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 2016

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations amounted to HK$86,811,000, representing an increase of 68.4% as compared to last year.
- Loss for the year amounted to HK$685,870,000, representing an increase of 41.2% as compared to last year.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2016 (31 March 2015: Nil).
- At 31 March 2016, total equity amounted to HK$3,750,460,000, representing a decrease of 24.7% as compared to HK$4,980,734,000 as at 31 March 2015.
- At 31 March 2016, net assets per share was HK$0.62, representing a decrease of 24.4% as compared to HK$0.82 as at 31 March 2015.

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 2016 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Continuing operations			
Revenue	5	**86,811**	51,544
Cost of sales		**(5,667)**	(2,386)
Other income and gain, net	6	**54,382**	37,502
Staff costs		**(34,906)**	(19,354)
Amortisation and depreciation		**(16,527)**	(6,809)
Administrative costs		**(76,671)**	(51,188)
Other operating expenses		**(48,484)**	(11,757)
Impairment loss recognised in respect of mining rights	11	**(598,136)**	(194,200)
Net loss on financial assets at fair value through profit or loss	15	**(896,143)**	(143,476)
Fair value change in investment properties		**14,300**	18,133
Loss from operations	7	**(1,521,041)**	(321,991)
Finance costs	8	**(42,887)**	(47,932)
Share of result of an associate		**(1,138)**	29,050
Gain on loss of significant influence of an associate	12	**882,107**	–
Loss on partial disposal of shares in an associate		**–**	(61,026)
Loss before taxation		**(682,959)**	(401,899)
Taxation	9	**(1,591)**	(54,009)
Loss for the year from continuing operations		**(684,550)**	(455,908)
Discontinued operations			
Loss for the year from discontinued operations		**(1,320)**	(29,678)
Loss for the year		**(685,870)**	(485,586)
Loss for year attributable to:			
Owners of the Company		**(685,672)**	(403,159)
Non-controlling interests		**(198)**	(82,427)
		(685,870)	(485,586)
Loss per share attributable to the owners of the Company	10	***HK cents***	*HK cents*
From continuing and discontinued operations			
— Basic and diluted		**(11.280)**	(6.632)
From continuing operations			
— Basic and diluted		**(11.258)**	(6.144)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2016

	2016	2015
	HK$'000	*HK$'000*
Loss for the year	**(685,870)**	(485,586)
Other comprehensive (loss)/income for the year		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of overseas subsidiaries	**(207,479)**	9,143
Release of reserve upon loss of significant influence of an associate	**(18,976)**	–
Reclassification adjustment related to foreign operations disposed during the year	**–**	(1,733)
Share of other comprehensive income of an associate	**51**	26
Total comprehensive loss for the year	**(912,274)**	(478,150)
Total comprehensive loss attributable to:		
Owners of the Company	**(912,076)**	(397,257)
Non-controlling interests	**(198)**	(80,893)
	(912,274)	(478,150)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Non-current assets			
Investment properties		**612,549**	634,250
Property, plant and equipment		**536,429**	585,083
Mining rights	*11*	**271,880**	870,016
Goodwill		**63,807**	63,807
Interest in an associate	*12*	**–**	1,467,959
Other non-current assets		**26,254**	44,806
		1,510,919	3,665,921
Current assets			
Inventories		**9**	15
Trade and other receivables and prepayments	*13*	**858,084**	1,039,073
Amount due from an associate		**–**	107,297
Loan receivables	*14*	**273,173**	249,436
Financial assets at fair value through profit or loss	*15*	**1,528,024**	368,193
Tax recoverable		**1,407**	1,338
Cash and cash equivalents		**305,451**	468,859
		2,966,148	2,234,211
Total assets		**4,477,067**	5,900,132
Capital and reserves			
Share capital		**2,490,454**	2,490,454
Reserves		**1,217,194**	2,187,118
Equity attributable to owners of the Company		**3,707,648**	4,677,572
Non-controlling interests		**42,812**	303,162
Total equity		**3,750,460**	4,980,734

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Non-current liability			
Deferred tax liabilities		**117,104**	123,457
Current liabilities			
Bank overdraft		**–**	212
Trade and other payables and deposits received	*16*	**53,828**	58,657
Tax payable		**2,263**	3,307
Bank borrowings		**16,004**	21,916
Other borrowings		**537,408**	711,849
		609,503	795,941
Total liabilities		**726,607**	919,398
Total equity and liabilities		**4,477,067**	5,900,132
Net current assets		**2,356,645**	1,438,270
Total assets less current liabilities		**3,867,564**	5,104,191

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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 addresses of the registered office and principal place of business of the Company are located at 15th Floor, CCB Tower, 3 Connaught Road Central, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment holding, hotel operation, property investment, financing and securities investment and natural resources during the year. The environmental water treatment operation was discontinued in the current year.

