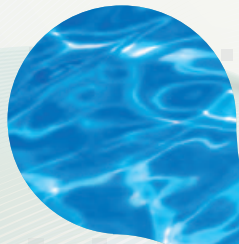




**EVERCHINA INT'L HOLDINGS COMPANY LIMITED**  
**潤中國際控股有限公司**

Stock Code: 202

**2015**  
Interim Report



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

### Independent Non-executive Directors

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

## BOARD COMMITTEES

### Audit Committee

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

### Remuneration Committee

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

### Nomination Committee

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

## COMPANY SECRETARY

Mr. Lau Chi Lok

## LISTING INFORMATION

Stock Code: 202  
Board Lot: 5,000 shares

## REGISTERED OFFICE

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

## WEBSITE

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

## AUDITORS

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

## SOLICITORS

K&L Gates  
Patrick Mak & Tse

## SHARE REGISTRAR

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANKERS

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

## INVESTOR RELATIONS CONSULTANT

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



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

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

## **INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF EVERCHINA INT'L HOLDINGS COMPANY LIMITED**

*(incorporated in Hong Kong with limited liability)*

### **INTRODUCTION**

We have reviewed the interim financial information set out on pages 4 to 27, which comprise the condensed consolidated statement of financial position of EverChina Int'l Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2015 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

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

### **SCOPE OF REVIEW**

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

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 September 2015 is not prepared, in all material respects, in accordance with HKAS 34.

**HLB Hodgson Impey Cheng Limited**

Certified Public Accountants

**Yu Chi Fat**

Practising Certificate Number: P05467

Hong Kong, 27 November 2015

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Continuing operations</b>			
Revenue	3	55,814	27,864
Cost of sales		(3,221)	(944)
Other income and gain, net	4	36,426	17,889
Staff costs		(15,995)	(8,013)
Amortisation and depreciation		(8,294)	(1,612)
Administrative costs		(22,551)	(16,653)
Other operating expenses		(9,924)	–
Gain arising on change in fair value of investment properties		11,508	25,528
Loss arising on change in fair value of financial assets at fair value through profit or loss	17	(973,505)	(5,080)
(Loss)/profit from operations	5	(929,742)	38,979
Finance costs	6	(22,376)	(15,829)
Share of results of an associate		(1,138)	13,096
Gain on loss of significant influence of an associate	14	882,107	–
Loss on partial disposal of an associate	24	–	(61,026)
Loss before taxation		(71,149)	(24,780)
Taxation	7	(1,589)	(72,875)
<b>Loss for the period from continuing operations</b>		<b>(72,738)</b>	<b>(97,655)</b>
<b>Discontinued operation</b>	8		
Profit/(loss) for the period from discontinued operation		6,140	(409)
<b>Loss for the period</b>		<b>(66,598)</b>	<b>(98,064)</b>
<b>Attributable to:</b>			
Owners of the Company		(66,441)	(97,736)
Non-controlling interests		(157)	(328)
		<b>(66,598)</b>	<b>(98,064)</b>
<b>(Loss)/earnings per share attributable to the owners of the Company</b>	9		
From continuing and discontinued operations — Basic and diluted		HK(1.09) cents	HK(1.61) cents
From continuing operations — Basic and diluted		HK(1.19) cents	HK(1.60) cents
From discontinued operation — Basic and diluted		HK0.10 cents	HK(0.01) cents

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

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Loss for the period</b>	<b>(66,598)</b>	(98,064)
<b>Other comprehensive income</b>		
<i>Items that maybe reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation during the period	<b>(188,996)</b>	17,790
Share of exchange reserve of an associate	–	(4)
<i>Items reclassified to profit or loss</i>		
Recognition of accumulated exchange reserve in profit or loss arising from loss of significant influence of an associate	<b>(18,976)</b>	–
<b>Total comprehensive loss for the period</b>	<b>(274,570)</b>	(80,278)
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	<b>(274,413)</b>	(79,950)
Non-controlling interests	<b>(157)</b>	(328)
	<b>(274,570)</b>	(80,278)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
<b>Non-current assets</b>			
Investment properties	11	616,635	634,250
Property, plant and equipment	12	548,989	585,083
Mining rights	13	870,016	870,016
Goodwill		63,807	63,807
Interests in an associate	14	–	1,467,959
Other non-current assets		42,872	44,806
		<b>2,142,319</b>	3,665,921
<b>Current assets</b>			
Inventories		16	15
Trade and other receivables and prepayments	15	622,514	1,033,891
Amount due from an associate		–	107,297
Loan receivables	16	366,281	254,618
Financial assets at fair value through profit or loss	17	1,448,386	368,193
Tax recoverable		1,338	1,338
Cash and cash equivalents		538,230	468,859
		<b>2,976,765</b>	2,234,211
<b>Total assets</b>		<b>5,119,084</b>	5,900,132
<b>Equity</b>			
Share capital	18	2,490,454	2,490,454
Reserves		1,854,857	2,187,118
Equity attributable to owners of the Company		4,345,311	4,677,572
Non-controlling interests		42,853	303,162
<b>Total equity</b>		<b>4,388,164</b>	4,980,734
<b>Non-current liability</b>			
Deferred tax liabilities	19	118,704	123,457
<b>Current liabilities</b>			
Bank overdraft	21	88	212
Trade and other payables and deposits received	20	48,290	58,657
Tax payable		2,263	3,307
Bank borrowings	21	18,677	21,916
Other borrowings	21	542,898	711,849
		<b>612,216</b>	795,941
<b>Total liabilities</b>		<b>730,920</b>	919,398
<b>Total equity and liabilities</b>		<b>5,119,084</b>	5,900,132
<b>Net current assets</b>		<b>2,364,549</b>	1,438,270
<b>Total assets less current liabilities</b>		<b>4,506,868</b>	5,104,191

