



Burwill Holdings Limited
寶威控股有限公司

(incorporated in Bermuda with limited liability)

Stock code : 24



Interim Report **2015**



The Directors of Burwill Holdings Limited (the “Company”) hereby present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015 as follows:

Condensed Consolidated Income Statement

		Unaudited	
		Six months ended 30 June	
	<i>Notes</i>	2015	2014
		HK\$'000	<i>HK\$'000</i>
			<i>(restated)</i>
Continuing operations			
Turnover	2	2,218,441	2,976,205
Cost of sales		(2,201,215)	(2,934,392)
Gross profit		17,226	41,813
Other income and net (losses)/gains	3	3,039	(22,634)
Selling and distribution expenses		(27,601)	(29,718)
General and administrative expenses		(25,956)	(26,611)
Share option expenses		(5,137)	–
Operating loss	4	(38,429)	(37,150)
Finance costs	5	(10,865)	(17,014)
Share of (losses)/profits of associates		(8,426)	5,349
Loss before income tax		(57,720)	(48,815)
Income tax credit	6	2,572	943
Loss for the period from continuing operations		(55,148)	(47,872)
Discontinued operations			
Profit for the period from discontinued operations		14,588	17,414
Loss for the period		(40,560)	(30,458)
(Loss)/Profit attributable to:			
Owners of the Company		(43,658)	(34,424)
Non-controlling interests		3,098	3,966
		(40,560)	(30,458)
(Loss)/Profit attributable to owners of the Company arises from:			
Continuing operations		(53,152)	(46,292)
Discontinued operations		9,494	11,868
		(43,658)	(34,424)

Condensed Consolidated Income Statement (continued)

		Unaudited	
		Six months ended 30 June	
	Notes	2015	2014
		HK\$'000	HK\$'000
			<i>(restated)</i>
(Loss)/Earnings per share from continuing and discontinued operations attributable to owners of the Company for the period	7		
Basic (loss)/earnings per share			
From continuing operations (HK cents)		(1.14)	(1.01)
From discontinued operations (HK cents)		0.20	0.26
		(0.94)	(0.75)
Diluted (loss)/earnings per share			
From continuing operations (HK cents)		(1.14)	(1.01)
From discontinued operations (HK cents)		0.20	0.26
		(0.94)	(0.75)

Condensed Consolidated Statement of Comprehensive Income

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (restated)
Loss for the period	(40,560)	(30,458)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value change in available-for-sale financial assets	(19,505)	–
Currency translation differences	(1,854)	(29,724)
Other comprehensive expense for the period, net of tax	(21,359)	(29,724)
Total comprehensive expense for the period	(61,919)	(60,182)
Attributable to:		
Owners of the Company	(64,990)	(55,408)
Non-controlling interests	3,071	(4,774)
Total comprehensive expense for the period	(61,919)	(60,182)
Total comprehensive expense attributable to owners of the Company arising from:		
Continuing operations	(74,614)	(54,656)
Discontinued operations	9,624	(752)
	(64,990)	(55,408)

Condensed Consolidated Balance Sheet

	Notes	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		8,853	9,018
Property, plant and equipment		213,625	216,587
Investments in associates		55,826	64,254
Available-for-sale financial assets		17,850	–
Club debentures		1,473	1,473
Prepayments and other receivables		38,565	39,158
Deferred income tax assets		56,611	54,351
Total non-current assets		392,803	384,841
Current assets			
Inventories		55,603	43,032
Financial assets at fair value through profit or loss		1,638	1,455
Bills and accounts receivable	8	1,013,403	1,357,569
Deposits, prepayments and other receivables		188,743	157,662
Due from associates		37,621	33,784
Due from a related company		1,751	1,751
Income tax refundable		87	87
Cash and bank balances		152,797	128,992
		1,451,643	1,724,332
Assets of disposal group classified as held for sale	9	1,113,819	1,113,973
Total current assets		2,565,462	2,838,305
Total assets		2,958,265	3,223,146

Condensed Consolidated Balance Sheet (continued)

		Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
	Notes		
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	477,621	458,671
Other reserves		1,008,424	983,580
Accumulated losses		(246,417)	(202,759)
		1,239,628	1,239,492
Non-controlling interests		242,527	243,292
Total equity		1,482,155	1,482,784
LIABILITIES			
Non-current liabilities			
Borrowings		56,807	56,807
Deferred income tax liabilities		-	5
Provision for land restoration and environmental costs		4,279	4,279
Total non-current liabilities		61,086	61,091
Current liabilities			
Borrowings		463,693	576,885
Due to a related company		23,315	23,315
Bills and accounts payable	11	295,382	429,111
Other payables and accruals		203,745	212,870
Income tax payable		147	214
		986,282	1,242,395
Liabilities of disposal group classified as held for sale	9	428,742	436,876
Total current liabilities		1,415,024	1,679,271
Total liabilities		1,476,110	1,740,362
Total equity and liabilities		2,958,265	3,223,146
Net current assets		1,150,438	1,159,034
Total assets less current liabilities		1,543,241	1,543,875

