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EVERCHINA INT'L HOLDINGS COMPANY LIMITED

潤中國際控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 202)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

FINANCIAL HIGHLIGHTS

- Turnover from continuing operations amounted to HK\$66,534,000, representing an increase 63.1% as compared to last year.
- Loss for the year amounted to HK\$485,586,000 as compared to the profit of HK\$178,815,000 for last year.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2015 (31 March 2014: Nil).
- At 31 March 2015, total equity amounted to HK\$4,980,734,000, representing a decrease 8.8% as compared to HK\$5,458,884,000 as at 31 March 2014.
- At 31 March 2015, net assets per share was HK\$0.82, representing a decrease of 8.9% as compared to HK\$0.90 as at 31 March 2014.

The board (the “Board”) of directors (the “Directors”) of EverChina Int'l Holdings Company Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2015 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
Continuing operations			
Turnover	4	66,534	40,785
Cost of sales		(2,386)	(1,909)
Other income and gain, net	5	22,512	63,403
Staff costs		(19,354)	(16,236)
Amortisation and depreciation		(6,809)	(3,253)
Administrative costs		(51,354)	(83,850)
Other operating expenses		(11,757)	(65,953)
Impairment loss recognised in respect of mining rights		(194,200)	(31,200)
(Loss)/gain arising from change in financial assets at fair value through profit or loss		(143,476)	17,746
Fair value change in investment properties		18,133	25,784
Loss from operations	6	(322,157)	(54,683)
Finance costs	7	(47,932)	(49,781)
Share of result of an associate		29,050	49,838
Gain on deemed disposal of an associate		—	169,442
Loss on partial disposal of shares in an associate		(61,026)	—
Gain on disposal of subsidiaries		—	7,116
(Loss)/profit before taxation		(402,065)	121,932
Taxation	8	(54,009)	58,579
(Loss)/profit for the year from continuing operations		(456,074)	180,511
Discontinued operations			
Loss for the year from discontinued operations		(29,512)	(1,696)
(Loss)/profit for the year		(485,586)	178,815
(Loss)/profit for year attributable to:			
Owners of the Company		(403,159)	177,124
Non-controlling interests		(82,427)	1,691
		(485,586)	178,815
(Loss)/earnings per share attributable to the owners of the Company	9	HK cents	HK cents
From continuing and discontinued operations — Basic and diluted		(6.632)	2.914
From continuing operations — Basic and diluted		(6.147)	2.942

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(Loss)/profit for the year	(485,586)	178,815
Other comprehensive (loss)/income for the year		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of overseas subsidiaries	9,143	46,410
Reclassification adjustment related to foreign operations disposed of during the year	(1,733)	4,074
Share of other comprehensive income of an associate	26	41
Total comprehensive (loss)/income for the year	(478,150)	229,340
Total comprehensive (loss)/income attributable to:		
Owners of the Company	(397,257)	227,649
Non-controlling interests	(80,893)	1,691
	(478,150)	229,340

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Investment properties		634,250	616,117
Property, plant and equipment		585,083	20,585
Mining rights	<i>10</i>	870,016	1,068,600
Goodwill		63,807	18,069
Interests in an associate	<i>11</i>	1,467,959	1,879,624
Other non-current assets		44,806	58,157
		3,665,921	3,661,152
Current assets			
Inventories		15	–
Trade and other receivables and prepayments	<i>12</i>	1,033,891	1,628,216
Amount due from an associate		107,297	–
Loan receivables	<i>13</i>	254,618	232,699
Financial assets at fair value through profit or loss		368,193	188,509
Tax recoverable		1,338	1,204
Cash and cash equivalents		468,859	321,777
		2,234,211	2,372,405
Total assets		5,900,132	6,033,557
Capital and reserves			
Share capital		2,490,454	2,490,454
Reserves		2,187,118	2,584,375
Equity attributable to owners of the Company		4,677,572	5,074,829
Non-controlling interests		303,162	384,055
Total equity		4,980,734	5,458,884

	<i>Notes</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
Non-current liability			
Deferred tax liabilities		<u>123,457</u>	<u>64,131</u>
Current liabilities			
Bank overdraft		212	–
Trade and other payables and deposits received	14	58,657	58,925
Amount due to an associate		–	6,663
Tax payable		3,307	2,379
Bank borrowings		21,916	27,480
Other borrowings		<u>711,849</u>	<u>415,095</u>
		<u>795,941</u>	<u>510,542</u>
Total liabilities		<u>919,398</u>	<u>574,673</u>
Total equity and liabilities		<u>5,900,132</u>	<u>6,033,557</u>
Net current assets		<u>1,438,270</u>	<u>1,861,863</u>
Total assets less current liabilities		<u>5,104,191</u>	<u>5,523,015</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Ints”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and Int issued by the HKICPA (hereinafter collectively referred to as “new and revised HKFRSs”), which are effective for the Group’s financial year beginning on 1 April 2014.

HKFRS 10, HKFRS 12 and HKAS 27(Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The adoption of these newly effective interpretation and amendments to existing standards does not result in substantial changes to the Group’s accounting policies or financial results.