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Special reserve HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Statutory surplus reserve HK\$'000	Accumulated loss HK\$'000	Sub-total HK\$'000		
At 1 April 2015 (Audited)	2,490,454	571,996	1,342,477	347,704	871	(75,930)	4,677,572	303,162	4,980,734
Exchange differences arising on translation during the period	-	-	-	(188,996)	-	-	(188,996)	-	(188,996)
Release of reserve upon loss of significant influence of an associate	-	-	-	(18,976)	-	-	(18,976)	-	(18,976)
Loss for the period	-	-	-	-	-	(66,441)	(66,441)	(157)	(66,598)
Total comprehensive loss for the period	-	-	-	(207,972)	-	(66,441)	(274,413)	(157)	(274,570)
Acquisition of additional interests in a subsidiary	-	-	-	1,528	-	(59,376)	(57,848)	(260,152)	(318,000)
At 30 September 2015 (Unaudited)	2,490,454	571,996	1,342,477	141,260	871	(201,747)	4,345,311	42,853	4,388,164

For the six months ended 30 September 2014

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

Notes:

## Special reserve

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

## Contributed surplus

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

## Exchange reserve

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

## Statutory surplus reserve

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



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	443,576	202,110
Net cash (used in)/generated from investing activities	(157,256)	293,993
Net cash (used in)/generated from financing activities	(194,566)	44,080
Net increase in cash and cash equivalents	91,754	540,183
Cash and cash equivalents at beginning of the period	468,647	321,777
Effect of foreign exchange rate changes	(22,259)	8,697
Cash and cash equivalents at end of the reporting period	538,142	870,657
<b>Analysis of the balances of cash and cash equivalents:</b>		
Cash and bank balances	538,230	870,657
Bank overdraft	(88)	–
	538,142	870,657

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 1. GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in (i) property investment operation, (ii) hotel operation, (iii) financing and securities investment operation, (iv) natural resources operation and (v) environmental water treatment operation.

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

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial information relating to the year ended 31 March 2015 that is included in the Interim Financial Statement as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on the financial statements for the year ended 31 March 2015. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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

The Interim Financial Statement has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the impact of the adoption of the new and revised HKAS, Hong Kong Financial Reporting Standards and interpretations described below.

In the current period, the Group has applied, for the first time, the following new and revised standards and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial period beginning from 1 April 2015. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013

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

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

HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKAS 1 (Amendments)	Disclosure Initiative <sup>2</sup>
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
HKAS 27 (Amendments)	Equity Method in Separate Financial Statement <sup>1</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture <sup>1</sup>
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture <sup>1</sup>
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>3</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018.

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 3. SEGMENT INFORMATION

For management purpose, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Particulars of the Group's reportable continuing operating segments are summarised as follows:

Property investment operation	—	Leasing of rental property in the People's Republic of China (the "PRC") and Hong Kong
Hotel operation	—	Hotel operation in the PRC
Financing and securities investment operation	—	Provision of financing service and securities investment
Natural resources operation	—	Mining and production of manganese products including principally, through the Group's integrated processes, the beneficiation, concentrating, grinding and the production of manganese concentrate and natural discharging manganese in the Republic of Indonesia ("Indonesia")
Environmental water treatment operation	—	Operation of water plants and sewage treatment plants in the PRC

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

**For the six months ended 30 September 2015**

	Continuing operations					Consolidated total HK\$'000 (Unaudited)
	Property investment operation HK\$'000 (Unaudited)	Hotel operation HK\$'000 (Unaudited)	Financing and securities investment operation HK\$'000 (Unaudited)	Natural resources operation HK\$'000 (Unaudited)	Environmental water treatment operation HK\$'000 (Unaudited)	
<b>Segment revenue</b>	13,355	20,722	21,737	—	—	55,814
<b>Segment results</b>	22,063	1,286	(967,140)	(630)	(13,275)	(957,696)
Interest income and other income						36,426
Unallocated expenses						(8,472)
<b>Loss from operations</b>						(929,742)
Finance costs	(604)	—	(17,843)	—	—	(18,447)
Unallocated finance costs						(3,929)
Gain on loss of significant influence of an associate	—	—	—	—	882,107	882,107
Share of results of an associate	—	—	—	—	(1,138)	(1,138)
<b>Loss before taxation</b>						(71,149)
Taxation						(1,589)
<b>Loss for the period</b>						(72,738)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 3. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2014

	Continuing operations				Consolidated total HK\$'000 (Unaudited)
	Property investment operation HK\$'000 (Unaudited)	Financing and securities investment operation HK\$'000 (Unaudited)	Natural resources operation HK\$'000 (Unaudited)	Environmental water treatment operation HK\$'000 (Unaudited)	
Segment revenue	12,830	15,034	-	-	27,864
Segment results	35,571	9,864	(1,028)	(6,277)	38,130
Interest income and other income					17,889
Unallocated expenses					(17,040)
Profit from operations					38,979
Finance costs	(891)	-	-	(14,696)	(15,587)
Unallocated finance costs					(242)
Loss on partial disposal of an associate	-	-	-	(61,026)	(61,026)
Share of results of an associate	-	-	-	13,096	13,096
Loss before taxation					(24,780)
Taxation					(72,875)
Loss for the period					(97,655)

