China Resources and Transportation Group Ltd
中國資源交通集團有限公司

CHINA RESOURCES AND TRANSPORTATION GROUP LIMITED
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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 269)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

INTERIM RESULTS

The board of directors (the "Board") of China Resources and Transportation Group Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2015 and the unaudited consolidated statement of financial position of the Group as at 30 September 2015.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2015

		Six months ended 30 September	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**1,490,772**	2,373,276
Cost of sales and other direct operating costs		**(1,590,465)**	(2,208,568)
Gross (loss)/profit		**(99,693)**	164,708
Gain on settling debt component of old convertible bonds by issuing new non-convertible debt securities	*20*	**38,182**	–
Change in fair value of derivative financial instruments	*20*	**26,423**	118,996
Other income and other gains or losses	*5*	**125,722**	11,538
Selling and administrative expenses		**(170,280)**	(133,638)
Finance costs	*6*	**(771,139)**	(891,877)
Share of results of associates		**1,279**	2,729

	Notes	Six months ended 30 September **2015** *HK$'000* **(Unaudited)**	2014 *HK$'000* (Unaudited)
Loss before income tax expense	*7*	**(849,506)**	(727,544)
Income tax credit/(expense)	*8*	**617**	(211)
Loss for the period		**(848,889)**	(727,755)
Loss for the period attributable to:			
– Owners of the Company		**(762,611)**	(676,719)
– Non-controlling interests		**(86,278)**	(51,036)
		(848,889)	(727,755)
		HK cents **(Unaudited)**	*HK cents* (Unaudited) (restated)
Loss per share attributable to owners of the Company	*10*		
Basic and diluted		**(56.5)**	(49.9)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(848,889)**	(727,755)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	**(114,322)**	34,256
– Share of other comprehensive income of associates	**152**	(51)
– Release of translation reserve upon disposal of a subsidiary	**(4,015)**	–
– Available-for-sale investments		
– Changes in fair value recognised in reserves	**94,187**	(11,000)
– Reclassification adjustment for amounts transferred to profit or loss on disposal	**(61,945)**	–
Other comprehensive income for the period, net of tax	**(85,943)**	23,205
Total comprehensive income for the period	**(934,832)**	(704,550)
Total comprehensive income for the period attributable to:		
– Owners of the Company	**(842,567)**	(653,801)
– Non-controlling interests	**(92,265)**	(50,749)
	(934,832)	(704,550)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Notes	At 30 September 2015 HK$'000 (Unaudited)	At 31 March 2015 HK$'000 (Audited)
NON-CURRENT ASSETS			
Investment property		**30,436**	155,671
Property, plant and equipment	*11*	**1,190,094**	1,420,561
Prepaid lease payments		**39,689**	44,451
Goodwill and other intangible assets		**82,474**	400,782
Biological assets		**76,263**	79,710
Forest concession rights	*12*	**124,624**	138,417
Concession intangible asset	*13*	**18,114,071**	19,001,931
Long term deposits and prepayments	*14*	**651,753**	661,127
Interests in associates		**482,339**	480,907
Available-for-sale investments		**289,371**	405,229
TOTAL NON-CURRENT ASSETS		**21,081,114**	22,788,786
CURRENT ASSETS			
Inventories		**246,245**	288,858
Trade and other receivables	*15*	**398,629**	351,567
Prepaid lease payments		**924**	1,042
Amounts due from a non-controlling shareholders of subsidiaries		**27,601**	28,705
Amounts due from associates		**160,561**	116,156
Available-for-sale investments		**–**	63,227
Pledged deposits and restricted cash	*16*	**–**	134,040
Cash and cash equivalents		**81,494**	298,458
TOTAL CURRENT ASSETS		**915,454**	1,282,053
TOTAL ASSETS		**21,996,568**	24,070,839

	Notes	At 30 September 2015 HK$'000 (Unaudited)	At 31 March 2015 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	*17*	**2,081,441**	2,183,225
Promissory note	*18*	**304,618**	302,345
Deferred government grants		**1,225**	2,548
Borrowings	*19*	**1,406,249**	1,865,877
Convertible bonds	*20*	**1,042,761**	2,630,099
Non-convertible debt securities	*21*	**1,591,088**	–
TOTAL CURRENT LIABILITIES		**6,427,382**	6,984,094
NET CURRENT LIABILITIES		**(5,511,928)**	(5,702,041)
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,569,186**	17,086,745
NON-CURRENT LIABILITIES			
Borrowings	*19*	**11,025,020**	11,734,712
Deferred tax liabilities		**11,427**	58,119
Convertible bonds	*20*	**2,255,593**	2,160,444
Acreage fees payable		**10,454**	10,454
TOTAL NON-CURRENT LIABILITIES		**13,302,494**	13,963,729
TOTAL LIABILITIES		**19,729,876**	20,947,823
NET ASSETS		**2,266,692**	3,123,016
CAPITAL AND RESERVES			
Share capital	*22*	**270,096**	270,096
Reserves		**1,356,157**	2,198,371
Equity attributable to owners of the Company		**1,626,253**	2,468,467
Non-controlling interests		**640,439**	654,549
TOTAL EQUITY		**2,266,692**	3,123,016

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

During the six months ended 30 September 2015, the Group suffered a loss of HK$848,889,000 and at the end of reporting period, the Group's current liabilities exceeded its current assets by approximately HK$5,511,928,000. These conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have considered the following factors when preparing the unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 September 2015 (the "Interim Financial Statements"):

i) Since the opening of the Group's 265 km long heavy-haul toll expressway in the Inner Mongolia Province ("Zhunxing Expressway") on 21 November 2013, daily toll income has provided a major source of operating cash flows to the Group. Zhunxing Expressway is still at its initial stage of operations and the Group is pushing forward various methods to promote the use of Zhunxing Expressway like the commencement of operations of auxiliary facilities. The directors of the Company expect that revenue and cash flows from the operations of Zhunxing Expressway will have a steady growth in the coming years;

ii) the Group has substantially expanded its petroleum and related products business last year with several business acquisitions. During the six months ended 30 September 2015, the Group has completed a reorganisation process as disclosed in Notes 25(b) and 26 due to a modification to the business strategy. The directors of the Company expect that income from this business segment (including revenue from trading of petroleum and related products and compressed natural gas ("CNG") dispensing station service income) will contribute as another major source of operating cash flows to the Group in the coming years;

iii) pursuant to the announcement of the Company dated 29 September 2015 and the poll results of an extraordinary general meeting dated 4 November 2015, the Company's proposed rights issue (the "Rights Issue") of approximately HK$1,080 million have been approved by the independent shareholders of the Company (Note 31). Subject to the conditions of the Rights Issue as detailed in the prospectus of the Company dated 17 November 2015 in relation to the Rights Issue have been fulfilled or waived, the directors of the Company expect that after the completion of the Rights Issue, the financial condition and liquidity of the Group will be improved;

iv) the Group will consider the necessity and possibility of negotiation with the relevant convertible bonds holders for rescheduling or restructuring its existing convertible bonds in issue; and

v) the Group is actively considering other fund raising alternatives including but not limited to placing of new shares, issuance of other convertible bonds or obtaining new bank loans.

Based on the above, the directors of the Company are of the opinion that the Group will have sufficient working capital to finance its normal operations and to meet its financial obligations as they fall due in the foreseeable future and therefore the Interim Financial Statements are prepared on a going concern basis.

Should the Company be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for any further liabilities which may arise. The effects of these potential adjustments have not been reflected in these financial statements.

The Interim Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard (the "HKAS") 34 - *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements contain unaudited condensed consolidated financial statements and selected explanatory notes. These notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements of the Group for the year ended 31 March 2015 (the "Annual Financial Statements"). The Interim Financial Statements thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") (which in collective term includes all applicable HKFRSs, HKASs and Interpretations) issued by the HKICPA.

The accounting policies adopted for preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Annual Financial Statements, except for the adoption of the new and revised HKFRSs as disclosed in Note 2 to these Interim Financial Statements. The Interim Financial Statements are unaudited, but have been reviewed by the audit committee of the Company.

The Interim Financial Statements should be read in conjunction with the Annual Financial Statements.

2. ADOPTION OF NEW AND REVISED STANDARDS

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company.

– *Annual Improvements to HKFRSs 2010-2012 Cycle*
– *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared and presented. No prior period adjustment has been recognised. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE

Revenue is derived from the principal activities of the Group net of any sales taxes. The amounts of each significant category of revenue recognised during the period are as follows:

	Six months ended 30 September	
	2015	2014
	HK\$'000	*HK\$'000*
	(Unaudited)	(Unaudited)
Toll income from toll road operations	**250,117**	530,525
Trading of petroleum and related products	**1,218,831**	1,839,868
Petroleum storage and ancillary service income	**6,970**	1,908
CNG dispensing station service income	**8,024**	–
Income from timber logging and trading	**143**	75
Sales of seedlings	**5,388**	665
Sales of plant-oil	**1,299**	235
	1,490,772	2,373,276

4. SEGMENT INFORMATION

The chief operating decision makers have been identified as executive directors of the Company. They review the Group's internal reporting in order to assess performance and allocate resources, and determine the operating segments.

The Group has three reportable segments. These segments are managed separately as each of them offers different products or provides different services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Expressway operations – the operations, management, maintenance and auxiliary facility investment of Zhunxing Expressway;
- Petroleum business – trading of petroleum and related products and operations of CNG dispensing stations; and
- Timber operations – sales of timber logs from forest concession, tree plantation area and outside suppliers, sales of seedlings and refined plant oil.

There was no inter-segment sale or transfer during the period (2014: HK$Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision makers for assessment of segment performance. The measure used for reportable segment profit or loss is EBIT (i.e. earnings before interest and tax).

