82,081)	(23,544)
Share of profits less losses of associates		19,502	17,847
Share of profits less losses of jointly controlled entities		(37,691)	(28,260)
Fair value gain on derivative financial instruments		30,306	1,312
Fair value gain on investment properties and investment properties under development		53,517	54,334
Impairment loss of available-for-sale financial assets		–	(74,725)
Gain on disposal of available-for-sale financial assets		2,846	–
Reversal of the impairment loss on interests in a jointly controlled entity		42,789	–
Gain on disposal of a jointly controlled entity		44,013	–
Gain on disposal of an associated company		49,415	–
<b>Profit/(loss) before tax</b>		48,311	(184,774)
Income tax expense	8	(6,691)	(8,323)
<b>Profit/(loss) for the period</b>	9	41,620	(193,097)

# Condensed Consolidated Statement of Profit or Loss



	Note	For the six months ended	
		30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
<b>Attributable to:</b>			
Owners of the Company		5,713	(127,722)
Non-controlling interests		35,907	(65,375)
		41,620	(193,097)
Earnings/(losses) per share			
— basic (HK cents)	10(a)	0.09	(2.00)
— diluted (HK cents)	10(b)	N/A	N/A

# Condensed Consolidated Statement of Other Comprehensive Income

	For the six months ended	
	30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Profit/(loss) for the period	41,620	(193,097)
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	22,399	(27,391)
Fair value gain/(loss) on available-for-sale financial assets	18,324	(1,226)
Other comprehensive income for the period, net of tax	40,723	(28,617)
Total comprehensive income for the period	82,343	(221,714)
Attributable to:		
Owners of the Company	25,349	(142,586)
Non-controlling interests	56,994	(79,128)
	82,343	(221,714)



# Condensed Consolidated Statement of Financial Position

		As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	25,407	19,635
Investment properties	12	234,942	227,687
Investment properties under development	12	1,556,096	1,402,642
Goodwill		38,105	38,105
Other intangible assets		169,739	169,739
Interests in associates	13	588,271	567,842
Interests in jointly controlled entities	14	462,055	731,348
Finance lease receivable		147,201	135,572
Derivative financial assets		–	4,136
Available-for-sale financial assets		223,385	128,882
Non-current prepayments		498,243	514,825
		<b>3,943,444</b>	<b>3,940,413</b>
<b>Current assets</b>			
Properties under development for sale		2,454,831	2,259,908
Available-for-sale financial assets		15,600	16,285
Finance lease receivable		15,754	17,333
Trade and bills receivables	15	149,999	231,165
Prepayments, deposits and other receivables		1,107,998	875,019
Inventory		18,245	–
Current tax assets		52,121	41,873
Pledged deposits		111,744	9,679
Time deposits		–	421,942
Bank and cash balances		1,351,135	1,004,514
		<b>5,277,427</b>	<b>4,877,718</b>
Non-current assets held for sale		–	134,253
		<b>5,277,427</b>	<b>5,011,971</b>
<b>Total assets</b>		<b>9,220,871</b>	<b>8,952,384</b>

# Condensed Consolidated Statement of Financial Position

		As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
	Note		
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	16	63,950	63,950
Reserves		2,540,470	2,147,370
Equity attributable to owners of the Company		2,604,420	2,211,320
Non-controlling interests		720,478	1,879,755
<b>Total equity</b>		<b>3,324,898</b>	<b>4,091,075</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	17	1,344,449	666,263
Deferred tax liabilities		425,111	412,021
		1,769,560	1,078,284
<b>Current liabilities</b>			
Trade and bills payables	18	212,290	306,729
Other payables and deposits received		2,995,383	2,406,780
Derivative financial liabilities		26,402	60,843
Current portion of bank borrowings	17	504,130	647,525
Convertible loan notes		387,080	359,956
Current tax liabilities		1,128	1,192
		4,126,413	3,783,025
<b>Total liabilities</b>		<b>5,895,973</b>	<b>4,861,309</b>
<b>Total equity and liabilities</b>		<b>9,220,871</b>	<b>8,952,384</b>
<b>Net current assets</b>		<b>1,151,014</b>	<b>1,228,946</b>
<b>Total assets less current liabilities</b>		<b>5,094,458</b>	<b>5,169,359</b>