In addition, the requirements of Part 9 “Account and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year; and as a result, there are changes to presentation and disclosure of certain information in the consolidated financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ⁵
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
HKAS 1 (Amendments)	Disclosure Initiative ⁵
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions ⁴
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ⁵
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception ⁵
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle ⁶
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle ⁴
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle ⁵

- ¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- ² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
- ³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- ⁴ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
- ⁵ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
- ⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 *Financial Instruments*

HKFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 “Financial Instruments: Recognition and Measurement” that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the “hedged ratio” to be the same as the one management actually use for risk management purposes.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an investor and its Associate or Joint Venture*

The amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture.

The directors are in the process of assessing the potential impact of the new and revised HKFRSs but are not in a position to determine whether the new and revised HKFRSs will have a significant impact on how the Group’s results of operations and financial position are prepared and presented. The new and revised HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

4. SEGMENT INFORMATION

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

Continuing operations

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

The securities dealing and brokerage operation and supply and procurement operation were discontinued in prior years. The segment information does not reflect any figures for discontinued operations.

(a) Segment revenue and result

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

For the year ended 31 March 2015

	Continuing operations					Consolidated total HK\$'000
	Environmental water treatment operation HK\$'000	Property investment operation HK\$'000	Financing and securities investment operation HK\$'000	Natural resources operation HK\$'000	Hotel operation HK\$'000	
Segment revenue	<u>–</u>	<u>26,444</u>	<u>32,495</u>	<u>–</u>	<u>7,595</u>	66,534
Segment results	<u>(11,132)</u>	<u>33,498</u>	<u>(111,158)</u>	<u>(205,007)</u>	<u>(3,003)</u>	(296,802)
Interest income and other income						10,303
Unallocated expenses						<u>(35,658)</u>
Loss from operations						(322,157)
Finance costs						(47,932)
Share of result of an associate						29,050
Loss on partial disposal of shares in an associate						<u>(61,026)</u>
Loss before taxation						(402,065)
Taxation						<u>(54,009)</u>
Loss for the year						<u><u>(456,074)</u></u>

For the year ended 31 March 2014

	Continuing operations					Consolidated total HK\$'000
	Environmental water treatment operation HK\$'000	Property investment operation HK\$'000	Financing and securities investment operation HK\$'000	Natural resources operation HK\$'000	Hotel operation HK\$'000	
Segment revenue	<u>–</u>	<u>23,473</u>	<u>17,312</u>	<u>–</u>	<u>–</u>	40,785
Segment results	<u>(25,620)</u>	<u>16,209</u>	<u>8,621</u>	<u>(33,059)</u>	<u>–</u>	(33,849)
Interest income and other income						81,149
Unallocated expenses						<u>(101,983)</u>
Loss from operations						(54,683)
Finance costs						(49,781)
Share of result of an associate						49,838
Gain on deemed disposal of an associate						169,442
Gain on disposal of subsidiaries						<u>7,116</u>
Profit before taxation						121,932
Taxation						<u>58,579</u>
Profit for the year						<u>180,511</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2014: nil).

Segment result represents the result generated from each segment without allocation of central administration costs including directors' salaries, finance costs, share of result of an associate, gain on disposal of subsidiaries, loss on partial disposal of shares in an associate, gain on deemed disposal of an associate and taxation. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities**At 31 March 2015**

	Continuing operations					Consolidated total HK\$'000
	Environmental water treatment operation HK\$'000	Property investment operation HK\$'000	Financing and securities investment operation HK\$'000	Natural resources operation HK\$'000	Hotel operation HK\$'000	
Assets/liabilities						
Segment assets	2,787,429	659,407	646,311	1,029,789	660,654	5,783,590
Unallocated corporate assets						11,133
Tax recoverable						1,338
Total assets						<u>5,796,061</u>
Segment liabilities	31,046	96,326	234,025	9,023	64,134	434,554
Unallocated corporate liabilities						481,440
Tax payable						3,307
Total liabilities						<u>919,301</u>

At 31 March 2014

	Continuing operations					Consolidated total HK\$'000
	Environmental water treatment operation HK\$'000	Property investment operation HK\$'000	Financing and securities investment operation HK\$'000	Natural resources operation HK\$'000	Hotel operation HK\$'000	
Assets/liabilities						
Segment assets	2,954,113	694,490	421,219	1,237,720	–	5,307,542
Unallocated corporate assets						585,351
Tax recoverable						1,204
Total assets						<u>5,894,097</u>
Segment liabilities	28,697	73,910	42	7,133	–	109,782
Unallocated corporate liabilities						455,683
Tax payable						2,379
Total liabilities						<u>567,844</u>

For the purposes of monitoring segment performance and allocating resource between segments:

All assets related to environmental water treatment operation, property investment operation, financing and securities investment operation, natural resources operation and hotel operation are allocated to reportable segments other than certain property, plant and equipment, other non-current assets, other receivables, prepayment and deposits, financial assets at fair value through profit or loss and cash and bank balances that are not attributable to individual segments.

All liabilities related to environmental water treatment operation, property investment operation, financing and securities investment operation, natural resources operation and hotel operation are allocated to reportable segments other than certain other payables and borrowings that are not attributable to individual segments.

