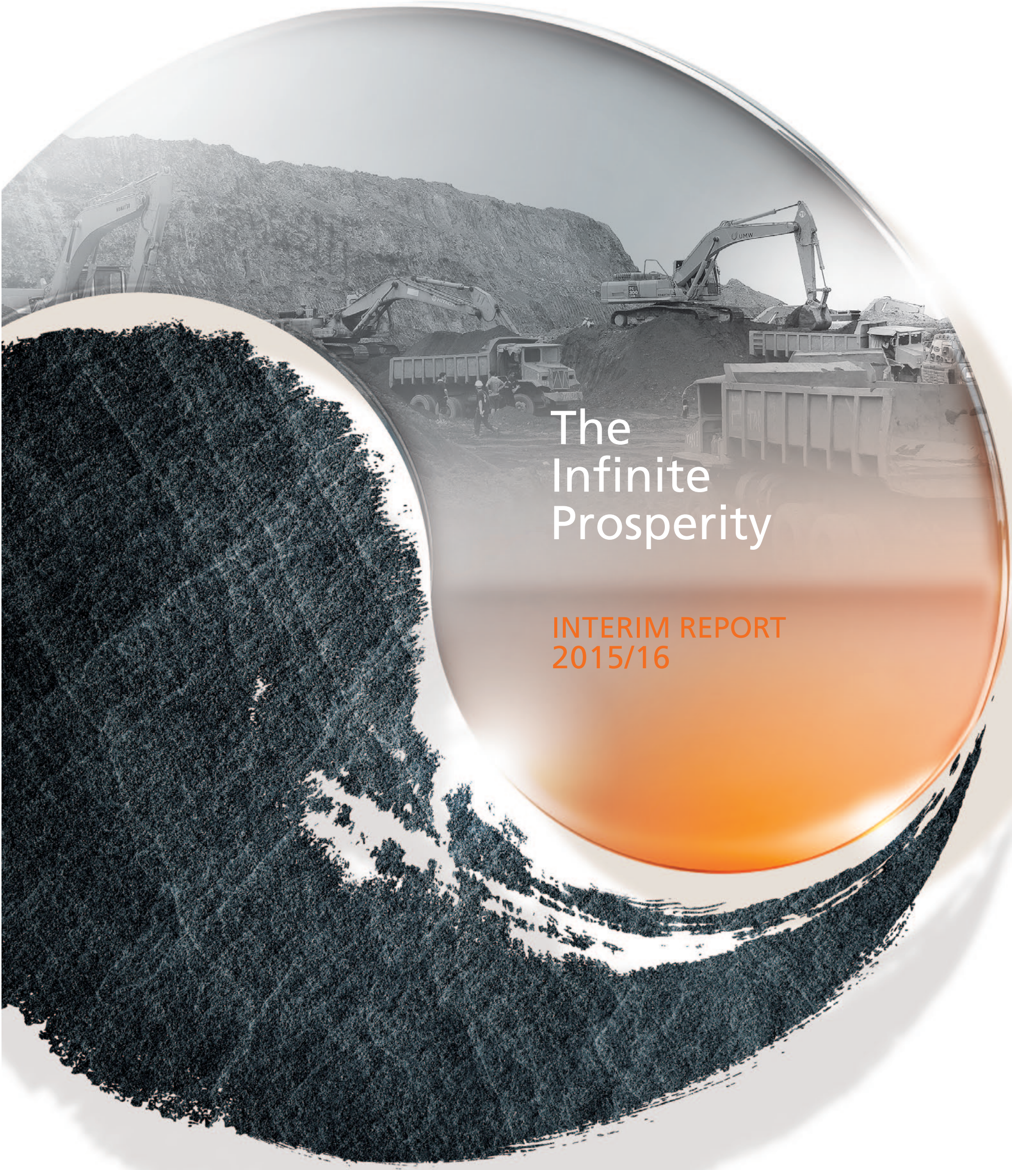
PROSPERITY INTERNATIONAL HOLDINGS (H.K.) LIMITED
昌興國際控股（香港）有限公司
(Incorporated in Bermuda with limited liability)
Stock Code: 803



The Infinite Prosperity

INTERIM REPORT 2015/16

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Ben Koon, *Chairman*
Dr. MAO Shuzhong, *Chief Executive Officer*
Mr. WU Likang
Ms. Gloria WONG
Mr. KONG Siu Keung

Non-executive Director

Mr. LIU Yongshun

Independent Non-executive Directors

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

QUALIFIED ACCOUNTANT

Mr. KONG Siu Keung, FCPA, FCCA

COMPANY SECRETARY

Mr. KONG Siu Keung, FCPA, FCCA

AUTHORISED REPRESENTATIVES

Mr. WONG Ben Koon
Mr. KONG Siu Keung

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

This interim report is printed on environmentally friendly paper

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

803

AUDITOR

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

SOLICITORS

Stephenson Harwood
18th Floor
United Centre
95 Queensway
Hong Kong

PRINCIPAL BANKERS

China Minsheng Banking Corporation Limited, Hong Kong Branch
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Standard Chartered Bank (Hong Kong) Limited

COMPANY WEBSITE

www.pihl-hk.com

RESULTS AND FINANCIAL OVERVIEW

For the six months ended 30 September 2015 (the "Period under review"), Prosperity International Holdings (H.K.) Limited ("Prosperity" or the "Company") and its subsidiaries (collectively referred to as the "Group") recorded a net profit of approximately HK$294 million compared with the net profit of approximately HK$78 million for the six months ended 30 September 2014 ("the same period of the Previous Financial Year").

Turnover decreased by 56% year-on-year to approximately HK$986 million, mainly because most of the residential units of Oriental Landmark were delivered to buyers in the same period of the Previous Financial Year, and thus the recognition of the relevant sales income and cost of goods sold was recorded in the same period of the Previous Financial Year. The Company's decrease in turnover and operating loss were also due to the temporary suspension of its iron ore mining and processing operations and hence only limited trade in the commodity was conducted in an attempt to minimize the operating loss during the Period under review, in view of the record lows in iron ore prices that would have made the business segment unprofitable.

Nevertheless, the operating loss was partly offset by a gain of approximately HK$606 million from the disposal of its remaining equity interest in Anhui Chaodong Cement Company Limited ("ACC"), a company listed on the Shanghai Stock Exchange (stock code: 600318) and which is a cement and clinker manufacturer located in Anhui Province, the People's Republic of China (the "PRC").

Basic earnings per share were 3.23 HK cents, compared with the basic earnings per share of 0.23 HK cents of the same period of the Previous Financial Year.

The board of directors of the Company (the "Board") does not recommend payment of an interim dividend for the Period under review (The same period of the Previous Financial Year: Nil).

BUSINESS REVIEW

PRC Steel Market

China's slowing economy amid restructuring dampened its demand for steel, thus exacerbating the problem of its steel industry's persistent overcapacity. The country saw its apparent crude steel consumption decline by 6% year-on-year to about 531 million tonnes during the period from January to September 2015 (Source: "9月份全國粗鋼量分析及後期預判" — 鋼聯資訊 dated 27 October 2015) as it shifted to a lower gear after three decades of rapid development. However, its output of the alloy fell to a lesser extent, by 2.1% year-on-year, to 608.94 million tonnes (Source: "Chinese crude steel output falls, as industry warns on deep decline" — Reuters, dated 19 October 2015), sustaining a glut of steel on the domestic market. China remained a dominant steel-producing country, accounting for about 50.23% of the global crude steel output of 1.21 billion tonnes and about 73.46% of Asia's 828.92 million tonnes (Source: World Steel Association).

The sluggish demand and oversupply in the world's largest steel-producing and consuming country combined to exert severe downward pressure on the commodity's price, as reflected by the year-on-year decrease of 25.9% in CRU (formerly known as Commodities Research Unit) International Composite Steel Price Index to 121.8 points and the year-on-year decline of 29.14% in China Steel Price Index ("CSPI") to 61.19 points at the end of September 2015 (Source: "9月份國內市場鋼材價格由升轉降後期將呈窄幅波動走勢" — China Iron and Steel Association ("CISA"), dated 20 October 2015).