# Condensed Consolidated Statement of Changes in Equity



Attributable to owners of the Company

	Share capital		Foreign currency	Contributed	Merger	Share-based	Investment	Other	Retained	Total	Non-	Total
	capital	premium	translation	surplus	reserve	payment	reserve	reserve	profits		controlling	equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	63,950	1,035,544	117,351	886,979	(12,880)	29,850	4,886	50	85,590	2,211,320	1,879,755	4,091,075
Total comprehensive income for the period	-	-	7,896	-	-	-	11,740	-	5,713	25,349	56,994	82,343
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	405,859	405,859	(1,214,352)	(808,493)
Purchase of share options of a subsidiary	-	-	-	-	-	(16,328)	-	-	(21,780)	(38,108)	(1,919)	(40,027)
Changes in equity for the period	-	-	7,896	-	-	(16,328)	11,740	-	389,792	393,100	(1,159,277)	(766,177)
At 30 September 2013	63,950	1,035,544	125,247	886,979	(12,880)	13,522	16,626	50	475,382	2,604,420	720,478	3,324,898
At 1 April 2012	63,950	1,035,544	99,738	886,979	(12,880)	29,850	2,285	50	291,431	2,396,957	2,009,799	4,406,756
Total comprehensive income for the period	-	-	(13,638)	-	-	-	(1,226)	-	(127,722)	(142,586)	(79,128)	(221,714)
Dividend paid	-	-	-	-	-	-	-	-	-	-	(36,171)	(36,171)
Changes in equity for the period	-	-	(13,638)	-	-	-	(1,226)	-	(127,722)	(142,586)	(115,299)	(257,885)
At 30 September 2012	63,950	1,035,544	86,100	886,979	(12,880)	29,850	1,069	50	163,709	2,254,371	1,894,500	4,148,871



# Condensed Consolidated Statement of Cash Flows

	For the six months ended	
	30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Net cash generated from operating activities	24,666	599,269
Net cash used in investing activities	(186,721)	(143,349)
Net cash generated from/(used in) financing activities	511,357	(541,302)
Net increase/(decrease) in cash and cash equivalents	349,302	(85,382)
Effect of foreign exchange rate changes	(2,681)	9,279
Cash and cash equivalents at beginning of period	1,004,514	1,394,532
Cash and cash equivalents at end of period	1,351,135	1,318,429
Analysis of cash and cash equivalents		
Bank and cash balances	1,351,135	1,318,429

# Notes to Condensed Consolidated Financial Statements



## 1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is Suites 1801-6, 18/F., Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company is an investment holding company.

### Basis of Preparation

These condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2013. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2013 except as stated below.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS"); and



# Notes to Condensed Consolidated Financial Statements

Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

## **a. Amendments to HKAS 1 “Presentation of Financial Statements”**

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.



## **b. HKFRS 13 “Fair Value Measurement”**

HKFRS 13 “Fair Value Measurement” establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

The Group has not applied other new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operation and financial position.

## **3. FAIR VALUE MEASUREMENTS**

Some of the Group’s financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group’s policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

# Notes to Condensed Consolidated Financial Statements

## Disclosures of level in fair value hierarchy at 30 September 2013:

Description	Fair value measurements as at 30 September 2013 using:		
	Level 1	Level 2	Total
	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements:			
Available-for-sale financial assets			
Equity securities listed in			
Hong Kong	110,499	–	110,499
Equity securities listed outside			
Hong Kong	9,819	19,067	28,886
Unlisted equity securities	–	99,600	99,600
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	–	26,402	26,402

Description	Fair value measurement as at 31 March 2013 using:		
	Level 1	Level 2	Total
	HK\$'000	HK\$'000	HK\$'000
Available-for-sale financial assets			
Equity securities listed in			
Hong Kong	109,913	–	109,913
Equity securities listed outside			
Hong Kong	9,147	–	9,147
Unlisted equity securities	–	26,107	26,107
Financial assets at fair value through profit or loss			
Derivative financial assets	–	4,136	4,136
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	–	60,843	60,843

# Notes to Condensed Consolidated Financial Statements



The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as available-for-sale financial assets.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

## 4. TURNOVER

The Group was principally engaged in trading of iron ore and raw materials, trading of clinker, cement and other building materials, mining and processing of granite and selling of granite products and real estates investment and development during the six months ended 30 September 2013. The Group's turnover represents the sales of goods to customers, net of discount and returns, and the rental income received from real estates leasing.