(c) Other segment information

For the year ended 31 March 2015

	Continuing operations					Consolidated total HK\$'000
	Environmental water treatment operation HK\$'000	Property investment operation HK\$'000	Financing and securities investment operation HK\$'000	Natural resources operation HK\$'000	Hotel operation HK\$'000	
Other segment information						
Amortisation and depreciation	1,938	90	–	19	3,618	5,665
Unallocated amounts						1,144
						<u>6,809</u>
Capital expenditure	–	243	–	–	–	243
Unallocated amounts						283
						<u>526</u>
Fair value change in investment properties	–	(18,133)	–	–	–	(18,133)
Fair value change in financial assets at fair value through profit or loss	–	–	143,476	–	–	143,476
Loss on written off of property, plant and equipment	–	–	–	9,267	–	9,267
Loss on disposal of property, plant and equipment	284	–	–	–	–	284
Impairment loss recognised in respect of mining rights	–	–	–	194,200	–	194,200
Impairment loss recognised in respect of trade and other receivables and prepayments	–	–	28,674	–	–	28,674

For the year ended 31 March 2014

	Continuing operations					Consolidated total HK\$'000
	Environmental water treatment operation HK\$'000	Property investment operation HK\$'000	Financing and securities investment operation HK\$'000	Natural resources operation HK\$'000	Hotel operation HK\$'000	
Other segment information						
Amortisation and depreciation	2,074	89	–	–	–	2,163
Unallocated amounts						1,090
						<u>3,253</u>
Capital expenditure	166	–	–	2,421	–	2,587
Unallocated amounts						4,035
						<u>6,622</u>
Fair value change in investment properties	–	(25,784)	–	–	–	(25,784)
Fair value change in financial assets at fair value through profit or loss	–	–	(17,746)	–	–	(17,746)
Gain on disposal of property, plant and equipment	–	(61)	–	–	–	(61)
Impairment loss recognised in respect of mining rights	–	–	–	31,200	–	31,200
Impairment loss recognised in respect of loan receivables	–	–	8,114	–	–	8,114

(d) Geographical information

The following table sets out information about the geographical location of the Group's revenue from continuing operations from external customers and the Group's investment properties, property, plant and equipment, mining rights, goodwill, interest in an associate and other non-current assets ("Specified Non-current Assets"). The geographical location of customers is based on the location at which the services were provided or goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset or the location of the operation to which they are allocated.

	Revenue from external customers		Specified non-current assets	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong	17,506	17,312	53,370	37,329
The PRC	49,028	23,473	2,742,093	2,545,495
Indonesia	–	–	870,458	1,078,328
	<u>66,534</u>	<u>40,785</u>	<u>3,665,921</u>	<u>3,661,152</u>

5. OTHER INCOME AND GAIN, NET

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Continuing operations		
Bank interest income	11,412	6,079
Compensation income	–	23,945
Other loan interests income	–	7,232
Government subsidies	–	17,758
Gain on disposal of property, plant and equipment	–	61
Net foreign exchange gain	5,106	3,911
Sundry income	5,994	4,417
	<u>22,512</u>	<u>63,403</u>

6. LOSS FROM OPERATIONS

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

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Continuing operations		
Depreciation	6,809	3,231
Auditors' remuneration	2,260	2,365
Cost of inventories for hotel operation provided	1	–
Loss/(gain) on disposal of property, plant and equipment	284	(61)
Loss on written off of property, plant and equipment	9,267	–
Impairment loss recognised in respect of loan receivables	–	8,114
Impairment loss recognised in respect of other non-current assets	11,184	12,707
Impairment loss recognised in respect of property, plant and equipment	–	1,536
Impairment loss recognised in respect of mining rights	194,200	31,200
Impairment loss recognised in respect of trade and other receivables and prepayments	28,674	43,596
Operating lease rentals in respect of premises	8,385	5,529
Net foreign exchange gain	(5,106)	(3,911)
Fair value change in investment properties	(18,133)	(25,784)
Gross rental income from investment properties	(26,444)	(23,473)
Less: direct operating expenses from investment properties that generated rental income during the year	1,057	1,857
	<u>(25,387)</u>	<u>(21,616)</u>

7. FINANCE COSTS

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Continuing operations		
Interests on:		
Bank borrowings and overdrafts	1,798	6,552
Other borrowings	46,134	43,229
	<u>47,932</u>	<u>49,781</u>

8. TAXATION

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Continuing operations		
Current tax:		
Hong Kong Profits Tax	–	1,274
The PRC Enterprise Income Tax	50,637	1,830
	<u>50,637</u>	<u>3,104</u>
Over-provision in prior years:		
Hong Kong Profits Tax	(10)	–
The PRC Enterprise Income Tax	–	(68,192)
	<u>50,627</u>	<u>(65,088)</u>
Deferred tax	3,382	6,509
	<u>54,009</u>	<u>(58,579)</u>

Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the year.

The PRC Enterprise Income Tax

All the Company's subsidiaries established in the PRC are subject to the PRC Enterprise Income Tax at 25% of the assessable income of each company during the years ended 31 March 2015 and 2014.

The Indonesia Corporate Tax

The corporate tax rate applicable to the subsidiary which is operating in Indonesia is 25% (2014: 25%) during the year. No Indonesia Corporate Tax was recognised as the subsidiary in Indonesia has no estimated assessable profits for the year.