Segment assets exclude investment property in Australia, interest in associates, available-for-sale investments, amounts due from non-controlling shareholders of subsidiaries, amounts due from associates, pledged deposits and restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude promissory note, convertible bonds, non-convertible debt securities, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(a) Reportable Segment

Information regarding the Group's reportable segments as provided regularly to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance for the six months ended 30 September 2015 and 2014 is set out below:

	Expressway operations Six months ended 30 September		Petroleum business Six months ended 30 September		Timber operations Six months ended 30 September		Total Six months ended 30 September	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from external customers and reportable revenue	**250,117**	530,525	**1,233,825**	1,841,776	**6,830**	975	**1,490,772**	2,373,276
Reportable segment (loss)/profit before income tax credit/(expense)	**(148,757)**	92,120	**(46,614)**	(5,955)	**(21,613)**	(25,172)	**(216,984)**	60,993
Amortisation of concession intangible asset	**308,571**	308,571	**–**	–	**–**	–	**308,571**	308,571
Finance costs	**691,039**	854,136	**21,272**	8,144	**–**	–	**712,311**	862,280
Unallocated finance costs							**58,828**	29,597
Total finance costs							**771,139**	891,877

	At 30 September 2015	At 31 March 2015	**At 30 September 2015**	At 31 March 2015	**At 30 September 2015**	At 31 March 2015	**At 30 September 2015**	At 31 March 2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Reportable segment assets	**19,955,587**	20,909,238	**447,139**	1,139,735	**478,764**	436,944	**20,881,490**	22,485,917
Reportable segment liabilities	**(13,777,694)**	(14,495,354)	**(372,630)**	(1,093,346)	**(25,744)**	(41,714)	**(14,176,068)**	(15,630,414)

(b) Reconciliation of reportable segment profit/(loss)

	Six months ended 30 September 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Reportable segment (loss)/profit before income tax credit/ (expense)	**(216,984)**	60,993
Gain on settling debt component of old convertible bonds by issuing new non-convertible debt securities	**38,182**	–
Change in fair value of derivative financial instruments	**26,423**	118,996
Other income and other gains or losses	**109,335**	2,733
Finance costs	**(771,139)**	(891,877)
Share of results of associates	**1,746**	2,729
Unallocated corporate expenses	**(37,069)**	(21,118)
Consolidated loss before income tax credit/(expense)	**(849,506)**	(727,544)

5. OTHER INCOME AND OTHER GAINS OR LOSSES

Other income and other gains or losses comprises:

	Six months ended 30 September 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Gain on disposal of available-for-sale investments	**61,945**	–
Gain on disposal of subsidiaries *(Note 25)*	**46,752**	–
Interest income	**7,279**	7,925
Dividend income	**5,325**	–
Exchange gain, net	**29**	52
Government grants	**1,259**	1,267
Rental income	**1,915**	1,242
Others	**1,218**	1,052
	125,722	11,538

6. FINANCE COSTS

	Six months ended 30 September 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Interest and finance costs on bank and other borrowings:		
– wholly repayable within five years	**104,007**	111,063
– not wholly repayable within five years	**330,412**	369,245
Interest expenses on convertible bonds and non-convertible debt securities	**306,784**	381,972
Interest expenses on promissory note maturing within five years	**2,273**	2,241
Default interest on promissory note	**27,663**	27,356
	771,139	891,877

7. LOSS BEFORE INCOME TAX CREDIT/(EXPENSE)

Loss before income tax credit/(expense) is stated after charging:

	Six months ended 30 September 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Auditor's remuneration	**265**	250
Depreciation of property, plant and equipment	**56,029**	58,786
Amortisation of prepaid lease payments	**222**	332
Amortisation of forest concession rights	**13,793**	13,793
Amortisation of concession intangible asset	**308,571**	308,571
Amortisation of customer relationships	**2,860**	1,296
Cost of inventories sold	**1,202,237**	1,821,688
Staff costs (excluding directors' remuneration)		
– Salaries and allowances	**43,762**	37,384
– Defined contributions pension costs	**4,040**	2,814
	47,802	40,198

8. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 September 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Current tax		
– Enterprise income tax in the People's Republic of China (the "PRC")	**404**	211
Deferred tax credit	**(1,021)**	–
Total	**(617)**	211

The PRC State Council released the Implementation Rules to the Corporate Income Tax Law on 6 December 2007 (the "Implementation Rules"). According to the Implementation Rules, an entity engaged in forestry business is entitled to full exemption from PRC enterprise income tax commencing from 1 January 2008. 樹人木業(大埔)有限公司and 樹人苗木組培(大埔)有限公司, subsidiaries of the Company, are qualified as forestry operation enterprise by the local tax authorities and so they are fully exempted from PRC enterprise income tax.

Zhunxing, a subsidiary of the Company, is entitled to a three-year exemption from PRC enterprise income tax followed by a 50% reduction in PRC enterprise income tax for subsequent three years (the "Tax Holiday"). As Zhunxing has started operations during the year ended 31 March 2014, the Tax Holiday has been started in 2014. Consequently, Zhunxing is subject to a 0% PRC enterprise income tax rate from 2014 to 2016 and a 12.5% PRC enterprise income tax rate from 2017 to 2019.

For the six months ended 30 September 2015, the statutory PRC enterprise income tax rate applicable to all other subsidiaries established and operating in the PRC is 25% (2014: 25%).

According to the PRC Corporate Income Tax Law and its implementation rules, dividends receivable by non-PRC resident corporate investors from PRC-resident enterprises are subject to withholding income tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

The statutory tax rate for Hong Kong profits tax is 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. No provision for the Hong Kong profits tax has been made as the Group did not earn any income subject to Hong Kong profits tax during the six months ended 30 September 2015 and 2014.

The subsidiaries in Guyana are liable to Guyana income tax at a rate of 45% (2014: 45%). No provision for Guyana income tax has been made as the subsidiaries in Guyana sustained losses for taxation purposes for the six months ended 30 September 2015 and 2014.

The subsidiaries in Australia are liable to Australian income tax at a rate of 30% (2014: 30%). No provision for Australian income tax has been made as the subsidiaries in Australia sustained losses for taxation purposes for the six months ended 30 September 2015 and 2014.

9. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the six months ended 30 September 2015 (2014: HK$Nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss attributable to owners of the Company

	Six months ended 30 September	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the purpose of basic and diluted loss per share	**(762,611)**	(676,719)

Number of shares:	***'000***	*'000*
	(Unaudited)	(Unaudited) (restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,350,479**	1,356,370

As a result of share consolidation on the basis of every twenty issued and unissued existing shares into one consolidated share which came into effect on 5 November 2015 (the "Share Consolidation"), being after the reporting period but before the Interim Financial Statements are authorised for issue, the weighted average number of ordinary shares for the purpose of basic and diluted loss per share for both the six months ended 30 September 2015 and 2014 have been adjusted to include the effect of the Share Consolidation. Accordingly, the weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the six months ended 30 September 2014 had been restated from 27,127,392,000 to 1,356,370,000. Details of the Share Consolidation are set out in the Company's circular dated 19 October 2015.

For the six months ended 30 September 2015 and 2014, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as they had an anti-dilutive effect on the loss per share calculation.

For the six months ended 30 September 2015 and 2014, the computation of diluted loss per share also does not assume the exercise of the Company's outstanding share options and conditional warrants as they had an anti-dilutive effect on the loss per share calculation.

11. PROPERTY, PLANT AND EQUIPMENT

No impairment losses were recognised in respect of property, plant and equipment for both periods. During the six months ended 30 September 2015, additions to property, plant and equipment amounted to HK$1,220,000 (six months ended 30 September 2014: HK$100,655,000) and disposal of property, plant and equipment (including those property, plant and equipment disposed of during disposal of subsidiaries detailed in Note 25) amounted to a net book value of HK$130,853,000 (six months ended 30 September 2014: HK$Nil).

12. FOREST CONCESSION RIGHTS

The forest concession rights in Guyana are stated at cost less accumulated amortisation and any accumulated impairment losses. The costs of forest concession rights include the acreage fees payable to Guyana Forestry Commission, costs of necessary exploration, geological, geophysical and other research studies incurred prior to the grant of the forest concession rights.

	At 30 September 2015 *HK$'000* **(Unaudited)**	At 31 March 2015 *HK$'000* (Audited)
Cost:		
At 1 April 2015/30 September 2015 and at 1 April 2014/31 March 2015	**534,429**	534,429
Accumulated impairment and amortisation:		
At 1 April 2015 and at 1 April 2014	**396,012**	255,859
Impairment loss	**–**	112,567
Amortisation for the period/year	**13,793**	27,586
At 30 September 2015 and at 31 March 2015	**409,805**	396,012
Net carrying amount:		
At 30 September 2015 and at 31 March 2015	**124,624**	138,417

Forest concession rights held by Jaling Forest Industries Inc., a subsidiary of the Company ("Jaling Concession Rights")

On 22 August 2003, Jaling Forest Industries Inc. ("Jaling") was granted a State Forest Exploratory Permit (1/2003) by the Commissioner of Forests, the Guyana Forestry Commission, to carry out exploratory work on an area of 167,000 hectares (approximately 412,000 acres) for a period of 3 years. Pursuant to the Timber Sales Agreement (TSA 02/2005) dated 25 January 2005, Jaling was granted with an exclusive timber concession right by the Commissioner of Forests, the Guyana Forestry Commission, for a period of 25 years, commencing on 25 January 2005 and until 24 January 2030 (both dates inclusive) to occupy, cut and remove timber from an area of approximately 136,900 hectares (approximately 338,000 acres) in the State Forest of Guyana, South America, which includes a block ("Block A") based on the natural surrounding and is bounded on the North by the Amakura River, on the South by the Baramita Amerindian Reserves and Whana River, on the East by the Whannamaparu and Whana River, and on the West by the common border of Guyana and Venezuela. It lies within the Northwest border of Guyana, South America and another block ("Block B") is bounded on the North by WCL 6/93, on the South by the Kaituma River, (TSA 04/91-BCL) and Sebai River, on the East by the Aruka River and Sebai Amerindian Reserves and on the West by Sand Creek and Waiamu River, being the concession boundary of BCL-TSA 04/91. Under the Jaling Concession Rights, Jaling shall pay a total acreage fee of approximately HK$9,000,000 charged on all forestry area as prescribed by the Forest Act and Regulations of Guyana. In addition, based on a letter dated 23 November 2004 issued by the Commissioner of Forests, the Guyana Forestry Commission has committed in principle to find an additional area in the proximity of the current concession which would compensate more or less to the area that was exercised and bring the total concession acreage as close as possible to the original 167,000 hectares (approximately 412,000 acres) at terms same as the Forest Concession Rights.

The logging operation in Block B has been completed during the year ended 31 March 2010. During the period, the Group continued logging operations in Block A.

Forest concession rights held by Garner Forest Industries Inc., a subsidiary of the Company ("Garner Concession Rights")

On 18 August 2004, Garner Forest Industries Inc. ("Garner") was granted a State Forest Exploratory permit (3/2004) by the Commissioner of Forests, the Guyana Forestry Commission, to carry out exploratory work on an area of 90,469 hectares (approximately 223,552 acres) for a period of 3 years. Pursuant to the Timber Sales Agreement (TSA 03/2005) dated 11 June 2005, Garner was granted with an exclusive concession right by the Commissioner of Forests, the Guyana Forestry Commission for a period of 25 years, commencing on 11 June 2005 and until 10 June 2030 (both dates inclusive) to occupy, cut and remove timber from an area of approximately 92,737 hectares (approximately 229,158 acres) in the State Forest of Guyana, South America, which includes a block located on the left bank of Mazaruni River, right bank of Puruni River, and left bank of Putareng River of Guyana, South America. Under the Garner Concession Rights, Garner shall pay a total acreage fee of approximately HK$5,375,000 charged on all forestry area as prescribed by the Forest Act and Regulations of Guyana. Garner has completed the necessary exploratory studies and obtained the Garner Concession Rights.