To mitigate the oversupply, China's steel industry intensified its efforts to export the steel surpluses, selling 83.11 million tonnes of the alloy to overseas markets for the first nine months of 2015, up by 27.2% year-on-year, despite the plunge in the commodity's price that resulted in a year-on-year decrease of 4.8% in the value of the country's steel exports to about US$48.66 billion during the period (Source: General Administration of Customs of the People's Republic of China ("China Customs")).

PRC Iron Ore Market

In the first nine months of 2015, the global iron ore market was affected by China's economic slowdown and the growing excess of the commodity's seaborne supply.

Growth in imports of iron ore and its concentrate to China decelerated from 13.8% in 2014 to almost zero for January to September of 2015 as the country's industries, infrastructure and property sector weakened following three decades of rapid economic growth. The country imported about 699.05 million tonnes of iron ore and its concentrate in the first nine months of 2015, similar to the about 698.83 million tonnes for the same period of 2014 (Source: China Customs).

On the supply side, the world's major iron ore companies kept increasing their output in an attempt to grab more market share and to supplant the less efficient and high-cost competitors. This led to a global surplus of seaborne iron ore, a drastic decline in the commodity's price and a halt in production at a large number of small and medium-sized, high-cost iron ore mining firms in China (Source: "2015年上半年我國鐵礦石市場運行情況" — China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters ("中國五礦化工進出口商會"), dated 15 September 2015).

The world's annual iron ore production grew more than doubled to 2.2 billion tonnes in 2014 from 950 million tonnes in 2000 to capitalize on China's industrialization and urbanization. The world's top four mining firms had expanded their production capacity aggressively to satiate the country's huge appetite for the commodity. China prefers lower-cost, high-quality iron ore imports to the domestically produced, high-cost and lower-iron content ore, and now buys two-thirds of the world's seaborne supply. This trend was in turn reinforced by the major global iron ore mining firms' massive capacity expansion.

Excess seaborne iron ore supply on the global market is predicted to be 184 million tonnes in 2015 and is expected to grow to 437 million tonnes in 2018 (Source: "India picks worst time to resume iron ore mining — analysts — mining.com", dated 14 August 2015).

Oversupply drove down the price of benchmark 62% grade iron ore per dry metric tonne by about 24.1% from US$67.39 in January 2015 to the low of US$51.15 in April. The commodity's price rebounded to US$62.29 per dry metric tonne in June and then plunged by 17.32% to another low of US$51.50 in July before it stabilized at US$55.38 in August and US$56.43 in September 2015 (Source: indexmundi).

The sharp decrease in iron ore price to the low level in the consistent downtrend since the end of 2013 exerted mounting pressure on China's domestic iron ore mining firms, but three out of the world's top four industry players still managed to maintain profits, albeit at considerably lower levels than those when iron ore prices were high.

China has been cautious about the market dominance by the world's major iron ore mining enterprises and, seeing that its own ores are generally low in iron content and from which the metal is extracted at higher costs, has been seeking to acquire high-quality iron ore mines overseas. There is still a long way to go before the endeavour can pay off. Although the country has been trying to diversify the sources of procurement beyond Australia and Brazil, the two iron ore exporting countries kept gaining ground in terms of their shares of China's market because of more efficient operation, cost advantage and abundant supply of quality ore. For January to September 2015, China imported about 411.06 million tonnes of iron ore from Australia and about 121.89 million tonnes from Brazil (Source: "2015年10月鐵礦石進口預警監測報告" by CISA). The two countries together accounted for about 76% of China's iron ore imports by volume during the period.

Iron Ore Trading and Mining

The Group sources iron ore from South Africa and Malaysia, and also produces the commodity through its 85%-held mine in Ceará, Brazil ("Brazil Mine") and its wholly-owned mine and ore processing plant in Sri Jaya, State of Pahang, Malaysia (respectively referred to as "Sri Jaya Mine" and "Sri Jaya Plant"), and then ships it mainly to the large steel mills in China.

During the Period under review, the Group has temporarily suspended its iron ore mining and processing operations in an attempt to minimize the operating loss because the drastic decline in the commodity's price amid a market glut would have made the relevant business segment unprofitable. Its iron ore trade was also restricted to a small volume. However, the Group will resume such business once the commodity's price stabilizes at a level that allows it to be profitable.

1. Sri Jaya Iron Ore Mining Operation

The Sri Jaya Mine is a resource rich mine in Malaysia and has a total mining area of approximately 420 acres. As at 30 September 2015, it had total probable reserve of 94.3 mega tonnes ("Mt") at an average grade of 41.7% iron, which exceeded the 30% crude iron ore average grade in China. The Sri Jaya Mine is an open pit mine which has a mine life of approximately 14 years.

The Group produces the processed iron ore products through the Sri Jaya Plant, which is adjacent to the Sri Jaya Mine. The products are processed through a relatively low cost process, including ball-milling, magnetic separation and dewatering. The Sri Jaya Plant is designed to have a feed capacity of 6 Mt per annum, producing 3 Mt of saleable product per annum. During the Period under review, the iron ore mining and processing operations were temporarily suspended in view of the adverse market.

2. Brazilian Iron Ore Mining Operation

The Group holds an exploration right over a mining site of approximately 600 square kilometers ("sq.km.") and mining concessions over 3 sq.km. of the Brazil Mine through its 85%-held company, United Goalink Limited ("UGL").

The Group produces the processed iron ore products through the processing plant which is adjacent to the mining concessions and where installation of equipment was completed in 2013. The products are processed through a relatively low cost process, including magnetic separation. The processing plant is designed to have a feed capacity of one million tonnes per annum, producing approximately 600,000 tonnes of saleable product per annum.

During the Period under review, UGL temporarily suspended its operations to minimize operating loss under the unfavourable market conditions.

In addition, the Group owns an iron ore processing plant in Malaysia which is leased back to one of the Group's long-term iron ore suppliers on an exclusive basis for a fee of HK$19.5 million per annum.

Overall, the Group shipped approximately 1.1 million tonnes of iron ore during the Period under review, 7.5% less than that in the same period of the Previous Financial Year.

Real Estate Investment and Development

In China's property market, the supply side cooled down and let the growing demand absorb the surplus. Investment in the country's real estate development decelerated sharply to a year-on-year growth of 2.6% in the first nine months of 2015 from a year-on-year growth of 12.5% in the same period of 2014 as the downtrend in the property sector continued after the peak in 2014 (Source: National Bureau of Statistics). Nevertheless, during the first nine months of 2015, the property sales rebounded significantly with a year-on-year growth of 7.5% in gross floor area ("GFA") to 829.08 million square metres ("sq.m.") (January–September 2014: a year-on-year decline of 8.6%) and a year-on-year growth of 15.3% in value to about RMB5.67 trillion (January–September 2014: a year-on-year decrease of 8.9%) on the back of the Chinese government's new policies to favour the sector's development and to loosen the reins on mortgage loans.

During the Period under review, the Group's business of real estate investment and development continued to focus on the country's economically vibrant areas such as Guangzhou and Dongguan in Guangdong province, Binhai county in Yancheng and Suzhou in Jiangsu province, and Zhangzhou in Fujian province, by strengthening its existing operations or by embarking on new projects.

1. **Guangzhou City, Guangdong Province**

   Through its indirect wholly-owned subsidiary, Bliss Hero Investment Limited, the Company has two major property investments in Guangzhou's downtown area, including approximately 11,472 sq.m. of office and commercial space in a commercial building, Silver Bay Plaza, and a 55% interest in a commercial and residential property project called Oriental Landmark.

   As at 30 September 2015, Silver Bay Plaza had an occupancy rate of 98%. The commercial building contributed approximately HK$6.5 million to the rental income during the Period under review, compared with the approximately HK$6 million during the same period of the Previous Financial Year.