# Notes to Condensed Consolidated Financial Statements

## 5. OTHER INCOME

	For the six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Commission received	–	764
Despatch income	1,101	3,711
Dividend income	938	1,333
Interest income	41,170	21,670
Exchange difference, net	2,870	–
Others	3,653	4,726
	<b>49,732</b>	<b>32,204</b>

## 6. SEGMENT INFORMATION

The Group's reportable segments are strategic businesses units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. In the manner consistent with the way in which information is reported internally to the Group's chief operating decision makers for the purpose of resources allocation and performance assessment, the Group has identified the following four reportable segments:

- (i) Trading of iron ore and raw materials
- (ii) Trading of clinker, cement and other building materials
- (iii) Mining and processing of granite and selling of granite products
- (iv) Real estates investment and development

# Notes to Condensed Consolidated Financial Statements



	Trading of iron ore and raw materials HK\$'000	Trading of clinker, cement and other building materials HK\$'000	Mining and processing of granite and selling of granite products HK\$'000	Real estates investment and development HK\$'000	Total HK\$'000
<b>For the six months ended 30 September 2013 (Unaudited)</b>					
Revenue from external customers	1,778,013	179,149	3	6,262	1,963,427
Segment profit/(loss)	1,290	1,371	(3,034)	(37,229)	(37,602)

	Trading of Iron ore and raw materials HK\$'000	Trading of Clinker, Cement and other building materials HK\$'000	Mining and processing of granite and selling of granite products HK\$'000	Real estates investment and development HK\$'000	Total HK\$'000
<b>For the six months ended 30 September 2012 (Unaudited)</b>					
Revenue from external customers	1,538,940	230,204	–	5,530	1,774,674
Segment profit/(loss)	(62,657)	8,533	(2,357)	(45,232)	(101,713)



# Notes to Condensed Consolidated Financial Statements

Reconciliation of reportable segment profit or loss:

	For the six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Total profit or loss of reportable segments	(37,602)	(101,713)
Other profit or loss	48,475	28,024
Share of profits less losses of associates	19,502	17,847
Share of profits less losses of jointly controlled entities	(37,691)	(28,260)
Fair value gain on investment properties and investment properties under development	53,517	54,334
Fair value gain on derivative financial instruments	30,306	1,312
Impairment loss of available-for-sale financial assets	–	(74,725)
Gain on disposal of available-for-sale financial assets	2,846	–
Gain on disposal of a jointly controlled entity	44,013	–
Gain on disposal of an associated company	49,415	–
Reversal of the impairment loss on interests in a jointly controlled entity	42,789	–
Finance costs	(82,081)	(23,544)
Unallocated amounts	(85,178)	(58,049)
Profit/(loss) before tax	48,311	(184,774)

Over 90% of the Group's revenue is derived from customers based in the People's Republic of China (the "PRC") and accordingly, no further analysis of geographical information is disclosed.

# Notes to Condensed Consolidated Financial Statements



## 7. FINANCE COSTS

	For the six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans wholly repayable within 5 years	43,658	49,564
Effective interest expense on convertible loan notes	44,965	–
Less: Borrowing costs capitalised into investment properties under development and properties under development for sale	(6,542)	(26,020)
	<b>82,081</b>	<b>23,544</b>

Borrowing costs were capitalised at a rate of 7.9% (2012: 6.0%) per annum for six months ended 30 September 2013.

## 8. INCOME TAX EXPENSE

	For the six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax	(158)	778
Deferred tax	6,849	7,545
	<b>6,691</b>	<b>8,323</b>

Hong Kong Profits Tax has been provided at a rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the six months ended 30 September 2013 and 2012.

Pursuant to the income tax rules and regulations of the PRC, the companies comprising the Group in the PRC are liable to PRC Corporate Income Tax at a rate of 25% (2012: 25%) during the six months ended 30 September 2013.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

# Notes to Condensed Consolidated Financial Statements

## 9. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging the following:

	For the six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation and amortisation	2,122	2,542
Exchange loss, net	–	3,153
Salaries, bonus, allowances and other costs (including directors' remuneration)	81,197	72,522
Retirement benefits scheme contributions	2,385	772

## 10. EARNINGS/(LOSSES) PER SHARE

### (a) Basic earnings/(losses) per share

The calculation of basic earnings/(losses) per share is based on the profit attributable to owners of the Company for the six months ended 30 September 2013 of approximately HK\$5,713,000 (six months ended 30 September 2012: loss of approximately HK\$127,722,000) and the weighted average number of ordinary shares of 6,394,962,539 (six months ended 30 September 2012: 6,394,962,539) in issue during the six months ended 30 September 2013.

### (b) Diluted earnings/(losses) per share

As the exercise of the Group's outstanding convertible loan notes would be anti-dilutive and there was no dilutive potential ordinary shares for the Company's outstanding options during the six months ended 30 September 2013, no diluted earnings/losses per share was presented.