13. CONCESSION INTANGIBLE ASSET

	At 30 September 2015 *HK$'000* (Unaudited)	At 31 March 2015 *HK$'000* (Audited)
Cost:		
At 1 April 2015 and at 1 April 2014	**19,827,031**	19,748,563
Exchange differences	**(619,462)**	78,468
At 30 September 2015 and at 31 March 2015	**19,207,569**	19,827,031
Accumulated amortisation:		
At 1 April 2015 and at 1 April 2014	**825,100**	205,464
Amortisation for the period/year	**308,571**	617,143
Exchange differences	**(40,173)**	2,493
At 30 September 2015 and at 31 March 2015	**1,093,498**	825,100
Net carrying amount:		
At 30 September 2015 and at 31 March 2015	**18,114,071**	19,001,931

Zhunxing entered into a service concession arrangement with the local government whereby Zhunxing is required to build the Zhunxing Expressway and is granted an exclusive operating right for collecting tolls from drivers using the Zhunxing Expressway for a term of 30 years.

According to the relevant government's approval documents and the relevant regulations, Zhunxing is responsible for the construction of the toll road and the acquisition of the related facilities and equipment and it is also responsible for the operations and management, maintenance and overhaul of the toll roads during the approved operating period. Zhunxing is entitled to operate the toll road upon completion for a specified concession period of 30 years by charging drivers, which amounts are contingent on the extent that the public uses the expressway. The relevant toll road assets are required to be returned to the local government authorities when the operating rights periods expire without any payments to be made to Zhunxing. As such, the arrangement is accounted for as a concession intangible asset under Hong Kong (IFRIC) Interpretation 12 "Service Concession Arrangement".

The right to charge the users of the public service was recognised as an intangible asset. Zhunxing estimates the fair value of the intangible asset to be equal to the construction costs plus certain margin by management estimation with reference to the information in similar industry and management's experience.

14. LONG TERM DEPOSITS AND PREPAYMENTS

	At 30 September 2015 *HK$'000* (Unaudited)	At 31 March 2015 *HK$'000* (Audited)
Prepayments for construction of expressway and related facilities	**571,255**	594,102
Deposits paid for acquisition of property, plant and equipment	**80,498**	67,025
	651,753	661,127

15. TRADE AND OTHER RECEIVABLES

	At 30 September 2015 *HK$'000* (Unaudited)	At 31 March 2015 *HK$'000* (Audited)
Trade receivables	**18,153**	153,049
Less: Provision for impairment loss	**(1,788)**	(1,859)
Trade receivables, net	**16,365**	151,190
Other receivables	**255,582**	145,167
Less: Provision for impairment loss	**(11,380)**	(11,668)
Other receivables, net	**244,202**	133,499
Deposits paid	**4,844**	4,917
Prepayments	**133,218**	61,961
	398,629	351,567

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to over three months or more for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The below table reconciles the impairment loss of trade and other receivables for the period/year:

	At 30 September 2015 HK$'000 (Unaudited)	At 31 March 2015 HK$'000 (Audited)
At 1 April 2015 and at 1 April 2014	**13,527**	41,510
Add: Impairment loss for the period/year	**–**	9,221
Less: Written off	**–**	(37,251)
Exchange differences	**(359)**	47
At 30 September 2015 and at 31 March 2015	**13,168**	13,527

Details of the ageing analysis of trade receivables of the Group, based on the invoice date and net of allowance for doubtful debts, are as follows:

	At 30 September 2015 HK$'000 (Unaudited)	At 31 March 2015 HK$'000 (Audited)
Outstanding balances aged:		
0 to 30 days	**4,568**	98,612
31 to 60 days	**1,626**	40,637
61 to 180 days	**468**	6,385
Over 180 days	**9,703**	5,556
	16,365	151,190

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	At 30 September 2015 HK$'000 (Unaudited)	At 31 March 2015 HK$'000 (Audited)
Neither past due nor impaired	**6,194**	139,249
30 to 90 days past due	**468**	6,385
Over 90 days past due	**9,703**	5,556
	16,365	151,190

Trade receivables that were neither past due nor impaired related to a number of independent customers for whom there was no recent history of default.

16. PLEDGED DEPOSITS AND RESTRICTED CASH

	At 30 September 2015 *HK$'000* (Unaudited)	At 31 March 2015 *HK$'000* (Audited)
Pledged deposits for banking facilities	**–**	134,040

17. TRADE AND OTHER PAYABLES

	At 30 September 2015 *HK$'000* (Unaudited)	At 31 March 2015 *HK$'000* (Audited)
Trade payables	**65,444**	1,525
Other payables and accruals *(Note i)*	**1,991,361**	2,117,799
Deposits received from customers	**24,636**	63,901
	2,081,441	2,183,225

Note:

(i) As at 30 September 2015, other payables mainly comprised construction costs payable of HK$1,507,070,000 (31 March 2015: HK$1,647,978,000) and retention and guarantee deposit of HK$211,461,000 (31 March 2015: HK$227,290,000).

Accruals also included default interest of the promissory note amounted to HK$182,159,000 (31 March 2015: HK$154,496,000).

The carrying amounts of other payables and accruals at the end of reporting period approximate their fair values.

Details of the ageing analysis of trade payables of the Group, based on the invoice date, are as follows:

	At 30 September 2015	At 31 March 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Outstanding balances aged:		
0 to 30 days	**60,890**	–
31 to 60 days	**4,481**	544
61 to 180 days	**–**	906
Over 180 days	**73**	75
	65,444	1,525

18. PROMISSORY NOTE

The movement on the promissory note during the period/year is as follows:

	At 30 September 2015	At 31 March 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Carrying value at 1 April 2015 and at 1 April 2014	**302,345**	297,876
Interest expense for the period/year	**2,273**	4,469
Carrying value at 30 September 2015 and at 31 March 2015	**304,618**	302,345

19. BORROWINGS

At 30 September 2015, borrowings of the Group were repayable as follows:

	At 30 September 2015 HK$'000 (Unaudited)	At 31 March 2015 HK$'000 (Audited)
Within 1 year or on demand	**1,406,249**	1,865,877
After 1 year but within 2 years	**309,769**	558,353
After 2 years but within 5 years	**543,471**	476,677
After 5 years	**10,171,780**	10,699,682
	11,025,020	11,734,712
	12,431,269	13,600,589

At 30 September 2015, borrowings of the Group were secured as follows:

	Notes	At 30 September 2015 HK$'000 (Unaudited)	At 31 March 2015 HK$'000 (Audited)
Secured	*(i)*	**11,404,179**	12,475,157
Unsecured	*(ii)*	**1,027,090**	1,125,432
		12,431,269	13,600,589

Notes:

(i) At 30 September 2015, secured borrowings of the Group were secured by (a) Zhunxing's receivables rights of toll income of the Zhunxing Expressway and (b) the Group's available-for-sale investments with an aggregate carrying amount of HK$106,999,000.

At 31 March 2015, secured borrowings of the Group were secured by (a) Zhunxing's receivables rights of toll income of the Zhunxing Expressway; (b) the Group's available-for-sale investments with an aggregate carrying amount of HK$111,279,000; (c) the Group's petroleum storage tanks with a capacity of 80,000 m^3 located in Zhanjiang, Guangdong Province, the PRC, with a carrying amount of HK$62,932,000 under the Group's property, plant and equipment; (d) the Group's investment property located in Guangzhou, Guangdong Province, the PRC, with a carrying amount of HK$124,271,000 and (e) pledged deposits of HK$134,040,000.

Secured borrowings of the Group at 30 September 2015 and 31 March 2015 were also guaranteed by (a) the Company, (b) a non-controlling shareholder of Zhunxing and (c) a third party guarantee company.

(ii) At 30 September 2015 and 31 March 2015, unsecured borrowings of the Group were guaranteed by (a) the Company and (b) a director of the Company.

(iii) The Group's available banking facilities as at 30 September 2015 amounted to approximately HK$12,606,975,000 (31 March 2015: HK$17,172,317,000), out of which HK$12,431,269,000 (31 March 2015: HK$13,600,589,000) has been utilised.

20. CONVERTIBLE BONDS

(a) Description of convertible bonds

Definition	CB2015	CB2016B	CB2016C	CB2018
Issue dates	3 September 2013 and 12 February 2014	10 February 2015	10 February 2015	10 February 2015
Principal amounts as at 31 March 2015	HK$1,592,000,000	HK$992,000,000	HK$1,500,000,000	HK$700,000,000
Derecognition and transferred to non-convertible debt securities due to modification of contractual terms	HK$1,592,000,000 *(Note (b)(A))*	–	–	–
Principal amounts as at 30 September 2015	–	HK$992,000,000	HK$1,500,000,000	HK$700,000,000
Maturity date	3 September 2015	10 February 2016	24 October 2016	12 February 2018
Interest rates *(Note (i))*	9%	9%	9%	9%
Conversion price per share *(Note (ii))*	HK$0.30	HK$0.20	HK$0.20	HK$0.20
Mandatory conversion option	The Company can require the bondholders to convert at HK$0.30 per share when the share price is higher than HK$0.60 for 60 consecutive trading days. The embedded mandatory conversion option is included in the equity component.	N/A	N/A	N/A

Definition	CB2015	CB2016B	CB2016C	CB2018
Embedded derivative financial instruments *(Note (iii))*	N/A	N/A	If the market price of the Company's shares is higher than HK$0.40 for 15 consecutive trading days, a repayment premium of 100% of the outstanding principal amount of CB2016C as at the maturity date will be payable by the Company on the maturity date (the "Repayment Adjustment").	N/A
Effective interest rate at initial recognition *(Note (iv))*	17%	10.99%	11.3%	11.89%

Notes:

(i) Interests are payable by the Company annually in arrears, upon conversion or redemption.

(ii) Conversion prices are subject to normal adjustments pursuant to the terms and conditions of the convertible bonds. The bondholders can convert at the respective conversion price at any time from issuance of the convertible bonds until maturity.

(iii) This Repayment Adjustment is an embedded derivative and is recognised as derivative financial instrument at fair value by Monte Carlo model at the time of issue of the CB2016C and subsequently measured at fair value at the end of each of the reporting periods in accordance with the Group's accounting policy on embedded derivatives. The valuation of fair value of the Repayment Adjustment is performed independently by LCH (Asia-Pacific) Surveyors Limited (the "Valuer"), who has among its staff members of the Hong Kong Institute of Surveyors with recent experience in the valuation of such financial instrument.

The market price mentioned herein represented the closing prices published in the Stock Exchange Daily Quotations Sheet for one share for 60 consecutive trading days.

(iv) At issuing dates, the Company determined the fair value of liability component based on the valuation performed by the Valuer using discounted cash flow approach. The residual amount was assigned as the equity component and was included in the convertible bonds reserve of the Company and the Group. The liability component is carried at amortised cost until extinguished on conversion or redemption.

