

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 2023**

#### **FINANCIAL HIGHLIGHTS**

For the year ended 31 March 2023, the audited results of the Group were as follows:

- Revenue amounted to approximately HK\$146,392,000, representing a decrease of 2% as compared to the last year.
- Loss for the year amounted to HK\$197,419,000, representing a decrease of 17.3% as compared to the last year.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2023 (2022: Nil).
- At 31 March 2023, total equity amounted to approximately HK\$1,521,716,000, representing a decrease of 17.6% as compared to approximately HK\$1,846,740,000 as at 31 March 2022.
- At 31 March 2023, net assets per share was HK\$0.21, representing a decrease of 16% as compared to HK\$0.25 as at 31 March 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of EverChina Int’l Holdings Company Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2023, together with the comparative figures, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	<i>Notes</i>	<b>2023</b> <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Revenue	4	<b>146,392</b>	149,347
Cost of sales		<b>(60,646)</b>	(61,512)
Gross profit		<b>85,746</b>	87,835
Other income and gain, net	5	<b>5,304</b>	4,273
Staff costs		<b>(34,111)</b>	(30,376)
Administrative costs		<b>(45,250)</b>	(55,556)
Impairment loss recognised on property, plant and equipment		–	(342)
Impairment loss recognised on mining rights		<b>(16,608)</b>	(109,109)
Allowance for expected credit losses on trade and other receivables and loan receivables, net		<b>(17,000)</b>	(1,835)
Loss arising on changes in fair value of investment properties		<b>(168,966)</b>	(50,909)
(Loss)/gain arising on changes in fair value less costs to sell on biological assets		<b>(2,196)</b>	12,675
Gain/(loss) arising on changes in fair value of financial asset at fair value through profit or loss		<b>41,805</b>	(68,883)
Loss from operations	6	<b>(151,276)</b>	(212,227)
Finance costs	7	<b>(50,762)</b>	(38,659)
Loss before taxation		<b>(202,038)</b>	(250,886)
Tax credit	8	<b>4,619</b>	12,250
<b>Loss for the year</b>		<b>(197,419)</b>	(238,636)

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Attributable to:</b>			
Owners of the Company		<b>(196,544)</b>	(233,386)
Non-controlling interests		<b>(875)</b>	(5,250)
		<u><b>(197,419)</b></u>	<u>(238,636)</u>
<b>Loss per share attributable to the owners of the Company</b>	<b>9</b>		
— Basic and diluted		<u><b>2.694 cents</b></u>	<u>3.200 cents</u>

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

*FOR THE YEAR ENDED 31 MARCH 2023*

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss for the year</b>	<b>(197,419)</b>	(238,636)
<b>Other comprehensive (expense)/income</b>		
<i>Item that maybe reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(127,605)</u>	<u>41,341</u>
<b>Total comprehensive expenses for the year</b>	<u><b>(325,024)</b></u>	<u>(197,295)</u>
<b>Total comprehensive expenses attributable to:</b>		
Owners of the Company	<b>(324,149)</b>	(192,045)
Non-controlling interests	<u>(875)</u>	<u>(5,250)</u>
	<u><b>(325,024)</b></u>	<u>(197,295)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2023

	<i>Notes</i>	<b>2023</b>	2022
		<b>HK\$'000</b>	HK\$'000
<b>Non-current assets</b>			
Investment properties		<b>900,000</b>	1,159,259
Property, plant and equipment		<b>812,721</b>	868,371
Right-of-use assets		<b>224</b>	895
Mining rights		<b>52,947</b>	69,555
Interest in an associate		<b>568</b>	610
		<u><b>1,766,460</b></u>	<u>2,098,690</u>
<b>Current assets</b>			
Inventories		<b>7,461</b>	8,237
Biological assets		<b>32,663</b>	35,201
Trade and other receivables and prepayments	<i>11</i>	<b>34,934</b>	51,127
Financial asset at fair value through profit or loss	<i>12</i>	<b>656,107</b>	667,906
Cash and cash equivalents		<b>60,746</b>	40,926
		<u><b>791,911</b></u>	<u>803,397</u>
<b>Total assets</b>		<u><b>2,558,371</b></u>	<u>2,902,087</u>
<b>Capital and reserves</b>			
Share capital		<b>2,664,298</b>	2,664,298
Reserves		<b>(1,174,359)</b>	(850,210)
Equity attributable to owners of the Company		<b>1,489,939</b>	1,814,088
Non-controlling interests		<b>31,777</b>	32,652
<b>Total equity</b>		<u><b>1,521,716</b></u>	<u>1,846,740</u>

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		–	235
Amount due to a related company	<i>14</i>	–	238,124
Deferred tax liabilities		<b>69,542</b>	80,594
		<u><b>69,542</b></u>	<u>318,953</u>
<b>Current liabilities</b>			
Trade and other payables and deposits received	<i>13</i>	<b>84,820</b>	73,907
Lease liabilities		<b>235</b>	678
Tax payable		<b>6,237</b>	6,237
Bank and other borrowings		<b>285,660</b>	266,000
Amount due to a related company	<i>14</i>	<b>590,161</b>	389,572
		<u><b>967,113</b></u>	<u>736,394</u>
<b>Total liabilities</b>		<u><b>1,036,655</b></u>	<u>1,055,347</u>
<b>Total equity and liabilities</b>		<u><b>2,558,371</b></u>	<u>2,902,087</u>
<b>Net current (liabilities)/assets</b>		<u><b>(175,202)</b></u>	<u>67,003</u>
<b>Total assets less current liabilities</b>		<u><b>1,591,258</b></u>	<u>2,165,693</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Unit 1506, 15/F., Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong.

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

In the opinion of the directors of the Company, Mr. Jiang Zhaobai is the substantial controlling party of the Company.

The consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$’000), which is the same as the functional currency of the Company.

