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 2019

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately HK$78,064,000, representing a decrease of 13.2% as compared to the last year.
- Loss for the year amounted to approximately HK$604,960,000, representing a decrease of 22% as compared to the last year.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2019 (2018: Nil).
- At 31 March 2019, total equity amounted to approximately HK$2,584,656,000, representing a decrease of 17.9% as compared to approximately HK$3,147,461,000 as at 31 March 2018.
- At 31 March 2019, net assets per share was approximately HK$0.35, representing a decrease of 32.7% as compared to approximately HK$0.52 as at 31 March 2018.

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 2019, together with the comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*3*	**78,064**	89,912
Cost of sales		**(39,819)**	(3,497)
Other income and gain, net	*4*	**9,871**	16,520
Staff costs		**(35,416)**	(36,151)
Depreciation		**(15,722)**	(15,106)
Administrative costs		**(80,541)**	(66,699)
Other operating expenses		**(93,216)**	(66,555)
Impairment loss recognised in respect of trade and other receivables and loan receivables, net		**(43,238)**	(73,853)
Loss arising on change in fair value of investment properties		**(3,529)**	(36,072)
Gain/(loss) arising on change in fair value less costs to sell on biological assets		**2,282**	(91)
Loss arising on change in fair value of financial assets at fair value through profit or loss		**(320,912)**	(409,850)
Loss from operations	*5*	**(542,176)**	(601,442)
Finance costs	*6*	**(86,594)**	(79,226)
Gain on disposal of a subsidiary		**–**	2,032
Loss before taxation		**(628,770)**	(678,636)
Tax credit/(expense)	*7*	**23,810**	(97,237)
Loss for the year		**(604,960)**	(775,873)
Attributable to:			
Owners of the Company		**(600,252)**	(775,807)
Non-controlling interests		**(4,708)**	(66)
		(604,960)	(775,873)
Loss per share attributable to the owners of the Company	*8*		
— Basic and diluted		**HK8.993 cents**	HK12.763 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	HK$'000	*HK$'000*
Loss for the year	**(604,960)**	(775,873)
Other comprehensive (loss)/income		
Items that maybe reclassified subsequently to profit or loss		
Exchange differences on translation of overseas subsidiaries	**(114,308)**	270,409
Release of exchange reserve upon disposal of subsidiaries	**–**	9,176
Release of exchange reserve upon deregistration of subsidiaries	**–**	351
Total comprehensive loss for the year	**(719,268)**	(495,937)
Total comprehensive loss attributable to:		
Owners of the Company	**(714,560)**	(495,871)
Non-controlling interests	**(4,708)**	(66)
	(719,268)	(495,937)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Investment properties		**1,282,094**	1,347,788
Property, plant and equipment		**890,326**	569,177
Mining rights	*10*	**178,664**	271,880
Goodwill		**91,454**	91,454
Deposit paid for acquisition of subsidiaries	*11*	**–**	195,000
		2,442,538	2,475,299
Current assets			
Inventories		**7,664**	7
Biological assets		**17,951**	2,837
Trade and other receivables and prepayments	*12*	**176,522**	378,544
Loan receivables	*13*	**52,475**	91,084
Financial assets at fair value through profit or loss	*14*	**911,924**	1,393,232
Cash and cash equivalents		**79,975**	179,712
		1,246,511	2,045,416
Total assets		**3,689,049**	4,520,715
Capital and reserves			
Share capital		**2,664,298**	2,490,454
Reserves		**(117,621)**	614,320
Equity attributable to owners of the Company		**2,546,677**	3,104,774
Non-controlling interests		**37,979**	42,687
Total equity		**2,584,656**	3,147,461

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Non-current liabilities			
Bank borrowings		**5,748**	–
Deferred tax liabilities		**126,839**	102,492
		132,587	102,492
Current liabilities			
Trade and other payables and deposits received	*15*	**76,919**	148,848
Contract liabilities		**443**	–
Tax payable		**6,286**	2,263
Bank and other borrowings		**888,158**	1,119,651
		971,806	1,270,762
Total liabilities		**1,104,393**	1,373,254
Total equity and liabilities		**3,689,049**	4,520,715
Net current assets		**274,705**	774,654
Total assets less current liabilities		**2,717,243**	3,249,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The financial information relating to the years ended 31 March 2019 and 2018 included in this preliminary announcement of the 2019 annual results do not constitute the Company's statutory annual consolidated financial statements 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 Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 March 2019 in due course.

The Company's auditor has reported on those financial statements of the Group for both years. For the year ended 31 March 2019, 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 report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties, biological assets and financial assets at fair value through profit or loss classified as held for trading that are measured at fair values at the end of each reporting period.

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

In the current year, the Group has applied, for the first time, the following new and amendments to standards and interpretations (collectively referred to as the "**new and amendments to HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which are effective for the Group's financial year beginning from 1 April 2018. A summary of the new and amendments to HKFRSs applied by the Group is set out as follows:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKAS 28 (Amendments)	As part of Annual Improvements to HKFRSs 2014 – 2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property

Except for HKFRS 9 and HKFRS 15, the application of the above new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

The above new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Impact on opening consolidated statement of financial position

The following table show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more detail by standard below.

Consolidated statement of financial position (extract)	At 31 March 2018 (originally stated)	HKFRS 9	HKFRS 15	At 1 April 2018 (as restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets				
Trade and other receivables	378,544	(4,721)	–	373,823
Loan receivables	91,084	(12,660)	–	78,424
Current liabilities				
Trade and other payables and deposits received	148,848	–	(519)	148,329
Contract liabilities	–	–	519	519
Equity				
Reserves	614,320	(17,381)	–	596,939

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

The Group recognises revenue from the following major sources:

- Hotel operations
- Agricultural operations
- Property rental income (not within the scope of HKFRS 15)
- Investment in securities (not within the scope of HKFRS 15)
- Financing (not within the scope of HKFRS 15)

Revenue from leasing of properties continues to be accounted for in accordance with HKAS 17 "Leases" and revenue from investment in securities and financing is accounted for in accordance with HKFRS 9 "Financial Instrument", whereas revenue from other sources is accounted for under HKFRS 15.