(b) Movement of convertible bonds

The movement of the liability component, embedded derivative component and equity component of the convertible bonds during the six months ended 30 September 2015 were as follows:

	Liability component *HK$'000*	Derivative financial instrument *HK$'000*	Equity component *HK$'000*	Total *HK$'000*
Convertible bonds issued on 3 September 2013 and 12 February 2014 ("CB2015")				
At 31 March 2015	1,641,512	–	201,893	1,843,405
Interest expense	118,504	–	–	118,504
Interest paid	(143,280)	–	–	(143,280)
Settlement of convertible bonds *(Note (A))*	(1,616,736)	–	(201,893)	(1,818,629)
At 30 September 2015	–	–	–	–
Convertible bonds issued on 10 February 2015 with maturity date on 10 February 2016 ("CB2016B")				
At 31 March 2015	988,587	–	123,532	1,112,119
Interest expense	54,174	–	–	54,174
At 30 September 2015	1,042,761	–	123,532	1,166,293
Convertible bonds issued on 10 February 2015 with maturity date on 24 October 2016 ("CB2016C")				
At 31 March 2015	1,472,306	26,423	243,257	1,741,986
Interest expense	82,957	–	–	82,957
Changes in fair value of derivative financial instruments	–	(26,423)	–	(26,423)
At 30 September 2015	1,555,263	–	243,257	1,798,520

	Liability component	Derivative financial instrument	Equity component	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Convertible bonds issued on 10 February 2015 with maturity date on 12 February 2018 ("CB2018")				
At 31 March 2015	661,715	–	48,681	710,396
Interest expense	38,615	–	–	38,615
At 30 September 2015	700,330	–	48,681	749,011
Total				
At 30 September 2015 (Unaudited)	3,298,354	–	415,470	3,713,824
At 31 March 2015 (Audited)	4,764,120	26,423	617,363	5,407,906
Represented by:				
At 30 September 2015 (Unaudited)				
Current portion	1,042,761	–		1,042,761
Non-current portion	2,255,593	–		2,255,593
	3,298,354	–		3,298,354
At 31 March 2015 (Audited)				
Current portion	2,630,099	–		2,630,099
Non-current portion	2,134,021	26,423		2,160,444
	4,764,120	26,423		4,790,543

Notes:

A. Derecognition of CB2015

The entire CB2015 with principal amount of HK$1,592,000,000 has been derecognised during the six months ended 30 September 2015, as a result of the below convertible bonds deferral arrangements:

(i) HK$1,400,000,000 was deferred pursuant to the extension letters dated 14 August 2015 entered into between the Company and the relevant bondholders that HK$400,000,000 of which will become due on 3 December 2015, HK$500,000,000 of which will become due on 3 March 2016, and HK$500,000,000 of which will become due on 3 September 2016; and

(ii) HK$192,000,000 was deferred pursuant to the extension letters dated 28 August 2015 entered into between the Company and the relevant bondholders that the entire principal amount of HK$192,000,000 will become due on 31 December 2015.

All of the above bondholders in (i) and (ii) have unconditionally and irrevocably waived their conversion rights attached to their respective bonds with effect from the original maturity date (i.e. 3 September 2015) (the defer of maturity dates and waiver of conversion rights mentioned above are collectively referred to as the "CB2015 Extension Arrangement"). Save for the changes above mentioned, the terms and conditions of such bonds remain unchanged. The directors of the Company determine that the CB2015 Extension Arrangement is a substantial modification to the terms of the original CB2015 and thus derecognised such CB2015 and recognised the non-convertible debt securities as a new financial liability on 3 September 2015 (Note 21).

The above CB2015 Extension Arrangement resulted in the settlement of equity component of HK$201,893,000, settlement of debt component of HK$1,616,736,000 and a gain on settlement of debt component of HK$38,182,000 which had been recognised in profit or loss during the period.

B. Conversion of convertible bonds

There were no conversions of convertible bonds during the six months ended 30 September 2015 and the year ended 31 March 2015.

21. NON-CONVERTIBLE DEBT SECURITIES

Non-convertible debt securities were recognised as a result of the CB 2015 Extension Arrangement (Note 20(b)(A)). Details of the non-convertible debt securities are as below.

Definition	**Debt 1a**	**Debt 1b**	**Debt 1c**	**Debt 2**
Issue dates	3 September 2015	3 September 2015	3 September 2015	3 September 2015
Principal amounts as at 30 September 2015	HK$400,000,000	HK$500,000,000	HK$500,000,000	HK$192,000,000
Maturity date	3 December 2015	3 March 2016	3 September 2016	31 December 2015
Interest rates *(Note (i))*	9%	9%	9%	9%
Effective interest rate at initial recognition *(Note (ii))*	10.74%	10.74%	10.74%	10.69%

Notes:

(i) Interests are payable by the Company annually in arrears.

(ii) At initial recognition date, the Company determined the fair value of the non-convertible debt securities based on the valuation performed by the Valuer using discounted cash flow approach.

(iii) Mr. Cao Zhong has provided the holders of Debt 1a, Debt 1b and Debt 1c his personal guarantee as to the due performance of all the obligations of the respective debt securities. With regard to Debt 2, Mr. Cao has provided his personal guarantee to one debt securities holder with principal amount of HK$160,000,000.

The movement on the non-convertible debt securities during the period is as follows:

	Debt 1a *HK$'000*	**Debt 1b** *HK$'000*	**Debt 1c** *HK$'000*	**Debt 2** *HK$'000*	**Total** *HK$'000*
At 1 April 2015	–	–	–	–	–
Initial recognition at issue date	398,701	496,517	492,144	191,192	1,578,554
Interest expense for the period	3,167	3,945	3,910	1,512	12,534
At 30 September 2015	401,868	500,462	496,054	192,704	1,591,088

22. SHARE CAPITAL

		At 30 September 2015		At 31 March 2015	
		No. of shares	***Amount***	*No. of shares*	*Amount*
	Notes	***'000***	***HK$'000***	*'000*	*HK$'000*
			(Unaudited)		(Audited)
Authorised:					
Ordinary shares of HK$0.01 each		**70,000,000**	**700,000**	70,000,000	700,000
Issued and fully paid:					
Ordinary shares of HK$0.01 each					
At 1 April 2015 and at 1 April 2014		**27,009,584**	**270,096**	27,174,784	271,748
Purchase of own shares for cancellation	*(a)*	**–**	**–**	(165,200)	(1,652)
At 30 September 2015 and at 31 March 2015		**27,009,584**	**270,096**	27,009,584	270,096

Note:

(a) Purchase of own shares for cancellation

During the year ended 31 March 2015, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month/year	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate price paid**
	'000	*HK$*	*HK$*	*HK$'000*
July 2014	36,000	0.325	0.320	11,545
August 2014	129,200	0.325	0.310	41,142
	165,200			52,687

The repurchased shares were cancelled during the year ended 31 March 2015 and accordingly the issued share capital of the Company was reduced by the nominal value of the ordinary shares repurchased.

23. EQUITY-SETTLED SHARE-BASED PAYMENT

The share option scheme adopted on 16 July 2004 (the "Old Scheme") shall remain in force for 10 years from the adoption date unless otherwise terminated or amended. No further options can be granted under the Old Scheme; howsoever, the options granted under the Old Scheme before 15 July 2014 remains exercisable.

A new share option scheme of the Company was adopted on 28 August 2014 (the "New Scheme") pursuant to the approval by the shareholders of the Company at the annual general meeting held on 28 August 2014. The New Scheme shall remain in force for 10 years from the adoption date unless otherwise terminated or amended.

The exercise price of the options shall be determined by the directors of the Company, but may at least the highest of (i) the Stock Exchange closing price of the Company's share on the date of the grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the grant of the share options; and (iii) the nominal value of an ordinary share. The maximum number of shares in respect of which options may be granted under the New Scheme shall not exceed 10% of the issued share capital of the Company from time to time.

Movements in the number of share options outstanding and their exercise prices are as follows:

For the six months ended 30 September 2015 (unaudited):

	Weighted average exercise price	Directors	Employees	Total
	HK$	*'000*	*'000*	*'000*
Outstanding at the beginning and the end of the period	0.45	99,000	247,500	346,500

For the year ended 31 March 2015 (audited):

	Weighted average exercise price	Directors	Employees	Total
	HK$	*'000*	*'000*	*'000*
Outstanding at the beginning of the year	0.45	99,000	251,500	350,500
Lapsed during the year	0.45	–	(4,000)	(4,000)
Outstanding at the end of the year	0.45	99,000	247,500	346,500

These share options vested immediately at the date of grant and are valid up to 15 October 2018. No share options were exercised during the six months ended 30 September 2015 and the year ended 31 March 2015. The share options lapsed during the year ended 31 March 2015 were attributable to the resignation of the relevant employees during the year.

Pursuant to the terms and conditions of the Old Scheme, following the completion of the Share Consolidation on 5 November 2015, the exercise price of the outstanding share options has been adjusted to HK$9.0 per share and the total number of outstanding share options has been adjusted to 17,325,000.

24. CONDITIONAL WARRANTS

On 20 December 2012, the Company and Joint Gain Holdings Limited ("Joint Gain") entered into the agreement pursuant to which:

(1) the Group sold to Joint Gain the project company (the "Project Company") which holds the development and operating rights to the petrol and gas stations in the service areas of the Zhunxing Expressway for the aggregate consideration of RMB301,000,000 (equivalent to approximately HK$374,143,000); and

(2) after completion of the construction of the petrol and gas stations in the service areas of the Zhunxing Expressway, the Company may reacquire the Project Company, and the Company agreed to issue conditional warrants to Joint Gain.

The arrangement was accounted as financing from Joint Gain for the construction of petrol and gas stations in the service areas of Zhunxing Expressway (the "Financing Arrangement"). Zhunxing will operate the petrol and gas stations together with the expressway under the terms of the service concession arrangements with the local government.

The conditional warrants issued was considered as the return to Joint Gain on the financing and recognised approximately HK$21.6 million as warrant reserve at 31 March 2014 accordingly.

Details and movement of conditional warrants in issue as at 30 September 2015 are as follow:

Date of issue:	19 April 2013
Exercise period:	From the date when the Project Company is reacquired by the Group to 20 December 2015
Subscription price:	HK$0.48

Movement of the conditional warrants in issue during the period/year is as follow:

	At 30 September 2015	At 31 March 2015
	'000	*'000*
	(Unaudited)	(Audited)
At 1 April 2015/30 September 2015 and 1 April 2014/31 March 2015	**2,000,000**	2,000,000

No conditional warrants were exercised during the six months ended 30 September 2015 and the year ended 31 March 2015.

Pursuant to the terms and conditions of the conditional warrants, following the completion of the Share Consolidation on 5 November 2015, the subscription price of the outstanding conditional warrants has been adjusted to HK$9.6 per share and the total number of outstanding conditional warrants has been adjusted to 100,000,000.

25. DISPOSAL OF SUBSIDIARIES

(a) Triumph Kind Investment Limited ("Triumph Kind")

On 9 July 2015, the Company entered into a share transfer agreement with an independent third party (the "Purchaser 1"), pursuant to which the Company conditionally agreed to sell, and the Purchaser 1 conditionally agreed to purchase, 100% equity interests in Triumph Kind, a subsidiary which is engaged in property investment, at a consideration of RMB41,419,625 (equivalent to approximately HK$50,559,000). The share transfer was completed on 14 September 2015.