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share from operations is based on the following data:

From continuing and discontinued operations

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<u>(403,159)</u>	<u>177,124</u>

Year ended 31 March	
2015	2014

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share

<u>6,078,669,363</u>	<u>6,078,669,363</u>
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The diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as the Company has no dilutive potential shares outstanding for the year ended 31 March 2015 and 31 March 2014.

From continuing operations

	Year ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	(403,159)	177,124
Loss for the year from discontinued operations	<u>29,512</u>	<u>1,696</u>
	<u>(373,647)</u>	<u>178,820</u>

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

From discontinued operations

Basic and diluted loss per share for the discontinued operations is HK0.485 cents per share (2014: HK0.028 cents), based on the loss for the year from the discontinued operations of approximately HK\$29,512,000 (2014: HK\$1,696,000).

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

10. MINING RIGHTS

	<i>HK\$'000</i>
Cost	
At 1 April 2013, 31 March 2014 and 1 April 2014	1,232,400
Exchange alignment	(5,056)
	<hr/>
At 31 March 2015	1,227,344
	<hr/>
Accumulated amortisation and impairment	
At 1 April 2013	132,600
Impairment	31,200
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At 31 March 2014 and 1 April 2014	163,800
Impairment	194,200
Exchange alignment	(672)
	<hr/>
At 31 March 2015	357,328
	<hr/>
Carrying amount	
At 31 March 2015	870,016
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At 31 March 2014	1,068,600
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The mining rights were acquired through the acquisition of Universe Glory Limited and its subsidiary (the "Universe Glory Group"). The mining rights represent the rights to conduct mining activities in East Nusa Tenggara, Kupang, Indonesia.

The mining rights are amortised using the unit-of-production methods based on the total proven and probable mineral reserves, under the assumption that the mining rights have a finite useful lives and valid expire on 18 November 2031, till all proven and probable mineral reserves have been mined. For the years ended 31 March 2015 and 2014, the management considered that the commercial production of the mine has not yet commenced, no amortisation was provided during both years.

As a result of the negative effect of persistent weak prices for manganese and manganese products, the directors reviewed the carrying amount of the mining rights, impairment loss of approximately HK\$194,200,000 (2014: HK\$31,200,000) had been identified and recognised in the consolidated statement of profit or loss for the year and the recoverable amount has been reduced to approximately HK\$870,016,000 (2014: HK\$1,068,600,000).

The recoverable amount of the mining rights was valued by an independent valuer, Roma Appraisal Limited. The valuation is based on the income-approach and the excess earning basis is adopted. This method looks at the current values of the tangible assets and other intangible assets employed as the benchmark for an estimated rate of return. The valuation adopted weighted average cost of capital plus additional premium to determine the discount rate for the excess earning cash flow. The discount rate used was 15% (2014: 16%) for the valuation of the mining rights.

11. INTEREST IN AN ASSOCIATE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of investment		
— Listed outside Hong Kong (<i>Note</i>)	1,385,005	1,800,773
Share of result of an associate	82,784	71,655
Share of other comprehensive income of an associate	170	7,196
	<u>1,467,959</u>	<u>1,879,624</u>
Market value of the listed associate	<u>2,376,059</u>	<u>1,818,683</u>

Note: Details of the Group's interests in the Heilongjiang Interchina Group are as follows:

For the year ended 31 March 2015

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

Upon completion of the partial disposal of interests in Heilongjiang Interchina, the aggregate number of Heilongjiang Interchina shares held by the Group decreased from 299,312,500 Heilongjiang Interchina shares, representing approximately 20.56% of the issued share capital of Heilongjiang Interchina, to 227,312,500 Heilongjiang Interchina shares, representing approximately 15.61% of the issued share capital of Heilongjiang Interchina. A loss on partial disposal of approximately HK\$61,026,000 was recognised in consolidated statement of profit or loss during the year ended 31 March 2015.

The Group is entitled to 15.61% equity interest in Heilongjiang Interchina. The directors of the Company consider that the Group has retained significant influence over Heilongjiang Interchina by the representation of the Group on the board of directors of Heilongjiang Interchina despite that the interest held by the Group is below 20% and therefore the Group has continuously accounted for Heilongjiang Interchina as its associates for the year ended 31 March 2015.

For the year ended 31 March 2014

In July 2012, Heilongjiang Interchina had submitted a proposal to the Shanghai Stock Exchange to increase its issued shares by not more than 160,000,000 Heilongjiang Interchina new shares to not more than ten subscribers (the "Non-public Share Issue") which also constituted a deemed disposal of the Group's interest in Heilongjiang Interchina (the "Deemed Disposal"). On 19 October 2012, the shareholders of the Company approved the Deemed Disposal.

On 12 April 2013, Heilongjiang Interchina received the formal approval notice from the China Securities Regulatory Committee ("CSRC") in respect to the Non-public Share Issue.