Condensed Consolidated Statement of Changes in Equity

	Unaudited six months ended 30 June 2015				
	Attributable to owners of the Company				Total equity
	Share capital	Other reserves	Accumulated losses	Non-controlling interests	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2015	458,671	983,580	(202,759)	243,292	1,482,784
Total comprehensive expense for the period	-	(21,332)	(43,658)	3,071	(61,919)
Issue of shares	18,950	41,350	-	-	60,300
Share issue expenses	-	(311)	-	-	(311)
Employees share option scheme:					
– value of employee services	-	5,137	-	-	5,137
Dividends	-	-	-	(3,836)	(3,836)
Total transactions with owners	18,950	46,176	-	(3,836)	61,290
Balance at 30 June 2015	477,621	1,008,424	(246,417)	242,527	1,482,155
	Unaudited six months ended 30 June 2014				
	Attributable to owners of the Company				Total equity
	Share capital	Other reserves	Retained profits	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2014	458,671	985,351	76,369	321,816	1,842,207
Total comprehensive expense for the period	-	(20,984)	(34,424)	(4,774)	(60,182)
Dividends	-	-	-	(64)	(64)
Balance at 30 June 2014	458,671	964,367	41,945	316,978	1,781,961

Condensed Consolidated Statement of Cash Flows

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Net cash generated from operating activities	167,443	81,750
Net cash used in investing activities	(79,440)	(6,380)
Net cash used in financing activities	(64,642)	(87,426)
Net increase/(decrease) in cash and cash equivalents	23,361	(12,056)
Cash and cash equivalents at 1 January	142,440	142,331
Effect of exchange rate changes	(548)	(697)
Cash and cash equivalents at 30 June	165,253	129,578
Analysis of the balances of cash and cash equivalents		
Cash at banks and on hand	165,561	129,578
Short-term bank deposits	-	20,321
	165,561	149,899
Less: Pledged bank balances	(308)	(20,321)
	165,253	129,578

Notes:

(1) Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements have been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated financial statements should be read in conjunction with the financial statements for the year ended 31 December 2014.

The accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the financial statements for the year ended 31 December 2014, except that the Group has adopted the new standards and interpretations which are mandatory for financial year ending 31 December 2015. The adoption of the new standards and interpretations has no significant effect on these financial statements.

The Group has not early applied any new standards and interpretations that have been issued by the HKICPA but are not yet effective.

(2) Segment information

Turnover recognised during the six months period is as follows:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
		(restated)
Continuing operations		
Sale of goods	2,218,441	2,976,205
Discontinued operations		
Rental income	27,120	28,083
Service income	11,781	11,295
	38,901	39,378
	2,257,342	3,015,583

(2) Segment information (continued)

The segment results are as follows:

	Unaudited Six months ended 30 June 2015				
	Continuing operations				
	Steel trading HK\$'000	Steel processing HK\$'000	Mineral resources HK\$'000	Unallocated HK\$'000	Group HK\$'000
Total segment sales	2,144,833	73,608	-	-	2,218,441
Inter-segment sales	-	-	-	-	-
Sales to external customers	2,144,833	73,608	-	-	2,218,441
Operating loss before below items	(16,169)	(1,285)	(3,574)	(13,929)	(34,957)
Fair value gains on financial assets at fair value through profit or loss	1,190	157	-	318	1,665
Share option expenses	-	-	-	(5,137)	(5,137)
Operating loss	(14,979)	(1,128)	(3,574)	(18,748)	(38,429)
Finance costs	(10,273)	(345)	-	(247)	(10,865)
Share of losses of associates	-	-	-	(8,426)	(8,426)
Segment results	(25,252)	(1,473)	(3,574)	(27,421)	(57,720)
Income tax credit					2,572
Loss for the period from continuing operations					(55,148)
Profit for the period from discontinued operations					14,588
Loss for the period					(40,560)

(2) Segment information (continued)

	Unaudited Six months ended 30 June 2014				
	Continuing operations				
	Steel trading HK\$'000	Steel processing HK\$'000	Mineral resources HK\$'000	Unallocated HK\$'000	Group HK\$'000
Total segment sales	2,874,776	101,429	-	-	2,976,205
Inter-segment sales	-	-	-	-	-
Sales to external customers	2,874,776	101,429	-	-	2,976,205
Operating profit/(loss) before below items	10,870	(1,736)	(6,784)	(12,989)	(10,639)
Fair value losses on derivative financial instruments	-	-	-	(28,991)	(28,991)
Fair value gains on financial assets at fair value through profit or loss	2,057	106	-	317	2,480
Operating profit/(loss)	12,927	(1,630)	(6,784)	(41,663)	(37,150)
Finance costs	(13,119)	(521)	(3,146)	(228)	(17,014)
Share of profits of associates	-	-	-	5,349	5,349
Segment results	(192)	(2,151)	(9,930)	(36,542)	(48,815)
Income tax credit					943
Loss for the period from continuing operations					(47,872)
Profit for the period from discontinued operations					17,414
Loss for the period					(30,458)

(2) Segment information (continued)

The turnover by location of customers are as follows:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
		(restated)
Continuing operations		
Asia (other than Mainland China and Hong Kong)	653,084	1,166,925
Europe	525,280	410,019
Mainland China	336,733	428,009
Hong Kong	291,356	703,979
Others	411,988	267,273
	2,218,441	2,976,205
Discontinued operations		
Mainland China	38,901	39,378
	2,257,342	3,015,583

