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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

FINANCIAL HIGHLIGHTS

- Loss for the period amounted to HK$496,248,000, representing a decrease of 12.7% as compared to the same period in 2017.
- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).
- At 30 September 2018, total equity amounted to HK$2,483,295,000, representing a decrease of 21.1% as compared to HK$3,147,461,000 as at 31 March 2018.
- At 30 September 2018, net assets per share was HK$0.41, representing a decrease of 21.2% as compared to 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 unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2018, together with the comparative figures, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		For the six months ended 30 September	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**(1,995)**	62,955
Cost of sales		**(5,090)**	(1,939)
Other income and gain, net	*4*	**7,445**	12,005
Staff costs		**(16,574)**	(17,490)
Depreciation		**(7,431)**	(7,704)
Administrative costs		**(16,739)**	(30,166)
Other operating expenses		**—**	(63,798)
Loss arising on change in fair value of investment properties		**(1,149)**	(31,636)
Loss arising on change in fair value of financial assets at fair value through profit or loss		**(449,399)**	(360,219)
Loss from operations	*5*	**(490,932)**	(437,992)
Finance costs	*6*	**(32,724)**	(36,678)
Gain on disposal of a subsidiary		**—**	2,032
Loss before taxation		**(523,656)**	(472,638)
Taxation	*7*	**27,408**	(95,837)
Loss for the period		**(496,248)**	(568,475)
Attributable to:			
Owners of the Company		**(496,217)**	(568,439)
Non-controlling interests		**(31)**	(36)
		(496,248)	(568,475)
Loss per share attributable to the owners of the Company	*8*		
— Basic and diluted		**HK(8.16) cents**	HK(9.35) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(496,248)**	(568,475)
Other comprehensive income		
Items that maybe reclassified subsequently to profit or loss		
Exchange differences arising on translation during the period	**(167,918)**	144,038
Release of exchange reserve upon disposal of a subsidiary	**—**	9,176
Total comprehensive loss for the period	**(664,166)**	(415,261)
Total comprehensive loss attributable to:		
Owners of the Company	**(664,135)**	(415,225)
Non-controlling interests	**(31)**	(36)
	(664,166)	(415,261)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2018

	Notes	**At 30 September 2018 *HK$'000* (Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Non-current assets			
Investment properties	*10*	**1,255,536**	1,347,788
Property, plant and equipment		**525,803**	569,177
Mining rights		**271,880**	271,880
Goodwill		**91,454**	91,454
Deposit paid for acquisition of subsidiaries		**195,000**	195,000
		2,339,673	2,475,299
Current assets			
Inventories		**5**	7
Biological assets		**3,094**	2,837
Trade and other receivables and prepayments	*11*	**346,203**	378,544
Loan receivables	*12*	**93,215**	91,084
Financial assets at fair value through profit or loss	*13*	**755,095**	1,393,232
Cash and cash equivalents		**157,368**	179,712
		1,354,980	2,045,416
Total assets		**3,694,653**	4,520,715
Capital and reserves			
Share capital		**2,490,454**	2,490,454
Reserves		**(49,815)**	614,320
Equity attributable to owners of the Company		**2,440,639**	3,104,774
Non-controlling interests		**42,656**	42,687
Total equity		**2,483,295**	3,147,461

	Notes	At 30 September 2018 HK$'000 (Unaudited)	At 31 March 2018 HK$'000 (Audited)
Non-current liability			
Deferred tax liabilities		**93,946**	102,492
Current liabilities			
Trade and other payables and deposits received	*14*	**183,641**	148,848
Tax payable		**2,263**	2,263
Other borrowings	*15*	**931,508**	1,119,651
		1,117,412	1,270,762
Total liabilities		**1,211,358**	1,373,254
Total equity and liabilities		**3,694,653**	4,520,715
Net current assets		**237,568**	774,654
Total assets less current liabilities		**2,577,241**	3,249,953

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group (the "**Interim Financial Statement**") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with HKAS 34, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants (HKICPA).

The financial information relating to the year ended 31 March 2018 that is included in the Interim Financial Statement as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

The Company has delivered the financial statements for the year ended 31 March 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on the financial statements for the year ended 31 March 2018. The auditor's report was 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 Companies Ordinance.