Summary of effects arising from initial application of HKFRS 15

The application of HKFRS 15 has no material impact on the Group's accumulated losses at 1 April 2018. The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018	**Reclassification**	**Carrying amounts with application of HKFRS15 1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Trade and other payables and deposits received	148,848	(519)	148,329
Contract liabilities	–	519	519

Note: Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as trade and other payables and deposits received. This balance was reclassified to contract liabilities upon application of HKFRS 15.

The application of HKFRS 15 has no material impact on the amounts recognised in the Group's consolidated statement of profit or loss for the current year. The following table summaries the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position at 31 March 2019 and its consolidated statement of cash flows for the year ended 31 March 2019 for each of the lines items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Carrying amounts without application of HKFRS 15 2019	**Reclassification**	**As reported 2019**
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Trade and other payables and deposits received	77,362	(443)	76,919
Contract liabilities	–	443	443

Note: Consideration received from customers in advance in relation to hotel room revenue of approximately RMB377,000 (equivalent to approximately HK$443,000) was previously included in trade and other payables and deposits received. Upon the application of HKFRS 15, this deferred revenue was reclassified to contract liabilities.

Impact on the consolidated statement of cash flows

	Carrying amounts without application of HKFRS 15 2019 *HK$'000*	Adjustments *HK$'000*	As reported 2019 *HK$'000*
Operating activities			
Decrease in trade and other payables and deposits received	71,486	443	71,929
Increase in contract liabilities	–	(443)	(443)

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2018 as disclosed above.

HKFRS 9 Financial Instruments and the related amendments

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment under ECL model retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The Group has recognised the transition arrangements against the applicable opening balances in equity at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated losses and other components of equity, without restating the comparative information.

Classification and measured of financial assets and financial liabilities

All financial assets and financial liabilities continue to be measured on the same bases as those were previously measured under HKAS 39.

Summary of effect arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Note	Trade and other receivables HK$'000	Loan receivables HK$'000	Accumulated losses HK$'000
Closing balance at 31 March 2018				
— HKAS 39		378,544	91,084	(1,514,382)
Effect arising from initial application of HKFRS 9:				
Remeasurement				
Impairment under ECL model	(a)	(4,721)	(12,660)	(17,381)
Opening balance at 1 April 2018, as restated		373,823	78,424	(1,531,763)

Note:

(a) Impairment under ECL model

The Group has applied HKFRS 9 simplified approach to measure expected credit loss using a lifetime expected credit loss for trade receivables. To measure the expected credit loss, trade receivables have been grouped using a provision matrix based on past due status.

Loss allowance for other financial assets at amortised cost, mainly comprising loan receivables, deposits and other receivables and bank balances, are measured on 12-month expected credit loss basis and there had been no significant increase in credit risk since initial recognition.

At 1 April 2018, additional credit loss allowance of approximately HK$17,381,000 have been recognised in accumulated losses. The additional loss allowance is charged against the loan receivables and other receivables.

Set out below is the table reconciles the provision for impairment determined in accordance with HKFRS 9 as at 1 April 2018.

	Loan receivables HK$'000	Trade and other receivables HK$'000
Closing balance at 31 March 2018 under HKAS 39	–	73,855
Additional ECL recognised at 1 April 2018	12,660	4,721
Opening balance at 1 April 2018, as restated	12,660	78,576

New and amendments to HKFRS in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
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 2021.
4 Effective for business combination and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2020.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17 the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to leasee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$8,294,000 in respect of rented premises. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

Except disclosed above, the directors of the Company do not anticipate that the application of other new and amendments to HKFRSs will have a material impact on the Group's financial performance and financial positions.

3. REVENUE/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:

Property investment operation	—	Leasing of rental property in the People's Republic of China (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
Agricultural operation	—	Agricultural farming, cattle raising and sales of cattle, soybean, corn and rice in the Plurinational State of Bolivia ("**Bolivia**")

Certain operating segments that do not meet the quantitative thresholds are therefore aggregate in "Other operations". Information regarding the above segments is reported below.

(a) Segment revenue and result

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

For the year ended 31 March 2019

	Segment revenue		Segment result	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Property investment operation	**53,249**	56,214	**35,623**	1,706
Hotel operation	**35,242**	39,072	**(1,441)**	1,447
Financing and securities investment operation	**(58,595)**	(5,845)	**(407,847)**	(482,352)
Agricultural operation	**48,168**	471	**15,125**	(2,404)
Other operations	**–**	–	**(95,314)**	(1,951)
Total	**78,064**	89,912	**(453,854)**	(483,554)
Interest income and other revenue			**9,871**	16,480
Unallocated expenses			**(98,193)**	(134,368)
Loss from operations			**(542,176)**	(601,442)
Finance costs			**(86,594)**	(79,226)
Gain on disposal of a subsidiary			**–**	2,032
Loss before taxation			**(628,770)**	(678,636)
Tax credit/(expenses)			**23,810**	(97,237)
Loss for the year			**(604,960)**	(775,873)

Revenue reported above represents revenue generated from external customers. There were no intersegment sales in the year (2018: Nil).

Segment result represents the result generated from each segment without allocation of central administration costs including directors' salaries, finance costs and income tax expenses. This is the measure reported to the chief operating decision maker for the purpose of resources allocation and assessment of segment performance.

(b) Segment assets and liabilities

	2019	2018
	HK$'000	*HK$'000*
Segment assets		
Property investment operation	**1,340,729**	1,468,964
Hotel operation	**541,956**	581,004
Financing and securities investment operation	**964,412**	1,484,346
Agricultural operation	**451,192**	48,284
Other operations	**179,679**	272,733
Total segment assets	**3,477,968**	3,855,331
Unallocated assets	**211,081**	665,384
Consolidated total assets	**3,689,049**	4,520,715

	2019	2018
	HK$'000	*HK$'000*
Segment liabilities		
Property investment operation	**67,593**	12,596
Hotel operation	**47,545**	11,859
Financing and securities investment operation	**180**	254
Agricultural operation	**61,078**	18,925
Other operations	**5,871**	5,778
Total segment liabilities	**182,267**	49,412
Unallocated bank and other borrowings	**887,113**	1,119,651
Unallocated liabilities	**28,727**	201,928
Tax payable	**6,286**	2,263
Consolidated total liabilities	**1,104,393**	1,373,254

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

All assets related to property investment operation, hotel operation, financing and securities investment operation, agricultural operation and other operations are allocated to reportable segments other than certain property, plant and equipment, other receivables, prepayments and deposits and cash and cash equivalents that are not attributable to individual segments.