(3) Other income and net (losses)/gains

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
		(restated)
Fair value gains/(losses) on:		
– financial assets at fair value through profit or loss	1,665	2,480
– derivative financial instruments	–	(28,991)
Interest income on:		
– bank deposits	44	229
– other receivables	84	228
– due from associates	129	123
Dividend income	5	108
Gain on disposal of club debentures	–	650
Others	1,112	2,539
	3,039	(22,634)

(4) Operating loss

Operating loss is stated after charging the following:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
		(restated)
Depreciation of property, plant and equipment	2,974	3,359
Amortisation of prepaid operating lease payments	166	166
Amortisation of intangible assets	–	3,543
Operating lease rentals	1,052	947
Written off of other receivables	2,745	–
Net exchange loss	134	1,435

(5) Finance costs

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
		(restated)
Interest on:		
– bank borrowings wholly repayable within five years	10,857	16,912
– other loans	–	82
– finance lease liabilities	8	20
	10,865	17,014

(6) Income tax credit

The Company is exempted from taxation in Bermuda until 2035. The Company's subsidiaries established in the British Virgin Islands are exempted from British Virgin Islands income taxes. Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the six months period. Subsidiaries of the Group in Mainland China are subject to Mainland China enterprise income tax of 25% (2014: 25%) on their taxable income determined according to Mainland China tax laws. Taxation on other overseas profits has been calculated on the estimated assessable profit for the six months period at the rates of taxation prevailing in the countries in which the Group operates.

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
		<i>(restated)</i>
Current tax:		
– Mainland China taxation	252	281
Adjustments in respect of prior years:		
– Mainland China taxation	71	47
Deferred tax:		
– Origination and reversal of temporary differences	(2,895)	(1,271)
Income tax credit	(2,572)	(943)

(7) (Loss)/Earnings per share

Basic and diluted (loss)/earnings per share are calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited	
	Six months ended 30 June	
	2015	2014 <i>(restated)</i>
Loss from continuing operations attributable to owners of the Company (HK\$'000)	(53,152)	(46,292)
Profit from discontinued operations attributable to owners of the Company (HK\$'000)	9,494	11,868
Loss attributable to owners of the Company (HK\$'000)	(43,658)	(34,424)
Weighted average number of ordinary shares in issue (thousands)	4,643,182	4,586,712
Basic and diluted (loss)/earnings per share (HK cents)		
From continuing operations	(1.14)	(1.01)
From discontinued operations	0.20	0.26
	(0.94)	(0.75)

The outstanding share options during the six months ended 30 June 2015 have an anti-dilutive effect on the basic loss per share.

(8) Bills and accounts receivable

The Group normally grants to its customers credit periods for sale of goods ranging from 30 days to 180 days.

Ageing analysis of bills and accounts receivable is as follows:

	Unaudited	Audited
	30 June	31 December
	2015	2014
	HK\$'000	<i>HK\$'000</i>
Within three months	865,985	1,234,957
Over three months but within six months	74,299	121,399
Over six months but within twelve months	72,009	1,175
Over twelve months	1,110	38
	1,013,403	1,357,569

(9) Assets and liabilities of disposal group classified as held for sale

(a) Assets of disposal group classified as held for sale

	Unaudited	Audited
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Leasehold land and land use rights	994	994
Property, plant and equipment	13,246	13,214
Investment properties	1,064,988	1,064,988
Investments in associates	3,009	3,986
Deposits, prepayments and other receivables	9,403	11,131
Cash and bank balances	12,764	16,161
Other assets	9,415	3,499
	1,113,819	1,113,973

(b) Liabilities of disposal group classified as held for sale

	Unaudited	Audited
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Borrowings	172,950	182,950
Other payables and accruals	37,188	35,647
Deferred income tax liabilities	215,580	214,108
Other liabilities	3,024	4,171
	428,742	436,876

(9) Assets and liabilities of disposal group classified as held for sale (continued)

(c) Cumulative income or expense recognised in other comprehensive income relating to disposal group classified as held for sale

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Translation adjustment	61,026	60,898

Analysis of the result of discontinued operations, and the result recognised on the re-measurement of disposal group, is as follows:

	Unaudited Six months ended 30 June 2015 HK\$'000	2014 HK\$'000
Revenue	40,682	41,575
Expenses	(20,523)	(18,352)
Profit before income tax of discontinued operations	20,159	23,223
Income tax expense	(5,571)	(5,809)
Profit for the period from discontinued operations	14,588	17,414
Profit for the period from discontinued operations attributable to:		
to:		
– Owners of the Company	9,494	11,868
– Non-controlling interests	5,094	5,546
Profit for the period from discontinued operations	14,588	17,414

(d) Cash flows

	Unaudited Six months ended 30 June 2015 HK\$'000	2014 HK\$'000
Operating cash flows	9,048	(16,419)
Investing cash flows	1,391	3,239
Financing cash flows	(13,836)	(9,613)
Total cash flows	(3,397)	(22,793)

(10) Share capital

	Unaudited	
	Number of	Nominal
	shares	value
	<i>(thousands)</i>	<i>HK\$'000</i>
<i>Authorised</i>		
Ordinary shares of HK\$0.1 each		
As at 1 January 2015 and 30 June 2015	6,800,000	680,000
<i>Issued and fully paid</i>		
Ordinary shares of HK\$0.1 each		
As at 1 January 2015	4,586,712	458,671
Issue of shares (<i>Note</i>)	189,500	18,950
As at 30 June 2015	4,776,212	477,621

Note: Pursuant to the share subscription agreement dated 10 April 2015 (as amended by a supplemental agreement dated 14 April 2015), the Company allotted and issued 138,000,000 new ordinary shares of the Company at a price of HK\$0.325 each on 6 May 2015 and pursuant to the share option scheme adopted by the Company on 8 June 2011, the Company allotted and issued 51,500,000 new ordinary shares of the Company at a price of HK\$0.3 each during the six months ended 30 June 2015.