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

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 AND NEW HONG KONG COMPANIES ORDINANCE (CAP. 622)

In the current year, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning from 1 April 2015. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments do not have an impact on the Group's financial statements as the Group does not have any defined benefit plans.

Annual Improvements to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010–2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year is as follows:

- HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no significant impact on the Group.

- HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 Related Party Disclosures: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

Annual Improvements to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 Business Combinations: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Company as the Company is not a joint arrangement and the Company did not form any joint arrangement during the year.

- HKFRS 13 Fair Value Measurement: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKFRS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 Investment Property: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisition of investment properties. The amendment has had no impact on the Group as the Group acquired investment properties during the year and the relevant transaction is classified as a purchase of asset.

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

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

HKAS 1 (Amendments)	Disclosure Initiative[1]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle[1]
HKFRS 9	Financial Instrument[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[1]
HKFRS11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Lease[5]

1 Effective for annual periods beginning on or after 1 January 2016, 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 2018, with earlier application permitted.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided HKFRS 15 Revenue from Contracts with Customers is also applied.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 Property, Plant and Equipment prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 Intangible Assets introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1st January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's financial statements.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirement of HKFRS 9 are described below:

- all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in consolidated income statement.

- with regard to the measurement of financial liabilities designated at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in consolidated income statement. Changes in the fair value attributable to a financial liability's credit risk are not subsequently reclassified to consolidated income statement. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated at fair value through profit or loss is presented in consolidated income statement.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced. The directors anticipate that the application of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. However, in the opinion of the directors, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract(s)
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

4. STATEMENT OF COMPLIANCE

The financial information relating to the years ended 31 March 2016 and 2015 included in this preliminary 2015/16 final results announcement does not constitute the Company's statutory annual consolidated financial statements for these two years but is derived from these financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows: The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 March 2016 in due course. The Company's auditor has reported on the financial statements of the Group for both the years ended 31 March 2016 and 2015. 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 (3) of the Companies Ordinance (Cap. 622).

5. 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

Property investment operation	—	Leasing of rental property in the PRC and Hong Kong
Hotel operation	—	Hotel operation in the PRC
Financing and securities investment operation	—	Provision of financing service and securities investment operation 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")

The Group ceased the securities dealing and brokerage operation since July 2012. Another operation of environmental water treatment was discontinued in the current year. The segment information reported does not include any amounts for these discontinued operations. Prior year comparative information has been restated.

(a) Segment revenue and result

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment.

	Segment revenue		Segment result	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Property investment operation	**26,998**	26,444	**31,957**	33,498
Hotel operation	**37,124**	7,595	**(680)**	(3,003)
Financing and securities investment operation	**22,689**	17,505	**(847,900)**	(111,158)
Natural resources operation	**–**	–	**(599,536)**	(205,007)
Total for continuing operations	**86,811**	51,544	**(1,416,159)**	(285,670)
Interest income and other revenue			**27,768**	10,303
Unallocated expenses			**(132,650)**	(46,624)
Loss from operations			**(1,521,041)**	(321,991)
Finance costs			**(42,887)**	(47,932)
Share of result of an associate			**(1,138)**	29,050
Gain on loss of significant influence of an associate			**882,107**	–
Loss on partial disposal share in an associate			**–**	(61,026)
Loss before taxation			**(682,959)**	(401,899)
Taxation			**(1,591)**	(54,009)
Loss for the year from continuing operations			**(684,550)**	(455,908)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2015: 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 associates, gain on disposal of associates, and income tax expenses. 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

The following is an analysis of the Group's assets and liabilities by reportable and operating segment.