   Oriental Landmark is just a few minutes' walk from Beijing Road, a popular pedestrianized shopping street in the centre of the city. The property development project comprises a four-floor shopping arcade with four basement floors (one of which is part of the shopping arcade and the other three form a car park), four residential buildings, of which three are 35-floor high and one is 29-floor high, and a 26-floor commercial building. The aggregate GFA of the entire project is approximately 169,200 sq.m.

The construction of Oriental Landmark was completed by the end of 2013. Presale of the offices began in August 2015. By 30 September 2015, majority of residential units and car parking spaces were sold and delivered to the buyers. The shopping arcade was opened in August 2014 and had an occupancy rate over 60%.

2. Binhai County in Yancheng City, Jiangsu Province

In Binhai county of Yancheng, Jiangsu province, the Group is currently developing residential and commercial properties on a piece of land of 159,698 sq.m. over which it has the land use rights. The site is accessible through a convenient transportation network that includes two nearby airports, namely Lianyungang Baitabi Airport and Yancheng Airport, the national highway G204 and three expressways, namely Beijing-Shanghai Expressway, Nanjing-Lianyungang Expressway and Nanjing-Jinjiang-Yancheng Expressway.

The project includes residential properties and a shopping street called One City with a combined GFA of approximately 368,000 sq.m. It will be developed in three phases, and construction work commenced in the third quarter of 2015.

Presale of the first batch of shop spaces was conducted in mid-September of 2015 and met with enthusiastic market response.

As of 30 November 2015, the Group had entered into agreements with buyers in respect of the sale of 127 shops with total saleable area of approximately 7,900 sq.m.. The aggregate contracted sales amounted to approximately RMB169 million (equivalent to approximately HK$206 million), of which approximately RMB134 million (equivalent to approximately HK$163 million) was received by way of cash. The average price of the shop spaces sold was approximately RMB21,000 (equivalent to approximately HK$25,600) per sq.m..

Presale of the residential units in the first phase of the project is scheduled in the fourth quarter of 2015 and the first batch of shop spaces are expected be completed and delivered to buyers in the fourth quarter of 2016.

3. Suzhou City, Jiangsu Province

The Group owns the land use rights over a piece of land with a site area of 100,483.3 sq.m. in Xishan Island, Wuzhong District, Suzhou city, the PRC through a 55%-owned subsidiary called 蘇州市嘉欣房地產開發有限公司 (Suzhou Jiaxin Real Estate Development Company Limited*, "Suzhou Jiaxin").

The island is located at the heart of the scenic Taihu Lake, and the plot of land, which is to be developed by Suzhou Jiaxin, is adjacent to the Xishan Mountain Scenic Area, an ecological park, a farming zone and a zone for folk customs tour on the Xishan Island. The Group is developing a deluxe property project called Fu Yuan, which will comprise 51 villas, a deluxe hotel and gardens in an ancient, classical architectural style peculiar to Suzhou, with a total GFA of 46,170.2 sq.m. The presale of the villas started in the last quarter of 2014.

4. Dongguan City, Guangdong Province

On 5 May 2015, the Company's indirect wholly-owned subsidiary, Prosperity Real Estate Holdings Limited, signed an agreement to form a joint venture with 東莞市丹興實業有限公司 (Dongguan City Danxin Property Company Limited*) for a redevelopment project in Fenggang Town in Dongguan city, Guangdong province. For further details, please refer to the announcement of the Company dated 5 May 2015.

5. Zhangzhou City, Fujian Province

The Group develops an integrated project of commercial and residential properties and recreational facilities in Zhangzhou city, Fujian province ("Zhangzhou Property Project") through a 50:50 joint venture. The project offers high-end accommodation and hot spring resort facilities. The joint venture company buys the land in phases for development.

On 30 September 2015, Pro-Rise Business Limited ("Pro-Rise"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement and a supplemental agreement with a purchaser, 廈門當代投資集團有限公司 (Xiamen Dangdai Investment Group Company Limited*), and others, to dispose of the entire issued share capital of Escrow Limited (the "Disposal"), a direct wholly-owned subsidiary of Pro-Rise with a 50% equity interest in the joint venture company, whose principal asset is the Zhangzhou Property Project.

* For identification purpose only

As at 30 September 2015, the Disposal has not been completed. Full details about the arrangement can be found in the announcement of the Company dated 30 September 2015.

During the Period under review, the Group's business of real estate investment and development entered into a new market, Indonesia.

There has been a hot demand for residential properties in the Central Business District ("CBD") of Jakarta as the growing middle-class and the rich crave for apartments that enjoy convenient access to the workplace, urban facilities and amenities.

Works are being undertaken to improve the infrastructure of Jakarta, including the Light Rail Transit, Mass Rapid Transit and toll roads which will serve to attract more home buyers to the capital and are expected to boost the value of the properties in and around the city.

As part of the Indonesian government's stimulus package to lure more investment to the country, foreigners are allowed to own a luxury condominium priced at a minimum of IDR (Indonesian Rupiah) 10 billion. The Group seized the opportunity by entering Jakarta's property market.

6. West Jakarta, Indonesia

In September 2015, the Company, through an indirect wholly-owned subsidiary, signed an agreement to acquire 100% equity interest in Verton Ventures Limited which holds 75% equity interest in an Indonesian incorporated company for a total consideration of approximately US$7.8 million (equivalent to approximately HK$61 million). The acquisition was completed in October 2015.

The Indonesian company owns a piece of land in the CBD of West Jakarta, Indonesia, with a site area of 4,403 sq.m. and an aggregate GFA of approximately 22,000 sq.m. The land parcel is located at the heart of CBD of West Jakarta and connected to the two toll gates of Jakarta Outring Road highway. The Group plans to develop a condominium for residential and commercial uses.

Clinker and Cement Trading Business and Operation

Drastic deceleration of the investment in China's real estate development took its toll on the clinker and cement industry. The country's cement output decreased by 4.7% year-on-year to 1.72 billion tonnes in the first nine months of 2015 while its clinker output dropped by 7.32% year-on-year to 988 million tonnes, according to China Cement Research Institute. The country's cement price index slid from 99.61 points at the beginning of this year to 81.65 points at the end of September (source: 中國水泥網 ccement.com).

During the Period under review, the Group was able to satisfy its customers' demand for more cost-competitive clinker and cement by sourcing them from countries where the suppliers were pricing their commodities aggressively because of the oversupply in their domestic markets. We seized such opportunities and the advantage of current freight market by matching our customers' preferences to our suppliers' need to export. We also kept assessing the supply and demand in different regions to strike a balance between our long term and short term trading strategy.

The Group's management guided the clinker and cement trading business through the highly competitive environment with its experience, expertise and extensive regional network. For the Period under review, the business registered a turnover of approximately HK$342 million, compared with the turnover of approximately HK$420 million for the same period of the Previous Financial Year.

On 31 March 2015, the Company's indirect wholly-owned subsidiary, Prosperity Minerals Investment Limited ("PMIL"), which had originally held a 33.06% equity interest in ACC, entered into an agreement to sell its 15% equity stake in ACC to 安徽新力投資集團有限公司 (Anhui Xinli Investment Group Company Limited*), an independent third party, for a consideration of RMB580.8 million (equivalent to approximately HK$709 million). The Group recognised a gain of approximately HK$450 million as a result of the disposal of the equity stake in the previous financial year.

* For identification purpose only

On 23 June 2015, the Group entered into equity transfer agreements with 華泰證券(上海)資產管理有限公司 (Huatai Securities (Shanghai) Asset Management Company Limited, "Huatai Securities") and Ms. Zhang Jinghong to dispose of its remaining 18.06% equity stake in ACC held by PMIL for a consideration of approximately RMB745.5 million (equivalent to approximately HK$910 million) in aggregate. The Group recognised a gain of approximately HK$606 million as a result of the disposal during the Period under review.