### 2. BASIS OF PREPARATION

The financial information relating to the two years ended 31 March 2023 and 2022 included in this preliminary announcement of the annual results for the year ended 31 March 2023 do not constitute the statutory annual consolidated financial statements of EverChina Int’l Holdings Company Limited (the “**Company**”) for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 March 2023 in due course.

The Company’s auditor has reported on the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which is a collective term that includes all 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 (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material with such information is reasonably expected to influence decisions made by primary users. The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties, biological assets and financial instruments that are measured at fair value at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## Going concern assessment

The Group recorded net loss of approximately HK\$197,419,000 during the year ended 31 March 2023 and it had net current liabilities of approximately HK\$175,202,000 as at 31 March 2023. In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors adopted the going concern basis for the preparation of the consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

- (1) The Group is in active negotiations with certain intended purchasers for disposal of the hotel property and/or certain commercial properties of the Group to enhance its liquidity position;
- (2) At 31 March 2023, bank and other borrowings to the extent of approximately HK\$285,660,000 will be due for repayment within twelve months. The Company is actively negotiating with the lenders of the Group on the renewal of other borrowings;
- (3) A substantial shareholder of the Company has agreed to continuously provide financial support for the operations of the Company so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the next twelve months from date of approval for issue of these consolidated financial statements;
- (4) Soliciting for further financing arrangements which include funding from related companies of the Group; and
- (5) the Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

Based on the Group's cash flow projections, taking into account of the above measures covering a period of fifteen months from the end of the reporting period prepared by the management, the directors of the Company consider that the Group would be able to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any future liabilities that may arise and to re-classify non-current assets and liabilities as current assets and liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

### 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020



The application of the amendment to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

The Group has not early adopted the following new and amendments to HKFRSs which have been issued but are not yet effective.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after a date to be determined.

3 Effective for annual periods beginning on or after 1 January 2024.

The Directors anticipated that the application of all new and amendments to the HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

#### 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:

Agricultural operation	– Agricultural farming and sales of crops and cattle raising and sales of cattle in the Plurinational State of Bolivia (“ <b>Bolivia</b> ”)
Property investment operation	– Leasing of rental property in the People's Republic of China (the “ <b>PRC</b> ”)
Hotel operation	– Hotel operation in the PRC
Securities investment and financing operation	– Provision of securities investment and financing operation in Hong Kong and the PRC
Resources operation	– Mining and production of manganese products in Republic of Indonesia (“ <b>Indonesia</b> ”)

##### (a) Segment revenue and result

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Segment revenue		Segment result	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Agricultural operation	<b>89,749</b>	81,383	<b>21,780</b>	26,389
Property investment operation	<b>28,028</b>	31,257	<b>(152,064)</b>	(34,259)
Hotel operation	<b>28,615</b>	36,707	<b>(3,216)</b>	2,753
Securities investment and financing operation	–	–	<b>41,770</b>	(62,451)
Resources operation	–	–	<b>(17,667)</b>	(105,093)
Total	<b>146,392</b>	149,347	<b>(109,397)</b>	(172,661)
Other income and gain, net			<b>5,304</b>	4,273
Unallocated expenses			<b>(47,183)</b>	(43,839)
Loss from operations			<b>(151,276)</b>	(212,227)
Finance costs			<b>(50,762)</b>	(38,659)
Loss before taxation			<b>(202,038)</b>	(250,886)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year ended 31 March 2023 (2022: Nil).

Segment result represents the result generated from each segment without allocation of central administration costs including directors' salaries, other income and gain, net, finance costs and allowance for expected credit losses on trade and other receivables. 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**

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Segment assets</b>		
Agricultural operation	<b>445,836</b>	437,119
Property investment operation	<b>930,192</b>	1,202,604
Hotel operation	<b>426,865</b>	478,993
Securities investment and financing operation	<b>656,111</b>	667,911
Resources operation	<b>53,499</b>	70,063
	<hr/>	<hr/>
Total segment assets	<b>2,512,503</b>	2,856,690
Unallocated assets	<b>45,868</b>	45,397
	<hr/>	<hr/>
Consolidated total assets	<b><u>2,558,371</u></b>	<u>2,902,087</u>
<b>Segment liabilities</b>		
Agricultural operation	<b>46,821</b>	44,265
Property investment operation	<b>23,499</b>	38,719
Hotel operation	<b>42,538</b>	44,912
Securities investment and financing operation	<b>24</b>	180
Resources operation	<b>1,285</b>	1,174
	<hr/>	<hr/>
Total segment liabilities	<b>114,167</b>	129,250
Unallocated bank and other borrowings	<b>285,660</b>	266,000
Unallocated liabilities	<b>630,591</b>	653,860
Tax payable	<b>6,237</b>	6,237
	<hr/>	<hr/>
Consolidated total liabilities	<b><u>1,036,655</u></b>	<u>1,055,347</u>

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

All assets are allocated to reportable segments other than certain property, plant and equipment, right-of-use assets, interest in an associate, certain other receivables, certain prepayments, certain deposits and certain cash and cash equivalents that are not attributable to individual segments.

All liabilities are allocated to reportable segments other than certain other payables, bank and other borrowings, lease liabilities and amount due to a related company that are not attributable to individual segments.

(c) **Other segment information**

Amounts included in the measure of segment profit or loss or segment assets:

**For the year ended 31 March 2023**

	Agricultural operation <i>HK\$'000</i>	Property investment operation <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Securities investment and financing operation <i>HK\$'000</i>	Resources operation <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
<b>Other segment information</b>							
Depreciation of property, plant and equipment	7,149	96	13,022	-	-	722	20,989
Depreciation of right-of-use assets	-	-	-	-	-	671	671
Capital expenditure ( <i>note</i> )	4,067	978	-	-	-	473	5,518
Impairment loss recognised on mining rights	-	-	-	-	16,608	-	16,608
Loss arising on change in fair value of investment properties	-	168,966	-	-	-	-	168,966
Gain arising on change in fair value of financial asset at fair value through profit or loss	-	-	-	(41,805)	-	-	(41,805)
Loss arising on change in fair value less costs to sell on biological assets	2,196	-	-	-	-	-	2,196
Allowance for/(reversal of) expected credit losses on trade and other receivables, net	<u>31</u>	<u>-</u>	<u>128</u>	<u>-</u>	<u>-</u>	<u>16,841</u>	<u>17,000</u>

*Note:* Capital expenditure includes addition to property, plant and equipment, excluding biological assets.