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

(c) Other segment information

For the year ended 31 March 2019

	Property investment operation *HK$'000*	Hotel operation *HK$'000*	Financing and securities investment operation *HK$'000*	Agricultural operation *HK$'000*	Other operations *HK$'000*	Consolidated total *HK$'000*
Other segment information						
Depreciation	133	13,426	–	1,880	–	15,439
Unallocated amounts						283
						15,722
Capital expenditure *(Note)*	15	40	–	871	18	944
Unallocated amounts						–
						944
Fair value change in investment properties	3,529	–	–	–	–	3,529
Fair value change in financial assets at fair value through profit or loss	–	–	320,912	–	–	320,912

Note:

Capital expenditure includes addition to property, plant and equipment, excluding biological assets, acquired from acquisition of subsidiaries.

For the year ended 31 March 2018

	Property investment operation *HK$'000*	Hotel operation *HK$'000*	Financing and securities investment operation *HK$'000*	Agricultural operation *HK$'000*	Other operations *HK$'000*	Consolidated total *HK$'000*
Other segment information						
Depreciation	121	13,479	–	935	–	14,535
Unallocated amounts						571
						15,106
Capital expenditure	15	595	–	796	–	1,406
Unallocated amounts						1,669
						3,075
Written off of property, plant and equipment	–	57	–	273	–	330
Unallocated amounts						2,370
						2,700
Fair value change in investment properties	36,072	–	–	–	–	36,072
Fair value change in financial assets at fair value through profit or loss	–	–	409,850	–	–	409,850

(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, mining rights, goodwill and other non-current assets (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**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**(58,595)**	(5,845)	**55,754**	30,898
The PRC	**88,491**	95,286	**1,805,808**	1,935,353
Indonesia	**–**	–	**179,134**	272,331
Bolivia	**48,168**	471	**401,842**	41,717
	78,064	89,912	**2,442,538**	2,280,299

(e) Information from major customers

During the year, there was no revenue from sales to an external customer which accounted for 10% or more of the Group's total revenue (2018: Nil).

(f) Revenue is analysed as follow:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Revenue from contracts with customers		
Hotel income	**35,242**	39,072
Agricultural operation	**48,168**	471
	83,410	39,543
Timing of revenue recognition		
A point in time	**51,093**	3,881
Overtime	**32,317**	35,662
	83,410	39,543
Revenue from other sources		
Property rental income	**53,249**	56,214
Loss from sales of financial assets at fair value through profit or loss, net	**(60,725)**	(10,397)
Interest income from loan receivables	**2,130**	4,552
	(5,346)	50,369
	78,064	89,912

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 such that it does not disclose the (i) aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied as of the end of the reporting period, and (ii) information about when the Group expects to recognise as revenue, as the Group's contracts with customers generally have an original expected duration of one year or less.

4. OTHER INCOME AND GAIN, NET

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**1,695**	6,038
Other loan interest income	**6,767**	2,741
Net foreign exchange (loss)/gain	**(2,939)**	2,809
Investment income	**944**	1,658
Sundry income	**3,404**	3,274
	9,871	16,520

5. LOSS FROM OPERATIONS

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

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Depreciation	**15,722**	15,106
Auditors' remuneration	**2,121**	1,980
Cost of inventories for hotel operation provided	**6,939**	1,712
Written off of property, plant and equipment	**–**	2,700
Impairment loss recognised in respect of trade, other receivables and loan receivables, net	**43,238**	73,853
Impairment loss recognised in respect of mining rights	**93,216**	–
Operating lease rentals in respect of premises	**3,146**	8,873
Net foreign exchange loss/(gain)	**2,939**	(2,809)
Fair value change in investment properties	**3,529**	36,072
Gross rental income from investment properties	**(53,249)**	(56,214)
Less: direct operating expenses from investment properties that generated rental income during the year	**1,892**	3,987
	(51,357)	(52,227)

6. FINANCE COSTS

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Interests on:		
— Bank borrowings	**365**	80
— Other borrowings	**86,229**	79,146
	86,594	79,226

7. TAX CREDIT/(EXPENSE)

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**–**	–
The PRC Enterprise Income Tax credit/(expenses)	**23,529**	(1,045)
Bolivia Corporate Tax	**(3,972)**	–
Under-provision in prior years	**–**	(109,297)
	19,557	(110,342)
Deferred tax	**4,253**	13,105
	23,810	(97,237)

Hong Kong Profits Tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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%.

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

At 31 March 2019, the Group had unused estimated tax losses of approximately HK$262,312,000 (2018: HK$207,922,000) available for offset against future profits. No deferred tax asset has been recognised due to unpredictability of future profit streams.

No provision for taxation in Hong Kong has been made as the Group has no assessable profit for Hong Kong profits tax.

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 or preferential enterprise income tax rate of the assessable income of each company during the years ended 31 March 2019 and 2018, as determined in accordance with the relevant PRC income tax rules and regulations.

During the year ended 31 March 2018, Interchina (Tianjin) Water Treatment Company Limited ("**Interchina Tianjin**"), a wholly-owned subsidiary of the Company, was placed under tax examination by the Tianjin Tax Bureau for the PRC Enterprise Income Tax paid for the period from 1 January 2013 to 31 December 2015 (the "**Relevant Periods**") and found that the Group underpaid the PRC Enterprise Income Tax when disposal of certain investment securities during the Relevant Periods. The Group has recognised a provision of the PRC Enterprise Income Tax of approximately RMB88,530,000 (equivalent to approximately HK$109,296,000) in taxation and a provision of overdue fine of approximately RMB53,910,000 (equivalent to approximately HK$66,555,000) in other operating expenses according to the relevant tax law and regulations in the PRC for the year ended 31 March 2018.