Following the completion of these two transactions, PMIL no longer holds any equity interest in ACC. Full details about the arrangement can be found in announcements of the Company dated 31 March 2015 and 23 June 2015 and the circulars of the Company dated 9 June 2015 and 27 July 2015.

Granite Production

The Company owns the Xiang Lu Shan Granite Mining Site in Guangxi, the PRC ("Guilin Granite Mine") through its 60%-owned WM Aalbright Investment Holdings (Hong Kong) Limited, which has a mining permit to produce up to 40,000 cubic metres ("m^3") (equivalent to approximately 102,000 tonnes) of granite products per annum at the site. Its feldspar powder plant there has a designed annual production capacity of 100,000 tonnes.

The products from the Guilin Granite Mine are dimension stone and feldspar powder. Dimension stone is a high value product for building materials, decorative tiles, sanitary ware, porcelain and tableware, while the feldspar powder can be used in the ceramics and glass industries. The granite production is clean, with a minimal waste ratio as the waste material can be used for road construction.

The existing mining license covers an area of 2.0371 sq.km. and the current exploration area only covers 0.8 sq.km. of the leased area of the quarry. There is still room for further exploitation of the stone resources.

The Group had assigned a local technical team to exploit the granite mine and design a processing plant to improve product quality and production volume to meet customers' requirements.

Share Placement

On 13 May 2015, the Company completed placing 714,280,000 new shares to six independent investors and raised net proceeds of approximately HK$161.5 million. The placing shares accounted for 7.67% of the Company's enlarged share capital immediately after completion of the placing.

On 12 June 2015, the Company completed placing 489,000,000 new shares to an independent investor and raised net proceeds of approximately HK$125 million. The placing shares accounted for 4.99% of the Company's enlarged share capital immediately after completion of the placing.

For further details, please refer to the announcements of the Company dated 30 April 2015, 13 May 2015, 4 June 2015 and 12 June 2015.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' fund of the Group as at 30 September 2015 was approximately HK$3,077 million (31 March 2015: approximately HK$2,409 million). As at 30 September 2015, the Group had current assets of approximately HK$3,535 million (31 March 2015: approximately HK$3,972 million) and current liabilities of approximately HK$2,948 million (31 March 2015: approximately HK$3,960 million). The current ratio was 1.20 as at 30 September 2015 as compared to 1.00 at 31 March 2015. The Group generally finances its operations with internally generated cash flow, and credit facilities provided by its principal bankers in Hong Kong and the PRC.

As at 30 September 2015, the Group's total time deposits, bank and cash balances were approximately HK$252 million (31 March 2015: approximately HK$271 million) and total outstanding debts (including bank borrowings) were approximately HK$2,127 million (31 March 2015: approximately HK$2,875 million (including bank borrowings and convertible loan notes)).

The debt-to-equity ratio of the Group as at 30 September 2015, calculated on the basis of total interest-bearing debts divided by owners' equity, was approximately 0.69 (31 March 2015: approximately 1.19).

EXPLORATION, DEVELOPMENT, MINING AND PRODUCTION ACTIVITIES

During the Period under review, no material exploration activity was carried out at all the Sri Jaya Mine, Brazil Mine and Guiliin Grantie Mine. The following tables detail the mining and production activities, and the expenditure incurred for minining and development activities at all mines.

	For the six months ended 30 September	
	2015 Tonnes	2014 Tonnes
Mining volume		
Sri Jaya Mine	38,118	N/A*
Brazil Mine	–	168,259*
Guiliin Grantie Mine	22,166	–
Production volume		
Sri Jaya Mine	20,203	N/A*
Brazil Mine	–	92,941*
Guiliin Grantie Mine	1,577	–

* The increase in equity stake from 35% to 85% in Brazil Mine and the acquisition of Sri Jaya Mine were completed in June 2014 and on 10 October 2014 respectively.

	For the six months ended 30 September	
	2015 HK$'000	2014 HK$'000
Major expenditure incurred in respect of mining activities		
Sri Jaya Mine	11,918	N/A*
Brazil Mine	–	4,226*
Guiliin Grantie Mine	2,204	–
Capital expenditure incurred in respect of development activities		
Sri Jaya Mine	83	N/A*
Brazil Mine	–	156*
Guiliin Grantie Mine	508	–

* The increase in equity stake from 35% to 85% in Brazil Mine and the acquisition of Sri Jaya Mine were completed in June 2014 and on 10 October 2014 respectively.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 September 2015, the Group had a total of 411 staff members, 334 of them were based in the PRC and 77 based in Hong Kong.

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

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

CHARGE ON GROUP ASSETS

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

(a) charge over certain bank deposits, available-for-sale financial assets, inventories, property, plant and equipment and investment properties of the Group;

(b) equity interests in certain subsidiaries of the Group;

(c) corporate guarantees of the Company and subsidiaries; and

(d) personal guarantees executed by Mr. Wong Ben Koon ("Mr. Wong").

SIGNIFICANT AND DISCLOSEABLE TRANSACTIONS

(a) Disposal of the entire issued share capital of Escrow Limited

On 30 September 2015, Pro-Rise, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement and a supplemental agreement with a purchaser and others, to dispose the entire issued share capital of Escrow Limited, a direct wholly-owned subsidiary of Pro-Rise with a 50% equity interest in the joint venture company, whose principal asset is the Zhangzhou Property Project.

As at 30 September 2015, the Disposal has not been completed. Full details about the arrangement can be found in the relevant announcement of the Company.

(b) Disposal of 18.06% interest in ACC

On 23 June 2015, the Group entered into equity transfer agreements with Huatai Securities and Ms. Zhang Jinghong to dispose of its remaining 18.06% equity stake in ACC held by PMIL for a consideration of approximately RMB745.5 million (equivalent to approximately HK$910 million) in aggregate. The Group recognised a gain of approximately HK$606 million as a result of the disposal during the Period under review.

Following the completion of this transaction, PMIL no longer holds any equity interest in ACC. Full details about the arrangement can be found in relevant announcements and circulars of the Company.

(c) Provision of financial assistance to a non-controlling shareholder of a subsidiary

On 24 April 2015, 20 July 2015 and 11 August 2015, 廣州富春東方地產投資有限公司 (Guangzhou Fuchun Dongfang Real Estate Investment Company*, "Fuchun Dongfang"), a 55%-owned subsidiary of the Company, pledged certain units of Oriental Landmark, for the benefit of a non-controlling shareholder of Fuchun Dongfang, as security for the loans taken by its associate companies, in aggregation of RMB370 million (equivalent to approximately HK$451 million).

Full details about the arrangement can be found in relevant announcements and a circular of the Company.

OUTLOOK

Iron ore price movement began a general, consistent downtrend in December 2013, but showed signs of stabilization in August and September of 2015 after it hit seven-year lows in April and July of the year since 2008.

While China's rising dependence on iron ore imports can buoy up the commodity's price, the country's slowing economy, the persistent overcapacity of its steel mills and the world's growing seaborne surplus are having the opposite effect. Iron ore price stability hinges on whether the supply-demand equation can achieve an equilibrium.

* For identification purpose only

Aiming to strengthen its status as a solid iron ore mining and trading firm and to fully tap China's growing appetite for the steel making ingredient, the Group pressed ahead with its strategic transformation into a principal iron ore trader for the past several years by strengthening and fine-tuning its vertically integrated operations that include iron ore mining, processing and trading. Notably, the Group had increased its equity interest in the Brazil Mine to a majority stake and acquired an entire equity interest in Billion Win Capital Limited, which operates Sri Jaya Mine and Sri Jaya Plant.

The Group temporarily suspended its iron ore mining and processing operations under the adverse market conditions during the Period under review, but will resume the business once the commodity's price stabilizes at a level that allows it to be profitable.

Meanwhile, the Group has been capitalizing on China's urbanization by actively tapping the country's property market for growth in the prime locations of economically vibrant areas. It strengthened existing operations in Guangzhou, and embarked on new projects in Binhai county of Yancheng and Suzhou in Jiangsu province, and Dongguan in Guangdong province. Such endeavours have generated considerable income either through rental or sales of properties, and will continue to do so as more of the Group's property projects will be completed in the next several years.