For the year ended 31 March 2022

	Agricultural operation <i>HK\$'000</i>	Property investment operation <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Securities investment and financing operation <i>HK\$'000</i>	Resources operation <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
Other segment information							
Depreciation of property, plant and equipment	6,608	110	13,885	-	-	1,083	21,686
Depreciation of right-of-use assets	-	-	-	-	-	1,318	1,318
Capital expenditure ( <i>note</i> )	6,839	-	-	-	-	317	7,156
Impairment loss recognised on property, plant and equipment	342	-	-	-	-	-	342
Impairment loss recognised on mining rights	-	-	-	-	109,109	-	109,109
Loss arising on change in fair value of investment properties	-	50,909	-	-	-	-	50,909
Loss arising on change in fair value of financial asset at fair value through profit or loss	-	-	-	68,883	-	-	68,883
Gain arising on change in fair value less costs to sell on biological assets	(12,675)	-	-	-	-	-	(12,675)
Allowance for/(reversal of) expected credit losses on trade and other receivables and loan receivables, net	(154)	-	15	(6,640)	-	8,614	1,835

*Note:* Capital expenditure includes addition to property, plant and equipment, excluding biological assets.

**(d) Geographical information**

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's investment properties, property, plant and equipment, right-of-use assets and mining rights (collectively referred to as "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	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	–	–	25,305	26,267
The PRC	56,643	67,964	1,315,714	1,626,612
Bolivia	89,749	81,383	371,926	375,646
Indonesia	–	–	52,947	69,555
	<u>146,392</u>	<u>149,347</u>	<u>1,765,892</u>	<u>2,098,080</u>

**(e) Information from major customers**

Revenue from a major customer for the years ended 31 March 2023 and 2022 contributing over 10% of the Group's total revenue are as follows:

	Year ended 31 March	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Agricultural operation — Customer A	<u>79,414</u>	<u>69,661</u>

## 5. OTHER INCOME AND GAIN, NET

	Year ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	57	305
Other interest income	569	782
Net foreign exchange (loss)/gain	(232)	2,917
Investment income	29	161
Government grants ( <i>Note</i> )	311	–
Gain on disposal of property, plant and equipment	4,507	–
Sundry income	63	108
	<u>5,304</u>	<u>4,273</u>

*Note:* The amount included government grants of HK\$288,000 obtained from Employment Support Scheme under the Anti-epidemic Fund launched by the Hong Kong SAR Government and HK\$23,000 in respect of PRC Government during the year ended 31 March 2023.

## 6. LOSS FROM OPERATIONS

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

	Year ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	20,989	21,686
Depreciation of right-of-use assets	671	1,318
Auditors' remuneration	2,800	2,798
Allowance for ECL on trade and other receivables and loan receivables, net	17,000	1,835
Impairment loss recognised on property, plant and equipment	–	342
Impairment loss recognised on mining rights	16,608	109,109
Short-term lease payment	260	280
Write-off property, plant and equipment	–	726
Expenses relating to leases of low value assets	35	35
Fair value change in investment properties	168,966	50,909
Loss/(gain) arising on changes in fair value less costs to sell on biological assets	2,196	(12,675)
Gross rental income from investment properties	(28,028)	(31,257)
Less: direct operating expenses from investment properties that generated rental income during the year	989	990
	<u>(27,039)</u>	<u>(30,267)</u>

## 7. FINANCE COSTS

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Interests on:		
— Bank borrowings	266	315
— Other borrowings	27,003	15,127
— Lease liabilities	34	52
Imputed interest on amount due to a related company	23,459	23,165
	<u>50,762</u>	<u>38,659</u>

## 8. TAX CREDIT

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Current Tax		
— PRC Enterprise Income Tax	(666)	(1,902)
— Bolivia — withholding tax	(2,006)	—
	<u>(2,672)</u>	<u>(1,902)</u>
Deferred tax credit	7,291	14,152
	<u>4,619</u>	<u>12,250</u>

### Hong Kong Profits Tax

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profit Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for taxation in Hong Kong has been made as the Group has no assessable profit for Hong Kong Profit Tax for both years.



### **The PRC Enterprise Income Tax**

All the Company's subsidiaries established in the PRC are subject to PRC Enterprise Income Tax either at 25% or preferential enterprise income tax rate of the assessable income of each company during the years ended 31 March 2023 and 2022, as determined in accordance with the relevant PRC income tax rules and regulations.

### **The Indonesia Corporate Tax**

According to local tax authority, the corporate tax rate applicable to the subsidiary which is operating in the Indonesia is 22% for the years ended 31 March 2023 and 2022. No Indonesia Corporate Tax was recognised as the subsidiary in the Indonesia has no estimated assessable profit for both years.

### **The Bolivia Corporate Tax**

The corporate tax rate applicable to the subsidiaries which are operating in Bolivia is 25% for the years ended 31 March 2023 and 2022. No Bolivia Corporate Tax was recognised as the subsidiary in Bolivia has unused tax loss available to offset against estimated assessable profit for both years. The Bolivia withholding tax represents tax charged by the Bolivia tax authority on dividends at 12.5% of distribution by the Group's Bolivia subsidiaries during the year ended 31 March 2023.

## **9. LOSS PER SHARE**

The calculation of basic loss per share is based on the following data:

	<b>Year ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<b>196,544</b>	233,386
	<b>7,294,369,363</b>	7,294,369,363
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>7,294,369,363</b>	7,294,369,363

The diluted loss per share is the same as basic loss per share as the Company had no dilutive potential ordinary share outstanding for the years ended 31 March 2023 and 2022.