## 11. DIVIDEND

No interim dividend has been declared by the Board for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

# Notes to Condensed Consolidated Financial Statements



## 12. INVESTMENT PROPERTIES, INVESTMENT PROPERTIES UNDER DEVELOPMENT, AND PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 September 2013, additions to investment properties, investment properties under development, and property, plant and equipment amounted to approximately of HK\$29,000, HK\$78,215,000 and HK\$8,878,000 respectively (2012: HK\$Nil, HK\$75,589,000 and HK\$4,794,000 respectively). No property, plant and equipment were disposed of during the same period (2012: HK\$Nil).

## 13. INTERESTS IN ASSOCIATES

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Share of net assets other than goodwill	551,490	531,061
Goodwill	36,781	36,781
	<b>588,271</b>	<b>567,842</b>
Representing:		
Listed investment outside Hong Kong	506,745	492,704
Unlisted investments	81,526	75,138
	<b>588,271</b>	<b>567,842</b>

# Notes to Condensed Consolidated Financial Statements

Details of the Group's associates at 30 September 2013 are as follows:

Name	Place of incorporation	Particulars of registered capital	Percentage of interest held by subsidiary	Principal activities
Yangzhou Haichang Port Industrial Company Limited (Formerly known as Jiang Du Haichang Port Industrial Company Limited)	The PRC	RMB220,500,000	25%	Operation of public port and the facilities business
Anhui Chaodong Cement Co. Ltd	The PRC	RMB242,000,000	33.06%	Manufacturing and sale of clinker and cement

## 14. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Unlisted investments		
Share of net assets	182,030	481,814
Goodwill	187,154	127,497
Loan to a subsidiary of a jointly controlled entity	33,549	22,197
Amount due from a jointly controlled entity	59,322	99,840
	<b>462,055</b>	<b>731,348</b>

# Notes to Condensed Consolidated Financial Statements



Details of the Group's jointly controlled entities as at 30 September 2013 are as follows:

Name	Place of incorporation	Particulars of registered capital	Percentage of interest held by subsidiary	Voting power held by subsidiary	Principal activities
Changtai Jinhongbong Real Estate Development Co. Ltd.	The PRC	RMB100,000,000	50%	50%	Property development
United Goalink Limited	British Virgin Islands	US\$2	35%	50%	Investment holding
RGN Resources Holdings Limited	Hong Kong	US\$50,000	50%	50%	Dormant

## 15. TRADE AND BILLS RECEIVABLES

In relation to the trading of clinker and cement and iron ore, the Group receives from each customer an irrevocable documentary credit issued at sight by a bank undertaking payment to the Group upon the presentation of relevant documents as required by the issuing bank. The Group's credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The aging analysis of trade and bills receivables, based on the goods delivery date, and net of allowance, is as follows:

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
0 to 90 days	149,999	231,165

# Notes to Condensed Consolidated Financial Statements

## 16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each		
At 31 March 2013 (Audited) and 30 September 2013 (Unaudited)	<u>10,000,000,000</u>	<u>100,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each		
At 31 March 2013 (Audited) and 30 September 2013 (Unaudited)	<u>6,394,962,539</u>	<u>63,950</u>

## 17. BANK BORROWINGS

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Secured		
Bank loans	1,716,984	1,281,945
Trust receipt loans	131,595	31,843
	<u>1,848,579</u>	<u>1,313,788</u>

# Notes to Condensed Consolidated Financial Statements



The bank borrowings are repayable as follows:

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
On demand or with one year	504,130	594,465
In the second year	413,125	184,899
In the third to fifth years, inclusive	931,324	519,865
After five years	–	14,559
	<b>1,848,579</b>	<b>1,313,788</b>
Less: Amount due for settlement within 12 months	(459,768)	(594,465)
Amount due for settlement after one year which contain a repayment on demand clause	(44,362)	(53,060)
	<b>1,344,449</b>	<b>666,263</b>

## 18. TRADE AND BILLS PAYABLES

The ageing analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Due within 1 month or on demand	212,290	255,245
Due after 6 months	–	51,484
	<b>212,290</b>	<b>306,729</b>



# Notes to Condensed Consolidated Financial Statements

## 19. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial information, the Group had the following material related party transactions:

	For the six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Significant related party transactions</b>		
(a) Compensation of key management personnel		
Directors' fees	1,354	1,080
Basic salaries, allowances and benefits in kind	14,415	12,567
Retirement benefits scheme contributions	557	594
	<b>16,326</b>	<b>14,241</b>
(b) Services fee paid to a jointly controlled entity	–	741
(c) Purchase of iron-ore from a jointly controlled Entity	–	26,551
(d) Sales of iron-ore to a related company ( <i>Note</i> )	397,048	–
(e) Purchase of iron-ore from a related company ( <i>Note</i> )	29,874	–
(f) Interest income from a jointly controlled entity	20,858	–
(g) Loans advanced to the Group's Jointly controlled entities	54,288	91,790
(h) Loans advanced to joint ventures	–	14,734

# Notes to Condensed Consolidated Financial Statements



	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
<b>Amounts due from related parties</b>		
(i) Prepayment for investment to a related company (Note)	54,600	54,600
(j) Loans to the jointly controlled entities of the Group	451,575	279,723
(k) Loans to a jointly controlled entity and its subsidiary	–	99,840
(l) Amount due from a jointly controlled entity	–	22,197
(m) Interest receivable from jointly controlled entities	45,856	29,827

Note: Mr. Wong Ben Koon ("Mr. Wong") is also a director of and has beneficial interest in the company.

## 20. CONTINGENT LIABILITIES

As at 30 September 2013, the Group did not have any significant contingent liabilities (31 March 2013: Nil).

# Notes to Condensed Consolidated Financial Statements

## 21. COMMITMENTS

The Group had the following commitments:

### (a) Operating lease commitments — as lessee

The Group had total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Within one year	9,873	7,275
In the second to fifth years, inclusive	10,266	5,988
	20,139	13,263

Operating lease payments represent rentals payable by the Group for an office premises. Leases are negotiated for a term of one year to three years and rentals are fixed over the lease terms and do not include contingent rentals.

### (b) Operating lease commitments — as lessor

The Group leases out investment properties under operating leases. The lease typically run for an initial period of 1 to 2 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

# Notes to Condensed Consolidated Financial Statements



At 30 September 2013, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Within one year	5,214	11,349
In the second to fifth years inclusive	5,511	10,889
Over five years	1,559	–
	12,284	22,238

## (c) Capital and other commitments

	As at 30 September 2013 (Unaudited) HK\$'000	As at 31 March 2013 (Audited) HK\$'000
Contracted but not provided for acquisition of property, plant and equipment and properties to be developed	173,341	259,639

In respect of its interests in jointly controlled entities, the jointly controlled entities are committed to incur capital expenditure of approximately HK\$318,646,000 (31 March 2013: HK\$60,411,000), of which the Group's share of this commitment is approximately HK\$159,323,000 (31 March 2013: HK\$30,206,000).

At 30 September 2013, the Group had no non-cancellable purchase orders for iron ore with its supplier (31 March 2013: approximately HK\$199,134,000).



# Notes to Condensed Consolidated Financial Statements

## 22. EVENTS AFTER THE REPORTING PERIOD

On 8 November 2013, Hangzhou Gangchang Technology and Trade Company Limited (“Hangzhou Gangchang”), an indirect wholly-owned subsidiary of the Company, entered into the master equipment sale and purchase agreement (the “Agreement”) with Phoenix Lake Sdn Bhd (“Phoenix Lake”), pursuant to which Hangzhou Gangchang has agreed from time to time during the term (a) to assist Phoenix Lake in reviewing the facility requirements of its iron ore processing plant in Malaysia and identifying the Equipment to be purchased by Phoenix Lake for use in its iron ore processing plant; and (b) to source from the PRC the equipment so identified by Phoenix Lake and on-sell them to Phoenix Lake, on the terms of and subject to the conditions set out in the Agreement. As Phoenix Lake is majority-owned by Mr. Wong, the Agreement is constituted the continuing connected transaction and subject to various disclosure requirements pursuant to the Listing Rules.

The Agreement is for the term between 8 November 2013 and 31 March 2014 and the maximum value of the transactions between Hangzhou Gangchang and Phoenix Lake contemplated under the Agreement during the Term will be RMB89 million (approximately HK\$112 million).

For details of the terms of the Agreement, please refer to the announcements of the Company posted on the website of the Hong Kong Exchanges and Clearing Limited (the “HKEx”).



## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2013 (30 September 2012: Nil).