## 4. OTHER INCOME AND GAIN, NET

	For the six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Bank interest income	1,744	8,954
Reversal of provision for bad debt	25,734	-
Net foreign exchange gain	2,416	4,441
Sundry income	6,532	4,494
	<b>36,426</b>	17,889

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 5. (LOSS)/PROFIT FROM OPERATIONS

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

	For the six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	8,294	1,612
Loss on disposal of financial assets at fair value through profit or loss	9,924	–
Operating lease rentals in respect of premises	3,873	4,383
Gross rental income from investment properties	(13,356)	(12,830)
Less: direct operating expenses from investment properties that generated rental income during the period	168	551

## 6. FINANCE COSTS

	For the six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Interests on:		
— Bank borrowings	660	951
— Other borrowings	21,716	14,878
	22,376	15,829

## 7. TAXATION

	For the six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current tax		
Hong Kong Profits Tax	–	–
The PRC Enterprise Income Tax	428	65,868
	428	65,868
Deferred tax	1,161	7,007
	1,589	72,875



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 9. (LOSS)/EARNINGS PER SHARE

### From continuing and discontinued operations

	For the six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<b>66,441</b>	97,736

	For the six months ended 30 September	
	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<b>6,078,669</b>	6,078,669

The diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as the Company has no dilutive potential shares outstanding for the six months ended 30 September 2015 and 2014.

### From continuing operations

	For the six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<b>(66,441)</b>	(97,736)
Profit/(loss) for the period from discontinued operation	<b>(6,140)</b>	409
	<b>(72,581)</b>	(97,327)

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

### From discontinued operation

Basic and diluted earnings/(loss) per share for the discontinued operation is HK0.10cents (30 September 2014: loss per share HK0.01 cents), based on the profit for the period from the discontinued operation of approximately HK\$6,140,000 (30 September 2014: loss HK\$409,000).

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 10. INTERIM DIVIDEND

No interim dividend was paid or proposed during the six months ended 30 September 2015 and 30 September 2014, nor any dividend been proposed by the board of directors subsequent to the end of the reporting period.

## 11. INVESTMENT PROPERTIES

The fair value of the Group's investment properties at 30 September 2015 and 2014 have been arrived at on the basis of a valuation carried out on that date by Cushman & Wakefield Valuation Advisory Services (HK) Limited, independent professional valuers who are not connected with the Group and have recent experience in the valuation of similar properties in relevant locations. Cushman & Wakefield Valuation Advisory Services (HK) Limited are members of the Institute of Valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in similar locations and conditions.

At 30 September 2015, investment properties with the carrying amount of approximately HK\$276,168,000 (31 March 2015: HK\$284,539,000) have been pledged to secure banking facilities granted to the Group.

### Fair value measurements

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

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 30 September 2015 (Unaudited)</b>				
Hong Kong	–	26,300	–	26,300
Outside Hong Kong	–	–	590,335	590,335
	–	26,300	590,335	616,635
<b>At 31 March 2015 (Audited)</b>				
Hong Kong	–	26,300	–	26,300
Outside Hong Kong	–	–	607,950	607,950
	–	26,300	607,950	634,250

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 12. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000 (Unaudited)
<b>Carrying amounts:</b>	
At 1 April 2015 (Audited)	585,083
Depreciation expenses	(8,294)
Exchange alignment	(27,800)
<b>At 30 September 2015 (Unaudited)</b>	<b>548,989</b>

At 30 September 2015, the carrying amounts of property, plant and equipment comprise the followings:

	HK\$'000 (Unaudited)
<b>Carrying amounts:</b>	
Property under development	127
Hotel properties	542,042
Furniture and fixtures	4,393
Equipment, motor vehicles and others	2,427
	<b>548,989</b>

During the six months ended 30 September 2015, no impairment loss (six months ended 30 September 2014: nil) was recognised in the condensed consolidated statement of profit or loss.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 13. MINING RIGHTS

	HK\$'000
<b>Cost</b>	
At 1 April 2014	1,232,400
Exchange alignment	(5,056)
At 31 March 2015 and 1 April 2015 and 30 September 2015	1,227,344
<b>Accumulated impairment</b>	
At 1 April 2014	163,800
Impairment	194,200
Exchange alignment	(672)
At 31 March 2015, 1 April 2015 and 30 September 2015	357,328
<b>Carrying amount</b>	
<b>At 30 September 2015 (Unaudited)</b>	<b>870,016</b>
At 31 March 2015 (Audited)	870,016

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

The mining rights is amortised using the unit-of-production methods based on the total proven and probable mineral reserves, under the assumption that the initial granted period is 20 years, till all proven and probable mineral reserves have been mined. For the six months ended 30 September 2015 and 30 September 2014, the directors of the Company considered that as the commercial production of the mine has not yet been commenced, hence, no amortisation was recognised for both periods.

## 14. INTERESTS IN AN ASSOCIATE

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Cost of investment		
— Listed ( <i>note</i> )	—	1,385,005
Share of result of an associate	—	82,784
Share of other comprehensive income of an associate	—	170
	—	1,467,959
Market value of the listed associate	—	2,376,059

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 14. INTERESTS IN AN ASSOCIATE (Continued)

Note:

On 16 May 2014, the Group disposed of an aggregate of 72,000,000 Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina") shares through the block trading system of the Shanghai Stock Exchange at a cash consideration of RMB311,760,000 (equivalent to HK\$392,151,000), representing RMB4.33 per Heilongjiang Interchina share.