The net assets of Triumph Kind at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	32,442
Prepaid lease payments	2,875
Deferred tax liabilities	(7,383)
Net assets	27,934
Net assets	27,934
Gain on disposal of the subsidiary	22,625
Total consideration	50,559
Satisfied by:	
Cash	45,523
Deferred consideration	5,036
	50,559
Net cash inflows arising on disposal – for the six months ended 30 September 2015:	
Cash consideration received	45,523
Cash and bank balances disposed of	–
Net cash inflow	45,523

The deferred consideration is expected to be settled in cash by the Purchaser 1 on or before the end of 2015.

(b) 湛江大鵬石化有限公司 ("Dapeng")

As a result of business strategy adjustment, the Group entered into a share transfer agreement with the minority shareholder of Dapeng (the "Purchaser 2"), pursuant to which the Group agreed to sell, and the Purchaser 2 agreed to purchase, the Group's 70% equity interests in Dapeng, a subsidiary which is engaged in trading and storage of petroleum and related products, at a consideration of RMB1 (equivalent to approximately HK$1), which is equal to the cost the Group acquired Dapeng last year. The disposal was effected on 31 July 2015.

The net assets of Dapeng at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	96,117
Investment property	124,131
Customer relationships intangible assets	113,663
Goodwill	193,949
Cash and cash equivalents	4,601
Trade and other receivables	60,321
Inventories	39,959
Trade and other payables	(121,730)
Bank borrowings	(585,760)
Deferred tax liabilities	(36,346)
Net liabilities	(111,095)
Net liabilities	(111,095)
Release of translation reserve upon disposal	(4,015)
Release of non-controlling interests upon disposal	90,983
Gain on disposal of the subsidiary	24,127
Total consideration	–
Satisfied by:	
Cash	–
Net cash outflows arising on disposal – for the six months ended 30 September 2015:	
Cash consideration received	–
Cash and bank balances disposed of	(4,601)
Net cash outflow	(4,601)

26. ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

On 31 July 2015, the Group acquired the remaining 35% equity interests of 廣東金晶能源有限公司 ("JinJing") at a consideration of RMB10,300,000 (equivalent to approximately HK$12,475,000). Jinjing has since then become a wholly-owned subsidiary of the Group. The transaction had been accounted for as equity transactions with non-controlling interests during the six months ended 30 September 2015.

27. RELATED PARTY TRANSACTIONS

(a) Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(b) Save as disclosed elsewhere in these financial statements, the Group had the following major transactions with related parties during the six months ended 30 September 2015 and 2014:

Related party relationship	Type of transactions	Six months ended 30 September 2015 *HK$'000* (Unaudited)	2014 *HK$'000* (Unaudited)
China Alliance International Holding Group Limited (a substantial shareholder of the Company)	Interest expense on promissory note	**2,273**	2,241
	Default interest expense on promissory note	**27,663**	27,356

	Type of balances	At 30 September 2015 *HK$'000* (Unaudited)	At 31 March 2015 *HK$'000* (Audited)
China Alliance International Holding Group Limited (a substantial shareholder of the Company)	Promissory note and accrued default interest	**486,777**	456,841

(c) Members of key management during the period comprised of the directors only and their remuneration are set out as follows:

	Six months ended 30 September 2015 *HK$'000* (Unaudited)	2014 *HK$'000* (Unaudited)
Fees, basic salaries, allowances and other benefits	**7,680**	7,482
Retirement benefit scheme contributions	**45**	41
	7,725	7,523

28. OPERATING LEASES

Operating lease commitments – as a lessee

The Group leases part of its properties and plantation sites under operating lease arrangements. Leases for properties are negotiated for terms from 1 to 10 years (year ended 31 March 2015: 1 to 10 years) while leases for plantation sites are negotiated for term of 1 year (year ended 31 March 2015: 1 year).

As at 31 March 2015, the Group also leased a land for its petroleum storage tanks and facilities situated in Zhanjiang, the PRC, under a term of 26 years. Such lease had been cancelled during the six months ended 30 September 2015 as a result of the disposal of Dapeng (Note 25(b)).

As at 30 September 2015, the Group had total future minimum lease payments under non-cancellable operating leases due at the end of reporting period as follows:

	At 30 September 2015 ***HK$'000*** **(Unaudited)**	At 31 March 2015 *HK$'000* (Audited)
Within one year	**11,553**	14,846
In the second to fifth year, inclusive	**4,284**	17,114
Over five years	**–**	21,115
	15,837	53,075

Operating lease receivables – as a lessor

The Group's investment properties are leased to tenants for varying terms. The rental income during the six months ended 30 September 2015 was HK$1,915,000 (six months ended 30 September 2014: HK$1,242,000).

Operating lease receivables arising from investment properties had been significantly reduced as at 30 September 2015 because of the disposal of an investment property as a result of the disposal of Dapeng (Note 25(b)).

The minimum rent receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	At 30 September 2015 ***HK$'000*** **(Unaudited)**	At 31 March 2015 *HK$'000* (Audited)
Within one year	**132**	5,429
In the second to fifth year, inclusive	**–**	20,736
Over five years	**–**	19,420
	132	45,585

29. CAPITAL COMMITMENTS

Capital commitments outstanding as at 30 September 2015 and 31 March 2015 not provided for in the financial statements were as follows:

	At 30 September 2015 *HK$'000* **(Unaudited)**	At 31 March 2015 *HK$'000* (Audited)
Authorised but not contracted for	**–**	–
Contracted but not provided for acquisition of property, plant and equipment	**40,881**	60,229
	40,881	60,229

30. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the Group's financial assets and financial liabilities as at 30 September 2015 and 31 March 2015 are categorised as follows:

	Notes	**At 30 September 2015** *HK$'000* **(Unaudited)**	At 31 March 2015 *HK$'000* (Audited)
Financial assets			
Loans and receivables (including cash and bank balances)	*(i)*	**535,067**	866,965
Available-for-sale investments			
– Listed investments	*(ii)*	**146,922**	258,500
– Unlisted investments			
– Unlisted equity shares, at cost	*(i)*	**142,449**	146,729
– Unlisted money market fund, at fair value	*(ii)*	**–**	63,227
Financial liabilities			
Financial liabilities measured at amortised cost	*(i)*	**19,717,224**	20,860,733
Financial liabilities at fair value through profit or loss			
– Held for trading	*(ii)*	**–**	26,423

(i) Financial assets and liabilities not measured at 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 at 30 September 2015 and 31 March 2015.

(ii) Financial assets and liabilities measured at fair value

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to their quoted market prices.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

(a) Information about level 2 fair value measurements

Level 2 fair value of money market fund has been determined based on quotes from market makers or alternative pricing sources supported by observable inputs. The most significant input is market interest rates.

(b) Information about level 3 fair value measurements

The fair value of the derivative financial instrument under CB2016C is estimated using Monte Carlo model.

Significant unobservable inputs of CB2016C:

	At 30 September 2015	At 31 March 2015
Expected volatility		
– 2016C	**86%**	47%

The higher the expected volatility of the share price, the higher the fair value (in absolute amount) of the derivative financial instrument. As at 30 September 2015, increase in expected volatility by 20% in CB2016C would increase the fair value (in absolute amount) of the derivative financial instrument embedded in CB2016C by HK$44,000. As at 31 March 2015, increase in expected volatility by 20% in CB2016C would increase the fair value (in absolute amount) of the derivative financial instrument embedded in CB2016C by HK$55,615,000.

There were no changes in valuation techniques during the period.

(c) Summary of fair value of financial instruments

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique, details of which are listed below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Recurring fair value measurements	**Fair value at 30 September 2015**	**Level 1**	**Level 2**	**Level 3**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Assets:				
Available-for-sale investments, listed equity securities	**146,922**	146,922	–	–
	146,922	146,922	–	–
Liabilities:				
Derivative financial instrument	**–**	–	–	–

Recurring fair value measurements	**Fair value at 31 March 2015**	**Level 1**	**Level 2**	**Level 3**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Audited)
Assets:				
Available-for-sale investments, listed equity securities	**258,500**	258,500	–	–
Available-for-sale investments, unlisted money market fund	**63,227**	–	63,227	–
	321,727	258,500	63,227	–
Liabilities:				
Derivative financial instrument	**26,423**	–	–	26,423

During the six months ended 30 September 2015, there were no transfers between levels (year ended 31 March 2015: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(d) *Movements of financial liabilities at fair value through profit or loss based on level 3*

The movements of the balance of financial assets/(liabilities) measured at fair value based on Level 3 are as follows:

	30 September 2015	31 March 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At 1 April 2015 and at 1 April 2014	**(26,423)**	(124,896)
Issue of convertible bond	**–**	(49,510)
Settlement of convertible bond	**–**	5,900
Total gain recognised in profit or loss during the period/year	**26,423**	142,083
At 30 September 2015 and at 31 March 2015	**–**	(26,423)
Gain recognised in profit or loss relating to those financial assets and financial liabilities held at the end of the reporting period	**26,423**	142,083

31. SUBSEQUENT EVENTS

Pursuant to the announcement of the Company dated 29 September 2015 and the poll results of an extraordinary general meeting dated 4 November 2015, the Company's (i) Share Consolidation has been approved by the shareholders of the Company and (ii) Rights Issue of approximately HK$1,080 million has been approved by the independent shareholders of the Company. Subject to the conditions of the Rights Issue as detailed in the prospectus of the Company dated 17 November 2015 in relation to the Rights Issue have been fulfilled or waived, the directors of the Company expect that net proceeds of approximately HK$1,046.5 million arising from the Rights Issue will be received by the Company in early December 2015.

32. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 23 November 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 September 2015, the Group was principally engaged in expressway operations, trading of petroleum and related products, compressed natural gas ("CNG") gas stations operations and timber operations.

Operation of Zhunxing Expressway

During the period, the Company's turnover is partly contributed by toll income from the 265-kilometre heavy-haul toll expressway ("Zhunxing Expressway") operated by Inner Mongolia Zhunxing Heavy Haul Expressway Company Limited (內蒙古准興重載高速公路有限責任公司) ("Zhunxing") which is indirectly held as to 86.87% by the Company.

For the six months ended 30 September 2015, Zhunxing has recorded an accumulated toll fee of RMB200.08 million (approximately HK$250.12 million), i.e. an average daily income of RMB1.09 million (approximately HK$1.37 million) and an average daily traffic volume of 4,900 vehicles (for the six months ended 30 September 2014: an average daily income of RMB2.4 million (approximately HK$3.01 million) and an average daily traffic volume of 5,400 vehicles). Upon traffic opening and commencement of toll collection of Zhunxing Expressway on 21 November 2013, the Group actively introduced measures and promotions to build client base. Yet, a number of factors have restrained the growth of both traffic volume and toll rates of Zhunxing Expressway during the period:

(1) The coal market remains sluggish under the influence of the national macroeconomic environment and environmental policy. Special political events in 2015 such as Olympic bidding and troops review posed negative impacts on the number and loading of coal transport vehicles, resulting in a drastic decrease in toll fee as compared to the corresponding period in 2014;

(2) The opening of part of the Beijing-Lhasa Expressway ("G109") has diverted some coal transportation vehicles travelling to Hebei to run on G109, instead of using Zhunxing Expressway; and

(3) The auxiliary facilities of some service areas and major petrol and gas stations were not in operation, which caused inconvenience to some users of Zhunxing Expressway.