During the year ended 31 March 2019, the overdue fine had been settled. The Group had received a tax refund of approximately RMB22,183,000 (equivalent to approximately HK$25,498,000) for tax paid in prior years.

The Indonesia Corporate Tax

The corporate tax rate applicable to the subsidiary which is operating in the Indonesia is 25% (2018: 25%) during the year. No Indonesia Corporate Tax was recognised as the subsidiary in the Indonesia has no estimated assessable profits for the both years.

The Bolivia Corporate Tax

The corporate tax rate applicable to the subsidiaries which are operating in Bolivia is 25% (2018: 25%) during the year.

8. LOSS PER SHARE

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**600,252**	775,807

	Year ended 31 March	
	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**6,674,861,966**	6,078,669,363

The diluted loss per share is the same as the basic loss per share as the Company has no dilutive potential shares outstanding for the year ended 31 March 2019 and 2018.

9. DIVIDENDS

The directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2019 (2018: Nil).

10. MINING RIGHTS

	HK$'000
Cost	
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	1,227,344
Accumulated amortisation and impairment	
At 1 April 2017, 31 March 2018 and 1 April 2018	955,464
Impairment	93,216
At 31 March 2019	1,048,680
Carrying amount	
At 31 March 2019	**178,664**
At 31 March 2018	271,880

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 2019 and 2018, the management considered that commercial production of the mine has not yet commenced, no amortisation were provided during both years.

During the year ended 31 March 2019, as a result of the export restriction of raw ore imposed by the Indonesia government and the slack demand in local Indonesia manganese ore market, the directors of the Company reviewed the carrying amount of the mining rights, an impairment loss of approximately HK$93,216,000 under business segment of other operations was charged to the consolidated statement of profit or loss for the year ended 31 March 2019 (2018:Nil).

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 and 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:

	2019	2018
Adopted manganese ore benchmark price (US$/ton) *(note (a))*	**US$158.00**	US$181.76
Discount rate *(note (b))*	**12%**	13%

Notes:

(a) For the year ended 31 March 2019, the adopted manganese ore benchmark price was estimated with reference to the sale and purchase agreement entered between PT. Satwa Lestaris Permai, a 95% owned subsidiary of the Company, as seller and an independent third party as buyer (2018: reference by 44% Mn Tianjin manganese ore index published by United Nations Conference on Trade and Development, and 44-45% Mn Tianjin manganese ore index published by Shanghai Metals Market Information & Technology Co., Ltd). The manganese ore benchmark price for valuation as at 31 March 2019 has decreased by approximately 13.1% than that as at 31 March 2018. 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 2019 and as at 31 March 2018.

(b) The slightly decrease of 1% in discount rate (2018: increase of 1%) was due to normal market data fluctuation.

(c) No growth rate was assumed for operating costs. No mining rights have been pledged to secure general banking facilities granted to the Group in the both years.

11. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES

During the year ended 31 March 2018, deposit of HK$195,000,000 was paid for an acquisition of the entire equity interest in Pengxin Agricultural Holdings Company Limited ("**Pengxin Agricultural**") and its subsidiaries (collectively referred to as "**Pengxin Agricultural Group**"). Details of which were set out in the Company's circular dated 28 June 2018. The acquisition was completed on 31 October 2018, detail of the acquisition of subsidiaries was set out in note 16.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2019 *HK$'000*	2018 *HK$'000*
Trade receivables	**7,087**	1,127
Prepayments, deposits and other receivables	**263,203**	451,272
	270,290	452,399
Less: Allowance for expected credit losses	**(93,768)**	(73,855)
	176,522	378,544

The following is an aging analysis of trade receivables based on the invoice date:

	2019 *HK$'000*	2018 *HK$'000*
0 to 30 days	**6,756**	1,065
31 to 60 days	**196**	10
61 to 90 days	**–**	–
91 to 180 days	**37**	2
Over 180 days	**98**	50
	7,087	1,127

The Group's prepayments, deposits and other receivables as at 31 March 2019 and 2018, inter alia, the following:

(i) other receivables of approximately HK$42,059,000 (2018: HK$125,926,000) paid for acquisition of several potential water plant projects in the PRC; and

(ii) prepayments and other receivables of approximately HK$37,940,000 (2018: HK$169,321,000) paid to various contractors for construction of environmental protection and water treatment projects in the PRC.

13. LOAN RECEIVABLES

	2019 *HK$'000*	2018 *HK$'000*
Loan receivables	**61,006**	91,084
Less: Allowance for expected credit loss	**(8,531)**	–
	52,475	91,084

The amount of approximately HK$61,006,000 (2018: HK$91,084,000) were secured by collateral providing by customers, bearing interest at 5% (2018: 5%) per annum with fixed repayment terms.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Held for trading:		
Listed equity securities — Hong Kong, at fair value	**–**	99,516
Listed equity securities — the PRC, at fair value	**911,924**	1,293,716
	911,924	1,393,232

Details of the Group's financial assets at fair value through profit or loss was as follow:

At 31 March 2019

Stock Code	**Name of investee company**	**Number of shares held**	**Percentage shareholding held by the Group**	**Investment cost** *HK$'000* *(Note (1))*	**Market value as at 31 March 2019** *HK$'000* *(Note (1))*	**Percentage to the Group's net assets as at 31 March 2019**	**Unrealised loss on change in fair value for the year ended 31 March 2019** *HK$'000* *(Note (1))*
600187	**Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina")** ***(note (2))***	**227,312,500**	**13.74%**	**283,016**	**911,924**	**35.28%**	**(320,912)**