Upon completion of the partial disposal of interest in Heilongjiang Interchina, the aggregate number of Heilongjiang Interchina shares held by the Group decreased from 299,312,500 Heilongjiang Interchina shares, representing approximately 20.56% of the issued share capital of Heilongjiang Interchina, to 227,312,500 Heilongjiang Interchina shares, representing approximately 15.62% of the issued share capital of Heilongjiang Interchina. A loss on partial disposal of approximately HK\$61,026,000 was recognised in consolidated statement of profit or loss during year ended 31 March 2015.

The Group is entitled to 15.62% equity interest in Heilongjiang Interchina. The directors of the Company consider that the Group has retained significant influence over Heilongjiang Interchina by the representation of the Group on the Board of Directors of Heilongjiang Interchina despite that the interest held by the Group is below 20% and therefore the Group has continuously accounted for Heilongjiang Interchina as its associate as at 31 March 2015.

In May 2015, the representative of the Group retired by rotation from the board of directors of Heilongjiang Interchina.

The directors of the Company are of the view that the Company has no significant influence over the associate as it has no board representation and it has been unable to participate in the financial and operating policy decisions of the associate. The Company ceased of using equity accounting to account for its interests in the associate as required under HKAS 28 "Investment in Associates", and reclassified its interest as financial asset at fair value through profit or loss ("FVTPL"). After taking into account, a gain on loss of significant influence of Heilongjiang Interchina of HK\$882,107,000 was recognised in condensed consolidated statement of profit or loss.

## 15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Trade receivables:		
0–30 days	24,105	79,047
Margin clients' accounts receivables	99,762	99,761
Prepayments, deposits and other receivables	587,035	975,991
	<b>710,902</b>	1,154,799
Less: Impairment of trade and other receivables and prepayments	<b>(88,388)</b>	(120,908)
	<b>622,514</b>	1,033,891

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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

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

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
At beginning of the period/year	120,908	92,234
Reversal of impairment loss recognised	(32,520)	–
Impairment loss recognised	–	28,674
At end of the period/year	88,388	120,908

The average credit period granted to customers is 60 days (31 March 2015: 60 days).

Loans to margin clients are secured by client's pledged securities, repayable on demand and interest free. No aged analysis is disclosed, as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of business of share margin financing.

Included in the allowance for doubtful debts are individually impaired trade and other receivables and prepayments with an aggregate balance of approximately HK\$88,388,000 (31 March 2015: 120,908,000) which are past due at end of the reporting period. The allowance for doubtful debts recognised because there has been a significant change in credit quality and the amounts are considered irrecoverable.

Included in the prepayments and other receivables of approximately HK\$173,054,000 (31 March 2015: HK\$336,643,000) paid for acquisition of certain investment properties and several potential water plant projects in the PRC.

## 16. LOAN RECEIVABLES

The loan was unsecured, carrying at the prevailing interest rate ranging from 5.25% to 7.2% per annum (31 March 2015: from 2% to 7.2% per annum).

During the six months ended 30 September 2015, no impairment loss (six months ended 30 September 2014: nil) was recognised in the condensed consolidated statement of profit or loss.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Held for trading:		
Listed equity securities- Hong Kong, at fair value	95,400	368,193
Listed equity securities- the PRC, at fair value	1,352,986	–
	<b>1,448,386</b>	368,193

The Group lost its significant influence over Heilongjiang Interchina during the period and its investment in Heilongjiang Interchina was recognised as financial asset at FVTPL. Included in the loss arising on change in fair value of financial asset of FVTPL for the six months ended 30 September 2015 of approximately HK\$973,505,000, HK\$879,305,000 is derived from investment in Heilongjiang Interchina.

## 18. SHARE CAPITAL

	Number of shares		Nominal value	
	At 30 September 2015 '000 (Unaudited)	At 31 March 2015 '000 (Audited)	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Voting ordinary shares				
<b>Issued and fully paid:</b>				
At beginning and end of the reporting period	<b>6,078,669</b>	6,078,669	<b>2,490,454</b>	2,490,454

An entirely new Companies Ordinance (Cap. 622) ("new CO") that came into effect on 3 March 2014. The new CO abolishes authorised share capital, par value and share premium, in respect of the share capital of Hong Kong companies. As a result, the amounts of share premium of the Company were transferred to the share capital.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 19. DEFERRED TAX LIABILITIES

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

	Revaluation of properties HK\$'000	Fair value adjustments arising on acquisition of subsidiaries HK\$'000	Total HK\$'000
At 1 April 2014	64,131	–	64,131
Acquisition of subsidiaries	–	55,944	55,944
Charged/(credited) to the consolidated statement of profit or loss	4,283	(901)	3,382
At 31 March 2015 and 1 April 2015 (Audited)	68,414	55,043	123,457
Charged/(credited) to the condensed consolidated statement of profit or loss	<b>2,876</b>	<b>(1,715)</b>	<b>1,161</b>
Exchange alignment	<b>(3,276)</b>	<b>(2,638)</b>	<b>(5,914)</b>
<b>At 30 September 2015 (Unaudited)</b>	<b>68,014</b>	<b>50,690</b>	<b>118,704</b>

## 20. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Trade payables	<b>1,813</b>	1,318
Other payables and deposits received	<b>46,477</b>	57,339
	<b>48,290</b>	58,657

Included in other payables was an amount of interest expenses payable amounted to approximately HK\$862,000 (31 March 2015: HK\$980,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 21. BANK AND OTHER BORROWINGS