(11) Bills and accounts payable

Ageing analysis of bills and accounts payable is as follows:

	Unaudited	Audited
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Within three months	274,494	409,877
Over three months but within six months	204	54
Over six months but within twelve months	1,010	974
Over twelve months	19,674	18,206
	295,382	429,111

(12) Related party transactions

The following transactions were carried out with related parties during the period:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Rental income received from an associate	2,362	2,390
Service income received from an associate	363	349
Interest income received from an associate	129	123
Key management compensation	11,388	12,148

(13) Comparative figures

Certain comparative figures have been restated for the current period presentation of discontinued operations.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

REVIEW AND OUTLOOK

For the first half of 2015, the Group's turnover decreased by 25.46% to approximately HK\$2,218 million compared to the same period last year. Gross profit dropped by 58.8% to approximately HK\$17 million. The Group recorded a loss attributable to shareholders of approximately HK\$43.66 million.

Steel Trading

In the first half of 2015, amidst a weak global economic backdrop and lingering economic slowdown in China, demand for steel remained sluggish. Overcapacity and oversupply have led to a plunge in steel prices since 2014. Despite moderate rebounds during the period, steel prices have continued to drop up until mid-2015. Most steel product prices have slumped by around 30% to a 6-month low in mid-2015.

Iron ore imports have been affected by an oversupply of foreign iron mine production as well as weak market demand, which saw iron ore prices continue to decline in the first half of 2015. The Platts 62% Fe IODEX fell from US\$71.75 to US\$47.75, a decrease of 35%, a steeper decline than even steel.

The Chinese Government abolished part of the export tax rebate for steel exports in the beginning of 2015. However, export prices remain competitive. According to General Administration of Customs data, China's steel exports surged 28.2% to 43.52 million metric tons for the period January to May 2015.

Despite the aforementioned challenging environment, the Group's steel trading operations were able to maintain stable sales volume compared to the same period last year. During the period, the Group made timely adjustments to its business direction in response to current market changes. We cautiously selected those steel products which were deemed more efficient and enjoyed strong demand with the aim of maintaining and expanding sustainable markets. In addition, the Group will continue to provide financing support to select suppliers and clients with which it has nurtured long-term relationships. By offering value-added services like these, the Group was able to build closer partnerships with suppliers and clients as well as enhance overall efficiency. However, a change in the importation policy in some of overseas markets coupled with poor product quality issues from suppliers led to losses for some particular contracts during the period and the Group is currently claiming damages from the parties concerned.

REVIEW AND OUTLOOK (continued)

Steel Trading (continued)

We believe that domestic steel prices will remain at lower levels in the second half of the year as steel production in China is currently suffering from oversupply, which is causing a drag on the economy, and is not expected to turn around in the near future. However, steel export prices in China are still competitive compared with other major countries despite negative market factors. Turkey, for instance, is another major supplier of rebar. The Cost, Insurance and Freight (CIF) of its export rebar to Asia during the first half of the year was 20% higher than the average selling price of similar products in China. The Ukraine, which enjoys a regional advantage, is another major rebar supplier to the Middle East. However, in the first half of the year, the CIF of Ukrainian's rebar was also 10% higher than the average selling price of the similar products in China. In addition, demand for construction steel remains strong as a number of major infrastructure projects were pushed forward by different overseas countries to help stimulate local economic development. For example, Singapore and Hong Kong's demand for rebar will continue until 2020. Therefore, we are cautiously optimistic about the steel export business in China. At the same time, we strongly believe that even given record-low steel prices as a result of stagnant economic development in China, the Group can leverage its expansive network in major overseas markets and take advantage of its swift response to the market and prudent market decision-making to achieve better returns and overall business performance. This will also be aided by the China Government's "One Belt, One Road" policy plus the Group's ability to sell excessive yet competitive domestic steel products to suitable overseas markets.

Steel Processing

During the period, still burdened by a depressed global economy and declining commodity prices, the production volume of the Group's steel processing plant in Dongguan, Guangdong Province, decreased by approximately 19% compared to the same period last year. However, the actual losses in the first half of the year narrowed by approximately HK\$0.7 million to HK\$1.5 million compared to the same period last year due to a rise in average gross profit sales.

Business operations are expected to be challenging in the second half of the year. As the traditional peak processing season approaches, the Group will carry out strict cost controls while actively securing sales orders and maintaining higher gross margins with the aim of further narrowing down losses.

Commercial Property Investments and Master Leasing Operations

On 31 October 2014, the Group held a general meeting to pass resolution(s) to dispose Yangzhou Times Square, a large-scale shopping centre, to China Land Assets Limited, an associated company of the Company. This transaction is still in progress. During the period, the rental income of Yangzhou Times Square exceeded the Groups' expectations with satisfactory operational results.