Segment assets	2016 HK$'000	2015 HK$'000
Property investment operation	**891,808**	659,407
Hotel operation	**600,377**	660,654
Financing and securities investment operation	**1,795,632**	646,311
Natural resources operation	**272,698**	1,029,789
Total segment assets	**3,560,515**	2,996,161
Assets relating to discontinued operations	**239,062**	240,265
Unallocated assets	**677,490**	2,662,368
Tax recoverable	**–**	1,338
Consolidated total assets	**4,477,067**	5,900,132

Segment liabilities	2016 HK$'000	2015 HK$'000
Property investment operation	**114,752**	96,326
Hotel operation	**56,827**	64,134
Financing and securities investment operation	**64,197**	234,025
Natural resources operation	**5,632**	9,023
Total segment liabilities	**241,408**	403,508
Liabilities relating to discontinued operations	**223**	217
Unallocated liabilities	**482,713**	512,366
Tax payable	**2,263**	3,307
Consolidated total liabilities	**726,607**	919,398

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

All assets related to property investment operation, hotel operation, financing and securities investment operation and natural resources operation are allocated to reportable segments other than certain properties, plant and equipment, other receivables, prepayment and deposits and cash and bank balances that are not attributable to individual segments.

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

(c) **Other segment information**

For the year ended 31 March 2016

	Continuing operations				
	Property investment operation *HK$'000*	**Hotel operation** *HK$'000*	**Financing and securities investment operation** *HK$'000*	**Natural resources operation** *HK$'000*	**Consolidated total** *HK$'000*
Other segment information					
Amortisation and depreciation	**1,792**	**13,676**	**–**	**–**	**15,468**
Unallocated amounts					**1,059**
					16,527
Capital expenditure	**–**	**350**	**–**	**–**	**350**
Unallocated amounts					**1,908**
					2,258
Fair value change in investment properties	**(14,300)**	**–**	**–**	**–**	**(14,300)**
Fair value change in financial assets at fair value through profit or loss	**–**	**–**	**882,862**	**–**	**882,862**
Impairment loss recognised in respect of mining rights	**–**	**–**	**–**	**598,136**	**598,136**

For the year ended 31 March 2015

	Continuing operations				
	Property investment operation *HK$'000*	Hotel operation *HK$'000*	Financing and securities investment operation *HK$'000*	Natural resources operation *HK$'000*	Consolidated total *HK$'000*
Other segment information					
Amortisation and depreciation	90	3,618	–	19	3,727
Unallocated amounts					3,082
					6,809
Capital expenditure	243	–	–	–	243
Unallocated amounts					283
					526
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
Impairment loss recognised in respect of mining rights	–	–	–	194,200	194,200

(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**	
	2016 ***HK$'000***	2015 *HK$'000*	**2016** ***HK$'000***	2015 *HK$'000*
Hong Kong	**22,689**	17,506	**26,848**	35,301
The PRC	**64,122**	34,038	**1,211,749**	2,760,162
Indonesia	**–**	–	**272,322**	870,458
	86,811	51,544	**1,510,919**	3,665,921

6. OTHER INCOME AND GAIN, NET

	Year ended 31 March 2016 HK$'000	2015 HK$'000
Continuing operations		
Bank interest income	**2,734**	11,412
Reversal of provision for bad debt	**25,734**	–
Gain on disposal of property, plant and equipment	**63**	–
Net foreign exchange gain	**2,346**	5,106
Sundry income	**6,472**	5,994
Other loan interest income	**17,033**	14,990
	54,382	37,502

7. LOSS FROM OPERATIONS

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

	Year ended 31 March 2016 HK$'000	2015 HK$'000
Continuing operations		
Depreciation	**16,527**	6,809
Cost of inventories for hotel operation provided	**–**	1
(Gain)/loss on disposal of property, plant and equipment	**(63)**	284
Loss on written off of property, plant and equipment	**–**	9,267
Loss on written off of other non-current assets	**4,333**	–
Impairment loss recognised in respect of other non-current assets*	**10,674**	11,184
Impairment loss recognised in respect of mining rights	**598,136**	194,200
Impairment loss recognised in respect of trade and other receivables and prepayments*	**34,998**	–
Operating lease rentals in respect of premises	**8,036**	8,385
Net foreign exchange gain	**(2,346)**	(5,106)
Fair value change in investment properties	**(14,300)**	(18,133)
Gross rental income from investment properties	**(26,998)**	(26,444)
Less: direct operating expenses from investment properties that generated rental income during the year	**3,054**	1,057
	(23,944)	(25,387)

* *Those expenses were recognised as other operating expenses in the consolidated statement of profit or loss.*

8. FINANCE COSTS

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Interests on:		
Bank borrowings and overdrafts	**1,138**	1,798
Other borrowings	**41,749**	46,134
	42,887	47,932

9. TAXATION

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong Profits Tax	**182**	–
The PRC Enterprise Income Tax	**456**	50,637
	638	50,637
Over provision in prior year:		
Hong Kong Profits Tax	**–**	(10)
	638	50,627
Deferred tax	**953**	3,382
	1,591	54,009

Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profit for the year.