At 31 March 2018

Stock Code	Name of investee company	Number of shares held	Percentage shareholding held by the Group	Investment cost *HK$'000* *(Note (1))*	Market value as at 31 March 2018 *HK$'000* *(Note (1))*	Percentage to the Group's net assets as at 31 March 2018	Unrealised loss on change in fair value for the year ended 31 March 2018 *HK$'000* *(Note (1))*
600187	Heilongjiang Interchina *(note (2))*	227,312,500	13.74%	283,016	1,293,716	41.10%	(328,340)
439	KuangChi Science Limited ("KuangChi") *(note (3))*	54,981,000	0.75%	296,127	99,516	3.16%	(81,510)
				579,143	1,393,232	44.26%	(409,850)

Notes:

(1) The investment costs and market value as at 31 March 2019 and 31 March 2018 and unrealised loss of the investments in the above table have been subject to foreign exchange adjustments and rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them. The fair value of investment for Heilongjiang Interchina is approximately RMB775,136,000 (equivalent to approximately HK$911,924,000) as at 31 March 2019 (2018: approximately RMB1,047,911,000 (equivalent to approximately HK$1,293,716,000)).

(2) Heilongjiang Interchina is principally engaged in sewage water treatment, water supply and the provision of environmental technology services and its issued shares is listed on the Shanghai Stock Exchange. There was no movement in the number of shares held by the Group during the years ended 31 March 2019 and 2018. No dividend was received during each of the years ended 31 March 2019 and 2018. According to the latest published audited financial statements of Heilongjiang Interchina, it had net asset value of approximately RMB3,348,451,000 as at 31 December 2018 (31 December 2017: approximately RMB3,656,489,000). Heilongjiang Interchina recorded revenue of approximately RMB467,977,000 and net profit of approximately RMB10,398,000 for the year ended 31 December 2018 (2017: revenue of RMB439,782,000 and net profit of approximately RMB14,482,000).

(3) KuangChi is principally engaged in provision of in-depth space services, manufacturing and trading of paper packaging products and property investment and its issued shares is listed on the Hong Kong Stock Exchange. No dividend was received during each of the years ended 31 March 2019 and 2018. During the year ended 31 March 2018, the Company disposed of 2,976,000 shares of KuangChi at the average price of HK$1.89 per share. During the year ended 31 March 2019, the Group fully disposed 54,981,000 shares of KuangChi for an aggregate consideration of approximately HK$38,779,000 and realised loss of approximately HK$60,725,000 (2018: HK$10,397,000) on disposal of shares of KuangChi for the year.

(4) At 31 March 2019, financial assets at fair value through profit or loss with the carrying amount of approximately HK$910,671,000 (2018: HK$1,123,960,000) have been pledged to secure loan facilities granted to the Group.

15. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

	2019	2018
	HK$'000	*HK$'000*
Trade payables:		
0 to 30 days	**10,057**	275
31 to 60 days	**275**	331
Over 60 days	**2,259**	2,109
	12,591	2,715
Other payables and deposits received	**64,328**	146,133
	76,919	148,848

The Group's other payables and deposits received as at 31 March 2019 and 2018, inter alia, the following:

(i) interest expenses payable of approximately HK$18,865,000 (2018: HK$2,177,000);

(ii) rental deposits received of approximately HK$5,034,000 (2018: HK$5,685,000);

(iii) deposit of decoration expenses to Heilongjiang Interchina of approximately HK$6,235,000 (2018: HK$7,023,000); and

(iv) during the year ended 31 March 2018, Interchina (Tianjin), a wholly-owned subsidiary of the Company, was placed under tax examination by the Tianjin Tax Bureau in respect of the PRC Enterprise Income Tax paid for the Relevant Periods. At 31 March 2018, the amount included in other payables of approximately RMB53,910,000 (equivalent to approximately HK$66,555,000) representing the outstanding overdue fine payable to the Tianjin Tax Bureau in accordance with the relevant tax law and regulations in the PRC for the year. During the year ended 31 March 2019, the overdue fine payable to the Tianjin Tax Bureau has been settled, the Group had received a tax refund amount of approximately RMB22,183,000 (equivalent to approximately HK$25,498,000).

16. ACQUISITION OF SUBSIDIARIES

On 13 June 2017, the Group entered into the sale and purchase agreement with Mr. Jiang Zhaobai ("**Mr. Jiang**"), an executive Director and the Chairman of the Group ("**the Vendor**"), Mr. Jiang is a connected person of the Company and the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, subject to the reporting, announcement and the Independent Shareholders' approval requirements. Regarding the acquisition of (i) the entire interest in the Pengxin Agricultural Group and (ii) the amount owing by the Pengxin agricultural Group to the Vendor at the consideration of US$46,000,000 (equivalent to approximately HK$358,800,000) (the "**Acquisition**"). The Acquisition was completed on 31 October 2018 (the "**Completion**"), immediately following the completion, the Company owns 100% of the interest in Pengxin Agricultural Group. Pengxin Agricultural Group engaged in the operation of agricultural farming in Bolivia. Further details of the Acquisition are set out in the Company's circular dated 28 June 2018.

Analysis of assets and liabilities recognised at fair value at the date of the Acquisition:

	HK$'000
Property, plant and equipment	355,980
Inventories	10,250
Biological assets	18,648
Trade and other receivables and prepayments	13,660
Cash and cash equivalents	460
Trade and other payables and deposits received	(19,906)
Loans receivables	22,701
Bank borrowings	(22,271)
Due to related parties	(2,091)
Deferred tax liabilities	(18,631)
Shareholder loan	(220,114)
Net assets acquired	138,686
Shareholder's loan	220,114
Consideration	358,800
Net cash outflow arising from the Acquisition	
Deposits paid	195,000
Cash consideration paid during the year	163,800
Less: Cash and cash equivalent acquired	(460)
Net cash outflow	358,340

Impact of acquisition on the results of the Group

Since the Acquisition, the Pengxin Agricultural Group contributed revenue of approximately HK$47,594,000 and profit of approximately HK$9,413,000 for the year ended 31 March 2019.

The fair value of freehold land, which included in property, plant and equipment at the date of the Acquisition is approximately HK$355,980,000.