REVIEW AND OUTLOOK (continued)

Potash in Kazakhstan

On 5 May 2015, 4 June 2015 and 18 August 2015, the Group announced to subscribe/acquire over 20% of the share capital of Kazakhstan Potash Corporation Limited (KPC), a listed company on the Australian Securities Exchange (ASX), for a consideration of approximately HK\$231.8 million, and intends to become the single largest shareholder of KPC.

As a major potash mining concern, KPC is principally engaged in the exploration and development of potash resources in the Republic of Kazakhstan as well as the production of agricultural potassium chloride, potassium sulfate and potassium magnesium sulfate fertiliser. KPC owns 95% equity shares in Zhilyanskoe and Chelkar, two quality potash mines in Western Kazakhstan.

Potash is the raw material used in the production of potash fertilisers. China is an agricultural country with inadequate potash resources in which over 50% of potash fertilisers must be imported. Therefore, potash is regarded as China's national strategic resource for food safety.

Following the implementation of the "One Belt, One Road" policy in the PRC, the Group, once the above-mentioned subscription/acquisition completed, will actively seek out strategic cooperation partners from large-scale, state-owned enterprises in China to form mutually beneficial relationships in the development of the nation's potash business.

LIQUIDITY AND FINANCIAL RESOURCES

There has been no significant change in the total equity of the Group since 31 December 2014. The Group's gearing ratio and current ratio were 0.36 (31 December 2014: 0.45) and 1.81 (31 December 2014: 1.69) respectively as at 30 June 2015.

The total borrowings of the Group decreased to approximately HK\$693 million (31 December 2014: HK\$817 million) as at 30 June 2015 and their maturity profile as agreed with the lenders was as follows:

	HK\$ million
Within one year	413
Between one and two years	34
Between two and five years	152
Over five years	94
	<hr/> 693 <hr/>

FOREIGN EXCHANGE RISK EXPOSURE

The Group's receipts, payments, assets and liabilities are principally denominated in US Dollar, Euro, Renminbi and Hong Kong Dollar. The Group considers that its exposure to exchange rate risk is modest except for Euro. To minimise the exchange rate risk, forward exchange contracts are used when required, in particular for Euro.

CONTINGENT LIABILITIES

There has been no material change in the Group's contingent liabilities since 31 December 2014.

CAPITAL COMMITMENTS

The Group had capital commitments of AUD14 million in respect of the subscription for ordinary shares in Kazakhstan Potash Corporation Limited as at 30 June 2015.

CHARGE ON ASSETS

There has been no material change in the Group's charge on assets since 31 December 2014 except for bills and accounts receivable. As at 30 June 2015, certain bills and accounts receivable of approximately HK\$96,889,000 (31 December 2014: HK\$285,979,000) were pledged.

STAFF

As at 30 June 2015, the Group employed 433 staff. Staff remuneration packages are structured and reviewed by reference to market terms and individual merits. The Group also provides other staff benefits which include year end double pay, contributory provident fund and medical insurance. Share options and discretionary bonus may also be granted to eligible staff based on individual and Group performance. Training programmes for staff are provided as and when required.

SHARE OPTION SCHEME

As at 30 June 2015, there were options for 224,900,000 shares granted by the Company pursuant to the share option scheme adopted by the Company on 8 June 2011 (the "Option Scheme") which were valid and outstanding.

Movements of option shares under the Option Scheme during the six months ended 30 June 2015 were as follows:

	Date of grant	Exercise price per share from HK\$	Exercise period		Number of option shares					
					outstanding as at 01/01/2015	granted during the period	exercised during the period (Note 1)	cancelled during the period	lapsed during the period	balance as at 30/06/2015
(i) Directors										
CHAN Shing	07/11/2014	0.3	01/12/2014	30/11/2016	2,250,000	-	-	-	-	2,250,000
			01/12/2015	30/11/2016	2,250,000	-	-	-	-	2,250,000
SIT Hoi Tung	07/11/2014	0.3	01/12/2014	30/11/2016	11,000,000	-	(1,000,000)	-	-	10,000,000
			01/12/2015	30/11/2016	11,000,000	-	-	-	-	11,000,000
LAU Ting (Note 2)	07/11/2014	0.3	01/12/2014	30/11/2016	2,250,000	-	-	-	-	2,250,000
			01/12/2015	30/11/2016	2,250,000	-	-	-	-	2,250,000
TUNG Pui Shan, Virginia (Note 2)	07/11/2014	0.3	01/12/2014	30/11/2016	11,000,000	-	(3,000,000)	-	-	8,000,000
			01/12/2015	30/11/2016	11,000,000	-	-	-	-	11,000,000
KWOK Wai Lam	07/11/2014	0.3	01/12/2014	30/11/2016	11,000,000	-	-	-	-	11,000,000
			01/12/2015	30/11/2016	11,000,000	-	-	-	-	11,000,000
SHAM Kai Man	07/11/2014	0.3	01/12/2014	30/11/2016	11,000,000	-	(1,000,000)	-	-	10,000,000
			01/12/2015	30/11/2016	11,000,000	-	-	-	-	11,000,000
CUI Shu Ming	07/11/2014	0.3	01/12/2014	30/11/2016	2,250,000	-	(2,250,000)	-	-	-
			01/12/2015	30/11/2016	2,250,000	-	-	-	-	2,250,000
HUANG Shenglan	07/11/2014	0.3	01/12/2014	30/11/2016	2,250,000	-	(2,250,000)	-	-	-
			01/12/2015	30/11/2016	2,250,000	-	-	-	-	2,250,000
CHAN Ming Fai	07/11/2014	0.3	01/12/2014	30/11/2016	2,250,000	-	(1,250,000)	-	-	1,000,000
			01/12/2015	30/11/2016	2,250,000	-	-	-	-	2,250,000
CHIANG Bun (Note 2)	07/11/2014	0.3	01/12/2014	30/11/2016	2,250,000	-	-	-	-	2,250,000
			01/12/2015	30/11/2016	2,250,000	-	-	-	-	2,250,000
(ii) Continuous contract employees	07/11/2014	0.3	01/12/2014	30/11/2016	81,150,000	-	(40,750,000)	-	(450,000)	39,950,000
			01/12/2015	30/11/2016	81,150,000	-	-	-	(450,000)	80,700,000
					Total:	277,300,000	- (51,500,000)	-	(900,000)	224,900,000