## **10. DIVIDEND**

The directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2023 and 2022.

## 11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The aging analysis of trade receivables, based on the invoice date which was included in trade and other receivables and prepayments as at the end of the reporting period is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables		
0 to 30 days	<b>1,689</b>	4,374
31 to 60 days	–	–
61 to 90 days	<b>693</b>	–
91 to 180 days	<b>6,038</b>	–
Over 180 days	<b>3,069</b>	24
	<hr/>	<hr/>
	<b>11,489</b>	4,398
Other receivables and deposits	<b>165,504</b>	181,254
	<hr/>	<hr/>
	<b>176,993</b>	185,652
Less: allowance for ECL, net	<b>(157,412)</b>	(146,062)
	<hr/>	<hr/>
Prepayments	<b>19,581</b>	39,590
	<b>15,353</b>	11,537
	<hr/>	<hr/>
	<b>34,934</b>	51,127
	<hr/> <hr/>	<hr/> <hr/>

The average credit period granted to customers is 60 to 90 days (31 March 2022: 60 to 90 days). The Group does not hold any other collateral or other credit enhancements over these balances.

The Group's other receivables as at 31 March 2023, include an approximately HK\$126,570,000 (31 March 2022: HK\$131,480,000) paid for acquisition and construction of several potential water plant projects in the PRC.

## 12. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Held for trading:		
Listed equity securities — the PRC, at fair value	<b>656,107</b>	667,906
	<hr/> <hr/>	<hr/> <hr/>

Movement in the financial asset at fair value through profit or loss was as follow:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
At 1 April	<b>667,906</b>	720,279
Net unrealised gain/(loss) arising on change in fair value	<b>41,805</b>	(68,883)
Exchange alignment	<b>(53,604)</b>	16,510
	<u>667,906</u>	<u>667,906</u>
At 31 March	<b>656,107</b>	667,906

Notes:

- (i) At 31 March 2023 and 2022, no financial asset at fair value through profit or loss have been pledged to secure loan facilities granted to the Group.
- (ii) The fair value of the listed equity securities as at 31 March 2023 is based on the price of RMB2.54 (equivalent to approximately HK\$2.89) per share pursuant to the disposal agreements dated 9 August 2022 entered into between Interchina (Tianjin) Water Treatment Company Limited (“**Interchina (Tianjin)**”), a wholly-owned subsidiary of the Company, Mr. Jiang and Shanghai Pengxin (Group) Company Limited (“**Shanghai Pengxin**”), respectively whereas the fair value of the listed equity securities as at 31 March 2022 is based on the closing prices in an active market.

### 13. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Trade payables		
0 to 30 days	<b>640</b>	1,702
31 to 60 days	<b>9,911</b>	3,142
Over 60 days	<b>5,101</b>	6,651
	<u>15,652</u>	11,495
Other payables and deposits received	<b>69,168</b>	62,412
	<u>84,820</u>	<u>73,907</u>

The Group’s other payables and deposits received as at 31 March 2023 and 2022, inter alia, the followings:

- (i) interest payable of approximately HK\$6,514,000 (2022: HK\$5,545,000);
- (ii) deposit of decoration expenses received from Heilongjiang Interchina of approximately HK\$6,023,000 (2022: HK\$6,543,000);

- (iii) amount due to a director of the Company of approximately HK\$23,047,000 (2022: HK\$12,494,000) represents an unsecured, unguaranteed, interest-free and repayable on demand to a director;
- (iv) deposit received for hotel acquisition from potential buyer of approximately HK\$Nil (2022: HK\$6,173,000); and
- (v) rental deposit received from customers approximately HK\$2,563,000 (2022: HK\$5,360,000).

#### **14. AMOUNT DUE TO A RELATED COMPANY**

As at 31 March 2023, the amount due to a related company denominated in RMB represents an unsecured and unguaranteed amount from Shanghai Pengxin (Group) Company Limited (“**Shanghai Pengxin**”), which is controlled by Mr. Jiang Zhaobai (“**Mr. Jiang**”), who is a substantial shareholder and the executive director and chairman of the Company. The amount are repayable on demand (31 March 2022: HK\$389,572,000 was repayable on demand and HK\$238,124,000 was repayable after one year). The borrowing is carried at amortised cost using the effective interest method. The effective interest rate applied was 10.6% (31 March 2022: 10.6%) per annum.

On 30 September 2021, Shanghai Pengxin granted a repayment extension on a portion of principal amount of HK\$37,037,000 to repay on 31 December 2022, which was repayable on 31 December 2021. On 31 March 2022, Shanghai Pengxin granted another repayment extension on a portion of principal amount of HK\$283,591,000 to repay on 31 December 2023, which is repayable on 31 December 2022.

The difference of the principal and the fair value of the borrowing at initial recognition amounting to approximately HK\$Nil (2022: HK\$29,572,000) was credited as deemed capital contribution from the shareholder in equity.

As at 31 March 2023, the amount due to a related company of approximately HK\$590,161,000 (31 March 2022: HK\$389,572,000) is unsecured, unguaranteed, interest-free and repayable on demand from Shanghai Pengxin.

#### **15. EVENT AFTER THE REPORTING PERIOD**

On 9 August 2022, Interchina (Tianjin) Water Treatment Company Limited (“**Interchina (Tianjin)**”), a wholly-owned subsidiary of the Company entered into the disposal agreements between Mr. Jiang and Shanghai Pengxin (Group) Company Limited, a company owned as to 99% by Mr. Jiang, pursuant to which Interchina (Tianjin) has conditionally agreed to sell and Mr. Jiang and Shanghai Pengxin have conditionally agreed to purchase total 227,312,500 shares in Heilongjiang Interchina Water Treatment Company Limited at an aggregate consideration of RMB577,373,750 (equivalent to approximately HK\$656,107,000). The disposal has been completed on 14 April 2023. Details of which were set out in the Company’s announcements dated 9 August 2022, 30 November 2022, 31 January 2023, 31 March 2023 and 14 April 2023 and the Company’s circular dated 22 September 2022.