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Bank borrowings, secured	18,677	21,916
Bank overdraft, unsecured	88	212
Other borrowings, secured	542,898	711,849
<b>Total bank and other borrowings</b>	<b>561,663</b>	<b>733,977</b>
Carrying amounts repayable:		
Within one year:		
— Bank borrowings and overdraft	6,116	5,348
— Other borrowings	542,898	711,849
Carrying amount of bank and other borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	12,649	16,780
<b>Total borrowings</b>	<b>561,663</b>	<b>733,977</b>

*Notes:*

- (a) The bank borrowings are variable-rate borrowings, thus exposing the Group to cash flow interest rate risk. The effective interest rate on bank borrowings denominated in Hong Kong dollars is 2.45% (31 March 2015: 2.45%) per annum. The effective interest rates on bank borrowings denominated in Renminbi is 6.83% (31 March 2015: 6.83%) per annum.
- The other borrowings bear interest at rates of 7.3% to 8% per annum for the six months ended 30 September 2015 (31 March 2015: 8% to 8.2% per annum).
- (b) Asset with the following carrying amount have been pledged to secured general banking facilities granted to the Group, set out as follow:

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Investment properties	276,168	284,539

Included in the secured other borrowings of approximately HK\$479,042,000 are secured by certain shares of Heilongjiang Interchina, which its shares are listed on the Shanghai Stock Exchange.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 21. BANK AND OTHER BORROWINGS

Notes: (Continued)

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

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Hong Kong dollars	68,256	238,471
Renminbi	493,319	495,294
Indonesia Rupiah	88	212
	<b>561,663</b>	733,977

## 22. CAPITAL COMMITMENTS

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

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
<b>Authorised and contracted, but not provided for:</b>		
— acquisition of subsidiaries	—	159,000

## 23. OPERATING LEASE COMMITMENTS

The Group as lessee

	For the six months ended 30 September 2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Minimum lease payments paid under operating leases during the period:		
Premises	<b>3,873</b>	4,383

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 23. OPERATING LEASE COMMITMENTS (Continued)

### The Group as lessee (Continued)

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

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Within one year	8,625	8,004
In the second to the fifth year inclusive	6,401	9,957
	<b>15,026</b>	17,961

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

### The Group as lessor

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

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Within one year	18,977	25,147
In the second to the fifth year inclusive	31,466	38,532
	<b>50,443</b>	63,679

## 24. PARTIAL DISPOSAL OF AN ASSOCIATE

On 16 May 2014, the Group disposed of an aggregate of 72,000,000 Heilongjiang Interchina, representing 4.95% of the issued share capital of Heilongjiang Interchina, through the block trading system of the Shanghai Stock Exchange at a cash consideration of RMB311,760,000 (equivalent to HK\$392,151,000). The effect of changes of interests in an associate as at the completion date of the partial disposal is summarised as follow:

	HK\$'000
Considerations satisfied by cash	392,151
Less: Carrying amount of the 4.95% equity interests in Heilongjiang Interchina	(453,177)
Loss on partial disposal of associates	<b>(61,026)</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 25. TRANSACTION WITH NON-CONTROLLING INTEREST

In March 2014, the Group entered into a sale and purchase agreement with Mr. Ji Wen Wen, an independent third party (the "Vendor") to acquire entire equity interest in All Yield Investments Limited ("All Yield"), a company beneficially owned 30% of the equity interest in non-wholly owned Indonesia subsidiary, P.T.Satwa Lestari Permai ("P.T.Satwa") at consideration of HK\$318,000,000.

Following completion of the acquisition, the Group's shareholding in P.T.Satwa increased from 65% to 95%. The Group recognised a decrease in non-controlling interests of approximately HK\$260,152,000 and a decrease in equity attributable to owners of the Company of approximately HK\$57,848,000.

Further details of the acquisition were set out in the Company's announcement dated 26 November 2013, 29 November 2013, 10 January 2014, 28 March 2014, 15 August 2014, 30 September 2014, 31 December 2014, 31 March 2015 and 29 May 2015. All Yield and P.T. Satwa are principally engaged in exploration and mining of manganese in Indonesia.

## 26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 30 September 2015 (Unaudited)</b>				
<b>Recurring fair value measurement</b>				
Financial assets at fair value through profit or loss classified as held for trading	1,448,386	–	–	1,448,386
<b>At 31 March 2015 (Audited)</b>				
<b>Recurring fair value measurement</b>				
Financial assets at fair value through profit or loss classified as held for trading	368,193	–	–	368,193

During the six months ended 30 September 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (31 March 2015: nil).

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 September 2015 and 31 March 2015.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

## 27. MATERIAL RELATED PARTY TRANSACTIONS

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

### Compensation of key management personnel

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

	For the six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Salaries and other short-term benefits	4,877	2,384
Pension scheme contribution	258	150
	<b>5,135</b>	2,534

## 28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

## 29. APPROVAL AND AUTHORISATION FOR ISSUE OF INTERIM FINANCIAL STATEMENT

The Interim Financial Statement were approved and authorised for issue by the board of directors on 27 November 2015.

# MANAGEMENT STATEMENT

## BUSINESS REVIEW AND PROSPECT

The Group engaged principally in (i) property investment operation, (ii) hotel operation, (iii) financing and securities investment operation, (iv) natural resources operation and (v) environmental water treatment operation.