SHARE OPTION SCHEME (continued)

Notes:

1. Details of option shares exercised during the six months ended 30 June 2015 are as follows:

Exercise date	Exercise price per share HK\$	Closing price per share at exercise date HK\$	Number of option shares exercised
16/04/2015	0.3	0.370	14,450,000
22/04/2015	0.3	0.385	5,900,000
23/04/2015	0.3	0.400	4,500,000
27/04/2015	0.3	0.395	300,000
28/04/2015	0.3	0.375	3,000,000
05/05/2015	0.3	0.370	600,000
19/05/2015	0.3	0.420	800,000
22/05/2015	0.3	0.410	150,000
28/05/2015	0.3	0.425	750,000
02/06/2015	0.3	0.530	4,950,000
09/06/2015	0.3	0.495	4,450,000
16/06/2015	0.3	0.480	5,850,000
23/06/2015	0.3	0.480	3,550,000
30/06/2015	0.3	0.430	2,250,000

2. Ms. LAU Ting, Ms. TUNG Pui Shan, Virginia and Mr. CHIANG Bun resigned as Directors on 2 July 2015.

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

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company (including those interests and short positions which were taken or deemed to have interests and short positions under the provisions of the Securities and Futures Ordinance (the "SFO") 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) 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, were as follows:

Interests in Shares and Underlying Shares of the Company

Name of Director	Number of ordinary shares & underlying shares				Approximate percentage in the Company's issued share capital
	Personal Interests	Family Interests	Corporate Interests	Total	
CHAN Shing	214,674,521 (L) (Note 1)	108,542,601 (L) (Notes 1 & 2)	670,598,149 (L) (Notes 3 & 4)	993,815,271 (L) (Note 4)	20.81% (L)
SIT Hoi Tung	26,413,869 (L) (Note 5)	-	-	26,413,869 (L)	0.55% (L)
LAU Ting (Note 6)	108,542,601 (L) (Note 1)	214,674,521 (L) (Notes 1 & 7)	670,598,149 (L) (Notes 3 & 4)	993,815,271 (L) (Note 4)	20.81% (L)
TUNG Pui Shan, Virginia (Note 6)	42,925,226 (L) (Note 8)	110,000 (L)	7,104,000 (L) (Note 9)	50,139,226 (L)	1.05% (L)
KWOK Wai Lam	22,000,000 (L) (Note 10)	-	-	22,000,000 (L)	0.46% (L)
SHAM Kai Man	22,000,000 (L) (Note 5)	-	-	22,000,000 (L)	0.46% (L)
CUI Shu Ming	4,500,000 (L) (Note 11)	-	-	4,500,000 (L)	0.09% (L)
HUANG Shenglan	4,500,000 (L) (Note 11)	-	-	4,500,000 (L)	0.09% (L)
CHAN Ming Fai	4,500,000 (L) (Note 12)	-	-	4,500,000 (L)	0.09% (L)
CHIANG Bun (Note 6)	4,500,000 (L) (Note 10)	-	-	4,500,000 (L)	0.09% (L)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

Interests in Shares and Underlying Shares of the Company (continued)

Notes:

1. Among these interests, 4,500,000 underlying shares were option shares.
2. These interests were held by Ms. LAU Ting, the spouse of Mr. CHAN Shing.
3. 458,231,336 shares were held by Glory Add Limited ("Glory Add"), a wholly-owned subsidiary of Favor King Limited ("Favor King"). 211,900,848 shares were held by Strong Purpose Corporation ("Strong Purpose"). Favor King and Strong Purpose are wholly-owned by Mr. CHAN Shing and Ms. LAU Ting. 465,965 shares were held by Hang Sing Overseas Limited, a wholly-owned subsidiary of Orient Strength Limited (a company which is wholly-owned by Ms. LAU Ting).
4. As the interests of each of Mr. CHAN Shing and Ms. LAU Ting are deemed to be the interests of each other, the figures referred to the same shares.
5. Among these interests, 21,000,000 underlying shares were option shares.
6. Ms. LAU Ting, Ms. TUNG Pui Shan, Virginia and Mr. CHIANG Bun resigned as Directors on 2 July 2015.
7. These interests were held by Mr. CHAN Shing, the spouse of Ms. LAU Ting.
8. Among these interests, 19,000,000 underlying shares were option shares.
9. 7,104,000 shares were owned by Focus Cheer Consultants Limited, a company which is wholly-owned by Ms. TUNG Pui Shan, Virginia.
10. These underlying shares were option shares.
11. Among these interests, 2,250,000 underlying shares were option shares.
12. Among these interests, 3,250,000 underlying shares were option shares.
13. The letter "L" denotes long position and the letter "S" denotes short position.