At 31 March 2016, the Group had unused estimated tax losses of approximately HK$424,080,000 (2015: HK$350,017,000) available for offset against future profits. No deferred tax asset has been recognised due to unpredictability of future profit streams.

The PRC Enterprise Income Tax

All the Company's subsidiaries established in the PRC are either subject to the PRC Enterprise Income Tax at 25% of the assessable income of each company during the years ended 31 March 2016 and 2015.

The Indonesia Corporate Tax

The corporate tax rate applicable to the subsidiary which is operating in the Indonesia is 25% (2015: 25%) during the year. No Indonesia Corporate Tax was recognised as the subsidiary in the Indonesia has no estimated assessable profits for the year.

10. LOSS PER SHARE

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

From continuing and discontinued operations

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(685,672)**	(403,159)

	Year ended 31 March	
Number of shares	**2016**	2015
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**6,078,669,363**	6,078,669,363

The diluted loss per share is the same as basic loss per share as the Company has no dilutive potential shares outstanding for the year ended 31 March 2016 and 2015.

From continuing operations

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(685,672)**	(403,159)
Loss for the year from discontinued operations	**1,320**	29,678
	(684,352)	(373,481)

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

From discontinued operations

Basic and diluted loss per share for the discontinued operation is HK0.022 cents (2015: HK0.488 cents), based on the loss for the year from discontinued operations of approximately HK$1,320,000 (2015: HK$29,678,000).

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

11. MINING RIGHTS

	HK$'000
Cost	
At 1 April 2014	1,232,400
Exchange alignment	(5,056)
At 31 March 2015, 1 April 2015 and 31 March 2016	1,227,344
Accumulated amortisation and impairment	
At 1 April 2014	163,800
Impairment	194,200
Exchange alignment	(672)
At 31 March 2015 and 1 April 2015	357,328
Impairment	598,136
At 31 March 2016	955,464
Carrying amount	
At 31 March 2016	**271,880**
At 31 March 2015	870,016

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 of 20 years and would expire on 18 November 2031, till all proven and probable mineral reserves have been mined. For the years ended 31 March 2016 and 2015, the management considered that 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, an impairment loss of approximately HK$598,136,000 (2015: HK$194,200,000) under business segment of natural resources operation was charged to the consolidated statement of profit or loss for the year and the recoverable amount has been reduced to approximately HK$271,880,000 (2015: HK$870,016,000).

The recoverable amount of the mining rights was estimated by an independent valuer, Roma Appraisals Limited. The valuation was performed based on the excess earning method under the income-approach. The excess earnings were the net profit after deducting all the charges for contributory assets, including fixed assets, working capital, assembled workforce, which were then discounted at an appropriate discount rate to arrive at the fair value of the mining rights. Weighted average cost of capital plus additional premium was adopted as the discount rate for the excess earnings cash flow. There were no changes to the valuation techniques during the year. Key assumptions adopted by management in the valuation are summarised as follows:

	2016	2015
Adopted manganese one benchmark price (US$/dmtu) *(Note (a))*	**US$2.91**	US$4.55
Discount rate *(Note (b))*	**13%**	15%

Notes:

(a) The adopted manganese ore benchmark price for valuation as at 31 March 2016 has declined by approximately 36% than that as at 31 March 2015, which was estimated with reference to the manganese ore benchmark price (reference by 44% Mn grade lump published by United Nations Conference on Trade and Development) fell from US$4.17/dmtu at the beginning of 2015 to US$1.81/dmtu at the beginning of 2016. No growth rate was assumed to the manganese ore benchmark price estimation over a period longer than five years. The treatment was consistent among valuation as at 31 March 2016 and as at 31 March 2015.

(b) The slightly decrease of 2% (2015: 1%) was due to normal market data fluctuation.

(c) No growth rate was assumed for operating costs over a period longer than five years.

No mining rights have been pledged to secure general banking facilities granted to the Group in both 2016 and 2015.