In order to improve both the traffic volume and toll income of Zhunxing Expressway, the Group is actively implementing the following measures to promote and attract more coal transport vehicles to use Zhunxing Expressway on a regular basis:

(1) closely keep track with rivals to timely address any new market changes brought by the toll collection network. Zhunxing is fine-tuning its business strategy to seek breakthrough in raising toll fee income in this harsh market environment. One business strategy is to take advantage of the tunnel-free nature of the Zhunxing Expressway in the absence of any hazardous chemical transport restriction to attract specific customers. Another business strategy is to continue offering promotions to major customers to boost the usage of Zhunxing Expressway;

(2) push forward the licensing process of auxiliary facilities of service areas and major petrol and gas stations and commence the operation of such auxiliary facilities by the end of February 2016. The provision of supplementary services and convenience to road users, such as petrol and gas dispensing and supply of food and beverages, is expected to attract a steady flow of customers; and

(3) reduce the operating costs of Zhunxing Expressway. Soon after the implementation of toll collection network in June 2015, Zhunxing initiated the use of Electronic Toll Collection cards ("ETC Cards") for fee collection at the toll stations. Zhunxing has modified its human resource structure to align with the reduced service level resulting from the use of ETC Cards, hence significantly reduced its labor costs.

Petroleum and Related Products

For the six months ended 30 September 2015, the Group through its wholly owned subsidiary, Shenzhenshi Qianhai Zitong Energy Company Limited (深圳市前海資通能源有限公司) ("Zitong Energy") has continued to focus on the development of the three ancillary business sectors under the petroleum and related products business segment, namely (1) the traditional energy business sector based on refined petroleum trading, (2) the clean energy business sector based on contemporary coal chemicals, and (3) the new energy business sector based on liquefied natural gas ("LNG"), CNG and charging pile for vehicles.

(1) Refined Petroleum Trading Business:

For the six months ended 30 September 2015, Zitong Energy has continued to build the business platform for refined petroleum trading as well as expansion of business channels and market shares. As a modification to the business strategy, the Group has completed a reorganization process at the end of July 2015, of which 70% of the equity interests of Zhanjiang Dapeng Petrochemical Company Limited (湛江大鵬石化有限公司) ("Dapeng") was disposed and an additional 35% of the equity interests of Guangdong Jinjing Energy Company Limited (廣東金晶能源股份有限公司) ("Jinjing") was acquired (the "Reorganization"). After the Reorganization was completed, Jinjing has become a wholly-owned subsidiary of the Group. As of 30 September 2015, Zitong Energy and Jinjing have become the suppliers of a number of provincial sales companies of the products of PetroChina Company Limited and Sinopec Corp.

For the six months ended 30 September 2015, the price of the international crude petroleum has continued to drip and demand of the domestic refined petroleum market remains weak. During the period, Zitong Energy, Dapeng and Jinjing recorded sales of petroleum products of approximately 218,000 tons in total (for the six months ended 30 September 2014: 248,000 tons), whereas revenue from principal business was approximately HK$1,218.83 million (for the six months ended 30 September 2014: approximately HK$1,839.87 million).

(2) Clean Energy Business:

For the six months ended 30 September 2015, the Group's 85% owned subsidiary Shenzhenshi Qianhai Zitong Clean Energy Company Limited (深圳市前海資通清潔能源有限公司) ("Zitong Clean Energy") has continued to focus on technological coordination and business negotiation for the cooperation project with CNOOC Oil & Petrochemicals Company Limited (中海石油煉化有限責任公司) ("CNOOC") in relation to the partial oxidation coal-to-hydrogen plant (the "POX Project") under the Huizhou petrochemicals phase II project and actively facilitate the forming of the related joint venture. Zitong Clean Energy will continue to take proactive approach in the preliminary works including optimization of technologies, selection of equipment and construction.

(3) New Energy Business:

In July 2015, the second CNG gas dispensing station of the Group's wholly owned subsidiary Sichuan Leshan Zhongshun Oil and Gas Company Limited (四川樂山中順油汽有限公司) ("Leshan Zhongshun") has commenced operation. For the six months ended 30 September 2015, Leshan Zhongshun has realised sales of CNG amounted to approximately HK$8.02 million (2014: HK$Nil).

Forest Operation

With an aim to focus on its resources and manpower on expressway operations and petroleum, and related products business of the Group, the Company will continue to look for opportunity to dispose its forestry related businesses.

Financial Review

For the six months ended 30 September 2015, the Group recorded an unaudited turnover of approximately HK$1,490.77 million (2014: HK$2,373.28 million) which is recognised under three reportable segments of the Group, namely expressway operations, petroleum business and timber operations, contributing approximately HK$250.12 million (16.78%), HK$1,233.83 million (82.76%) and HK$6.83 million (0.46%) (2014: HK$530.53 million (22.35%), HK$1,841.78 million (77.60%) and HK$0.97 million (0.04%)) respectively to the Group's consolidated turnover.

Turnovers from the two core businesses, i.e. HK$250.12 million toll income from expressway operations (2014: HK$530.53 million) and HK$1,218.83 million income from trading of petroleum and related products (2014: HK$1,839.87 million), constituted the main streams of the Group's revenue for the six months ended 30 September 2015. A 53% drop in toll income from the expressway operations was recorded as a result of the decrease in both the traffic volume and toll rates of Zhunxing Expressway, which were restrained by certain factors detailed in the above "Business Review" section. Due to the price reduction of international crude petroleum and weak demand of the domestic refined petroleum market, a 34% decline in income was recorded under the Group's traditional petroleum trading business during the period. Nonetheless, the Group's new energy business in the operation of CNG dispensing stations brought in a new stream of income amounted to approximately HK$8.02 million for the six months ended 30 September 2015 (2014: HK$Nil).

During the period, the Group recorded a gross loss amounted to approximately HK$99.69 million as compared to a gross profit of HK$164.71 million recorded for the six months ended 30 September 2014. Cost of sales for the six months ended 30 September 2015 was approximately HK$1,590.47 million (2014: HK$2,208.57 million), which was primarily driven by the cost of sales of petroleum and related products amounted to HK$1,192.09 million (2014: HK$1,821.17 million), the amortization of the concession intangible asset of approximately HK$308.57 million upon the commencement of toll collection of Zhunxing Expressway (2014: HK$308.57 million) and the depreciation of fixed assets arising from expressway operations amounted to HK$45.75 million (2014: HK$46.02 million).

For the six months ended 30 September 2015, the Group recorded a decreased EBITDA (defined as earnings before interest, tax, depreciation, amortization and non-cash changes in values of assets and liabilities) amounted to approximately HK$239.00 million compared to the EBITDA of approximately HK$427.52 million for the last corresponding period. The 44% decline in EBITDA was primarily driven by the reduced revenue from the two core businesses as detailed above. Detailed segment turnover and contribution to loss before tax expense of the Group are shown in Note 4 to the financial statements.

The loss before income tax credit was approximately HK$849.51 million (the loss before income tax expense for 2014: HK$727.54 million) and net loss was approximately HK$848.89 million (2014: HK$727.76 million) for the six months ended 30 September 2015. Save for the reduced revenue from the two core businesses as detailed above, the 16% increase in net loss for the period was also driven by the increased selling and administrative expenses mainly arising from the heightened petroleum products freight charges amounted to approximately HK$50.60 million (2014: HK$6.47 million).

The loss attributable to owners of the Company for the period was approximately HK$762.61 million (2014: HK$676.72 million). Taking into account the share consolidation on the basis of every twenty issued and unissued existing shares into one consolidated share which came into effect on 5 November 2015, both the basic and diluted loss per share attributable to owners of the Company for the period were 56.5 HK cents as compared with 49.9 HK cents for the last corresponding period.

Liquidity Review

As at 30 September 2015, the Group’s net assets amounted to approximately HK$2,266.69 million (31 March 2015: HK$3,123.02 million), representing a decrease of 27%. The current assets of the Group decreased by about 29% from HK$1,282.05 million to HK$915.45 million, primarily attributable to the reduced cash and cash equivalents to approximately HK$81.49 million (31 March 2015: HK$298.46 million) arising from the interest payment for bank loans and convertible bonds and the decrease in pledged deposits and restricted cash of approximately HK$134.04 million due to the repayment of bank borrowings.

During the period, the Group's current liabilities decreased by about 8% from HK$6,984.09 million to HK$6,427.38 million, mainly attributable to the reduced borrowings to approximately HK$1,406.25 million (31 March 2015: HK$1,865.88 million) and the reduced trade and other payables to approximately HK$2,081.44 million (31 March 2015: HK$2,183.23 million) primarily due to the reduced construction costs payable to HK$1,507.07 million (31 March 2015: HK$1,647.98 million).

As at 30 September 2015, the Group's available banking facilities amounted to approximately HK$12,606.98 million (31 March 2015: HK$17,172.32 million), of which HK$12,431.27 million (31 March 2015: HK$13,600.59 million) has been utilised. Approximately HK$12,285.71 million of the Group's outstanding borrowing were bank loans dominated in RMB (31 March 2015: HK$13,600.59 million) and HK$145.56 million were loans obtained from independent third parties dominated in Hong Kong dollar (31 March 2015: HK$Nil). Approximately HK$1,733.53 million (31 March 2015: HK$2,447.43 million) of the Group's outstanding borrowings were charged at fixed rates. About 11% of the Group's outstanding borrowings were repayable within one year (31 March 2015: 14%).

As expressway operation is a capital intensive industry, approximately 97% of the Group's outstanding borrowings amounted to RMB9,879.21 million (approximately HK$12,012.13 million) were obtained and drawn down primarily for the construction of Zhunxing Expressway as at 30 September 2015. The syndicated loan facilities of RMB8,798.21 million (approximately HK$10,697.74 million) granted by several PRC banks in December 2012, including short term loans of RMB8.55 million (approximately HK$10.40 million) and long term loans of RMB8,789.66 million (approximately HK$10,687.35 million), were secured by Zhunxing's receivables of toll income. Furthermore, Zhunxing obtained and drawn down short term loans of RMB923.00 million (approximately HK$1,122.28 million) and long term loans of RMB158.00 million (approximately HK$192.11 million) from several authorised financial institutions in the PRC, out of which RMB431.00 million (approximately HK$524.05 million) and RMB150.00 million (approximately HK$182.39 million) were secured by certain Zhunxing's investments and Zhunxing's receivables of toll income respectively.

The remaining 3% of the Group's outstanding borrowings as at 30 September 2015 were unsecured and utilised primarily to finance the petroleum and related products business of the Group and to pay interests of the Company's convertible bonds.