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Mode Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

### (a) Long positions in ordinary shares and underlying shares of the Company

Name of Director/ chief executive	Number of Shares and underlying Shares held, capacity and nature of interest				Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Interest of Director's spouse	Number of underlying Shares held under equity derivatives		
Mr. Wong Ben Koon ("Mr. Wong")	1,935,190,697	7,240,807,131 (Note)	22,640,000	1,326,000,000 (Note)	10,524,637,828	164.58%
Mr. Johannes Petrus Mulder	200,000	-	-	30,000,000	30,200,000	0.47%
Dr. Mao Shuzhong	-	-	-	30,000,000	30,000,000	0.47%
Mr. Liu Yongshun	-	-	-	15,000,000	15,000,000	0.23%
Ms. Gloria Wong	-	-	-	10,000,000	10,000,000	0.16%
Mr. Kong Siu Keung	-	-	-	10,000,000	10,000,000	0.16%

## Other Information

Note: Mr. Wong is interested in 99,952,143 Shares through his interests in Well Success Group Limited, which is wholly owned by Mr. Wong. In addition, Mr. Wong is also interested in 2,139,675,960 Shares, 2,639,514 Shares and 2,639,514 Shares through his interest in Prosperity Minerals Group Limited ("PMGL"), Max Will Profits Limited ("Max Will") and Max Start Holdings Limited ("Max Start"), which are owned beneficially as to 67.2%, 65.0% and 65.0% by Mr. Wong respectively. In addition, by virtue of the fact that All Wealthy and Sun Honest are beneficially owned by Mr. Wong as to approximately 79.26% and 100%, respectively, Mr. Wong is deemed to be interested in (a) an aggregate of 4,995,900,000 consideration shares to be issued to All Wealthy and Sun Honest, and (b) an aggregate of 1,326,000,000 conversion shares to be issued to All Wealthy and Sun Honest upon exercise of the conversion rights attaching to the consideration bonds in the principal amount of US\$70 million (equivalent to approximately HK\$546 million) and US\$15 million (equivalent to approximately HK\$117 million) to be issued to All Wealthy and Sun Honest, respectively.

### (b) Short positions in ordinary shares and underlying shares of the Company

Name of Director	Number of shares held, capacity and nature of interest				Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Interest of director's spouse	Total	
Mr. Wong	-	124,145,962 (Note)	-	124,145,962	1.94%

Note: Pursuant to the warrant instruments executed between PMGL, Mr. Wong and Luck Well Management Limited ("Luck Well") on 8 April 2011 and 8 April 2013 respectively, PMGL granted the warrants to Luck Well conferring rights to purchase from PMGL of nominal value of HK\$0.01 each in the capital of the Company, at the exercise price of HK\$0.5152 per share in aggregate up to HK\$78,000,000. Luck Well is the nominee of CCB International Asset Management Limited which is entitled to purchase 151,397,515 shares of the Company pursuant to the terms of the warrants agreements. As at 30 September 2013, Luck Well has redeemed 18% of the warrant instruments and the shares entitled to be purchased by Luck Well was reduced to 124,145,962 shares.

Mr. Wong has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company.



## (c) Long position in the debenture of the Company

Name of Director/ chief executive	Capacity	Principal amount of the debenture held	Percentage of the aggregate principal amount of the debenture
Mr. Wong	Interest in controlled corporation	US\$85,000,000 (Note)	85%

Note: Mr. Wong is deemed to be interested in the consideration bonds in the principal amount of US\$70 million (equivalent to approximately HK\$546 million) and US\$15 million (equivalent to approximately HK\$117 million) to be issued by the Company to All Wealthy and Sun Honest, respectively, by virtue of the fact that All Wealthy and Sun Honest are beneficially owned by Mr. Wong as to approximately 79.26% and 100%, respectively.

Save as disclosed above, as at 30 September 2013, so far as is known to any Directors or chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share options holdings disclosed above, at no time during the Relevant Period were rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company granted to any Director, or their respective spouses or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.



# Other Information

## DETAILS OF SHARE OPTIONS GRANTED BY THE COMPANY

The Company operates a share option scheme which was adopted on 25 September 2009 (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, Directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries.

Details of the shares options granted under the Scheme and outstanding during the Relevant Period are as follows:

Name or category of participant	Number of share options outstanding as at 1 April 2013	Granted/ exercised during the Relevant Period	Number of share options outstanding as at 30 September 2013	Date of grant of share options	Exercisable Period	Closing price of the shares immediately before date of grant of share options	
						Exercise price of share options HK\$	of share options HK\$
<b>Director</b>							
Dr. Mao Shuzhong	30,000,000	-	30,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Mr. Liu Yongshun	15,000,000	-	15,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Mr. Johannes Petrus Mulder	30,000,000	-	30,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Ms. Gloria Wong	10,000,000	-	10,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Mr. Kong Siu Keung	10,000,000	-	10,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
<b>Other</b>							
Other employees	36,800,000	-	36,800,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
	<u>131,800,000</u>	<u>-</u>	<u>131,800,000</u>				

Save for the above, no share option was granted, exercised, cancelled or lapsed under the Scheme during the Relevant Period.