12. INTERESTS IN AN ASSOCIATE

	2016	2015
	HK$'000	*HK$'000*
Cost of investment		
— Listed *(Note)*	–	1,385,005
Share of result of an associate	–	82,784
Share of other comprehensive income of an associate	–	170
	–	1,467,959
Market value of the listed associate	–	2,376,059

Note:

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

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

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

In May 2015, the representative of the Group retired by rotation from the board of directors of Heilongjiang Interchina and not seek for re-appointment.

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

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2016 ***HK$'000***	2015 *HK$'000*
Trade receivables	**22,923**	79,047
Margin clients' accounts receivables	**99,761**	99,761
Prepayments, deposits and other receivables	**817,462**	981,173
	940,146	1,159,981
Less: Impairment of trade and other receivables and prepayments	**(82,062)**	(120,908)
	858,084	1,039,073

The Group allows an average credit period of 60 days (2015: 60 days) to its trade customers.

The following is an aging analysis of trade receivables.

	2016	2015
	HK$'000	*HK$'000*
0 to 30 days	**869**	1,418
31 to 60 days	**253**	333
61 to 90 days	**3**	90
91 to 180 days	**–**	30
Over 180 days	**21,798**	77,176
	22,923	79,047

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 and deposits as at 31 March 2016 and 2015, inter alia, the following:

(i) deposits of HK$218,698,000 (2015: Nil) paid for acquisition of the 14 retail units located at Above the Bund Square, No. 948 Dongdaming Road, Hongkok District, Shanghai in the PRC. Details of which were set out in the Company's announcement dated 24 December 2015 and the circular dated 19 February 2016;

(ii) other receivables of approximately HK$120,712,000 (2015: HK$336,643,000) paid for acquisition of certain investment properties and several potential water plant projects in the PRC;

(iii) prepayment and other receivables of approximately HK$235,377,000 (2015: HK$286,712,000) to various contractors for construction of environmental protection and water treatment projects in the PRC; and

(iv) at 31 March 2015, deposits of HK$159,000,000 paid for acquisition of companies aggregately owned 30% equity interest in an 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. The acquisition was completed on 11 September 2015.

14. LOAN RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Loan receivables	**273,173**	358,840
Less: Impairment loss recognised	**–**	(109,404)
	273,173	249,436

The loan was unsecured, carrying at the prevailing interest rate ranging from 4.35% to 7.2% (2015: 2% to 7.2%) per annum with fixed repayment terms.

There was no impairment loss recognised during the year (2015: Nil).

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.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	HK$'000	*HK$'000*
Held for trading:		
Listed equity securities — Hong Kong, at fair value	**188,360**	368,193
Listed equity securities — the PRC, at fair value *(Note)*	**1,339,664**	–
	1,528,024	368,193

Note: The Group lost its significant influence over Heilongjiang Interchina during the year and its investment in Heilongjiang Interchina was recognised as financial asset at FVTPL. Included in the net loss on financial asset at FVTPL for the year ended of approximately HK$892,626,000 is derived from investment in Heilongjiang Interchina (2015: Nil).

16. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

The following is an analysis of trade payables:

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**2,318**	1,318
Other payables and deposits received	**51,510**	57,339
	53,828	58,657

The aged analysis of trade payables is as follow:

	2016	2015
	HK$'000	*HK$'000*
0 to 30 days	**354**	212
31 to 60 days	**364**	371
Over 60 days	**1,600**	735
	2,318	1,318

Included in other payables were the amounts of interest expenses payable and amount due to a director of the subsidiaries amounted to approximately HK$852,000 (2015: HK$980,000) and HK$1,327,000 (2015: HK$2,881,000) respectively.

17. EVENTS AFTER THE REPORTING PERIOD

On 24 December 2015, the Company entered into a purchase agreement with Shanghai Lai Yin Si Zhiye Company Limited ("the Vendor"), a connected person regarding the acquisition of 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. at the consideration of RMB616,000,000. The consideration will be paid in three installments as follows: (a) as to RMB184,800,000 payable within 10 working days upon signing of the purchase agreement; (b) as to RMB369,600,000 payable within 10 working days fulfilment of specified conditions and (c) as to the balance of RMB61,600,000 payable with 10 working days upon the Wholly Foreign Owned Enterprise having been registered as owner of the properties. As at the date of approval of these consolidated financial statements, the conditions precedent set out in purchase agreement has not been fulfilled. 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 announcement and circular dated 24 December 2015 and 19 February 2016 respectively.