Save as otherwise disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had, or were deemed under the SFO to have, 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 were required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, according to the register required to be kept by the Company under Section 336 of the SFO, the following persons (other than the Directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company:

Interests in Shares and Underlying Shares

Name of shareholder	Nature of interest	Number of ordinary shares & underlying shares	Approximate percentage in the Company's issued share capital	Note
Favor King Limited	Corporate	458,231,336 (L)	9.59% (L)	1
Cheung Kwan	Beneficiary & Corporate	994,000,000 (L)	20.81% (L)	2
Vision Capital (Asia) Limited	Corporate	550,000,000 (L)	11.52% (L)	3
China-Asia Resources Fund	Beneficiary	550,000,000 (L)	11.52% (L)	3

Notes:

- These interests were held by Glory Add, a company which is wholly-owned by Favor King. Favor King is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting.
- 321,000,000 shares were directly held by Ms. CHEUNG Kwan. 123,000,000 shares were held by The Internet of Things Investment Ltd. which is wholly-owned by Ms. CHEUNG Kwan. 550,000,000 underlying shares were held by China-Asia Resources Fund, a wholly-owned subsidiary of Vision Capital (Asia) Limited (a company which is wholly-owned by Ms. CHEUNG Kwan).
- These interests were underlying shares held by China-Asia Resources Fund, a wholly-owned subsidiary of Vision Capital (Asia) Limited (a company which is wholly-owned by Ms. CHEUNG Kwan).
- The letter "L" denotes long position and the letter "S" denotes short position.

Save as disclosed above, as at 30 June 2015, there was no person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

SUBSCRIPTION OF NEW SHARES

Pursuant to the share subscription agreement dated 10 April 2015 (as amended by a supplemental agreement dated 14 April 2015 (the “Supplemental Agreement”)) entered into between the Company and China-Asia Resources Fund (the “Subscriber”), the Subscriber agreed to subscribe or procure its nominee(s) to subscribe for and the Company agreed to issue and allot an aggregate of 688,000,000 new ordinary shares of the Company (the “Subscription Share(s)”) at a price of HK\$0.325 each under the general mandate granted to the Directors of the Company by its shareholders at the annual general meeting of the Company held on 10 June 2014. The closing price per share of the Company on 13 April 2015, being the last trading day before the date of signing the Supplemental Agreement, as quoted on the Stock Exchange was HK\$0.4.

Following the allotment and issue of 138,000,000 Subscription Shares on 6 May 2015 (the “Initial Subscription”), the Subscriber will subscribe for the remaining 550,000,000 Subscription Shares in up to three separate tranches on or before 180 days after the completion of the Initial Subscription. Gross proceeds and net proceeds of approximately HK\$223.6 million and HK\$223.2 million are expected to be applied for general working capital purpose and if and when suitable opportunity arises, for potential acquisitions in the future.

DISPOSAL OF INTEREST IN A SUBSIDIARY

On 18 August 2014, the Company, Charm Best Investments Inc. (“Charm Best”) and China Land Assets Limited (“China Land Assets”), an associated company of the Company, entered into a conditional sale and purchase agreement (as amended and supplemented by a supplemental agreement dated 19 August 2014) (the “Disposal Agreement”), pursuant to which (i) the Company conditionally agreed to dispose and China Land Assets conditionally agreed to acquire the entire issued share capital of Burwill China Portfolio Limited (the “Target Company”), a wholly-owned subsidiary of the Company, at a consideration of RMB199,780,000 (the “Disposal”), and (ii) Charm Best conditionally agreed to dispose and China Land Assets conditionally agreed to acquire the entire issued share capital of Dynamic Gain Holding Limited at a consideration of RMB60,000,000 (the “Charm Best’s Disposal”). The Target Company will be indirectly held as to 45% by the Company and 55% by Charm Best through China Land Assets after completion of the Disposal and the Charm Best’s Disposal. Details of the Disposal was set out in the Company’s circular dated 15 October 2014.

The net proceeds of the Disposal are estimated to be approximately RMB198,180,000. As at the date of this report, the Company received cash payment of RMB55,000,000. As additional time is required for fulfillment of the conditions precedent set out in the Disposal Agreement, the Company, Charm Best and China Land Assets had entered into a supplemental agreement dated 30 June 2015 to extend the completion of the Disposal on or before 30 October 2015.