The Interim Financial Statement has been prepared on historical cost basis except that the following assets and liabilities are stated at their fair value:

— investment properties;
— biological assets; and
— financial assets at fair value through profit or loss classified as held for sale

The Interim Financial Statement has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the impact of the adoption of the new and revised HKAS, Hong Kong Financial Reporting Standards and interpretations described below.

In the current period, the Group has applied, for the first time, the following new and revised standards and interpretations ("**new and revised HKFRSs**") issued by the HKICPA, which are effective for the Group's financial period beginning from 1 April 2018. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers
HK (IFRIC) – Int 22	Foreign Currency Translations and Advance Consideration
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property

HKFRS 9 *Financial Instruments*

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("ECL") for financial assets and (iii) general hedge accounting.

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15. All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") or designated as FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables and loan receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The Group recognises lifetime ECL for trade and other receivables and loan receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward- looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

Based on the assessment performed, the directors of the Company are in the opinion that the adoption of above new standards, interpretation and amendments to existing standards will not result in a significant effect on its condensed consolidated financial statements.

HKFRS 15 *Revenue from Contracts with customers*

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

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

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.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Under HKFRS 15, the Group 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. A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following categories of revenue of the Group are recognised under HKFRS 15:

(i) hotel income; and

(ii) income from sales of livestock

Income from sales of livestock is recognised at a point of time when the livestock is transferred to the customer, being at the point that the customer obtains the control of the livestock and the Group has present right to payment and the collection of the consideration is probable.

Revenue from property rental would be accounted for in accordance with HKAS 17 Leases.

Revenue from hotel income and property management service is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

The application of HKFRS 15 would not result in any impact on the Group's financial position and results of operations based on the current business model as the revenue recognition method remains the same.

The Group has not early applied the following new HKFRS that has been issued but are not yet effective:

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 operating lease payments as operating cash flows. Upon application of 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 by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

At 30 September 2018, the Group has non-cancellable operating lease commitments of HK$6,722,000 as disclosed in note to the condensed consolidated financial statements of the interim report. of the Company. A preliminary assessment indicates that these arrangements will meet the definition of a lease 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. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Except as describe above, the application of the new and amendments to HKFRSs in the current period does not result in significant effect on the Group's financial performance and financial positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. 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
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**")
Agricultural operation	—	Cattle raising and sales of cattle in the Plurinational State of Bolivia ("**Bolivia**")

(a) Segment revenue and result

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

	Segment revenue For the six months ended 30 September		Segment result For the six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Property investment operation	**36,501**	39,828	**30,354**	6,273
Hotel operation	**19,700**	20,609	**88**	(1,672)
Financing and securities investment operation	**(58,594)**	2,047	**(446,539)**	(357,973)
Natural resources operation	**—**	—	**(1,057)**	(965)
Agricultural operation	**398**	471	**(2,475)**	(2,507)
	(1,995)	62,955	**(419,629)**	(356,844)
Interest income and other revenue			**7,445**	12,171
Unallocated expenses			**(78,748)**	(93,319)
Loss from operations			**(490,932)**	(437,992)
Finance costs			**(32,724)**	(36,678)
Gain on disposal of a subsidiary			**—**	2,032
Loss before taxation			**(523,656)**	(472,638)
Taxation			**27,408**	(95,837)
Loss for the period			**(496,248)**	(568,475)

Revenue reported above represents revenue generated from external customers. There were no intersegment sales during the six months ended 30 September 2018 (for the six month ended 30 September 2017: 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 resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

	As at 30 September 2018 *HK$'000* (Unaudited)	As at 31 March 2018 *HK$'000* (Audited)
Segment assets		
Property investment operation	**1,244,294**	1,468,964
Hotel operation	**961,616**	581,004
Financing and securities investment operation	**854,724**	1,484,346
Natural resources operation	**272,771**	272,733
Agricultural operation	**77,680**	48,284
Total segment assets	**3,411,085**	3,855,331
Unallocated assets	**283,568**	665,384
Consolidated total assets	**3,694,653**	4,520,715

	As at 30 September 2018 *HK$'000* (Unaudited)	As at 31 March 2018 *HK$'000* (Audited)
Segment liabilities		
Property investment operation	**25,079**	12,596
Hotel operation	**11,750**	11,859
Financing and securities investment operation	**134**	254
Natural resources operation	**5,829**	5,778
Agricultural operation	**22,660**	18,925
Total segment liabilities	**65,452**	49,412
Unallocated other borrowings	**931,508**	1,119,651
Unallocated liabilities	**212,135**	201,928
Tax payable	**2,263**	2,263
Consolidated total liabilities	**1,211,358**	1,373,254