For the first nine months of 2015, there were signs of recovery in the country's property market as sales rebounded significantly year-on-year in terms of area sold and transaction value. The Chinese government has cut the benchmark interest rate five times so far this year in an attempt to revive the slowing economy. The measure should be able to favour the property sector.

The Group will keep developing itself into a low-cost, high-quality iron ore mining company and taking advantage of China's property market in order to bring good returns to the shareholders.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The Board is pleased to announce the condensed consolidated results of the Group for the six months ended 30 September 2015, together with the comparative figures for the corresponding period of last year, as follows:

		For the six months ended 30 September	
		2015	2014
		(Unaudited)	(Unaudited)
	Note	HK$'000	HK$'000
Turnover	4	986,518	2,265,758
Cost of goods sold		(959,445)	(1,917,986)
Gross profit		27,073	347,772
Other income	5	28,261	118,050
Selling and distribution costs		(42,174)	(30,752)
Administrative expenses		(134,308)	(228,304)
Other operating expenses		(2,149)	(17,381)
(Loss)/profit from operations		(123,297)	189,385
Finance costs	7	(111,039)	(146,143)
Share of profits less losses of associates		–	45,617
Share of profits less losses of joint ventures		(1,671)	3,248
Fair value gains on derivative financial instruments		3,099	36,329
Fair value gains on investment properties		7,211	72,130
Gain on disposal of available-for-sale financial assets		4,943	76,559
Loss on disposal of a joint venture		–	(11,482)
Gain on disposal of assets classified as held for sale		606,097	–
Profit before tax		385,343	265,643
Income tax expense	8	(91,784)	(187,522)
Profit for the period	9	293,559	78,121

		For the six months ended 30 September	
	Note	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Attributable to:			
Owners of the Company		304,772	14,570
Non-controlling interests		(11,213)	63,551
		293,559	78,121
Earnings per share			
— basic (HK cents)	10(a)	3.23	0.23
— diluted (HK cents)	10(b)	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Profit for the period	293,559	78,121
Other comprehensive income:		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(70,175)	13,116
Exchange differences reclassified to profit or loss on disposal of assets classified as held for sale	(29,883)	–
Fair value gains reclassified to statement of profit or loss on disposal of available-for-sale financial assets	(2,784)	(114,481)
Fair value gains/(losses) on available-for-sale financial assets	163,208	(36,746)
Other comprehensive income for the period, net of tax	60,366	(138,111)
Total comprehensive income for the period	353,925	(59,990)
Attributable to:		
Owners of the Company	381,731	(128,715)
Non-controlling interests	(27,806)	68,725
	353,925	(59,990)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2015 (Unaudited) HK$'000	As at 31 March 2015 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	12	608,664	654,977
Investment properties and investment properties under development	12	2,326,823	2,359,799
Goodwill		38,105	38,105
Other intangible assets		2,266,049	2,272,965
Interests in joint ventures	13	81,165	87,066
Available-for-sale financial assets		87,946	–
Derivative financial assets		274	11,973
Non-current prepayments and loan receivables		317,832	319,328
Deferred tax assets		120,870	122,972
		5,847,728	5,867,185
Current assets			
Inventories		1,795,853	1,772,336
Available-for-sale financial assets		324,486	139,236
Finance lease receivable		120,950	103,506
Trade and bills receivables	14	320,673	129,623
Prepayments, deposits and other receivables		603,473	1,144,114
Current tax assets		1,746	3,811
Pledged deposits		116,342	95,930
Time deposits		–	1,493
Bank and cash balances		251,519	269,027
		3,535,042	3,659,076
Assets classified as held for sale		–	312,629
		3,535,042	3,971,705
Total assets		9,382,770	9,838,890

	Note	As at 30 September 2015 (Unaudited) HK$'000	As at 31 March 2015 (Audited) HK$'000
Capital and reserves			
Share capital	15	97,956	85,923
Reserves		2,978,910	2,322,637
Equity attributable to owners of the Company		3,076,866	2,408,560
Non-controlling interests		925,368	953,174
Total equity		4,002,234	3,361,734
Non-current liabilities			
Bank borrowings	16	1,126,033	582,699
Finance lease payables		1,555	2,716
Other loans and payables		474,518	1,094,780
Deferred tax liabilities		830,463	836,739
		2,432,569	2,516,934
Current liabilities			
Trade and bills payables	17	334,505	354,761
Other payables and deposits received		1,035,796	586,205
Derivative financial liabilities		–	14,799
Current portion of bank borrowings	16	1,000,504	2,092,611
Finance lease payables		2,109	1,703
Convertible loan notes		–	200,181
Current tax liabilities		575,053	709,962
		2,947,967	3,960,222
Total liabilities		5,380,536	6,477,156
Total equity and liabilities		9,382,770	9,838,890
Net current assets		587,075	11,483
Total assets less current liabilities		6,434,803	5,878,668

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Share capital (Unaudited) HK$'000	Share premium (Unaudited) HK$'000	Foreign currency translation reserve (Unaudited) HK$'000	Contributed surplus (Unaudited) HK$'000	Merger reserve (Unaudited) HK$'000	Share-based payment reserve (Unaudited) HK$'000	Investment reserve (Unaudited) HK$'000	Other reserve (Unaudited) HK$'000	Retained profits (Unaudited) HK$'000	Total (Unaudited) HK$'000	Non-controlling interests (Unaudited) HK$'000	Total equity (Unaudited) HK$'000
At 1 April 2015	85,923	1,661,795	(9,035)	886,979	(12,880)	13,523	21,272	50	(239,067)	2,408,560	953,174	3,361,734
Total comprehensive income for the period	–	–	(83,465)	–	–	–	160,424	–	304,772	381,731	(27,806)	353,925
Issue of new shares upon share placement	12,033	274,542	–	–	–	–	–	–	–	286,575	–	286,575
Changes in equity for the period	12,033	274,542	(83,465)	–	–	–	160,424	–	304,772	668,306	(27,806)	640,500
At 30 September 2015	97,956	1,936,337	(92,500)	886,979	(12,880)	13,523	181,696	50	65,705	3,076,866	925,368	4,002,234
At 1 April 2014	63,950	1,035,544	113,007	886,979	(12,880)	13,523	174,410	50	600,386	2,874,969	837,718	3,712,687
Total comprehensive income for the period	–	–	7,942	–	–	–	(151,227)	–	14,570	(128,715)	68,725	(59,990)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	91,239	91,239
Changes in equity for the period	–	–	7,942	–	–	–	(151,227)	–	14,570	(128,715)	159,964	31,249
At 30 September 2014	63,950	1,035,544	120,949	886,979	(12,880)	13,523	23,183	50	614,956	2,746,254	997,682	3,743,936

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Net cash used in operating activities	(874,861)	(867,673)
Net cash generated from investing activities	1,463,147	446,039
Net cash used in financing activities	(569,795)	(186,886)
Net increase/(decrease) in cash and cash equivalents	18,491	(608,520)
Effect of foreign exchange rate changes	(35,999)	13,484
Cash and cash equivalents at beginning of period	269,027	814,145
Cash and cash equivalents at end of period	251,519	219,109
Analysis of cash and cash equivalents		
Bank and cash balances	251,519	219,109

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is Suites 1801–6, 18th Floor, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company is an investment holding company.

Basis of Preparation

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

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2015. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2015 except as stated below.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current period, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2015:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 Cycle

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new and revised HKFRSs will also have no material impact on the results and the financial position of the Group.