On 21 June 2013, Heilongjiang Interchina issued an aggregate of 155,024,691 shares to eight subscribers at the price of RMB8.1 per share and result net proceeds of approximately RMB1,215,231,000 (equivalent to approximately HK\$1,529,170,000) were raised accordingly. Following completion of the Deemed Disposal, the Group's interests in Heilongjiang Interchina was diluted from 28.02% to 20.56%. Considering the equity interest of 28.02% in Heilongjiang Interchina, the excess of the net proceeds from the Deemed Disposal over the carrying amount of equity interest in the Heilongjiang Interchina upon completion of the Deemed Disposal amount to approximately HK\$169,442,000 was recognised as gain on deemed disposal of an associate in the consolidated statement of profit or loss.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2015 HK\$'000	2014 HK\$'000
Trade receivables	79,047	76,721
Margin clients' accounts receivables	99,761	99,761
Prepayments, deposits and other receivables	975,991	1,543,968
	<u>1,154,799</u>	<u>1,720,450</u>
Less: Impairment of trade and other receivables and prepayments	<u>(120,908)</u>	<u>(92,234)</u>
	<u><u>1,033,891</u></u>	<u><u>1,628,216</u></u>

The Group allows an average credit period of 60 days (2014: 60 days) to its trade customers.

The following is an aging analysis of trade receivables:

	2015 HK\$'000	2014 HK\$'000
0 to 30 days	1,418	–
31 to 60 days	333	–
61 to 90 days	90	–
91 to 180 days	30	–
Over 180 days	77,176	76,721
	<u>79,047</u>	<u>76,721</u>

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

	2015 HK\$'000	2014 HK\$'000
At beginning of the year	92,234	74,152
Written off	–	(25,514)
Impairment loss recognised	28,674	43,596
	<u>120,908</u>	<u>92,234</u>

The aged analysis of the trade receivables that are past due but not impaired was as follow:

	2015 HK\$'000	2014 <i>HK\$'000</i>
Over 180 days	32,790	76,721

Trade receivables within credit terms relate to a wide range of customers for whom there is no recent history of default. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of trade receivables. The Group does not hold any collateral over these balances.

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

The Group's prepayments, deposits and other receivables as at 31 March 2015 and 2014, inter alia, the following:

- (i) prepayments and other receivables of approximately HK\$336,643,000 (2014: HK\$588,515,000) paid for acquisition of certain investment properties and several potential water plant projects in the PRC. The amount of HK\$251,872,000 has been refunded in April 2014;
- (ii) prepayments and other receivables of approximately HK\$286,712,000 (2014: HK\$295,458,000) to various contractors for construction of environmental protection and water treatment projects in the PRC; and
- (iii) deposits of HK\$159,000,000 (2014: HK\$159,000,000) paid for acquisition of companies aggregately owned 30% equity interest in a Indonesia company which is a 65% owned subsidiary of the Group and principally engaged in the exploration, mining, processing and sale of manganese resources in Indonesia. Details of which were set out in the Company's announcements dated 26 November 2013, 29 November 2013, 10 January 2014, 28 March 2014, 15 August 2014, 30 September 2014, 31 December 2014 and 31 March 2015.

13. LOAN RECEIVABLES

	2015 HK\$'000	2014 <i>HK\$'000</i>
Loan receivables	364,022	342,103
Less: Impairment loss recognised	(109,404)	(109,404)
	254,618	232,699

The loan was unsecured, carrying at the prevailing interest rate ranging from 2% to 7.2% (2014: 2% to 7.2%) per annum with fixed repayment terms.

During the year, no impairment loss was recognised (2014: HK\$8,114,000).

The remaining balance of loan receivables relates to a number of independent debtors that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the amounts were still considered recoverable. The Group does not hold any collateral over these balances.

14. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

	2015 HK\$'000	2014 HK\$'000
Trade payables	1,318	–
Other payables and deposits received	57,339	58,925
	<u>58,657</u>	<u>58,925</u>

The following is an aging analysis of trade payables:

	2015 HK\$'000	2014 HK\$'000
0 to 30 days	212	–
31 to 60 days	371	–
Over 60 days	735	–
	<u>1,318</u>	<u>–</u>

Included in other payables were the amounts of interest expenses payable and amount due to a director of the subsidiaries amounted to approximately HK\$980,000 (2014: HK\$2,953,000) and HK\$2,881,000 (2014: HK\$914,000) respectively.

15. EVENTS AFTER THE REPORTING PERIOD

- (a) On 28 April 2015, the Company entered into a bought and sold note with Ms. Pauline Po (“Ms. Po”), an independent third party, pursuant to which the Company disposed to Ms. Po the 119,500,000 shares of Honbridge Holdings Limited (“Honbridge”), representing approximately 1.7985% of the issued share capital of Honbridge (based on the 6,644,571,606 number of issued shares of Honbridge as at 31 March 2015 according to publicly available information), at a total cash consideration of HK\$167,300,000. Honbridge is a company incorporated in the Cayman Islands with limited liabilities and the shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (Stock Code: 8137). The disposal has been completed on 29 April 2015. Details of which was set out in the Company’s announcement dated 28 April 2015.
- (b) On 21 March 2014, Interchina Resources Holdings Limited, a wholly-owned subsidiary of the Company entered into the sale and purchase agreement with Mr. Ji WenWen regarding the further acquisition of the 30% equity interest in an Indonesian company at the consideration of HK\$318,000,000. As at the date of approval of these consolidated financial statements, acquisition of the additional interests has not completed and the management of the Group was still in the midst of determining the financial effect of the aforesaid transactions. Details of which were set out in the Company’s announcements dated 21 March 2014, 30 April 2014, 30 May 2014, 20 June 2014, 15 August 2014 and 30 September 2014, 31 December 2014, 31 March 2015 and 20 May 2015 and the Company’s circular dated 7 July 2014.