## **DIVIDEND**

The Board resolved not to declare the payment of any dividend for the year ended 31 March 2023 (2022: Nil).

## **SCOPE OF WORK OF THE AUDITORS**

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2023 as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited (the "**Auditors**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditors on this announcement.

## **EXTRACTS OF INDEPENDENT AUDITORS' REPORT**

The following is extracted from the independent auditors' report on the consolidated financial statements of the Group for the year ended 31 March 2023.

### **Material Uncertainty Related To Going Concern**

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern. As disclosed in Note 2 to the consolidated financial statements, the Group incurred a loss of approximately HK\$197,419,000 during the year ended 31 March 2023 and, as of that date, the Group's net current liabilities are approximately HK\$175,202,000, and has stated that these events or conditions may cast significant doubt on the Group's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans and measures regarding these matters are also described in Note 2. Our opinion is not modified in respect of this matter.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the year, the Company is mainly engaged in agricultural operation, property investment operation, hotel operation and financing and securities investment operation and resource operation.

#### Agricultural operation

The Group's agricultural operation engages in agricultural farming and cattle raising in Bolivia. As at 31 March 2023, the Group totally owns approximately 18,730 hectares of farmland in Bolivia with carrying value of approximately HK\$345,213,000 (31 March 2022: HK\$345,213,000). As at 31 March 2023, the Group raised cattle of 2,492 heads (31 March 2022: 2,304 heads).

During the year, revenue generated from agricultural operation increased by 10.3% to approximately HK\$89,749,000 (2022: HK\$81,383,000), which account for 61.3% of total revenue of the Group. Revenue from sale of crops amounted to approximately HK\$87,777,000 (2022: HK\$77,135,000) whereas revenue from sale of cattle amounted to HK\$1,972,000 (2022: HK\$4,248,000). The major crops of the farm is soybean. During the year, approximately 11,130 hectare of soybeans was planted, the average yield was 2.03 ton per hectare with a grain production of approximately 22,600 tonnes. The average selling price of soybean was US\$460/MT, representing an increase of 21% as compared to the same period of last year. This segment recorded a profit of approximately HK\$21,780,000 (2022: HK\$26,389,000).

In view of the global demand and supply of soybean have been rising, we are confident that this segment will continue to make stable contribution to the Group's revenue and cash-flow stream in the time ahead.

#### Property Investment Operation

The Group's property investment operation mainly comprise two investment properties located in the centre of Beijing and Shanghai (collectively referred to as the "**Beijing Property**" and "**Shanghai Property**") respectively. At 31 March 2023, the Beijing Property was valued at approximately HK\$545,455,000 (31 March 2022: HK\$618,518,000) and the Shanghai Property was valued at approximately HK\$354,545,000 (31 March 2022: HK\$540,741,000). Based on the independent valuation performed, loss on changes in fair value of investment properties of approximately HK\$168,966,000 was recorded for the year (2022: HK\$50,909,000). The downward adjustment in the re-valuation was mainly derived from the decrease in fair value of the Shanghai Property due to the persistence of COVID pandemic has adversely affected the market condition of investment properties.

The Shanghai Property comprise 14 retail units located at Levels 1–3 of Above the Bund Square, No. 948 Dongdaming Road, Hongkou District, Shanghai, the PRC with total area of 8,585.79 sq.m. Above the Bund Square is a 17-storey commercial building completed in 2011, of which Levels 1–3 is designated for retail use and Levels 4–17 is designated for office use. It is located in a prime area on the north of the Bund (外灘), Shanghai, the PRC, close to the shipping commercial zone (航運商貿區) and the modern commercial zone (現代商貿區) of Shanghai, the PRC. The Group acquired the Shanghai Property in August 2016 at the aggregate consideration of RMB616,000,000, representing approximately 10% discount on the market value of RMB685,000,000 at 11 December 2015 adopting the market approach. This acquisition constituted a major and connected transactions of the Company.

As the Shanghai Property is held for investment propose, it have been valued on market basis subject to existing tenancies. Income Capitalisation Method is adopted by capitalising the rental income derived from the existing tenancies, if any, with due provision for the reversionary potential of each constituent portion of the Shanghai Property at appropriate capitalisation rates. There was no change on the valuation methodology as compared to the last year. The capitalisation rate adopted to the Shanghai Property is 4.5% for the year (2022: 4.5%).

The Shanghai Property had been contributed a stable rental income to the Group before the COVID pandemic. As at 31 March 2019, the average occupancy rate reached 91% and the market value was RMB557,000,000. Given the impact of COVID-19, we had received tenants request for early termination of the rental agreement at the beginning of 2020. The average occupancy rate decreased to 51% as at 31 March 2020 and further decreased to 43% as at 31 March 2021 and 2022 respectively. The market value of the Shanghai Property further decreased to RMB438,000,000 as at 31 March 2022. The management understand that although the effect of COVID-19 has started to subside at the beginning of 2023, it would still have negative impact to the business environment as well as the market value of the property. During the year, we have leased out approximately 955 sq.m. to a new tenant. As at 31 March 2023, the average occupancy rate of the Shanghai Property slightly increase to 54%. However, the comparable average monthly market rental per sq.m. dropped by 30% as compared to the last year. Therefore, we concluded that the fair value loss on the Shanghai Property was mainly due to the worsen market conditions.