3. FAIR VALUE MEASUREMENTS

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

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

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

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

3. FAIR VALUE MEASUREMENTS (Continued)

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

Disclosures of level in fair value hierarchy at 30 September 2015:

Description	Fair value measurements as at 30 September 2015 using:			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurements:				
Available-for-sale financial assets				
Equity securities listed in Hong Kong	311,198	–	–	311,198
Equity securities listed outside Hong Kong	7,144	–	–	7,144
Unlisted equity securities	–	6,144	87,946	94,090
Financial assets at fair value through profit or loss				
Derivative financial assets	–	274	–	274

3. FAIR VALUE MEASUREMENTS (Continued)

Disclosures of level in fair value hierarchy at 30 September 2015: (Continued)

Description	Fair value measurement as at 31 March 2015 using: Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
Recurring fair value measurements:			
Available-for-sale financial assets			
Equity securities listed in Hong Kong	106,940	–	106,940
Equity securities listed outside Hong Kong	8,293	–	8,293
Unlisted equity securities	–	24,003	24,003
Financial assets at fair value through profit or loss			
Derivative financial assets	–	11,973	11,973
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	–	14,799	14,799

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

3. FAIR VALUE MEASUREMENTS (Continued)

Disclosures of level in fair value hierarchy at 30 September 2015: (Continued)

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

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

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's finance director is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The finance director reports directly to the Board for these fair value measurements. Discussions of valuation processes and results are held between the finance director and the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with recognised professional qualifications and recent experience to perform the valuations.

3. FAIR VALUE MEASUREMENTS (Continued)

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (Continued)

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value at 30 September 2015 (Unaudited) HK$'000
Derivative financial assets	Black – Scholes Model with Monte Carlo Simulation method	Share price Expected volatility	274
Unlisted equity securities	Fund's net asset value	N/A	6,144

Description	Valuation technique	Inputs	Fair value at 31 March 2015 (Audited) HK$'000
Derivative financial assets	Black – Scholes Model with Monte Carlo Simulation method	Share price Expected volatility	11,973
Derivative financial liabilities	Black – Scholes Model with Monte Carlo Simulation method	Share price Expected volatility	14,799
Unlisted equity securities	Fund's net asset value	N/A	24,033

3. FAIR VALUE MEASUREMENTS (Continued)

Reconciliation of assets measured at fair value based on level 3:

Description	Available-for-sale financial assets HK$'000
At 1 April 2015 (Audited)	–
Purchases	100,000
Change in fair value recognised in other comprehensive income	(12,054)
At 30 September 2015 (Unaudited)	87,946

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 30 September 2015 (Unaudited) HK$
Unlisted available-for-sale financial assets	Market comparable companies	Discount for lack of marketability	26%	Decrease	87,946

4. TURNOVER

The Group was principally engaged in mining and trading of iron ore and raw materials, real estate investment and development, trading of clinker, cement and other building materials, mining and processing of granite and selling of granite products and trading of equipment during the six months ended 30 September 2015. The Group's turnover represents the sales of goods to customers, net of discount and returns, and the rental income received from real estates leasing.

5. OTHER INCOME

	For the six months ended 30 September	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Despatch income	4,080	3,350
Dividend income	–	4,407
Interest income	2,832	43,144
Interest income from finance lease receivable	17,623	16,095
Exchange difference, net	877	–
Gain on bargain purchase in respect of business combination	–	48,154
Others	2,849	2,900
	28,261	118,050

6. SEGMENT INFORMATION

Operating segments

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

(i) Mining and trading of iron ore and raw materials

(ii) Real estate investment and development

(iii) Trading of clinker, cement and other building materials

(iv) Mining and processing of granite and selling of granite products

Other operating segments which do not meet the quantitative thresholds prescribed by HKFRS 8 for determining reportable segments are combined as "all other segments".

Segment assets and liabilities of the Group are not reported to the Group's CODM regularly. As a result, reportable segment assets and liabilities have not been presented in these condensed consolidated financial statements.

6. SEGMENT INFORMATION (Continued)

Information about reportable segment revenue and profit or loss:

	Mining and trading of iron ore and raw materials HK$'000	Real estates investment and development HK$'000	Trading of clinker, cement and other building materials HK$'000	Mining and processing of granite and selling of granite products HK$'000	All other segments HK$'000	Total HK$'000
For the six months ended 30 September 2015 (Unaudited)						
Revenue from external customers	578,747	63,731	341,847	1,193	1,000	986,518
Segment (loss)/profit	(50,338)	(32,635)	6,372	(4,596)	(5,729)	(86,926)

	Mining and trading of iron ore and raw materials HK$'000	Real estates investment and development HK$'000	Trading of clinker, cement and other building materials HK$'000	Mining and processing of granite and selling of granite products HK$'000	All other segments HK$'000	Total HK$'000
For the six months ended 30 September 2014 (Unaudited)						
Revenue from external customers	1,008,060	764,396	420,404	67	72,831	2,265,758
Segment (loss)/profit	(39,981)	235,446	4,622	(2,089)	(4,294)	193,704

6. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment profit or loss:

	For the six months ended 30 September	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Total profit or loss of reportable segments	(86,926)	193,704
Other profit or loss	20,269	103,853
Share of profits less losses of associates	–	45,617
Share of profits less losses of joint ventures	(1,671)	3,248
Fair value gains on derivative financial instruments	3,099	36,329
Fair value gains on investment properties	7,211	72,130
Gain on disposal of available-for-sale financial assets	4,943	76,559
Impairment loss of available-for-sale financial assets	(2,149)	(17,381)
Loss on disposal of a joint venture	–	(11,482)
Gain on disposal of assets classified as held for sale	606,097	–
Finance costs	(111,039)	(146,143)
Unallocated amounts	(54,491)	(90,791)
Consolidated profit before tax	385,343	265,643

6. SEGMENT INFORMATION (Continued)

Geographic information:

	Revenue For the six months ended 30 September	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
The PRC	644,057	1,772,522
Others	342,461	493,236
	986,518	2,265,758

In presenting the geographical information, revenue is based on the locations of the customers.

	Non-current assets	
	As at 30 September 2015 (Unaudited) HK$'000	As at 31 March 2015 (Audited) HK$'000
The PRC	2,609,558	2,651,980
Macau	312,002	312,002
Malaysia	2,415,895	2,438,213
Others	301,183	330,045
	5,638,638	5,732,240

7. FINANCE COSTS

	For the six months ended 30 September	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Finance lease charges	118	–
Interest on bank loans wholly repayable within 5 years	78,094	95,653
Effective interest expenses on other loans	9,538	–
Effective interest expense on convertible loan notes	25,883	50,490
Less: Borrowing costs capitalised into properties under development for sale	(2,594)	–
	111,039	146,143

8. INCOME TAX EXPENSE

	For the six months ended 30 September	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Current tax	89,622	77,191
Deferred tax	2,162	(11,953)
Land Appreciation Tax ("LAT")	–	122,284
	91,784	187,522

8. INCOME TAX EXPENSE (Continued)

Hong Kong Profits Tax is provided at 16.5% (six months ended 30 September 2014: 16.5%) on the estimated assessable profit for the six months ended 30 September 2015.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the companies operate, based on existing regulation, interpretation and practices in respect thereof.

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are liable to PRC corporate income tax at a rate of 25% (six months ended 30 September 2014: 25%) during the six months ended 30 September 2015.

Under the PRC corporate income tax law, dividends received by foreign investors from investment in foreign-invested enterprises in respect of their profits earned since 1 January 2008 are subject to withholding tax of 10% unless reduced by treaty. Accordingly, deferred tax has been recognised for undistributed retained profits of PRC subsidiaries at a rate of 10% to the extent that the profits will be distributed in the foreseeable future.

LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditure including lease charges of land use rights, borrowing costs and all property development expenditure.

Subsidiaries incorporated in Macau as offshore limited company are exempted from income tax in Macau under Decree Law No. 58/991M.

9. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging the following:

	For the six months ended 30 September	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Depreciation and amortisation	7,744	3,925
Allowance for inventories (included in cost of good sold)	17,297	–
Impairment loss on available-for-sale financial assets	2,149	17,381
Staff costs including directors' emoluments		
Salaries, bonuses, allowances and other costs	59,978	65,627
Retirement benefits scheme contributions	2,000	2,461

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the six months ended 30 September 2015 of approximately HK$304,772,000 (six months ended 30 September 2014: approximately HK$14,570,000) and the weighted average number of ordinary shares of 9,439,287,410 (30 September 2014: 6,394,962,539) in issue during the six months ended 30 September 2015.