DIVIDEND

The Board did not recommend the payment of a dividend for the year ended 31 March 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Investment in Heilongjiang Interchina

During the year, the Group's environmental water treatment operation was mainly conducted by Heilongjiang Interchina. As at 31 March 2015, the Group holds 227,312,500 shares of Heilongjiang Interchina, representing 15.62% of the issued share capital of Heilongjiang Interchina. As at 31 March 2015, the Group was able to exercise significant influence over Heilongjiang Interchina because Mr. Zhu Yongjun ("Mr. Zhu"), the former executive director and the chairman of Heilongjiang Interchina was the Group's representative in the board of Heilongjiang Interchina. The investment in Heilongjiang Interchina was accounted for as an associate of the Group for the year ended 31 March 2015. However, as disclosed in the 2014 annual report of Heilongjiang Interchina, Mr. Zhu decided not to participate in nomination as member of the board of Heilongjiang Interchina in the first meeting of the sixth session of the board of directors of Heilongjiang Interchina held on 9 May 2015. Therefore, Mr. Zhu ceased to be an executive director and the chairman of Heilongjiang Interchina since 9 May 2015. As the Group's significant influence over Heilongjiang Interchina is lost, it is according to the relevant Hong Kong Financial Reporting Standards to re-classify the investment in Heilongjiang Interchina from an associate company to financial assets at fair value through profit or loss thereafter. As a result, a gain on loss of significant influence of an associate of HK$882,107,000 was recognised for the year. The gain was the difference between the fair value of the 15.62% equity interest of Heilongjiang Interchina and the carrying amount of Heilongjiang Interchina at the date when significant influence was lost. At 31 March 2016, the market value of the investment in Heilongjiang Interchina's amounted to approximately RMB1,132,016,000 (equivalent to approximately HK$1,339,664,000) and unrealised loss on change in the fair value of this investment of HK$892,626,000 was recognised for the year.

The Group's share of loss of an associate up to the date of reclassifying Heilongjiang Interchina as financial assets at fair value through profit or loss amounted to HK$1,138,000 for the year. (2015: profit of HK$29,050,000).

Property Investment Operation

The Group currently owns approximately total gross floor area of 19,620 sq.m. in Beijing Interchina Commercial Building, located in the CBD of Beijing, the PRC. At 31 March 2016, the carrying value of the Group's investment properties amounted to approximately HK$612,549,000 (31 March 2015: HK$634,250,000) and all of them have been fully let during the year.

Rental income slightly increased by 2% to approximately HK$26,998,000 (2015: HK$26,444,000). The segment profit amounted to approximately HK$31,957,000 (2015: HK$33,498,000). The decrease in profit was mainly attributable to the decrease in the unrealised fair value gain on investment properties from HK$18,133,000 for the last year to HK$14,300,000 for the year.

During the year, the Group continued to seek opportunity of acquisition of high quality property. In December 2015, the Group acquired 14 retail units located in a prime area on the north of the Bund, Shanghai with estimate market value of RMB685,000,000. Further details of the transaction are set out in the "Material Acquisition and Disposal" section. Upon completion of the acquisition, it can provide immediate annual rental income of not less than RMB21,560,000 (equivalent to approximately HK$25,666,000) to the Group.

Looking forward, the Group will closely monitor the property market and carefully identify the possible investment properties in order to strengthen the profitability of this segment.

Hotel Operation

The Group completed the acquisition of the Express by Holiday Inn Wujiaochang Shanghai ("Holiday Inn Wujiaochang") by the end of December 2014. It is a 20-storey hotel with total gross floor area of approximately 15,900 square feet, and 296 guest rooms, located in Yangpu District, Shanghai, the PRC. Hence it was the first time the Group reported on the operations of the hotel on a full year basis. During the year, the Holiday Inn Wujiaochang contributed revenue of HK$37,124,000 to the Group, achieved an average daily rate of approximately HK$340 and an occupancy rate of around 80%. During the year, the Group shared the loss of HK$680,000 from the hotel operation segment (2015: HK$3,003,000). The loss was mainly attributable to the increase in depreciation of HK$13,561,000 for the hotel property for the year (2015: HK$3,604,000).

It expects that Holiday Inn Wujiaochang will continue providing the Group with a solid revenue stream as well as capital gain potentials.