The fair value of trade and other receivables and prepayments at the date of Acquisition is approximately HK$13,660,000. The gross contractual amount for trade and other receivables and prepayments due is approximately HK$13,660,000 of which the best estimate at the date of the Acquisition of the contractual cash flows are expected to be fully collectable.

DIVIDEND

The Board did not recommend the payment of a dividend for the year ended 31 March 2019 (2018: Nil).

FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group's consolidated financial statements for the year ended 31 March 2019 but represents an extract from those consolidated financial statements. The annual results have been reviewed and approved by the Audit Committee of the Company.

Scope of work of HLB Hodgson Impey Cheng Limited on the preliminary announcement.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2019 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amount set out in the Group's consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited 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 HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

For the year ended 31 March 2019, the Group's revenue, excluding the net loss on the financial assets at fair value through profit or loss of approximately HK$60,725,000, amounted to approximately HK$138,789,000 (2018: HK$89,912,000), representing an increase by 54.4% compared with last year. The increase in revenue was attributable to the new stream of revenue generated from Pengxin Agricultural Group during the year. The results of operations however did not meet expectations. The Group recorded a loss of approximately HK$604,960,000 for the year ended 31 March 2019 (2018: HK$775,873,000). The decrease in loss was mainly attributable to the net effect of:

(i) a decrease in unrealised fair value loss on financial assets measured at fair value through profit or loss by approximately 21.7% to HK$320,912,000 (2018: HK$409,850,000);

(ii) a decrease in provision of impairment loss on receivables and prepayments by approximately 41.5% to HK$43,238,000 (2018: HK$73,853,000);

(iii) in absence of overdue fine charged by the Tianjin Tax Bureau (2018: HK$66,555,000);

(iv) recognised a loss arising on change in fair value of the Group's mining rights of approximately HK$93,216,000 (2018: Nil);

(v) a decrease in loss arising on change in fair value of the Group's investment properties by approximately 90.2% to approximately HK$3,529,000 (2018: HK$36,072,000);

(vi) an increase in finance cost by approximately 9.3%% to HK$86,594,000 (2018: HK$79,226,000) as a result of increase in interest rate; and

(vii) recognised a tax credit of approximately HK$23,810,000 as a result of receipt of a tax refund of approximately HK$25,498,000 for the year (2018: tax expenses of approximately HK$97,237,000).

Loss for the year attributable to shareholders of the Company amounted to approximately HK$600,252,000 (2018: HK$775,807,000). The basic and diluted loss per share amounted to HK8.993 cents (2018: HK12.763 cents).

BUSINESS REVIEW

Property Investment Operation

The Group's property investment operation mainly comprise two investment properties located in the centre of Beijing and Shanghai respectively. At 31 March 2019, the Group's investment property was valued at an aggregate value of approximately HK$1,282,094,000 (31 March 2018: HK$1,347,788,000). Based on the independent valuation performed, loss on changes in fair value of investment properties of approximately HK$3,529,000 was recorded for the year (2018: HK$36,072,000).

During the year, the Group recorded rental income of approximately HK$53,249,000 from property investment operation, a decrease by approximately 5.3% when compared with the last year, with the overall occupancy rate for the property investment portfolio remaining high at approximately 95% as of 31 March 2019. The segment profit amounted to approximately HK$35,623,000 (2018: HK$1,706,000). The increase in profit was mainly attributable to the decrease in the loss arising on change in fair value of the Group's investment properties for the year.

The acquisition of the Shanghai property was completed in August 2016. The Group and Wo Hua Commercial Management (Shanghai) Company Limited ("Wo Hua"), a company which is indirectly owned as to 99% by Mr. Jiang Zhaobai ("Mr. Jiang") and as to 1% by Mr. Jiang Lei, the brother of Mr. Jiang, entered into the leasing agreement ("Leasing Agreement") for a term of three years till 11 August 2019, pursuant to which (i) Wo Hua provides leasing agency services to the Group with annual agency services fee not exceed RMB1,800,000 per annum; (ii) Wo Hua guarantees the annual rental income of the Shanghai property received by the Group generated from the Shanghai property minus any fee or tax relating to the Shanghai property to Wo Hua for each year during the term shall not less than the 3.5% of the RMB616,000,000, represented the consideration of acquiring the Shanghai property paid by the Group i.e. RMB21,560,000. In the event that the annual rental income is less than RMB21,560,000, Wo Hua shall compensate the shortfall on dollar-for-dollar basis. During the year, the Group received guarantee rental income of approximately RMB15,446,000 from Wo

Hua after deduction of management fee of approximately RMB3,092,000 payable to Shanghai Chun Chuan Property Service Company Limited ("Shanghai Chun Chuan") for the period from 11 August 2016 to 10 August 2018 and did not pay any agency services fee to Wo Hua. Both of the Leasing Agreement and the management fee agreement with Shanghai Chun Chuan are exempted continuing connected transaction under Chapter 14A of the Listing Rules. For details, please refer to the Company's circular dated 19 February 2016.

Looking forward, the Group will closely monitor the property market condition and capture any opportunities arising from this segment in a prudent manner.

Hotel Operation

At 31 March 2019, the sole hotel property held by the Group, is the Express by Holiday Inn Wujiaochang Shanghai 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. At 31 March 2019, the average occupancy rate was around 80% for the year.

During the year, this segment recorded revenue of approximately HK$35,242,000 (2018: approximately HK$39,072,000). Decrease in revenue was mainly due to the slightly decrease in the average room rate and the depreciation of RMB against HKD incurred during the year. This segment contributed steady income and cash flow to the Group. Earning before depreciation decreased from last year at approximately HK$14,926,000 to approximately HK$12,003,000 this year. The segment loss amounted to approximately HK$1,441,000 this year as opposed to segment profit of HK$1,447,000 last year.

It expects that this segment will continue providing the Group with solid revenue stream as well as capital gain potentials.