### Investment in Heilongjiang Interchina

During the period, the Group's environmental water treatment operation was mainly conducted by Heilongjiang Interchina. As at 31 March and 30 September 2015, the Group holds 227,312,500 shares of Heilongjiang Interchina, representing 15.62% of the issued share capital of Heilongjiang Interchina. As at 31 March 2015, the Group was able to exercise significant influence over Heilongjiang Interchina because Mr. Zhu Yongjun ("Mr. Zhu"), the former executive director and the chairman of Heilongjiang Interchina was the Group's representative in the board of Heilongjiang Interchina. The investment in Heilongjiang Interchina was accounted for as an associate of the Group for the year ended 31 March 2015. However, as disclosed in the 2014 annual report of Heilongjiang Interchina, Mr. Zhu decided not to participate in nomination as member of the board of Heilongjiang Interchina in the first meeting of the sixth session of the board of directors of Heilongjiang Interchina held on 9 May 2015. Therefore, Mr. Zhu ceased to be an executive director and the chairman of Heilongjiang Interchina since 9 May 2015. As the Group's significant influence over Heilongjiang Interchina is lost, it is according to the relevant Hong Kong Financial Reporting Standards to re-classify the investment in Heilongjiang Interchina from an associate company to financial assets at fair value through profit or loss thereafter. As a result, a gain on loss of significant influence of an associate of HK\$882,107,000 was recognised for the period. The gain was the difference between the fair value of the 15.62% equity interest of Heilongjiang Interchina and the carrying amount of Heilongjiang Interchina at the date when significant influence was lost. At 30 September 2015, the market value of the investment in Heilongjiang Interchina's amounted to approximately RMB1,129,743,000 (equivalent to approximately HK\$1,352,986,000) and unrealised loss on change in the fair value of this investment of HK\$879,305,000 was recognised for the period.

The Group's share of loss of an associate up to the date of reclassifying Heilongjiang Interchina as financial assets at fair value through profit or loss amounted to HK\$1,138,000 for the period (six months ended 30 September 2014: HK\$13,096,000).

### Property Investment Operation

The Group currently owns approximately total gross floor area of 19,620 sq.m. in Beijing Interchina Commercial Building, located in the CBD of Beijing, the PRC. At 30 September 2015, the carrying value of the Group's investment properties amounted to approximately HK\$616,635,000 (31 March 2015: HK\$634,250,000) and all of them have been fully let during the period.

Rental income slightly increased by 4.1% to approximately HK\$13,355,000 (six months ended 30 September 2014: HK\$12,830,000). The segment profit amounted to approximately HK\$22,063,000 (six months ended 30 September 2014: HK\$35,571,000). The decrease in profit was mainly attributable to the decrease in the unrealised fair value gain on investment properties from HK\$25,528,000 for the same period in 2014 to HK\$11,508,000 for the period.

Looking forward, the Group will continue to seek opportunity of acquisition of high quality property to further enhance the assets base of the Group and strengthen the profitability of this segment.

# MANAGEMENT STATEMENT

## Hotel Operation

The Group completed the acquisition of the Express by Holiday Inn Wujiaochang Shanghai (“Holiday Inn Wujiaochang”) by the end of December 2014. It is a 20-storey hotel with total gross floor area of approximately 15,900 square feet, and 296 guest rooms, located in Yangpu District, Shanghai, the PRC. Hence it was the first time the Group reported on the operations of the hotel on a full 6-month basis. During the period, the Holiday Inn Wujiaochang contributed revenue of HK\$20,722,000 to the Group, achieved an average daily rate of approximately HK\$422 and an occupancy rate of around 80%. During the period, the Group shared the profit of HK\$1,286,000 from the hotel operation segment (six months ended 30 September 2014: Nil).

The Group holds positive view towards investing in hotels, as this segment would bring solid revenue base and capital gain potentials. The Group will continue to seek opportunity of acquisition of high quality hotel property from time to time.

## Financing and Securities Investment Operation

As at 30 September 2015, total loan receivable under financing operation amounted to HK\$366,281,000 (31 March 2015: HK\$254,618,000) and total securities investment/financial assets at fair value through profit and loss stood at HK\$1,448,386,000 (31 March 2015: HK\$368,193,000). The increase in total securities investment/financial assets at fair value through profit and loss was mainly attributable to the reclassification of the investment in Heilongjiang Interchina from an associate to financial assets at fair value through profit and loss during the period. At 30 September 2015, the Group held listed securities, being 227,312,500 shares or approximately 15.62% interest in Heilongjiang Interchina (stock code: 600187) listed on Shanghai Stock Exchange and 60,000,000 shares or approximately 1.06% interest in KuangChi Science Limited (stock code: 439).

In April 2015, the Company entered into a bought and sold note with Ms. Pauline Po (“Ms. Po”), an independent third party, pursuant to which the Company disposed to Ms. Po 119,500,000 shares of Honbridge Holdings Limited (the “Disposal Shares”) at a total consideration of HK\$167,300,000 (the “Disposal”). Honbridge is a company incorporated in the Cayman Islands with limited liabilities and the shares of which are listed on The GEM board of the Stock Exchange (Stock Code: 8137). The Disposal Shares were classified as financial assets at fair value through profit or loss in the accounts of the Group. Detail of the transaction was set out in the Company’s announcement dated 28 April 2015. The Disposal completed on 4 May 2015 and recognised a loss of HK\$9,924,000 for the period.

Segment revenue represents interest income from financing operation, increased by 44.6% to HK\$21,737,000 as compared to HK\$15,034,000 for the same period in 2014 as more loans were granted to customers during the period. The segment loss amounted to HK\$967,140,000 as compared with the profit of HK\$9,864,000 for the same period in 2014. The turnaround to loss was mainly attributable to the significant increase in unrealised fair value loss of the securities investment from HK\$5,080,000 for the same period in 2014 to HK\$973,505,000 for the period as a result of the stock market fluctuation in the PRC and Hong Kong during the period.