During the year, rental income generated from property investment operation decreased by 10.3% to approximately HK\$28,028,000 (2022: HK\$31,257,000), which accounted for 19.1% of total revenue of the Group. The average occupancy rate of the Shanghai Property increased from 43% at 31 March 2022 to 54% at 31 March 2023. The average occupancy rate of the Beijing Property decreased from 96% at 31 March 2022 to 90% at 31 March 2023. The segment loss amounted to approximately HK\$152,064,000 (2022: HK\$34,259,000). The loss was mainly attributable to an increase in the loss on changes in fair value of the Group's investment properties for the year.

The Group will make every endeavour to increase its rental income. The Group will also closely monitor the market condition and will not eliminate the possibility of realising part of the Shanghai Properties in order to enhance the Group's working capital if necessary and when timing is appropriate.

## **Hotel Operation**

At 31 March 2023, the sole hotel property held by the Group, is the Holiday Inn Express Shanghai Wujiaochang (the “**Hotel**”) located in Yangpu District, Shanghai, the PRC, which is a 20-storey hotel with total gross floor area of approximately 15,900 sq. m., and 296 guest rooms. The Hotel participated the medical observation program organised by the Health Commission of Yangpu District, Shanghai and served as quarantine hotel during the period from end of March 2020 to beginning of January 2023. The Hotel maintained the occupancy rate at 95% for the past two years. Since 8 January 2023, quarantine-free travel within China has resumed which thereby the Hotel ceased to be quarantine hotel. The average occupancy rate decreased to around 73% for the year.

During the year, revenue generated from hotel operation decreased by 22% to approximately HK\$28,615,000 (2022: HK\$36,707,000), which accounted for 19.6% of total revenue of the Group. Before depreciation of approximately HK\$13,022,000 (2022: HK\$13,885,000), this segment recorded a profit of approximately HK\$9,806,000 (2022: profit of HK\$16,638,000), representing a decrease by approximately 41.1% when compared with the same period of last year. The segment loss amounted to approximately HK\$3,216,000 (2022: profit of HK\$2,753,000).

The construction of the hotel properties was completed in 2007 and the Hotel has been in operation since December 2007. Except for minor facilities upgrade/improvement carried out regularly, a material renovation of the Hotel has not been conducted. It is expected the Hotel has a strong need to upgrade its facilities to tailor for the demand and expectation of its guests. The Hotel is currently closed after 8 January 2023, awaiting for refurbishment or disposal. At 31 March 2023, the carrying value of the Hotel amounted to approximately HK\$408,276,000 (31 March 2022: HK\$460,733,000).

The Company is of the view that the business outlook of the Hotel is less optimistic. The Group has been in active discussion on the possibility of disposal of the Hotel with potential purchasers. On 24 May 2023, the Group entered into a non-legal binding memorandum of understanding with an intended purchaser in relation to the proposed disposal of the Hotel at the proposed consideration of RMB360,000,000 (equivalent to approximately HK\$409,091,000). However, no sale and purchase agreement has been entered. The Group is planning to realise the value of the Hotel in order to enhance the Group's working capital if necessary and when timing is appropriate.



## Securities Investment and Financing Operation

During the year, the Group did not make any new securities investment nor grant any new loan. This segment did not contribute any revenue to the Group for the year (2022: Nil). The segment profit amounted to approximately HK\$41,770,000 for the year (2022: loss of approximately HK\$62,451,000). The turnaround to profit was mainly due to the gain of HK\$41,805,000 arising on change in fair value of the financial asset at fair value through profit or loss recognised for the year (2022: loss of HK\$68,883,000).

As at 31 March 2023, total securities investment, which was booked under financial asset at fair value through profit and loss amounted to approximately HK\$656,107,000 (31 March 2022: HK\$667,906,000), representing 25.6% (31 March 2022: 23.0%) of the Group's total assets of HK\$2,558,371,000 (31 March 2022: HK\$2,902,087,000). The Group through Interchina (Tianjin) Water Treatment Company Limited (“**Interchina (Tianjin)**”), a wholly-owned subsidiary of the Company solely held 227,312,500 shares of Heilongjiang Interchina Water Treatment Company Limited (“**Heilongjiang Interchina**”, whose shares are listed on Shanghai Stock Exchange, stock code: 600187), representing 14.09% Heilongjiang Interchina's total issued shares. The cost of investment in Heilongjiang Interchina's share was approximately RMB1.1059 at 31 March 2023 (31 March 2022: RMB1.1059).

Heilongjiang Interchina and its subsidiaries are principally engaged in the provision of sewage water treatment, water supply and the provision of environmental technology services. As disclosed in the latest annual report of Heilongjiang Interchina for the year ended 31 December 2022, Heilongjiang Interchina recorded revenue of approximately RMB287,598,000 (equivalent to approximately HK\$326,816,000), loss for the year of approximately RMB119,580,000 (equivalent to approximately HK\$135,886,000) and net assets of approximately RMB3,180,407,000 (equivalent to approximately HK\$3,614,099,000). Heilongjiang Interchina currently operates eight sewage projects and one water supply project with aggregate daily processing capacity of approximately 514,400 tonnes and a clean energy project in the PRC.

On 9 August 2022, Interchina (Tianjin) entered into disposal agreements (the “**Disposal Agreements**”) with Shanghai Pengxin (Group) Company Limited (“**Shanghai Pengxin**”), a company owned as to 99% by Mr. Jiang Zhaobai (“**Mr. Jiang**”), an executive Director, the Chairman and a substantial shareholder of the Company and Mr. Jiang, pursuant to which Interchina (Tianjin) has conditionally agreed to sell and Shanghai Pengxin and Mr. Jiang have conditionally agreed to purchase total 227,312,500 shares in Heilongjiang Interchina at an aggregate consideration of RMB577,373,750 (equivalent to approximately HK\$656,107,000). The transaction constitutes a major and connected transaction of the Company under the Listing Rules. Details of the transaction were set out in the Company’s circular dated 23 September 2022. The transaction was approved by the shareholders of the Company at the general meeting held on 20 October 2022 and subsequently completed on 14 April 2023.

Meanwhile, the Group is considering to cease the operation of this segment in order to allocate more resources in other segment of the Group.