Detailed borrowings of the Group are set out in Note 19 to the financial statements.

As at 30 September 2015, the gearing ratio of the Group, measured as total liabilities to total assets, was 89.7% (31 March 2015: 87.0%).

During the six months ended 30 September 2015, the Group suffered a loss of HK$848.89 million and at the end of the reporting period, the Group's current liabilities exceeded its current assets by approximately HK$5,511.93 million. These conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. However, having considered the measures set out in Note 1 to the financial statements, the Board is of the view that the Group will have sufficient working capital to finance its normal operations and to meet its financial obligations as they fall due in the foreseeable future.

The Group's business operations, assets and liabilities are denominated mainly in Hong Kong dollars, Renminbi and US dollars. There was no significant foreign exchange gain or loss recognised during the period. The Board considered foreign exchange risk of the Group is minimal. The management will review from time to time of potential foreign exchange exposure and will take appropriate measures to minimise the risk of foreign exchange exposure in the future.

The Group did not use any financial instruments for hedging purposes and did not have foreign currency investments being hedge by foreign currency borrowings and other hedging instruments.

Material Events

Repayment dates extension of the convertible bonds due 2015

The Company previously issued on 3 September 2013 (a) HK$1,300 million 9% convertible bonds due 2015 to Li Ka Shing (Canada) Foundation ("LKSCF"), (b) HK$100 million 9% convertible bonds due 2015 to Dr. Lo Ka Shui ("LKS"), (c) HK$160 million 9% convertible bonds due 2015 to Grand Version Investments Limited ("Grand Version") and (d) HK$32 million 9% convertible bonds due 2015 to Guotai Junan Investments (Hong Kong) Limited ("GJHK"), and such bonds (the "2015 Bonds") should fall due on 3 September 2015 (the "Maturity Date"). The 2015 Bonds held by GJHK were transferred on 4 November 2013 to Guotai Junan Finance (Hong Kong) Limited ("GJFHK", and together with LKSCF, LKS and Grand Version the "Bondholders").

The Company has agreed with LKSCF and LKS on 14 August 2015 for repayment of the 2015 Bonds to be deferred so that HK$400 million principal amount of the 2015 Bonds will become due on 3 December 2015, HK$500 million principal amount of the 2015 Bonds will become due on 3 March 2016, and HK$500 million principal amount of the 2015 Bonds will become due on 3 September 2016.

On 28 August 2015, the Company has further agreed with Grand Version and GJFHK for repayment of the 2015 Bonds to be deferred so that HK$192 million principal amount of the 2015 Bonds will become due on 31 December 2015.

As part of the extension of the repayment dates, the Bondholders have unconditionally and irrevocably waived their conversion rights attached to the 2015 Bonds with effect from the Maturity Date. With effect from the Maturity Date, the 2015 Bonds had become non-convertible debt securities. The Stock Exchange of Hong Kong Limited has granted its approval under Listing Rule 28.05 for the above alternations to the terms of the 2015 Bonds. Save for the changes above mentioned, the terms and conditions of the 2015 Bonds remain unchanged.

Mr. Cao Zhong ("Mr. Cao") has provided LKSCF, LKS and Grand Version his personal guarantee as to the due performance of all the obligations of the 2015 Bonds as so extended (including but not limited to payment obligations).

Further details on the extension of repayment dates of the convertible bonds are set out in the announcements dated 14 August 2015, 18 August 2015 and 28 August 2015 of the Company.

Share consolidation

The Company announced on 29 September 2015 to put forward a proposal, to effect a share consolidation which involved the consolidation of every twenty (20) issued and unissued existing shares of par value of HK$0.01 each (the "Old Shares") into one (1) consolidated share of par value of HK$0.20 each (the "Shares") (the "Share Consolidation").

Following the passing of an ordinary resolution on the Share Consolidation by the shareholders of the Company (the "Shareholders") at the extraordinary general meeting held on 4 November 2015 (the "EGM"), the Share Consolidation has become effective on 5 November 2015. Prior to the market opening on 5 November 2015, the authorised share capital of the Company was HK$700,000,000 divided into 70,000,000,000 Old Shares, of which 27,009,583,895 Old Shares were in issue and were fully paid or credited as fully paid. Upon the implementation of the Share Consolidation, the authorised share capital of the Company had become HK$700,000,000 divided into 3,500,000,000 Shares and the number of issued shares (which were fully paid or credited as fully paid) had reduced to 1,350,479,194.

The Share Consolidation is expected to provide flexibility for equity fund raising of the Company in the future and facilitate the rights issue as detailed in the below section headed "Rights issue". Accordingly, the Board is of the view that the Share Consolidation is beneficial to the Company and the Shareholders as a whole.

Further details on the Share Consolidation are set out in the announcements dated 29 September 2015 and 4 November 2015, and the circular dated 19 October 2015 of the Company.

Increase in authorised share capital

Following the passing of an ordinary resolution on the proposed increase in authorised share capital by the Shareholders at the EGM and the implementation of Share Consolidation on 5 November 2015, the authorised share capital of the Company has increased from HK$700,000,000 divided into 3,500,000,000 Shares to HK$3,000,000,000 divided into 15,000,000,000 Shares by the creation of an additional 11,500,000,000 new Shares (the "Increase in Authorised Share Capital"), which rank pari passu in all respects with each other.

Further details on the Increase in Authorised Share Capital are set out in the announcements dated 29 September 2015 and 4 November 2015, and the circular dated 19 October 2015 of the Company.

Change in board lot size

Upon the Share Consolidation becoming effective on 5 November 2015, the board lot size for trading on the Stock Exchange of Hong Kong Limited has changed from 100,000 Old Shares to 5,000 Shares. The monetary value of each board lot has remained unchanged as a result of the change in board lot size.

Further details on the change in board lot size are set out in the announcement of the Company dated 29 September 2015.

Rights issue

The Company announced on 29 September 2015 to put forward a proposal, subject to, amongst others, the Share Consolidation and the Increase in Authorised Share Capital becoming effective, to implement a rights issue, by way of the issue of not less than 5,401,916,776 Shares and not more than 9,063,216,776 Shares (the "Rights Shares"), on the basis of four (4) Rights Shares for every one (1) Share held on the record date at the subscription price of HK$0.20 per Rights Share (the "Rights Issue"), to raise not less than approximately HK$1,080.4 million and not more than approximately HK$1,812.6 million before expenses.

Following the passing of an ordinary resolution on the proposed Rights Issue by the independent Shareholders at the EGM and the implementation of the Share Consolidation and the Increase in Authorised Share Capital on 5 November 2015, the Company has provisionally allotted to the qualifying shareholders four (4) Rights Shares in nil-paid form for every one (1) Share in issue and held on the record date, i.e. 16 November 2015 (the "Record Date"), as detailed in the prospectus of the Company dated 17 November 2015 (the "Prospectus"). Qualifying shareholders may apply for Rights Shares in excess of their provisional allotment. The Rights Issue has not been extended to the non-qualifying shareholders as defined in the Prospectus.

As at the latest practicable date as defined in the Prospectus, i.e. 12 November 2015 (the "Latest Practicable Date"), (a) Mr. Cao and Champion Rise International Limited ("Champion Rise"), a company wholly owned by him, held 156,425,000 Shares in aggregate (representing approximately 11.58% of the existing issued share capital of the Company); and (b) Mr. Fung Tsun Pong ("Mr. Fung") and Ocean Gain Limited ("Ocean Gain"), a company wholly owned by him, held 153,583,122 Shares in aggregate (representing approximately 11.37% of the existing issued share capital of the Company), had pursuant to the irrevocable undertakings dated 9 September 2015, unconditionally and irrevocably undertaken respectively to the Company and the Underwriters (as defined below), among other things, that each of Mr. Cao, Champion Rise, Mr. Fung and Ocean Gain would remain as the beneficial owner of such Shares until and including the Record Date and would accept their respective Rights Shares consisting of an aggregate of 1,240,032,488 Rights Shares, being their full entitlements under the Rights Issue (the "Irrevocable Undertakings").

The Rights Issue is fully underwritten by VMS Securities Limited ("VMS Securities"), Mr. Cao and Mr. Fung (collectively, the "Underwriters"). Pursuant to the underwriting agreement for the Rights Issue entered into between the Company and the Underwriters on 9 September 2015 (the "Underwriting Agreement"), Mr. Cao and Mr. Fung have jointly and severally (in addition to their respective obligation under the Irrevocable Undertakings) conditionally agreed to underwrite the first 400,000,000 untaken shares, whereas VMS Securities has conditionally agreed to underwrite up to 3,761,884,288 untaken shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions precedent contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the Prospectus. If the conditions precedent of the Rights Issue are not fulfilled or waived (as applicable) or the Underwriting Agreement is terminated or rescinded by the Underwriters on or before 4:00 pm on 4 December 2015 (the "Latest Time for Termination"), the Rights Issue will not proceed.

There were 1,350,479,194 Shares in issue as at the Latest Practicable Date. Upon completion of the Rights Issues on 9 December 2015 (assuming the Rights Issue will become unconditional on 4 December 2015), a total of 5,401,916,776 Rights Shares will be issued pursuant to the terms of the Rights Issue and the number of Shares in issue will become 6,752,395,970. The number of 5,401,916,776 Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 400% of the Company's existing issued share capital immediately after the Share Consolidation and the Increase in Authorised Share Capital became effective on 5 November 2015 and approximately 80% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

The estimated net proceeds of the Rights Issue will be approximately HK$1,046.5 million, which are intended to be applied in the following manners:

(i) approximately HK$780.0 million will be applied to repay the principal amount of the Company's loans and borrowings;

(ii) approximately HK$166.5 million will be applied to the interest payments of the outstanding convertible bonds and other borrowings;

(iii) approximately HK$60.0 million will be applied to invest in a new investment opportunity including the establishment of a joint venture with CNOOC for the investment, construction and operation of the POX Project under the Huizhou petrochemicals phase II project in the petrochemical area of Daya Bay technological and economic development zone, the PRC; and

(iv) approximately HK$40.0 million will be applied to the construction and installation of new CNG and/or LNG dispensing stations in the PRC.

The Directors are of the view that the Rights Issue would facilitate the repayment of the loans and borrowings of the Group, which will improve the financial position of the Group and lower the interest expense of the Group. The Rights Issue will also allow the Group to capture and materialise the identified investment opportunities and strengthen the capital base of the Group.

Further details of the Rights Issue are set out in the announcements dated 29 September 2015 and 4 November 2015, the circular dated 19 October 2015 and the Prospectus of the Company.