Going forward, the Group will continue to adopt a conservative approach to this segment for minimising the business risk.

# MANAGEMENT STATEMENT

## Natural Resources Operation

The Group operates the natural resources operation through a non-wholly owned subsidiary of the Company, P.T. Satwa Lestari Permai (“SLP”) which is a licensed mining company under the Laws of Indonesia. SLP owns mining licenses (IUP Manganese Production Operation) to conduct the activities of construction, production, sales transportation and processing/refinery of manganese ore in areas totaling approximately 2,000 hectare in and around the sub-district of Amfoang Selatan, sub-district of Takari and sub-district of Fatuleu, Kupang City Nusantara Timor Tenggara, Indonesia for a period of twenty years (“Mining Right”), with estimate resources of approximately 18,800,000 tonnes. The estimate resource has no significant change during the period. The carrying value of the Mining Right at 30 September 2015 amounted to HK\$870,016,000 (31 March 2015: HK\$870,016,000). Production has not been commenced since the Group acquired the Mining Right in 2011. Therefore, this segment did not contribute any revenue to the Group for the period. The segment loss amounted to HK\$630,000, representing a decrease of 38.7% as compared with HK\$1,028,000 for the same period in 2014. The loss was mainly represented administrative expenses for the period.

In March 2014, the Group entered into a sale and purchase agreement with one of the minority shareholder of the SLP to further acquire the 30% equity interest in SLP at the consideration of HK\$318,000,000 (the “Further Acquisition”). Upon the completion of the Further Acquisition, the Group’s interest in SLP will increased from 65% to 95%. Detail of the transaction was set out in the Company’s circular dated 7 July 2014. The Further Acquisition was completed on 11 September 2015 and resulted in an increase in equity interests of 30% in the SLP, which constituted a change in the Group’s ownership interest in a subsidiary that does not result in a change of control.

Given the softening of the global commodity market and prolonged period of depressed prices, it is expected that more time will be required to improve/fine tune the operating performance of this segment in order to achieve satisfactory results in the long run.

## Environmental Water Treatment Operation

This segment recorded no revenue for the period (six months ended 30 September 2014: Nil) and recorded segment loss of HK\$13,275,000 (six months ended 30 September 2014: HK\$6,277,000).

## Discontinued Operation

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

The cessation of securities dealing and brokerage operation became effective on 31 July 2012 but has been pending the final approval by the Securities and Futures Commission. No revenue was recognised for the past two years. This segment recorded profit of HK\$6,140,000 (six months ended 30 September 2014: loss of HK\$409,000). The turnaround to profit was mainly attributed by the reversal of impairment loss of HK\$6,459,000 on trade receivables during the period.

## OUTLOOK

Looking forward, the Group will continue to adopt a positive but prudent approach in managing its financial resources and will strive for developing recurrent income streams so as to provide long term sustainable growth for the benefit of the Group and its shareholders as a whole.

# MANAGEMENT STATEMENT

## FINANCIAL REVIEW

### Results of Operations

During the period, the Group recorded a revenue of approximately HK\$55,814,000, representing an increase of 100.3% over the same period in 2014. Increase in revenue was mainly contributed by the growth of the financing operation as well as the hotel operation started to contribute revenue to the Group since January 2015.

Despite the improvement in revenue, the Group still recorded loss of approximately HK\$66,598,000, representing a decrease of 32.1% over the same period in 2014. The loss was principally attributable to the net effect of: (i) a gain on loss of significant influence of an associate of HK\$882,107,000; and (ii) unrealised losses on financial assets at fair value through profit and loss of approximately HK\$973,505,000 (six months ended 30 September 2014: HK\$5,080,000) during the period.

During the period, net loss attributable to shareholders of the Company amounted to HK\$66,441,000, representing a decrease of 32% over the same period in 2014. The basic and diluted loss per share of the Company for the period was HK\$1.09 cent, representing a decrease of 32.3% over the same period in 2014.

### Liquidity, Financial Resources and Financial Ratios

At 30 September 2015, the Group's total assets were HK\$5,119,084,000 (31 March 2015: HK\$5,900,132,000) and the total liabilities were HK\$730,920,000 (31 March 2015: HK\$919,398,000). There has been no change in the share capital of the Company during the period. As at 1 April 2015 and 30 September 2015, the number of issued shares of the Company was 6,078,669,363. At 30 September 2015, the equity reached HK\$4,388,164,000 (31 March 2015: HK\$4,980,734,000) and the current ratio of the Group was 4.9 (31 March 2015: 2.8) whereas the gearing ratio (total outstanding borrowings over total assets) of the Group was 11% (31 March 2015: 12.4%).

At 30 September 2015, the Group's cash on hand and deposits in bank was HK\$538,230,000 (31 March 2015: HK\$468,859,000). Around 95% of the Group's cash on hand and deposits in bank was denominated in Renminbi with the rest mainly in Hong Kong dollars.

At 30 September 2015, the Group had total borrowings comprising bank borrowings and overdraft of HK\$18,765,000 (31 March 2015: HK\$22,128,000) and other borrowings of HK\$542,898,000 (31 March 2015: HK\$711,849,000). The maturity profile of the outstanding bank borrowings and overdraft and other borrowings was spread over a period of more than five years with HK\$548,051,000 repayable within one year and HK\$11,444,000 repayable after one year but within five years, and HK\$2,168,000 repayable after five years. Around 87.8% of the Group's total borrowings were denominated in Renminbi with the rest mainly in Hong Kong dollars.