DIVIDEND

The Board did not recommend the payment of a dividend for the year ended 31 March 2015 (2014: Nil).

BUSINESS REVIEW

For the year ended 31 March 2015, property investment operation and financing and securities investment operation continued to be the Group's main source of income. The Group recorded a total revenue of HK\$66,534,000 for the year, representing an increase of 63.1% over the previous year. This was mainly contributed by the growth of the financing operation as well as the hotel operation started to contribute revenue to the Group since January 2015.

The Group recorded a loss of HK\$485,586,000 (2014: profit of HK\$178,815,000). The turnaround to a loss was mainly as a result of the following factors: (i) a non-recurrent one-off gain of HK\$169,442,000 from deemed disposal of associates in last year; (ii) an impairment loss recognised in respect of mining rights of HK\$194,200,000 (2014: HK\$31,200,000) resulting from sluggish demand for manganese ore as well as downward pressure on the market prices as compared with last year; (iii) an unrealised loss arising on change in fair value of financial assets of HK\$143,476,000 (2014: unrealised gain of HK\$17,746,000) as the result of the unstable investment market conditions; and (iv) loss of HK\$61,026,000 arising from the partial disposal of equity interest in an associate during the year.

Loss for the year attributable to owners of the Company amounted to HK\$403,159,000, as compared to profit attributable to owners of the Company of HK\$177,124,000 in the previous year. The basic loss per share (including continuing and discontinued operations) amounted HK6.632 cents, compared with the basic earnings per share of HK2.914 cents with the previous year.

Segmental review of the Group's operations during the year is as follows:

Property Investment Operation

The Group currently owns approximately total gross floor area of 19,620 sq. m. in Beijing Interchina Commercial Building, located in the CBD of Beijing, the PRC (the "Beijing Property"). At 31 March 2015, the carrying value of the Group's investment properties amounted to approximately HK\$634,250,000 (31 March 2014: HK\$616,117,000) and all of them have been fully let during the year.

During the year, the Group was successful in delivering stable revenue growth from property investment operation. Rental income increased by 12.7% to approximately HK\$26,444,000 (2014: HK\$23,473,000). The segment profit amounted to approximately HK\$33,498,000 (2014: HK\$16,209,000). The increase in profit was mainly attributable to the decrease in professional and consultancy fee expenses for business expansion during the year (2014: HK\$22,930,000).

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

Hotel Operation

The Group has been constantly seeking to expand its business portfolios with a view to expand its revenue source. On 29 December 2014, the Group completed the acquisition of the entire equity interests of Loyal Rich International Investment Limited (“Loyal Rich”) and its wholly-owned subsidiary 天富(上海)酒店管理有限公司 (the “Loyal Rich Group”). The Loyal Rich Group mainly owns and operates the Express by Holiday Inn Wujiaochang Shanghai (上海五角場快捷假日酒店), a 20-storey hotel with a gross floor area of approximately 15,949.09 sq. m., located in 1729 Huang Xing Road, Wujiaochang Jiedao, Yangpu District, Shanghai, the PRC (the “Hotel”) and a 2-storey carpark with a gross floor area of 18,329.46 sq.m., located in Basement 2 & 3 1737 Huang Xing Road, Wujiaochang Jiedao, Yangpu District, Shanghai, the PRC (the “Carpark”).

Due to the completion of acquisition in December 2014, the Group can only share three months revenue of the hotel which amounted to HK\$7,595,000 for this year. Affected by the Chinese Lunar New Year holiday, the average occupancy of the first quarter 2015 reached 69%, which is comparatively lower than the average occupancy rate of 80% per annum of last year. As the result, the hotel operation recorded segmental loss of approximately HK\$3,003,000.

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

Financing and Securities Investment Operation

Segment revenue represents interest income from financing operation, increased by 87.7% to HK\$32,495,000. The segment loss amounted to approximately HK\$111,158,000 (2014: profit of HK\$8,621,000). The turnaround to loss was mainly attributable to the unrealised loss arising on change in fair value of financial assets of approximately HK\$143,476,000 (2014: unrealised gain of HK\$17,746,000) for the year.

In September 2014, the Company entered into a subscription agreement with KuangChi Science Limited (Stock Code: 439), pursuant to which the Company has conditionally agreed to subscribe for up to 60,000,000 new KuangChi shares at HK\$5.386 per KuangChi share in cash for an aggregate consideration of HK\$323,160,000 (the “KuangChi Subscription”). The KuangChi Subscription constitutes a discloseable transaction for the Company under the Listing Rules. Detail of the transaction was set out in the Company’s announcement dated 15 September 2014. The Subscription completed on 29 September 2014.

As at 31 March 2015, total securities investment/financial assets at fair value through profit and loss stood at approximately HK\$368,193,000 (31 March 2014: HK\$188,509,000) and total loan receivables under financing operation amounted to approximately HK\$254,618,000 (31 March 2014: HK\$232,699,000).