Agricultural operation

During the year, the Group successfully acquired 100% interest in Pengxin Agricultural Holdings Company Limited ("**Pengxin Agricultural**") and its subsidiaries (collectively referred to as "**Pengxin Agricultural Group**"). Pengxin Agricultural through a wholly owned subsidiary, Empresa Agropecuaria Novagro S.A. ("**Novagro S.A.**") engaged in agricultural farming, being the cultivation and sale of soybean, corn and rice via operation of the farmland with approximately 12,400 hectares in the Plurinational State of Bolivia ("**Bolivia**"). The acquisition of Pengxin Agricultural Group marked significant milestones in the Group's endeavors in establishing agricultural business in Bolivia. Together with the Group's cattle raising business, the Group totally owns approximately 17,500 hectares of farmland in Bolivia. The Group believes it has already laid a strong foundation for the business growth and prosperity in future years.

During the year, the Group recorded revenue of approximately HK$48,168,000 from agricultural operation (2018: HK$471,000). The segment profit amounted to approximately HK$15,125,000 (2018: loss of approximately HK$2,404,000). The increase in both revenue and turnaround to profit for the year was mainly primarily due to Pengxin Agricultural Group contributed revenue of approximately HK$47,594,000 (2018: Nil) during the year.

It expects that the acquisition of Pengxin Agricultural Group will not only facilitate the Group's expansion into the agricultural industry, but also diversify the Group's current operations and minimise the investment risks in relation to its existing businesses. Agricultural operation will become one of the major core businesses of the Group and will provide steady revenue and cash flow to the Group.

Financing and Securities Investment Operation

As at 31 March 2019, total loan receivable under financing operation amounted to approximately HK$52,475,000 (31 March 2018: HK$91,084,000) and total securities investment, which was booked under financial assets at fair value through profit or loss amounted to approximately HK$911,924,000 (31 March 2018: HK$1,393,232,000), representing 35.3% (31 March 2018: 44.3%) of the Group's net assets of HK$2,584,656,000 (31 March 2018: HK$3,147,461,000). As at 31 March 2019, the Group mainly 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 13.74% of Heilongjiang Interchina's total issued shares.

In view of the downward trend of the share price of the KuangChi Science Limited ("**KuangChi**") (stock code: 439), the Group fully disposed 54,981,000 shares of KuangChi on the open market of the Stock Exchange for an aggregate consideration of approximately HK$38,790,000 and recognised a loss of approximately HK$60,725,000 for the year. In addition, due to the stock price of Heilongjiang Interchina decreased by RMB1.20 per share from RMB4.61 per share at 31 March 2018 to RMB3.41 per share at 31 March 2019, the total securities investment/financial assets at fair value through profit or loss decreased by approximately HK$481,308,000 or 34.5% as compared with last year.

The cost of investment in Heilongjiang Interchina was approximately HK$279,763,000 at 31 March 2019. Heilongjiang Interchina and its subsidiaries are principally engaged in the provision of sewage water treatment, water supply and the provision of environmental technology services. The Group recorded an unrealised loss of investment at fair value through profit or loss of HK$320,912,000 at 31 March 2019 for the investment in Heilongjiang Interchina for the year. As disclosed in the annual report of Heilongjiang Interchina for the year ended 31 December 2018, Heilongjiang Interchina recorded revenue of approximately RMB467,977,075 (equivalent to approximately HK$550,561,000), profit for the year of approximately RMB10,398,554 (equivalent to approximately HK$12,234,000) and net assets of approximately RMB3,348,451,545 (equivalent to approximately HK$3,939,355,000). Heilongjiang Interchina operates seventeen sewage and water supply projects with aggregate daily processing capacity of approximately 1,500,000 tonnes. During the reporting period, under the background of environmental protection policies and industry development trends, Heilongjiang Interchina focused on environmental protection areas such as water supply and sewage and was proactively deploying the development of energy conservation and environmental protection project.

During the year, this segment recorded interest income of approximately HK$2,131,000 (2018: HK$4,552,000) from financing operation and the loss on disposal of securities investment/ financial assets at fair value through profit or loss approximately HK$60,725,000 (2018: HK$10,397,000) from securities investment operation. The segment loss amounted to approximately HK$407,847,000 for the year (2018: HK$482,352,000). The loss was mainly due to (i) the loss of HK$320,912,000 arising on change in fair value of the financial assets at fair value through profit or loss recognised for the year; (ii) the loss of approximately HK$60,725,000 on disposal of the shares of KuangChi as aforementioned; and (iii) the impairment loss on loan receivables of approximately HK$28,080,000.

The Group will remain watchful on market developments and will continue to be prudent in managing its investment portfolio for minimising the investment risk.

Other Operations

The Group holds a 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 Right**") through a non-wholly owned subsidiary of the Company, P.T. Satwa Lestari Permai ("**SLP**"). At 31 March 2019, it had an estimate resource of approximately 18,800,000 tonnes. Production has not been commenced since the Group acquired the Mining Right in 2011. Therefore, this segment did not contribute any revenue to the Group for the year (2018: Nil).

Being affected by policy prohibiting raw ore export promulgated by the Indonesia government, the project had been no production. According to the relevant regulations of Indonesia, SLP need to construct a smelter complex, in order to apply for an export license for sale of processed mineral ore to overseas. Having considered the business risks involved in this segment, the Group had decided not to make further capital investment in the construction of smelter complex. Therefore, export license could not be obtained by SLP. The Group is of the view that export of mineral ore to the PRC as initial planning is no longer feasible. SLP has no alternative to shift the market from export to local sales in Indonesia in case it starts production. The profitability of this segment will become a very difficult situation resulting from local market price currently is lower than export market price. The Company has undertaken a review on the carrying value of the Mining Right with reference to independent valuation report prepared by Roma Appraisal Limited, and impairment loss on the Mining Right of HK$93,216,000 was recognized for the year (2018: Nil). The carrying value of the Mining Right at 31 March 2019 amounted to approximately HK$178,664,000 (31 March 2018: HK$271,880,000). The segment loss amounted to HK$95,314,000, (2018: HK$1,951,000). The increase in loss was mainly driven by the impairment loss on the Mining Right.

It is estimated that commercial production is not able to be commenced in short term. Nevertheless, the Group will closely monitor the market conditions as well as consider other option such as realization of the investment should the opportunities arise.