The Group has maintained sufficient financial resources for daily operation, if there are appropriate merger and acquisition opportunities, additional financing may be funded for financing part of the merger and acquisitions.



# MANAGEMENT STATEMENT

## **Pledged of Assets**

At 30 September 2015, the Group's assets were pledged as security for its liabilities and loan facilities, comprising investment properties with carrying amounts of HK\$276,168,000 (31 March 2015: HK\$284,539,000) and financial assets at fair value through profit or loss with carrying amounts of HK\$1,113,042,000.

## **Foreign Exchange Exposure**

The Group's operation is mainly in Hong Kong and the PRC but the Group reports its operating result in Hong Kong dollar. The Group is, thus, exposed to the fluctuation in exchange rates between Renminbi, Hong Kong dollar and other currencies. At present, the Group has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

## **Material Acquisition and Disposal**

Save as the acquisition and disposal have been described in the "Business Review & Prospect" section, there was no material acquisition or disposal of subsidiaries or associates during the period.

## **Human Resources**

As at 30 September 2015, the Group had approximately 120 employees in Hong Kong and the PRC. To maintain the Group's competitiveness, salary adjustments and award of bonus for staff are subject to the performance of individual staff members. Apart from offering retirement benefit scheme, share option scheme and medical insurance for its staff, the Group also provides staff with various training and development programs.

# OTHER INFORMATION

## CHANGES IN DIRECTORS' INFORMATION

Changes in information of directors since the date of the Annual Report 2015 of the Company up to the date of this report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), are set out below:

- With effect from 16 July 2015, the monthly remuneration of Mr. Chen Yi, Ethan, an executive Director of the Company has been increased from HK\$100,000 to HK\$115,500.
- Mr. Ko Ming Tung Edward, an Independent non-executive Director of the Company has resigned as a non-executive director of Harmonic Strait Financial Holdings Limited, whose shares are listed on the main board of the Stock Exchange (Stock Code: 33) with effect from 25 July 2015 and has been appointed as an independent non-executive director of Chinese Energy Holdings Limited, whose shares are listed on the GEM board of the Stock Exchange (Stock Code: 8009), with effect from 18 August 2015 respectively.

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

As at 30 September 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

### Long positions in shares and underlying shares

Name of Director	Capacity	Number of Shares held	Approximate percentage shareholding
Jiang Zhaobai	Interest in controlled corporation	1,742,300,000	28.66%
Shen Angang	Beneficial owner	187,865,000	3.09%
Lam Cheung Shing, Richard	Beneficial owner	7,700,000	0.13%

Save as disclosed above, as at 30 September 2015, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

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

As at 30 September 2015, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

#### Long positions in shares and underlying shares

Name of shareholder	Capacity	Number of Shares held	Approximate percentage shareholding
Jiang Zhaobai	Interest in controlled corporation (Note 1)	1,742,300,000	28.66%
Rich Monitor Limited	Beneficial owner	1,033,300,000	17.00%
Pengxin Holdings Company Limited	Beneficial owner	709,000,000	11.66%

Note:

- (1) The entire issued share capital of Rich Monitor Limited and Pengxin Holdings Company Limited is held by Jiang Zhaobai. Therefore, Jiang Zhaobai is deemed to be interested in 1,742,300,000 shares of the Company under the SFO.

Save as disclosed above, as at 30 September 2015, no person, other than a Director or chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

### SHARE OPTION SCHEME

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

There are no changes in any terms of the New Share Option Scheme during the six months ended 30 September 2015. Detailed terms of the New Share Option Scheme were disclosed in the 2015 annual report.

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

## OTHER INFORMATION

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

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

### COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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

- (i) Pursuant to the Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. Currently all directors (including non-executive directors) are not appointed for a fixed term. However, according to Article 101 of the Articles of Association of the Company, one-third of the directors (including executive and non-executive Directors) shall retire each year and every director shall be subject to retirement by rotation at least once every three years. The retiring director shall be eligible for re-election. The Board believes that the current arrangement will give the Company sufficient flexibility to organise the composition of the Board to serve the needs of the Group.
- (ii) Pursuant to the Code Provision E.2.1 of the CG Code, the chairman of the Board should attend the annual general meeting ("AGM") to answer questions at the AGM. Mr. Jiang Zhaobai, the chairman of the Board did not attend the 2015 AGM due to other business engagements. Mr. Lam Cheung Shing Richard, being the executive director of the Company, attended the AGM on 2 September 2015 and was delegated to make himself available to answer questions if raised at the meeting.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard as set out in the Model Code throughout the period under review.

### AUDIT COMMITTEE

The Audit Committee comprises all the independent non-executive directors of the Company and had reviewed with management of the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters including review of the interim results of the Group for the six months ended 30 September 2015.

## OTHER INFORMATION

### BOARD OF DIRECTORS

As at the date of this report, the Board consists of Mr. Jiang Zhaobai, Mr. Shen Angang, Mr. Lam Cheung Shing, Richard and Mr. Chen Yi, Ethan (all being executive Directors), Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Professor Shan Zhemin (all being independent non-executive Directors).

By order of the Board of  
**EverChina Int'l Holdings Company Limited**  
**Lam Cheung Shing, Richard**  
*Executive Director and Chief Executive Officer*

Hong Kong, 27 November 2015