(b) Diluted earnings per share

As the exercise of the Group's outstanding convertible loan notes would be anti-dilutive and there was no dilutive potential ordinary shares for the Company's outstanding options during the six months ended 30 September 2015 and 2014, no diluted earnings per share was presented.

11. DIVIDEND

No interim dividend has been declared by the Board for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

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

For the six months ended 30 September 2015, additions to investment properties, investment properties under development and property, plant and equipment amounted to approximately of HK$Nil, HK$Nil and HK$2,153,000 respectively (2014: HK$Nil, HK$22,994,000 and HK$1,218,000 respectively). Property, plant and equipment amounted to HK$Nil were disposed of during the same period (2014: HK$187,000).

13. INTERESTS IN JOINT VENTURES

	As at 30 September 2015 (Unaudited) HK$'000	As at 31 March 2015 (Audited) HK$'000
Unlisted investments		
Share of net assets	119,376	123,113
Goodwill	124,515	126,679
	243,891	249,792
Less: Impairment	(162,726)	(162,726)
Group's share of carrying amount of interests	81,165	87,066

13. INTERESTS IN JOINT VENTURES (Continued)

Details of the Group's joint venture as at 30 September 2015 are as follows:

Name	Place of incorporation	Particulars of registered capital	Percentage of interest held by a subsidiary	Voting power held by a subsidiary	Principal activities
長泰金鴻邦房地產開發有限公司 (Changtai Jinhongbong Real Estate Development Co. Limited*)	The PRC	RMB100,000,000	50%	50%	Property development

* The English translation of the company is for reference only. The official name of the company is in Chinese.

14. TRADE AND BILLS RECEIVABLES

In relation to the trading of clinker and cement and iron ore, the Group receives from each customer an irrevocable documentary credit issued at sight by a bank undertaking payment to the Group upon the presentation of relevant documents as required by the issuing bank. The Group's credit terms generally range from 0 to 90 (31 March 2015: 0 to 90) days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

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

	As at 30 September 2015 (Unaudited) HK$'000	As at 31 March 2015 (Audited) HK$'000
0 to 90 days	320,673	122,266
91 to 180 days	–	7,357
	320,673	129,623

15. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 31 March 2015 (Audited) and 30 September 2015 (Unaudited)	20,000,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 31 March 2015 (Audited)	8,592,333,967	85,923
Issue of new shares upon share placement	1,203,280,000	12,033
At 30 September 2015 (Unaudited)	9,795,613,967	97,956

16. BANK BORROWINGS

	As at 30 September 2015 (Unaudited) HK$'000	As at 31 March 2015 (Audited) HK$'000
Secured		
Bank loans	1,983,095	2,469,349
Trust receipt loans	143,442	191,176
Invoice financing	–	14,785
	2,126,537	2,675,310

16. BANK BORROWINGS (Continued)

The bank borrowings are repayable as follows:

	As at 30 September 2015 (Unaudited) HK$'000	As at 31 March 2015 (Audited) HK$'000
On demand or within one year	850,375	1,950,228
In the second year	488,778	615,720
In the third to fifth years, inclusive	787,098	108,648
After five years	286	714
	2,126,537	2,675,310
Less: Amount due for settlement within 12 months	(850,375)	(1,950,228)
Amount due for settlement after one year which contain a repayment on demand clause	(150,129)	(142,383)
Amount due for settlement after 12 months	1,126,033	582,699

None of the amount of bank borrowings due for settlement after one year which contain a repayment on demand clause that is classified as current liability is expected to be settled within one year.

17. TRADE AND BILLS PAYABLES

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

	As at 30 September 2015 (Unaudited) HK$'000	As at 31 March 2015 (Audited) HK$'000
Not yet due	61,185	202,247
Due within 3 months or on demand	263,273	151,159
Due after 3 months	10,047	1,355
	334,505	354,761

18. RELATED PARTY TRANSACTIONS

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

		For the six months ended 30 September	
		2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
(a)	Compensation of key management personnel		
	Directors' fees	620	939
	Basic salaries, allowances and benefits in kind	8,204	13,023
	Retirement benefits scheme contributions	430	615
		9,254	14,577
(b)	Despatch income received from a joint venture	–	33
(c)	Purchase of iron-ore from a joint venture	–	88,513
(d)	Purchase of iron-ore from a related company (Note)	–	88,480
(e)	Interest income from a joint venture	–	85,273

18. RELATED PARTY TRANSACTIONS (Continued)

		As at 30 September 2015 (Unaudited) HK$'000	As at 31 March 2015 (Audited) HK$'000
(f)	Loans to the joint ventures	–	84,373
(g)	Amount due from a joint venture	–	22,092
(h)	Other receivables from related companies	–	6,349
(i)	Loan from a related company (Note)	244,083	240,170
(j)	Amount due to related companies (Note)	65,165	72,412

Note: Mr. Wong is also a director of and has control over in the company.

19. CONTINGENT LIABILITIES

As at 30 September 2015, Fuchun Dongfang, a 55%-owned subsidiary of the Company, pledged certain investment properties and inventories, as a security for the loans taken by the non-controlling shareholder and its associate companies, in aggregate of RMB612.5 million (equivalent to approximately HK$747.3 million). The fair value of the financial assistance as assessed by independent valuer is immaterial to the Group.

Save for the above, the Group did not have any other significant contingent liabilities as at 30 September 2015 (31 March 2015: HK$Nil).

20. COMMITMENTS

The Group had the following commitments:

(a) Operating lease commitments — as lessee

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

	As at 30 September 2015 (Unaudited) HK$'000	As at 31 March 2015 (Audited) HK$'000
Within one year	404,720	324,454
In the second to fifth years, inclusive	17,106	884
	421,826	325,338

Operating lease payments represent land costs payable by the Group for the properties under development for sale and rentals payables by the Group of the office premises and staff quarters. Leases are negotiated for a term of one to three years and rentals are fixed over the lease terms and do not include contingent rentals.

(b) Operating lease commitments — as lessor

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 10 (31 March 2015: 1 to 10) years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

20. COMMITMENTS (Continued)

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

At 30 September 2015, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	As at 30 September 2015 (Unaudited) HK$'000	As at 31 March 2015 (Audited) HK$'000
Within one year	13,014	6,552
In the second to fifth years inclusive	9,487	6,484
Over five years	–	1,093
	22,501	14,129

(c) Capital and other commitments

At 30 September 2015, a joint venture is committed to incur capital expenditure of approximately HK$326,964,000 (31 March 2015: HK$383,965,000), of which the Group's share of this commitment is approximately HK$163,482,000 (31 March 2015: HK$191,982,000).

21. EVENTS AFTER THE REPORTING PERIOD

In September 2015, the Company, through an indirect wholly-owned subsidiary, signed an agreement to acquire 100% equity interest in Verton Ventures Limited which holds 75% equity interest in an Indonesian incorporated company for a total consideration of approximately US$7.8 million (equivalent to approximately HK$61 million). The acquisition was completed in October 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2015 (30 September 2014: Nil).

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

As at 30 September 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

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

	Number of Shares and underlying Shares held, capacity and nature of interest					
Name of Director/ chief executive	Directly beneficially owned	Through controlled corporation	Interest of Director's spouse	Number of underlying Shares held under equity derivatives	Total	Percentage of the Company's issued share capital
Mr. Wong	1,311,230,153	3,954,591,582 *(Note)*	22,640,000	–	5,288,461,735	53.99%
Dr. Mao Shuzhong	–	–	–	30,000,000	30,000,000	0.31%
Mr. Liu Yongshun	–	–	–	15,000,000	15,000,000	0.15%
Ms. Gloria Wong	–	–	–	10,000,000	10,000,000	0.10%
Mr. Kong Siu Keung	–	–	–	10,000,000	10,000,000	0.10%

Note: Mr. Wong is interested in 1,809,636,594 shares, 2,139,675,960 shares, 2,639,514 shares and 2,639,514 shares through his interest in Elite Force (Asia) Limited ("Elite Force"), Prosperity Minerals Group Limited ("PMGL"), Max Start Holdings Limited ("Max Start") and Max Will Profits Limited ("Max Will"), which are owned beneficially as to 100%, 67.2%, 65.0% and 65.0% by Mr. Wong respectively.