## Share option scheme operated by a subsidiary

PMHL operated a share option scheme (the “Subsidiary Scheme”) whereby the directors of PMHL are authorised, at their discretion, to invite employees of PMHL and its subsidiaries, to take up options at nil consideration to subscribe for the shares of PMHL.

Details of the shares option of the Subsidiary Scheme outstanding during the Period from 1 April 2013 to 30 September 2013 are as follows:

Name or category of participant	Number of share options outstanding as at 1 April 2013	Purchased during the Relevant period (Note)	Number of share options outstanding as at 30 September 2013	Date of grant of share options	Exercisable period	Exercise price of share options GBP	Price of share at date of grant of share options GBP
Other employees							
2009 options	5,590,000	(5,590,000)	-	28 October 2009	28 October 2011 to 27 October 2013	0.70	0.70

Note: On 22 July 2013, Jetgo, the wholly-owned subsidiary of the Company, made the cash offer to acquire the then outstanding share options of PMHL, with an offer price of £0.60 to each PMHL share option.

Save for the above, no share options were granted, exercise, cancelled, or lapsed under the Subsidiary Scheme during the Period.

# Other Information

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

So far as is known to any Director or chief executive of the Company, as at 30 September 2013, persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### Long positions:

Name	Capacity/nature of interest	Number of Shares	Number of underlying Shares	Total	Percentage of the Company's issued share capital
Madam Hon Ching Fong	Interest in controlled corporations (Note a)	2,144,954,988	-	2,144,954,988	33.54%
PMGL (Note g)	Beneficial owner (Note a)	2,139,675,960	-	2,139,675,960	33.46%
Ms. Shing Shing Wai	Interest of spouse	10,501,397,828	-		
	Beneficial owner	22,640,000	-		
	(Note b)	10,524,037,828		10,524,037,828	164.57%
All Wealthy (Note g)	Beneficial owner (Note c)	4,059,900,000	1,092,000,000	5,151,900,000	80.56%
Elite Force (Asia) Limited ("Elite Force") (Note g)	Interest in controlled corporations (Note c)	4,059,900,000	1,092,000,000	5,151,900,000	80.56%
Sun Honest (Note g)	Beneficial owner (Note d)	936,000,000	234,000,000	1,170,000,000	18.30%
Sidero International Limited ("Sidero")	Beneficial owner (Note e)	-	433,333,333	433,333,333	6.78%
China-Asean Investment Cooperation Fund, L.P.	Interest in controlled corporation (Note e)	-	433,333,333	433,333,333	6.78%
LIM Asia Special Situations Master Fund Limited ("LASSMF")	Beneficial owner (Note f)	5,400,000	398,666,667	404,066,667	6.32%
LIM Asia Special Situations Fund Limited ("LASSF")	Interest in controlled corporation (Note f)	5,400,000	398,666,667	404,066,667	6.32%
LIM Advisors Limited ("LIM")	Investment manager (Note f)	56,383,400	520,000,000	576,383,400	9.01%



Notes:

- (a) The entire issued share capital of PMGL, Max Start and Max Will, are beneficially owned as to 32.8%, 35% and 35% by Madam Hon Ching Fong respectively.
- (b) Ms. Shing Shing Wai is the spouse of Mr. Wong and the interests of each of Mr. Wong and Ms. Shing Shing Wai are deemed to be the interests of each other.
- (c) All Wealthy is interested in 4,059,900,000 Consideration Shares and 1,092,000,000 conversion shares falling to be issued to it upon the exercise of the conversion rights attaching to the consideration bonds in the principal amount of US\$70 million (equivalent to approximately HK\$546 million), as referred to in the note to the paragraph headed "Long positions in the Shares and underlying Shares of the Company" under the sub-section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" at page 37 to page 38. All Wealthy is beneficially owned as to 79.26% by Elite Force and therefore Elite Force is deemed to be interested in the Shares and underlying Shares held by All Wealthy.
- (d) Sun Honest is interested in 936,000,000 consideration shares and 234,000,000 conversion shares falling to be issued to it upon the exercise of the conversion rights attaching to the consideration bonds in the principal amount of US\$15 million (equivalent to approximately HK\$117 million), as referred to in the note to the paragraph headed "Long positions in the Shares and underlying Shares of the Company" under the sub-section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" at page 37 to page 38.
- (e) Sidero is wholly-owned by China-Asean Investment Cooperation Fund, L.P. and therefore China-Asean Investment Cooperation Fund, L.P. is deemed to be interested in the Shares and underlying Shares held by Sidero.
- (f) LASSF is deemed to be interested in the Shares and the underlying Shares held by LASSMF as LASSMF is controlled by LASSF as to 98%. LIM is also deemed to be interested in the Shares and the underlying Shares held by LASSMF as LIM is the investment manager of LASSMF.
- (g) Mr. Wong is a director of each of PMGL, All Wealthy, Elite Force and Sun Honest.