Financing and Securities Investment Operation

As at 31 March 2016, total loan receivable under financing operation amounted to HK$273,173,000 (31 March 2015: HK$249,436,000) and total securities investment/financial assets at fair value through profit and loss stood at HK$1,528,024,000 (31 March 2015: HK$368,193,000). The increase in total securities investment/financial assets at fair value through profit and loss was mainly attributable to the reclassification of the investment in Heilongjiang Interchina from an associate to financial assets at fair value through profit and loss during the year. At 31 March 2016, the Group held listed securities, being 227,312,500 shares or approximately 15.62% interest in Heilongjiang Interchina (stock code: 600187) listed on Shanghai Stock Exchange and 57,957,000 shares or approximately 1.01% interest in KuangChi Science Limited (stock code: 439).

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

Segment revenue represents interest income from financing operation, increased by 29.6% to HK$22,689,000 as more loans were granted to customers during the year. The segment loss significantly increased by 662.8% to HK$847,900,000. The increase was mainly attributable to the significant increase in unrealised fair value loss of the securities investment from HK$143,476,000 for the last year to HK$882,862,000 for this year as a result of the stock market fluctuation in the PRC and Hong Kong during the year.

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

Natural Resources Operation

The Group operates the natural resources operation through a non-wholly owned subsidiary of the Company, P.T. Satwa Lestari Permai ("SLP") which is a licensed mining company under the Laws of Indonesia. SLP owns mining licenses 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 Rights"), with estimate resources of approximately 18,800,000 tonnes. The estimate resource has no significant change during the year. Production has not been commenced since the Group acquired the Mining Rights in 2011. Therefore, this segment did not contribute any revenue to the Group for the year.

During the year, the manganese industry like all other metal material industries, has entered an extremely difficult period. Manganese ore benchmark price (referenced by 44% Mn grade lump published by United Nations Conference on Trade and Development) dropped by approximately 58% from US$4.30/dmtu at the beginning of 2015 to the low of US$1.81/dmtu in January 2016 which is the lowest price in the past ten years. Thus, the Company engaged an independent professional valuer in determining the recoverable amount of the Mining Rights, an impairment loss on the Mining Rights of HK$598,136,000 (2015: HK$194,200,000) had been identified and recognised in the consolidated financial statements for the year ended 31 March 2016. In the opinion of the Directors, the impairment loss was mainly due to continuous drop in the market price of manganese ore for the year. The carrying value of the Mining Rights at 31 March 2016 amounted to HK$271,880,000 (31 March 2015: HK$870,016,000).

The segment loss amounted to HK$599,536,000, representing an increase of 192.4% as compared with HK$205,007,000 for the last year. The loss was mainly represented the impairment loss recognised in respect of the Mining Rights and administrative expenses for the year.

Discontinued Operations

Environmental Water Treatment Operation

Following the re-classification of the investment in Heilongjiang Interchina from an associate company to financial assets at fair value through profit or loss, the Company has revisited the business plan and strategy of the Company in environmental water treatment operation and decided to discontinue this segment in 2016. This segment recorded no revenue for the past three years since 2014 and recorded segment loss of HK$143,000 (2015: HK$166,000).

Securities dealing and brokerage operation

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$1,170,000 (2015: HK$29,512,000) for the year. The decrease was mainly attributed by the reversal of impairment loss of HK$32,521,000 on trade receivables during the year.

OUTLOOK

Looking forward in 2016, the outlook of global economy remains gloomy. The Group is still facing different challenges for its business development. In view of this, the Group will adopt more cautious investment strategies in order to maintain its competitiveness. Meanwhile, we will pay more attention to economic change and take every chance to identify any suitable investment opportunity including other new business operation in the market for the Group.

FINANCIAL REVIEW

Results of Operations

For the year ended 31 March 2016, revenue of the Group from continuing operations amounted to HK$86,811,000, representing an increase of 68.4% from HK$51,544,000 for the last year. The increase in revenue was mainly attributable to recognition of entire year of revenue contributed by the Holiday Inn Wujiaochang of the hotel operation segment.

Despite the improvement in revenue, the Group still recorded a loss of HK$685,870,000, representing an increase of 41.2% as compared with last year. The loss was principally attributable to the net effect of: (i) a gain on loss of significant influence of an associate of HK$882,107,000 resulting from the reclassification of the investment in Heilongjiang Interchina from an associate to the financial assets at fair value through profit or loss; (ii) net loss on financial assets at fair value through profit or loss of HK$896,143,000 (2015: HK$143,476,000) as the result of the unstable investment market conditions; and (iii) an impairment loss recognised in respect of mining rights of HK$598,136,000 (2015: HK$194,200,000) for the year.