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

	Number of shares held, capacity and nature of interest					
Name of Director	Directly beneficially owned	Through controlled corporation	Interest of director's spouse	Number of underlying Shares held under equity derivatives	Total	Percentage of the Company's issued share capital
Mr. Wong	–	46,527,701 *(Note)*	–	–	46,527,701	0.47%

Note: Pursuant to the warrant instruments executed between PMGL, Mr. Wong and Luck Well Management Limited ("Luck Well") on 8 April 2011 and 8 April 2013 respectively, PMGL granted the warrants to Luck Well conferring rights to purchase from PMGL of nominal value of HK$0.01 each in the capital of the Company, at the exercise price of HK$0.5152 per share in aggregate up to HK$78,000,000. Luck Well is the nominee of CCB International Asset Management Limited which is entitled to purchase 151,397,515 shares of the Company pursuant to the terms of the warrants agreements. As at 30 September 2015, Luck Well has redeemed part of the warrants and the shares entitled to be purchased by Luck Well was reduced to 46,527,701 shares.

Save as disclosed above, as at 30 September 2015, so far as is known to any Directors or chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DETAILS OF SHARE OPTIONS GRANTED BY THE COMPANY

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

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

Name or category of participant	Number of share options outstanding as at 1 April 2015	Lapsed during the period	Number of share options outstanding as at 30 September 2015	Date of grant of share options	Exercisable Period	Exercise price of share options HK$	Closing price of the shares immediately before date of grant of share options HK$
Director							
Dr. Mao Shuzhong	30,000,000	–	30,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Mr. Liu Yongshun	15,000,000	–	15,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Ms. Gloria Wong	10,000,000	–	10,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Mr. Kong Siu Keung	10,000,000	–	10,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Other							
Other employees	31,800,000	–	31,800,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
Third parties	35,000,000	(5,000,000)	30,000,000	6 April 2011	6 April 2012 to 5 April 2021	0.41	0.41
	131,800,000	(5,000,000)	126,800,000				

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

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

So far as is known to any Director or chief executive of the Company, as at 30 September 2015, persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions:

Name	Capacity/nature of interest	Number of Shares	Number of underlying Shares	Total	Percentage of the Company's issued share capital
Madam Hon Ching Fong	Interest in controlled corporations *(Note a)*	2,144,954,988	–	2,144,954,988	21.90%
PMGL *(Note f)*	Beneficial owner *(Note a)*	2,139,675,960	–	2,139,675,960	21.84%
Ms. Shing Shing Wai	Interest of spouse	5,265,821,735	–		
	Beneficial owner *(Note b)*	22,640,000	–		
		5,288,461,735	—	5,288,461,735	53.99%
Elite Force *(Note f)*	Interest in controlled corporations *(Note c)*	1,809,636,594	—	1,809,636,594	18.47%
南京鋼鐵集團有限公司 *(Note d)*	Beneficial owner	1,179,890,378	—	1,179,890,378	12.05%
南京鋼鐵創業投資有限公司	Interest in controlled corporations *(Note e)*	1,179,890,378	—	1,179,890,378	12.05%
南京鋼鐵集團有限公司工會	Interest in controlled corporations *(Note e)*	1,179,890,378	—	1,179,890,378	12.05%
南京新工投資集團有限責任公司	Interest in controlled corporations *(Note e)*	1,179,890,378	—	1,179,890,378	12.05%
南京市人民政府國有資產監督管理委員會	Interest in controlled corporations *(Note e)*	1,179,890,378	—	1,179,890,378	12.05%

Notes:

(a) The entire issued share capital of PMGL, Max Start and Max Will, are beneficially owned as to 32.8%, 35% and 35 % by Madam Hon Ching Fong respectively.

(b) Ms. Shing Shing Wai is the spouse of Mr. Wong and the interests of each of Mr. Wong and Ms. Shing Shing Wai are deemed to be the interests of each other.

(c) Elite Force, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Wong.

(d) 南京鋼鐵集團有限公司 (Nanjing Iron and Steel Group Co. Ltd.) is a limited liability company incorporated under the laws of the PRC.

(e) 南京鋼鐵創業投資有限公司 held 51% interest of 南京鋼鐵集團有限公司 and 南京新工投資集團有限責任公司 held the remaining 49% interest. 南京鋼鐵創業投資有限公司 is wholly owned by 南京鋼鐵集團有限公司工會. 南京新工投資集團有限責任公司 is wholly owned by 南京市人民政府國有資產監督管理委員會.

(f) Mr. Wong is a director of each of PMGL and Elite Force.

Short positions:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Madam Hon Ching Fong	*(a) & (c)*	Through PMGL	46,527,701	0.73%
PMGL	*(a) & (c)*	Directly beneficially owned	46,527,701	0.73%
Ms. Shing Shing Wai	*(b) & (c)*	Interest of substantial shareholder's spouse	46,527,701	0.73%

Notes:

(a) The entire issued share capital of PMGL, Max Start and Max Will, are beneficially owned as to 32.8%, 35% and 35% by Madam Hon Ching Fong.

(b) Ms. Shing Shing Wai is the spouse of Mr. Wong and the interests of each of Mr. Wong and Ms. Shing Shing Wai is deemed to be the interests of each other.

(c) Pursuant to the warrant instruments executed between PMGL, Mr. Wong and Luck Well on 8 April 2011 and 8 April 2013, PMGL granted the warrants to Luck Well conferring rights to purchase from PMGL of nominal value of HK$0.01 each in the capital of Company, at the exercise price of HK$0.5152 per share in aggregate up to HK$78,000,000. Luck Well is the nominee of CCB International Asset Management Limited which is entitled to purchase 151,397,515 shares of the Company pursuant to the terms of the warrants agreements. As at 30 September 2015, Luck Well has redeemed part of the warrant and the shares entitled to be purchased by Luck Well was reduced to 46,527,701 shares.

Save as disclosed above, as at 30 September 2015, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) of interests or short positions in the shares or underlying shares of the Company held by them which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

AUDIT COMMITTEE

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

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

The audit committee held one meeting during the Period under review. The audit committee has reviewed the Group's unaudited interim information for the six months ended 30 September 2015.

CORPORATE GOVERNANCE

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

Communications with shareholders

Under Code E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting and arrange for the chairman of each of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

Whilst the Board endeavours to maintain an on-going dialogue with its shareholders, the chairman of the Company may not always be able to attend general meetings due to other important business engagements. Mr. Kong Siu Keung, being an executive Director, attended the annual general meeting of the Company on 23 September 2015 and was delegated to make himself available to answer questions if raised at the meeting. The absence of the chairman of the Company in the annual general meeting constituted a deviation from the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

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

APPRECIATION

On behalf of the Company, I would like to express my sincere gratitude to our shareholders and business partners for their confidence and loyal support to the Group. In addition, I would like to take this opportunity to thank the management and all staff members for their dedication and valuable contribution. As we enter into the second half of the financial year 2016, we look forward to achieving continued growth for the Group.

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

Hong Kong, 30 November 2015

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

Executive Directors
Mr. Wong Ben Koon (Chairman)
Dr. Mao Shuzhong (Chief Executive Officer)
Mr. Wu Likang
Ms. Gloria Wong
Mr. Kong Siu Keung

Non-executive Director
Mr. Liu Yongshun

Independent non-executive Directors
Mr. Yuen Kim Hung, Michael
Mr. Yung Ho
Mr. Chan Kai Nang
Mr. Ma Jianwu