SUBSCRIPTION AND ACQUISITION OF INTERESTS IN KAZAKHSTAN POTASH CORPORATION LIMITED

On 5 May 2015 and 4 June 2015, Hillot Limited (“Hillot”), an indirect wholly-owned subsidiary of the Company, entered into two share subscription agreements with Kazakhstan Potash Corporation Limited (“KPC”) pursuant to which Hillot had conditionally agreed to subscribe for or procure the subscription for and KPC had conditionally agreed to issue respectively 100,000,000 and 30,000,000 ordinary shares in the capital of KPC at a price of AUD0.2 each. Issues of 30,000,000 and 15,000,000 KPC shares to Hillot were completed on 19 June 2015 and 31 July 2015. The payment for the subscription price is funded by internal resources of the Group. Following amendments made on terms of the share subscription agreement dated 5 May 2015, subscription of the remaining 85,000,000 KPC shares shall be subscribed in tranches (in multiples of 1,000,000 KPC shares) prior to 31 December 2015.

The Company, on 18 August 2015, had entered into agreements (the “Share Purchase Agreement”) with eight KPC shareholders to acquire an aggregate of 65,660,576 KPC shares (the “KPC Sale Share(s)”) at total consideration of HK\$81,813,077.70 which shall be settled by way of allotment and issue of a total of 227,258,550 new ordinary shares of the Company (the “Consideration Share(s)”) at a price of HK\$0.36 each under the general mandate granted to the Directors of the Company by its shareholders at the annual general meeting of the Company held on 10 June 2015. The closing price per share of the Company on 18 August 2015, being the date of signing the Share Purchase Agreement, as quoted on the Stock Exchange was HK\$0.33. The Consideration Shares were issued on 26 August 2015. As at the date of this report, 47,729,836 KPC Sale Shares were completely acquired and transferred to Hillot while the remaining is in process of transfer at final stage.

KPC is a public company which is admitted to the official list of ASX Limited that operates the Australian Securities Exchange. The principal business of KPC is the acquisition, exploration and development of potash resources in the Republic of Kazakhstan. The Group holds 92,729,836 KPC shares, representing 16.06% in the share capital of KPC as at the date of this report and intends to hold by means of subscription and acquisition over 20% of the share capital of KPC and become the largest shareholder of KPC.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2015.

RESIGNATION OF DIRECTORS

With effect from 2 July 2015, Ms. LAU Ting and Ms. TUNG Pui Shan, Virginia resigned as Executive Directors of the Company and Mr. CHIANG Bun resigned as an Independent Non-Executive Director of the Company.

AUDIT COMMITTEE

The Company has established an Audit Committee which comprises three Independent Non-Executive Directors of the Company, Mr. CUI Shu Ming, Mr. HUANG Shenglan and Mr. CHAN Ming Fai. The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters. The unaudited interim financial statements of the Group for the six months ended 30 June 2015 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee which comprises the Executive Director and Deputy General Manager, Mr. SIT Hoi Tung, and two Independent Non-Executive Directors, Mr. CUI Shu Ming and Mr. HUANG Shenglan. The Remuneration Committee is responsible for considering and reviewing the remuneration packages of the Directors and the senior management of the Company.

NOMINATION COMMITTEE

The Company has established a Nomination Committee which comprises the Chairman and Managing Director, Mr. CHAN Shing, the Executive Director and Deputy General Manager, Mr. SIT Hoi Tung, and three Independent Non-Executive Directors of the Company, Mr. CUI Shu Ming, Mr. HUANG Shenglan and Mr. CHAN Ming Fai. The Nomination Committee will review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the six months ended 30 June 2015, except for the following deviations:

- Code provision A.1.1 stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals with active participation, either in person or through other electronic means of communication, of a majority of directors entitled to be present. As the Company did not announce its quarterly results, one regular board meeting was held during the period for reviewing and approving the annual results of the Group for the year 2014, which the relevant Code provision had not been fully complied with. Board meetings will be held on other occasions when board decisions are required.
- Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Chairman and Managing Director of the Company, Mr. CHAN Shing, currently assumes the role of the chairman and also the chief executive. Given the nature of the Group’s businesses which require considerable market expertise, the Board believed that the vesting of the two roles provides the Group with stable and consistent leadership and allows for more effective planning and implementation of long term business strategies. The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.
- Code provision A.4.2 stipulates, inter alia, that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Directors have not been required by the Bye-laws of the Company (the “Bye-laws”) to retire by rotation at least once every three years. However, in accordance with Bye-law 85 of the Bye-laws, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third), other than the Director holding office as Chairman or Managing Director, shall retire from office by rotation. The Board will ensure the retirement of each Director, other than the one who holds the office as Chairman or Managing Director, by rotation at least once every three years in order to comply with Code provision A.4.2. The Board considered that the continuity of office of the Chairman provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group.

- The chairman of the board should attend the annual general meeting as stipulated in Code provision E.1.2. Mr. CHAN Shing, the Chairman of the Board, was unable to attend the Company’s annual general meeting held on 10 June 2015. Nevertheless, he had arranged for Mr. SIT Hoi Tung, an Executive Director and Deputy General Manager of the Company, to take the chair of the meeting and answer shareholders’ questions.

The Board reviews the corporate governance structure and practices from time to time and makes necessary arrangements when the Board considers appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2015.

On behalf of the Board
CHAN Shing
Chairman

Hong Kong, 28 August 2015

As at the date of this report, the Board of Directors of the Company comprises Mr. Chan Shing, Mr. Sit Hoi Tung, Mr. Kwok Wai Lam and Mr. Sham Kai Man as executive directors; and Mr. Cui Shu Ming, Mr. Huang Shenglan and Mr. Chan Ming Fai as independent non-executive directors.