Basic loss per share (including continuing and discontinued operations) amounted at HK11.280 cents, compared with the basic loss per share of HK6.632 cents the previous year.

Liquidity and Financial Resources

At 31 March 2016, the Group's total assets were HK$4,477,067,000 (31 March 2015: HK$5,900,132,000) and the total liabilities were HK$726,607,000 (31 March 2015: HK$919,398,000). At 31 March 2016, the equity reached HK$3,750,460,000 (31 March 2015: HK$4,980,734,000) and the current ratio of the Group was 4.9 (31 March 2015: 2.8)

At 31 March 2016, the Group's cash on hand and deposits in bank was HK$305,451,000 (31 March 2015: HK$468,859,000). Around 99% 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 2016, the Group's total borrowings comprising bank borrowings of HK$16,004,000 (31 March 2015: HK$21,916,000) and other borrowings of HK$537,408,000 (31 March 2015: HK$711,849,000). The maturity profile of the outstanding bank and other borrowings was spread over a period of more than five years with HK$542,621,000 repayable within one year and HK$8,861,000 repayable after one year but within five years, and HK$1,930,000 repayable after five years. Around 87.7% of the Group's total borrowings was denominated in Renminbi with the rest mainly in Hong Kong dollars.

As at 31 March 2016, the average cost of financing was around 6.7% (2015: 6.5%) per annum in 2016. 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% (2015: 12.4%). There has been no change in the share capital of the Company during the year. As at 1 April 2015 and 31 March 2016, the number of issued shares of the Company was 6,078,669,363.

Pledged of Assets

At 31 March 2016, the Group's investment properties with carrying amounts of HK$270,111,000 (31 March 2015: HK$284,539,000) was pledged as security for its liabilities. In addition, 187,000,000 shares of Heilongjiang Interchina Water Treatment Company Limited held by the Group were also pledged to lender(s) to secure loan facilities granted to the Group.

Foreign Exchange Exposure

The Group's principal assets, liabilities, revenue and payments are denominated in Hong Kong dollars and Renminbi. Fluctuations of exchanges rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidation financial statement. During the year, the Group did not employ any financial instruments for hedging purpose and did not engage in foreign currency speculative activities.

Material Acquisition and Disposal

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

(ii) On 24 December 2014, the Company entered into the purchase agreement with Shanghai Lai Yin Si Zhiye Company Limited (上海萊因思置業有限公司) (the "Vendor") in relation to purchase 14 retail units located at Levels 1 to 3 of at Above the Bund Square (白金灣廣場), No. 948 Dongdaming Road, Hongkou District, Shanghai, the PRC with total area 8,585.79 sq.m. (the "Properties) at the aggregate consideration of RMB616,000,000 (equivalent to approximately HK$733,333,000) (the "Proposed Acquisition"). As the Vendor is owned as 99% by Mr. Jiang Zhaobai ("Mr. Jiang"), an executive Director, the Chairman and a substantial shareholder of the Company and 1% by Mr. Jiang Lei, the brother of Mr. Jiang, and is therefore a connected person of the Company under the Listing Rules. The Proposed Acquisition constitutes major and connected transaction for the Company under the Listing Rules. The Proposed Acquisition was approved by the shareholders of the Company at the general meeting held on 11 March 2016. Detail of the transaction was set out in the Company's circular dated 19 February 2016.

Future plans for material investments or capital assets

The Group did not have any future plans for material investments or capital assets as at 31 March 2016.

Human Resources

During the year, the Company has established an investment department and is responsible to evaluate any potential investment projects for the future expansion of the Group.

As at 31 March 2016, the Group employed approximately a total of 124 employees (31 March 2015: 120). The Group's emoluments policies are formulated on the performance of individual employee and are competitive in the market. During the year ended 31 March 2016, total staff costs (including Directors' emoluments) amounted to HK$34,906,000 for the year (2015: HK$19,354,000).

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 2016.

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 2015 AGM due to other business engagements. Mr. Lam Cheung Shing Richard, being the executive director of the Company, attended the AGM on 15 August 2015 and was delegated to make himself available to answer questions if raised at the meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee comprises all the independent non-executive directors of the Company. 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.

PUBLICATION OF THE ANNUAL REPORT

The 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 directors
EverChina Int'l Holdings Company Limited
Lam Cheung Shing, Richard
Chief Executive Officer and Executive Director

Hong Kong, 24 June 2016

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; and the independent non-executive Directors are Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Professor Shan Zhemin.