The Company will continue to seek for securities investment opportunity with good business prospect in order to strengthen the earning base of the Group.

Natural Resources Operation

The Group operates the natural resources operation through a 65% indirect-owned subsidiary of the Company, P.T. Satwa Lestari Permai (“SLP”) which is a licensed mining company under the Laws of the Republic of Indonesia. SLP owns mining licenses (IUP Manganese Production Operation) to conduct the activities of construction, production, sales transportation and processing/refinery of manganese ore in areas totaling approximately 2,000 hectare in and around the sub-district of Amfoang Selatan, sub-district of Takari and sub-district of Fatuleu, Kupang City Nusantara Timor Tenggara, Indonesia for a period of twenty years (“Mining Right”). Production has not been commenced since the Group acquired the Mining Right in 2011. Therefore, this segment did not contribute any revenue to the Group for the year.

Coupled with the softening of the global economy at large, steel demand continues to depress leading to a weak demand for ores and alloys. Manganese ore benchmark prices (referenced by 44% Mn grade lump published by Metal Bulletin) fell from US\$5.11/dmtu CIF China at the beginning of 2014 to a low of US\$4.30/dmtu CIF China at the beginning of 2015. Thus, the Company has undertaken a review on the carrying value of the Mining Right with reference to independent valuation report, and impairment loss on the Mining Right of HK\$194,200,000 was recognised for the year (2014: HK\$31,200,000). The carrying value of the Mining Right at 31 March 2015 amounted to HK\$870,016,000 (31 March 2014: HK\$1,068,600,000). The segment loss amounted to HK\$205,007,000 (2014: HK\$33,059,000). The significant increase in loss was largely driven by increase in impairment loss on the Mining Right.

In March 2014, the Group entered into a sale and purchase agreement with one of the minority shareholder of the SLP to acquire the 30% equity interest in SLP at the consideration of HK\$318,000,000 (the “Further Acquisition”). Upon the completion of the Further Acquisition, the Group’s interest in SLP will increased from 65% to 95%. Detail of the transaction was set out in the Company’s circular dated 7 July 2014. As additional time is required for the fulfilment of the conditions precedent set out in the sale and purchase agreement, on 29 May 2015, the Company has informed the vendor to further extend the long stop date to 30 September 2015 (or such other date as may be agreed by the Company in writing). Upon the date of this report, the Further Acquisition has not yet completed.

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

Environmental Water Treatment Operation — Interest in an associate

During the year, the Group mainly operates the environmental water treatment operation through its associate company, Heilongjiang Interchina Water Treatment Company Limited (“Heilongjiang Interchina”) which is listed on the Shanghai Stock Exchange (Stock Code: 600187). Heilongjiang Interchina operated seventeen water projects located in different regions in the PRC, with aggregate daily capacity of 1,497,500 tonnes. Although this segment recorded no turnover for the year (2014: Nil), the Group shared a net profit of Heilongjiang Interchina amounted to HK\$29,050,000 for the year (2014: HK\$49,838,000).

In May 2014, the Group disposed an aggregate of 72,000,000 Heilongjiang Interchina shares (the “Disposal”), representing 4.95% of the issued share capital of Heilongjiang Interchina, through the block trading system of the Shanghai Stock Exchange at an aggregate consideration of RMB311,760,000 (equivalent to approximately HK\$392,151,000), representing RMB4.33 (equivalent to approximately HK\$5.45) per Heilongjiang Interchina share. The Disposal recognised a loss of HK\$61,026,000 for the Group. The net proceed from the Disposal had been used to repay the outstanding borrowings of the Group. After the Disposal, the Group still holds 227,312,500 Heilongjiang Interchina shares, representing approximately 15.61% of the issued shares capital of Heilongjiang Interchina.

As at 31 March 2015, Heilongjiang Interchina’s closing share price was RMB8.31, representing Heilongjiang Interchina’s market capitalisation of approximately RMB12.1 billion (approximately HK\$15.2 billion) and the market value of approximately HK\$2.4 billion of the Group’s shareholding in Heilongjiang Interchina.

While it is the Company’s current intention to keep the status quo in respect of its environmental water treatment operation it will not preclude the chance of realising its investment in this sector or making further investment in it should the opportunity arise.

Discontinued Operations

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

The cessation of securities dealing and brokerage operation became effective on 31 July 2012 but has been pending the final approval by the Securities and Futures Commission. No revenue was recognised for the past two years. This segment recorded loss of HK\$29,512,000 (2014: HK\$1,696,000). The loss is mainly attributed by the impairment loss of HK\$28,674,000 in respect of margin client’s accounts receivables for the year.

Outlook

Looking forward, 2015 will continue to be a challenging year. The Group will continue to manage its businesses in a prudent manner and will strive for developing recurrent income streams so as to provide long term sustainable growth for the benefit of the Group and its shareholders as a whole.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2015, the Group's total assets were HK\$5,900,132,000 (31 March 2014: HK\$6,033,557,000) and the total liabilities were HK\$919,398,000 (31 March 2014: HK\$574,673,000). At 31 March 2015, the equity reached HK\$4,980,734,000 (31 March 2014: HK\$5,458,884,000) and the current ratio of the Group was 2.8 (31 March 2014: 4.7).