OUTLOOK

Looking forward, the external economic environment is expected to be in an unstable condition. In view of this, the Group will remain dedicated to constantly review, reinforce and, in appropriate circumstances, restructure its existing business segments 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

Liquidity, Financial Resources and Capital Structure

At 31 March 2019, the equity reached approximately HK$2,584,656,000 (31 March 2018: approximately HK$3,147,461,000). At 31 March 2019, the Group's cash on hand and deposits in bank was approximately HK$79,975,000 (31 March 2018: approximately HK$179,712,000), mainly denominated in Renminbi ("**RMB**") and Hong Kong dollars. At 31 March 2019, the Group's net current assets were approximately HK$274,705,000 (31 March 2018: approximately HK$774,654,000). The current ratio of the Group as at 31 March 2019 was 1.3 (31 March 2018: 1.6). The gearing ratio (total outstanding borrowings over total assets) of the Group as of 31 March 2019 was 24.2% (31 March 2018: 24.8%).

The Group had no particular seasonal pattern of borrowing. At 31 March 2019, the Group's total borrowings of approximately HK$893,906,000 of which approximately HK$888,158,000 (31 March 2018: approximately HK$1,119,651,000) were repayable within one year and approximately HK$5,748,000 (31 March 2018: Nil) were repayable within two to five years. As at 31 March 2019, the Group's borrowings were denominated in RMB, HKD and USD, amounting to approximately RMB740,000,000 (31 March 2018: approximately RMB819,000,000), approximately HK$16,525,000 (31 March 2018: approximately HK$108,540,000) and approximately US$871,000 (31 March 2018: Nil) respectively.

At 31 March 2019, the Company had 7,294,369,363 shares in issue (2018: 6,078,669,363 shares). On 4 October 2018, the Company had allotted and issued 1,215,700,000 ordinary shares at HK$0.143 per share to six placees for a total consideration, before expenses, of approximately HK$173,845,000 (the "**Placing**"). Details of the Placing were set out in the Company's announcement dated 4 October 2018. The net proceeds derived from the Placing amounted to approximately HK$169,100,000 would be used as to (i) approximately 93% to repay the other borrowings and other payables of the Group; and (ii) the remaining of approximately 7% as general working capital of the Group. As at 31 March 2019, the proceeds of approximately HK$159,220,000 or 94% had been used for repayment of other borrowing and other payables of the Group and the remaining of approximately HK$9,977,000 or 6% had been used for payment of operating expenditures of the Group such as staff costs, rentals and professional fees.

Pledged of Assets

At 31 March 2019, the Group's investment properties with carrying amounts of approximately HK$655,294,000 (31 March 2018: approximately HK$650,257,000) and hotel property with carrying amounts of approximately HK$485,291,000 (31 March 2018: approximately HK$523,403,000) were pledged as security for its liabilities. In addition, 227,000,000 shares of Heilongjiang Interchina Water Treatment Company Limited held by the Group with carrying amounts of approximately HK$910,671,000 (31 March 2018: approximately HK$1,123,960,000) were also pledged to lender(s) to secure loan facilities granted to the Group.

Material Acquisition and Disposal

On 31 October 2018, the Group completed the acquisition of the entire equity interest in Pengxin Agricultural Group. Pengxin Agricultural Group is principally engaged in agricultural farming, being the cultivation and sale of soybean, corn and rice in Bolivia. The consideration for the acquisition was US$46,000,000 (equivalent to approximately HK$358,800,000). The consideration shall be adjusted subject to Pengxin Agricultural Group could obtain proper legal title and ownership of 2,657.75 hectares of the farmland on or before the third anniversary of the completion date (or such other date as may be agreed by the Company in writing). The estimate adjustment is approximately US$10,730,000 (equivalent to approximately HK$83,694,000). The transaction constitutes major and connected transaction for the Company under the Listing Rules. The transaction was approved by the shareholders of the Company at the general meeting held on 26 July 2018. Details of the transaction was set out in the Company's circular dated 28 June 2018.

Save for the above-mentioned, there was no material acquisition or disposal of subsidiaries or associates during the year.

Foreign Exchange Exposure

The majority of the Group's income and expenses are settled in Renminbi and Hong Kong dollars. During the period, the Group did not encounter any significant difficulties or come under any impact on its operations or liquidity due to fluctuations in currency exchange rates. The Group does not currently engage in hedging activities against foreign exchange exposure, as it believes that the cost associated with such hedging arrangements would exceed the benefits. However, the management will continue to monitor the relevant circumstances and will take such a measure if it is deemed prudent.

Contingent Liability

As at 31 March 2019, the Group had no material contingent liabilities (31 March 2018: Nil).

Capital Commitment

As at 31 March 2019, the Group had no material capital commitment (31 March 2018: Nil).

HUMAN RESOURCES

As at 31 March 2019, the Group employed approximately 160 employees (31 March 2018: 120). The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus. The Group maintained a share option scheme in place for the purpose of providing incentives and rewards to eligible directors and employees of the Group who contribute to the success of the Group's operations. The Group had not granted any share options to its eligible directors and employees during the year ended 31 March 2019.

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

During the year ended 31 March 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance CODE (THE "CG CODE")

Throughout the year under review, the Company had complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code except for the deviations as stated below:

(i) The Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. Currently, all Directors (including independent Non-executive Director) was not appointed for a specific term but all Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association ("**Articles**"). Moreover, according to the Articles, all Directors newly appointed to fill a casual vacancy are subject to election at the next following general meeting following their appointments. 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 provision A.4.1, of the CG Code and therefore does not intend to take any steps in this regard at the moment.

(ii) The CG Code provision E.2.1 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 2018 AGM due to other business engagements. Mr. Lam Cheung Shing, Richard, being the executive director of the Company, attended the AGM on 30 August 2018 and was delegated to make himself available to answer questions if raised at the meeting.

Notwithstanding the aforesaid deviations, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

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 during the year.

PUBLICATION OF THE ANNUAL REPORT

The annual report of the Group for the year ended 31 March 2019 will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the website of the Company (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, 27 June 2019

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