Adjustments to (i) conversion price and number of conversion shares of the 2016 and 2018 convertible bonds; (ii) subscription price and number of subscription shares of warrants; and (iii) exercise price and number of option shares of share options under the share option scheme

Prior to the implementation of the Share Consolidation on 5 November 2015, the Company had the following share options, convertible securities and warrants in issue, which conferred rights to subscribe for or convert or exchange into Shares:

i) the 9% unlisted convertible bonds in the aggregate principal amount of HK$3,192 million issued by the Company on 10 February 2015 with rights to convert to up to 15,960,000,000 Old Shares at a conversion price of HK$0.2 per Old Share pursuant to the convertible bonds subscription agreements dated 28 November 2014 entered into between the Company and several subscribers (the "2016 and 2018 Convertible Bonds");

ii) the conditional warrants issued by the Company on 19 April 2013 with rights to subscribe for 2,000,000,000 Old Shares at a subscription price of HK$0.48 per Old Share until 20 December 2015 pursuant to the agreement dated 20 December 2012 entered into between the Company and Joint Gain Holdings Limited (the "Warrants"); and

iii) the outstanding share options to subscribe for an aggregate of 346,500,000 Old Shares at an exercise price of HK$0.45 per Old Share (the "Share Options") under the share option scheme of the Company adopted on 16 July 2004 (the "Share Option Scheme").

Pursuant to the terms and conditions of the instruments constituting the 2016 and 2018 Convertible Bonds and the Warrants, and the terms and conditions of the Share Option Scheme, the conversion price and the number of conversion shares of the 2016 and 2018 Convertible Bonds, the subscription price and the number of subscription shares of the Warrants, and the exercise price and the number of option shares of the Share Options have been adjusted with effect from 5 November 2015 upon the implementation of the Share Consolidation (the "Adjustments"). Details of the Adjustments are set out below:

	Before completion of the Share Consolidation		**After completion of the Share Consolidation**	
	Prevailing conversion price	**Number of conversion shares of HK$0.01 each**	**Adjusted conversion price**	**Adjusted number of conversion shares of HK$0.20 each**
2016 and 2018 Convertible Bonds	HK$0.20	15,960,000,000	HK$4.00	798,000,000

	Before completion of the Share Consolidation		After completion of the Share Consolidation	
	Prevailing subscription price	**Number of subscription shares of HK$0.01 each**	**Adjusted subscription price**	**Adjusted number of subscription shares of HK$0.20 each**
Warrants	HK$0.48	2,000,000,000	HK$9.60	100,000,000
	Prevailing exercise price	**Number of option shares of HK$0.01 each**	**Adjusted exercise price**	**Adjusted number of option shares of HK$0.20 each**
Share Options	HK$0.45	346,500,000	HK$9.00	17,325,000

Save for the above Adjustments, all the other terms and conditions of the 2016 and 2018 Convertible Bonds, Warrants and Share Options remain unchanged.

The Company's auditors, BDO Limited had performed certain factual finding procedures on the Adjustments in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants and issued a report of factual findings to the Board stating that the computation of each of the Adjustments is mathematically accurate and is in compliance with the terms and conditions of the instruments constituting the 2016 and 2018 Convertible Bonds and the Warrants, and the terms and conditions of the Share Option Scheme.

Further details on the Adjustments are set out in the announcement of the Company dated 6 November 2015.

Prospects

The Company will continue to look out for opportunities to enhance the competitive edge of Zhunxing Expressway and proactively push forward the expansion on the petroleum and related products business to achieve sustainable growth of the Group and maximise the benefits of the shareholders as a whole.

Operation of Zhunxing Expressway

The development of logistics base at the terminal of Zhunxing Expressway offers a promising vision for Zhunxing.

The Wulanchabu Integrated Logistics Base development plan targets to commence the operation of two sets of 350,000 kilowatts generating units and begin the construction of another four sets of 660,000 kilowatts generating units by the end of this year. By that time, coal consumption is estimated to reach above 10 million tons, which is expected to boost the traffic flow of the Zhunxing Expressway. As a major transport route of the Wulanchabu Integrated Logistics Base, Zhunxing Expressway will significantly contribute to the traffic fluency, cost-saving and high efficiency of the coal transport process.

Save for the aforesaid, Zhunxing Expressway has commenced the interconnection with Beijing-Tibet Highway (京藏高速公路) ("G6") and Er-Guang Expressway (二廣高速公路) ("G55") in June 2015. After interconnecting with G6 and G55, vehicles running on Zhunxing Expressway are expected to enjoy a considerable saving on traveling cost and time, thereby increasing the traffic volume and toll income of Zhunxing Expressway in the long term.

At present, the domestic coal market is in the trough, and China's yuan devaluation further suppresses coal imports. Following the improvements on the macroeconomy and coal market, the traffic volume and toll income of Zhunxing Expressway are expected to gradually increase, bringing a turnaround to profit in the long run.

Petroleum and Related Products Business

Looking forward, Zitong Energy and Jinjing will endeavor to further consolidate and expand the sources of resources and continue to optimise the client base. At the same time, Zitong Energy and Jinjing by means of employing system formulation, design of business flows and comprehensive risk controls, will strengthen the operational management level, strictly control the operating costs and strive to increase gross profit per ton of petroleum, thus realizing the operational objectives of the refined petroleum trading business of the Group.

Zitong Clean Energy will continue to focus on the technological coordination and business negotiation for the POX Project in Huizhou and actively facilitate the forming of the related joint venture with CNOOC. Currently, the POX Project is still in preliminary stage of design and research phase. The construction of POX Project will have three phases with each phase last for 2 years. It is expected that the construction of the first phase will start in early 2016 and the operation will start in early 2018. Besides, Zitong Clean Energy will also deploy further effort in the study of the coal chemical industry so as to explore a larger room for development in the clean energy business.

The Company entered into cooperative framework agreements with PetroChina Guangdong Marketing Company ("PetroChina Guangdong") and PetroChina Henan Marketing Company ("PetroChina Henan") (collectively, "PetroChina") on 28 August 2014 and 18 September 2014 respectively (the "Framework Agreements"), under which the Company has obtained first rights for the installation and operation of electric vehicle charging and CNG and/or LNG dispensing stations ("CNG/LNG Projects") in over 1,940 gas stations owned by PetroChina in Guangdong and Henan province, the PRC. Building on the Group's experience in the construction and operations of CNG/LNG dispensing stations, the Company plans to establish a number of CNG/LNG dispensing stations in the coming year.

Given the opportunity to cooperate with CNOOC and PetroChina marketing branches, the Company aims at achieving effective provision of resources to the market and thereby realizing the strategic development objective of the Group, and thus the Board is full of confidence in the Group's energy business prospects.

CAPITAL COMMITMENT

The Group's capital commitments outstanding as at 30 September 2015 dropped by 32% to approximately HK$40.88 million (31 March 2015: HK$60.23 million), representing the capital expenditure arising from the acquisition of property, plant and equipment under the expressway operations sector.

CHARGES ON ASSETS

As at 30 September 2015, the Group had pledged the following available-for-sale investments with an aggregate carrying amount of approximately HK$107.0 million to secure part of the Group's borrowings:

i) Guo Kai Rui Ming (Beijing) Investment Fund Co., Limited (國開瑞明(北京)投資基金有限公司);

ii) Inner Mongolia Berun New Energy Company Limited (內蒙古博源新型能源有限公司); and

iii) Inner Mongolia Zhunxing Expressway Service Areas Management Company Limited (內蒙古准興高速服務區管理有限責任公司).

CONTINGENT LIABILITIES

As at 30 September 2015, the Group did not have any material contingent liabilities.

DIVIDENDS

The Directors do not recommend any dividend for the six months ended 30 September 2015 (2014: Nil).

EMPLOYEES

The Group had approximately 646 employees in Hong Kong, PRC and Guyana as at 30 September 2015. The Group ensures that the pay scales of its employees are rewarded on a performance rated basis within the general framework of the Group's remuneration policy.

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 16 July 2004 (the "Old Scheme") expired on 15 July 2014. No further options can be granted under the Old Scheme; howsoever, the options granted under the Old Scheme before 15 July 2014 remain exercisable.

A new share option scheme of the Company was adopted on 28 August 2014 (the "New Scheme") pursuant to the approval by the shareholders of the Company at the annual general meeting held on 28 August 2014. The New Scheme shall remain in force for 10 years from the adoption date unless otherwise terminated or amended.

As at 30 September 2015, the options to subscribe for 346,500,000 shares were valid, outstanding and exercisable till 15 October 2018 under the Old Scheme. The number of securities to be issued upon exercise of the options approved to each grantee is less than 1% of the Company's ordinary shares in issue. No options under the Old Scheme were exercised and thus no securities were issued during the period ended 30 September 2015.

As at 30 September 2015, no share option had been granted, exercised, cancelled or lapsed under the New Scheme.

SALE AND PURCHASE OF SHARES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 September 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save for the deviations as reported and discussed in the Corporate Governance Report as set forth in the Company's 2015 Annual Report, none of the Directors are aware of any information that would reasonably indicate that the Company is not, or was not throughout the period, in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "CG Code"). The Board will review the corporate governance practice of the Company regularly and effect changes if necessary.

THE MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 of the Listing Rules and the Directors of the Company have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions.

AUDIT COMMITTEE

The Company has established its Audit Committee in accordance with the requirements of the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited. The Audit Committee comprising all independent non-executive directors of the Company ("INEDs"), namely Mr. Yip Tak On (Chairman), Mr. Jing Baoli and Mr. Bao Liang Ming, is responsible for reviewing the Group's accounting practices and policies, the external audit, internal controls and risk evaluation. The Audit Committee of the Company has reviewed and discussed with the management the internal control, financial reporting matters and the unaudited interim financial results for the six months ended 30 September 2015.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company was established with terms of reference in compliance with the CG code and is responsible for the formulation and review of the remuneration policy of the Company, determine the specific remuneration packages of all executive directors and senior management, and approve compensation and performance-based remuneration.

The remuneration committee comprises all the INEDs, Mr. Yip Tak On (Chairman), Mr. Jing Baoli and Mr. Bao Liang Ming and an executive director, Mr. Cao Zhong.

NOMINATION COMMITTEE

The Nomination Committee was established with terms of reference in compliance with the CG Code and chaired by Mr. Cao Zhong, the Chairman of the Board with all the three INEDs as members. The primary duties of the Nomination Committee are to review the structure, diversity, size and composition of the Board, make recommendations on any proposed changes to the Board, advise on the appointment or re-appointment of Directors, assess the independence of INEDs, conduct interviews with qualified candidates, recommend suitable candidates for directorship to the Board, review the board diversity policy and ensure that all nominations are fair and transparent.

OTHER DISCLOSURE

Save as disclosed, the Group either has had no material changes from the information disclosed in the latest annual report of the Company or are considered not significant to the Group's operations, thus no additional disclosure has been made in this report.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 46 of Appendix 16 to the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited and the Company's website (www.crtg.com.hk) in due course.

By order of the Board
China Resources and Transportation Group Limited
Cao Zhong
Chairman

Hong Kong, 23 November 2015

As at the date of this announcement, the Board comprises five executive Directors, namely Messrs Cao Zhong, Fung Tsun Pong, Duan Jingquan, Tsang Kam Ching, David and Gao Zhiping; a non-executive Director, namely Mr. Suo Suo Stephen; and three independent non-executive Directors, namely Messrs Yip Tak On, Jing Baoli and Bao Liang Ming.