At 31 March 2015, the Group's cash on hand and deposits in bank was HK\$468,859,000 (31 March 2014: HK\$321,777,000). Around 99.6% of the Group's cash on hand and deposits in bank was denominated in Renminbi with the rest mainly in Hong Kong dollars. At 31 March 2015, the Group's total borrowings comprising bank borrowings and overdraft of HK\$22,128,000 (31 March 2014: HK\$27,480,000) and other borrowings of HK\$711,849,000 (31 March 2014: HK\$415,095,000). The maturity profile of the outstanding bank borrowings and overdraft and other borrowings was spread over a period of more than five years with HK\$717,197,000 repayable within one year and HK\$14,376,000 repayable after one year but within five years, and HK\$2,404,000 repayable after five years. Around 99.4% of the Group's total borrowings was denominated in Renminbi with the rest mainly in Hong Kong dollars.

As at 31 March 2015, the average cost of financing was around 6.5% (2014: 11.2%) per annum in 2015. The Group has maintained sufficient financial resources for daily operation, if there are appropriate merger and acquisition opportunities, additional financing may be funded for financing part of the merger and acquisitions.

Capital Structure

The Company's capital structure remained strong during the year as the gearing ratio (total outstanding borrowings over total assets) of the Group was 12.4% (2014: 7.3%). There has been no change in the share capital of the Company during the year. As at 1 April 2014 and 31 March 2015, the number of issued shares of the Company was 6,078,669,363.

Pledged of Assets

At 31 March 2015, the Group's investment properties with carrying amounts of HK\$284,539,000 (31 March 2014: HK\$562,482,000) was pledged as security for its liabilities. In addition, certain shares of an associate company held by the Group were also pledged to lender(s) to secure loan facilities granted to the Group.

Foreign Exchange Exposure

The Group reports its operating result in Hong Kong dollar but major operations of the Group are carried out in China, transacted and recorded in Renminbi with some monetary assets and liabilities denominated in other foreign currencies. The Group is, thus, exposed to the fluctuation in exchange rates between Renminbi, Hong Kong dollar and other currencies. At present, the Group has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Material Acquisition and Disposal

Save as the acquisition and disposal has been described in the “Business Review and Prospect” section, there was no material acquisition or disposal of subsidiaries or associates during the year.

Future plans for material investments or capital assets

Pursuant to the sale and purchase agreement dated 21 March 2014 in relation to the Further Acquisition, the Consideration of HK\$318,000,000 was to be satisfied in cash in two installment payments. As at 31 March 2014, the first installment payment as deposit amount to HK\$159,000,000 has been settled. The second installment payment as final payment of HK\$159,000,000 is required to be settled upon completion of the Proposed Acquisition.

The Board is of the opinion that, after taking into account the existing available internal resources, the Group has sufficient resources to meet its foreseeable working capital requirements.

Save as the above mentioned, the Group did not have any future plans for material investments or capital assets as at 31 March 2015.

Human Resources

The number of employees increased significantly after acquisition of the Loyal Rich Group in December 2014. As at 31 March 2015, the total number of employees of the Group was approximately 120 (31 March 2014: 39). Staff costs (including directors’ emoluments) amounted to HK\$19,354,000 for the year (2014: HK\$16,236,000).

To maintain the Group’s competitiveness, salary adjustments and award of bonus for staff are subject to the performance of individual staff members. Apart from offering retirement benefit scheme, share option scheme and medical insurance for its staff, the Group also provides staff with various training and development programs.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 March 2015.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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

- (i) Pursuant to the Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. Currently all directors (including non-executive directors) are not appointed for a fixed term. However, according to Article 101 of the Articles of Association of the Company, one-third of the directors (including executive and non-executive Directors) shall retire each year and every director shall be subject to retirement by rotation at least once every three years. The retiring director shall be eligible for re-election. The Board believes that the current arrangement will give the Company sufficient flexibility to organise the composition of the Board to serve the needs of the Group.
- (ii) Pursuant to the Code Provision E.2.1 of the CG Code, the chairman of the Board should attend the annual general meeting (“AGM”) to answer questions at the AGM. Mr. Jiang Zhaobai, the chairman of the Board did not attend the 2014 AGM due to other business engagements. Mr. Lam Cheung Shing Richard, being the executive director of the Company, attended the AGM on 15 August 2014 and was delegated to make himself available to answer questions if raised at the meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee comprises all the independent non-executive directors of the Company. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal controls system of the Company. The annual results have been reviewed and approved by the Audit Committee of the Company.

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

The Board of Directors of the Company proposes to adopt a set of new articles of associations of the Company (the “New Articles”) to substitute the existing memorandum and articles of association of the Company in order to align them with the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which has come into effect on 3 March 2014.

The proposed adoption of the New Articles is subject to approval by the shareholders of the Company by way of a special resolution at the forthcoming annual general meeting. A circular containing, among other things, a summary of the principal provisions of the New Articles, will be dispatched to the shareholders of the Company as soon as practicable.

PUBLICATION OF THE ANNUAL REPORT

The 2015 Annual Report will be despatched to the shareholders of the Company and will be made available on the websites of the Company at www.everchina202.com.hk and the websites of the Stock Exchange at www.hkex.com.hk in due course.

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

Hong Kong, 26 June 2015

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