# Other Information

## Short positions:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Madam Hon Ching Fong	(a) & (c)	Through PMGL	124,145,962	1.94%
PMGL	(a) & (c)	Directly beneficially owned	124,145,962	1.94%
Ms. Shing Shing Wai	(b) & (c)	Interest of substantial shareholder's spouse	124,145,962	1.94%

### Notes:

- The entire issued share capital of PMGL, Max Start and Max Will, are beneficially owned as to 32.8%, 35% and 35% by Madam Hon Ching Fong.
- Ms. Shing Shing Wai is the spouse of Mr. Wong and the interests of each of Mr. Wong and Ms. Shing Shing Wai is deemed to be the interests of each other.
- Pursuant to the warrant instruments executed between PMGL, Mr. Wong and Luck Well on 8 April 2011 and 8 April 2013, PMGL granted the warrants to Luck Well conferring rights to purchase from PMGL of nominal value of HK\$0.01 each in the capital of Company, at the exercise price of HK\$0.5152 per share in aggregate up to HK\$78,000,000. Luck Well is the nominee of CCB International Asset Management Limited which is entitled to purchase 151,397,515 shares of the Company pursuant to the terms of the warrants agreements. As at 30 September 2013, Luck Well has redeemed 18% of the warrant instruments and the shares entitled to be purchased by Luck Well was reduced to 124,145,962 shares.

Save as disclosed above, as at 30 September 2013, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) of interests or short positions in the shares or underlying shares of the Company held by them which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



## AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, namely, Mr. Yuen Kim Hung, Michael (chairman of the audit committee), Mr. Yung Ho and Mr. Ma Jianwu.

The main duties of the audit committee are to review the half-yearly and annual financial information of the Group and oversee the Group's financial reporting system and internal control procedures.

The audit committee held one meeting during the Relevant Period. The audit committee has reviewed the Group's unaudited interim information for the six months ended 30 September 2013.

## CORPORATE GOVERNANCE

In the opinion of the Directors, during the Relevant Period, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "CG Code") except the following:

### Communications with shareholders

Under the CG Code, the chairman of the Board should attend the annual general meeting and arrange for the chairman of each of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at any general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

Whilst the Board endeavours to maintain an on-going dialogue with its shareholders, the chairman of the Company may not always be able to attend general meetings due to other important business engagements. Mr. Kong Siu Keung, being an executive Director, attended the annual general meeting of the Company on 16 September 2013 and was delegated to make himself available to answer questions if raised at the meeting. The absence of the chairman of the Company in the annual general meeting constituted a deviation from the CG Code.



# Other Information

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the required standard of dealings as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions.

Having made specific enquiry with all the Directors, each of them confirms that he has complied in full with the required standard of dealings regarding directors' securities transactions throughout the Relevant Period.

## APPRECIATION

On behalf of the Company, I would like to express my sincere gratitude to our shareholders and business partners for their confidence and loyal support to the Group. In addition, I would like to take this opportunity to thank the management and all staff members for their dedication and valuable contribution. As we enter into the second half of the financial year 2014, we look forward to achieving continued growth for the Group.

By order of the Board  
Prosperity International Holdings (H.K.) Limited  
Wong Ben Koon  
*Chairman*

Hong Kong, 29 November 2013

The Directors of the Company as at the date of this report are:

### Executive Directors

Mr. Wong Ben Koon (Chairman)  
Mr. Sun Yong Sen (Deputy Chairman)  
Mr. Zhu Kai (Deputy Chairman)  
Dr. Mao Shuzhong (Chief Executive Officer)  
Mr. Liu Yongshun  
Mr. Johannes Petrus Mulder  
Ms. Gloria Wong  
Mr. Kong Siu Keung

### Independent non-executive Directors

Mr. Yuen Kim Hung, Michael  
Mr. Yung Ho  
Mr. Chan Kai Nang  
Mr. Ma Jianwu