### **Resources Operation**

Resources operation represents mainly the Group’s resources operation in Indonesia. The Group holds a mining licence to conduct the activities of construction, production, sales transportation and processing/refinery of manganese ore in the district of Kupang City Nusantara Timor Tenggara, Indonesia for a period of 20 years which should expire on 4 November 2031, with estimated resources of approximately 18,800,000 tonnes (the “**Mining Right**”). Production has not been commenced since the Group acquired the Mining Right in November 2011.

The Company has undertaken a review on the carrying value of the Mining Right with reference to independent valuation report prepared by International Valuation Limited, adopting the income approach, an impairment loss on the Mining Right of approximately HK\$16,608,000 was recognised for the year (2022: HK\$109,109,000) as a result of global inflationary environment which led to an overall increase in operating costs, including maintenance, personnel costs and office etc.. At 31 March 2023, the value of the Mining Right amounted to approximately HK\$52,947,000 (31 March 2022: HK\$69,555,000). This segment did not contribute any revenue to the Group for the year (2022: Nil). The segment loss amounted to approximately HK\$17,667,000 for the year (2022: HK\$105,093,000).

The Group considered that income approach is an appropriate valuation method for valuation of the Mining Right instead of market approach and/or cost approach due to (i) there were insufficient similar and relevant comparable transactions solely on the Mining Right under the market approach; and (ii) the future earning potential of the Mining Right can not be captured under the cost approach in the valuation. The major assumptions and parameters of the valuation as at 31 March 2023 are as follow:

	<b>31 March 2023</b>	31 March 2022
Commencement of production	<b>3rd quarter of 2023</b>	3rd quarter of 2022
Production volume of ore ('000 tonnes) <i>Note i</i>		
(i) First year of production	<b>19</b>	19
(ii) Second year of production	<b>389</b>	389
(iii) Third year of production	<b>778</b>	778
(iv) Fourth year of production	<b>1,167</b>	1,167
(v) Fifth to last year of production	<b>1,556</b>	1,556
Adopted manganese ore benchmark price (USD/tonnes) <i>Note ii</i>	<b>148.54</b>	145.32
Operating costs (USD'000) <i>Note iii</i>		
(i) First year of production	<b>4,255</b>	4,417
(ii) Second year of production	<b>34,430</b>	33,966
(iii) Third year of production	<b>64,537</b>	63,427
(iv) Fourth year of production	<b>92,993</b>	91,165
(v) Fifth to last year of production	<b>118,646</b>	116,003
Income tax rate	<b>22%</b>	22%
Initial capital expenditures (USD'000)	<b>9,777</b>	9,777
Discount rate <i>Note iv</i>	<b>14%</b>	15%

*Notes:*

- (i) The production volume was determined based on the estimated production plan as well as the estimated resources which were based on the competent person's report dated December 2011.
- (ii) The adopted manganese ore benchmark price was estimated with reference to the manganese ore benchmark price (reference by 35% manganese concentrates to South Africa Manganese Ore Index). The manganese ore benchmark price for valuation as at 31 March 2023 has increased by approximately 2.2% than that as at 31 March 2022. No growth rate was assumed to the manganese ore benchmark price estimation. The treatment was consistent among valuation as at 31 March 2023 and as at 31 March 2022.

(iii) No growth rate was assumed for operating costs from 2023 onwards.

(iv) The slightly decrease of 1% in discount rate was due to normal market data fluctuation.

The Group will keep a conservative attitude in the operation and closely monitor the market conditions as well as consider other options such as cooperation with other party which has experience in the development and investment in resource operation and/or realisation of the investment should the opportunities arise.

## **OUTLOOK**

Amid the political and economic instability, the business outlook will remain difficult and challenging. To cope with the challenging environments, the Group will continue to adopt a prudent approach in managing its existing businesses and investment strategies, as well as strengthen risk control to ensure the steady development of the Group.

Following the completion of the disposal of shares in Heilongjiang Interchina, the Group have discontinued the securities investment and financing operation. The Group is undergoing the transaction of disposal of the Group's hotel properties which could enhance the financial positions of the Group. Besides, the Group has accumulated many years of experience in investment properties operation, and is looking for relevant investment opportunities to develop asset-light business for the Group which is formulated to further progress the Group towards achievement of its long term growth trajectory.

It is expected that with the successful implementation of aforesaid business plans, the Company may be able to generate positive cash flows from operations and significantly improve its operating performance.

## **FINANCIAL REVIEW**

### **Results of Operations**

For the year ended 31 March 2023, the Group's revenue amounted to approximately HK\$146,392,000 (2022: HK\$149,347,000), representing a decrease of approximately 2% as compared with the corresponding period last year. Such decrease was mainly due to revenue from hotel operation decreased by approximately 22% to approximately HK\$28,615,000 (2022: HK\$36,707,000) as a result of the decrease in average occupancy rate as compared to last year.

The Group recorded a loss of approximately HK\$197,419,000 for the year ended 31 March 2023 (2022: HK\$238,636,000). The loss was mainly due to the net effect of:

- (i) the recognition of the gain on change in fair value of the financial assets at fair value through profit or loss of approximately HK\$41,805,000 (2022: loss of approximately HK\$68,883,000);
- (ii) increase in loss on change in fair value of the Group's investment properties by approximately 2.3 times to approximately HK\$168,966,000 (2022: HK\$50,909,000);
- (iii) decrease in impairment loss in respect of the mining rights by approximately 84.8% to approximately HK\$16,608,000 (2022: HK\$109,109,000) as compared to last year; and
- (iv) increase in finance costs by approximately 31.3% to approximately HK\$50,762,000 (2022: HK\$38,659,000), attributable to increase in total borrowings.

### **Liquidity and Financial Resources**

At 31 March 2023, the equity reached approximately HK\$1,521,716,000 (31 March 2022: approximately HK\$1,846,740,000). At 31 March 2023, the Group's cash on hand and deposits in bank was approximately HK\$60,746,000 (31 March 2022: approximately HK\$40,926,000). The proportions of Renminbi (“**RMB**”), US dollar (“**USD**”) and Hong Kong dollars were 49%, 46% and 5% (31 March 2022: 58%, 26% and 16%) respectively. At 31 March 2023, the Group's net current liabilities were approximately HK\$175,202,000 (31 March 2022: net current assets of approximately HK\$67,003,000). The current ratio of the Group as at 31 March 2023 was 0.82 (31 March 2022: 1.09). The gearing ratio (total outstanding borrowings over total assets) of the Group as of 31 March 2023 was 34.2% (31 March 2022: 30.8%).

At 31 March 2023, the Group's total bank and other borrowings of approximately HK\$285,660,000 (31 March 2022: approximately HK\$266,000,000), which mainly comprised secured bank borrowings of approximately HK\$11,660,000 (31 March 2022: Nil), secured other borrowings of approximately HK\$258,000,000 (31 March 2022: approximately HK\$250,000,000) and unsecured other borrowings of approximately HK\$16,000,000 (31 March 2022: approximately HK\$16,000,000). As at 31 March 2023, the Group's borrowings were denominated in RMB, HKD and USD, amounting to approximately RMB529,342,000 (31 March 2022: approximately RMB508,434,000) and approximately HK\$274,000,000 (31 March 2022: approximately HK\$266,000,000) and approximately USD38,000 (31 March 2022: Nil) respectively.

The Group recorded loss of approximately HK\$197,419,000 during the year ended 31 March 2023 and it had net current liabilities of approximately HK\$175,202,000 as at 31 March 2023. In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors adopted the going concern basis for the preparation of the consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

- (1) The Group is in active negotiations with certain intended purchasers for disposal of the hotel property and/or certain investment properties of the Group to enhance its liquidity position;
- (2) At 31 March 2023, the bank and other borrowings to the extent of approximately HK\$285,660,000 will be due for repayment within twelve months. The Company is actively negotiating with the lenders of the Group on the renewal of other borrowings;
- (3) A substantial shareholder of the Company has agreed to continuously provide financial support for the operations of the Company so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the next twelve months from date of approval for issue of these consolidated financial statements;
- (4) Soliciting for further financing arrangements which include funding from related companies of the Group; and
- (5) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

Based on the Group's cash flow projections, taking into account of the above measures covering a period of fifteen months from the end of the reporting period prepared by the management, the directors of the Company consider that the Group would be able to finance its operations and to meet its financial obligations as and when they fall due.

### **Capital Structure**

There has been no change in the share capital of the Company during the period. As at 1 April 2022 and 31 March 2023, the number of issued shares of the Company was 7,294,369,363.

## **Pledged of Assets**

At 31 March 2023, the Group's freehold land with carrying amounts of approximately HK\$152,084,000 (31 March 2022: approximately HK\$152,084,000) were secured for bank facilities. At 31 March 2023, the Group's bank and other borrowings were secured by charges on (i) the Group's property, plant and equipment with carrying amounts of approximately HK\$23,844,000 (31 March 2022: Nil); (ii) the Group's investment properties with carrying amounts of approximately HK\$19,619,000 (31 March 2022: Nil) and (iii) certain subsidiaries of the Group with carrying amounts of approximately HK\$238,987,000 (31 March 2022: HK\$279,769,000).

## **Material Acquisition and Disposal**

Save for the information disclosed in other parts of this section, the Group did not have any material acquisition or disposal of subsidiaries or associates for the years ended 31 March 2023 and 2022.

## **Contingent Liability**

As at 31 March 2023, the Group had no material contingent liabilities (31 March 2022: Nil).

## **Capital Commitment**

As at 31 March 2023, the Group had approximately HK\$5,114,000 (31 March 2022: HK\$5,488,000) capital commitment in respect of capital contribution to an associate.

## **Foreign Exchange Exposure**

The majority of the Group's assets and liabilities are denominated in Renminbi, Hong Kong dollars and US dollars which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

## **Human Resources**

As at 31 March 2023, the Group employed approximately 138 employees (31 March 2022: approximately 160). The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus.



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

During the year ended 31 March 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

## **CORPORATE GOVERNANCE CODE**

Throughout the period under review, the Company had complied, to the extent applicable and permissible, with the code provision as set out in the Corporate Governance Code (the “**CG Code**”) except for the deviations as stated below:

- (i) The Code Provision C.3.3 of the CG Code stipulates that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. All Directors, except independent non-executive Directors, have formal letters of appointment. The independent non-executive Directors have followed the guidelines set out in “A Guide on Directors’ Duties” issued by the Companies Registry and “Guidelines for Directors” and “Guide for Independent Non-Executive Directors” published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. The independent non-executive Directors clearly understand role and responsibilities of independent non-executive Directors. The Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those prescribed by code provisions D.1.4 of the CG Code and therefore does not intend to take any steps in this regard at the moment.
- (ii) The Code Provision F.2.2 of the CG Code stipulates that the chairman of the board should attend the AGM to answer questions at the AGM. Mr. Jiang Zhaobai, the chairman of the Board did not attend the 2022 AGM due to other business engagements. Mr. Lam Cheung Shing, Richard, being the executive Director of the Company, who took chair of the AGM on 23 September 2022 together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM and had answered questions at the AGM competently.

## **Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the Company’s code of conduct regarding securities transactions by its Directors. Specific enquiry has been made to all directors, who have confirmed that they had complied with the required standard set out in the Model Code for the year ended 31 March 2023.



## **PUBLICATION OF THE ANNUAL REPORT**

The annual report of the Group for the year ended 31 March 2023 will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.everchina202.com.hk](http://www.everchina202.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, 29 June 2023

*As of the date of this announcement, the executive Directors are Mr. Jiang Zhaobai, 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 Mr. Ng Ge Bun.*