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, natural resources operation and agricultural 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, natural resources operation and agricultural 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 six months ended 30 September 2018 (Unaudited)

	Property investment operation *HKD'000*	**Hotel operation** *HKD'000*	**Financing and securities investment operation** *HKD'000*	**Natural resources operation** *HKD'000*	**Agricultural operation** *HKD'000*	**Consolidated total** *HKD'000*
Other segment information						
Depreciation	**58**	**6,863**	**–**	**7**	**351**	**7,279**
Unallocated amounts						**152**
						7,431
Capital expenditure	**29**	**–**	**–**	**–**	**–**	**29**
Unallocated amounts						**—**
						29
Fair value change in investment properties	**1,149**	**–**	**–**	**–**	**–**	**1,149**
Fair value change in financial assets at fair value through profit or loss	**–**	**–**	**449,399**	**–**	**–**	**449,399**

For the six months ended 30 September 2017 (Unaudited)

	Property investment operation *HKD'000*	Hotel operation *HKD'000*	Financing and securities investment operation *HKD'000*	Natural resources operation *HKD'000*	Agricultural operation *HKD'000*	Consolidated total *HKD'000*
Other segment information						
Depreciation	58	6,607	–	–	630	7,295
Unallocated amounts						409
						7,704
Fair value change in investment properties	31,636	–	–	–	–	31,636
Fair value change in financial assets at fair value through profit or loss	–	–	360,219	–	–	360,219

(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 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 For the six months ended 30 September		Specified non-current assets	
			As at 30 September	As at 31 March
	2018	2017	**2018**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Hong Kong	**(58,594)**	2,047	**28,231**	30,898
The PRC	**56,201**	60,437	**1,775,069**	1,935,353
Indonesia	**–**	–	**272,348**	272,331
Bolivia	**398**	471	**69,025**	41,717
	(1,995)	62,955	**2,144,673**	2,280,299

(e) Information from major customers

During the six month ended 30 September 2018, there was no revenue from sales to an external customer which accounted for 10% or more of the Group's total revenue (2017: Nil).

3. REVENUE

Revenue is analysed as follow:

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Property rental	**36,501**	39,828
Hotel income *(Note (ii))*	**19,700**	20,609
Sale of financial assets at FVTPL, net *(Note (i))*	**(60,725)**	(328)
Interest income from loan receivables	**2,131**	2,375
Income from sales of livestock *(Note (ii))*	**398**	471
	(1,995)	62,955

Notes:

(i) Revenue from sale of financial assets at FVTPL is recorded on a net basis, details of which are as follows:

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Proceeds from sale of financial assets at FVTPL	**38,790**	480
Carrying amounts of financial assets at FVTPL sold plus transaction costs	**(99,515)**	(808)
	(60,725)	(328)

(ii) Disaggregated by timing of revenue recognition:

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Point over time	**19,700**	20,609
Point in time	**398**	471

4. OTHER INCOME AND GAIN, NET

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**1,206**	3,804
Net foreign exchange gain	**314**	3,167
Sundry income	**1,522**	2,407
Other loan interest income	**4,403**	2,627
	7,445	12,005

5. LOSS FROM OPERATIONS

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

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**7,431**	7,704
Gain on disposal of a subsidiary	**—**	(2,032)
Operating lease rentals in respect of premises	**1,578**	4,118
Gross rental income from investment properties	**(36,501)**	(39,828)
Less: direct operating expenses from investment properties that generated rental income during the period	**2,542**	4,303

6. FINANCE COSTS

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on:		
— Bank borrowings	**—**	45
— Other borrowings	**32,724**	36,633
	32,724	36,678

7. TAXATION

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	**—**	—
The PRC Enterprise Income Tax	**24**	105,816
Over-provision in prior years	**(25,498)**	—
	(25,474)	105,816
Deferred tax	**(1,934)**	(9,979)
Taxation (credit)/expense	**(27,408)**	95,837

Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No provision of Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profit derived from Hong Kong for both periods.

The PRC Enterprise Income Tax

All the Company's subsidiaries established in the PRC are either subject to PRC Enterprise Income Tax at 25% for both periods or preferential enterprise income tax rate of the assessable income of each company for both periods, as determined in accordance with the relevant PRC income tax rules and regulations.

During the six months ended 30 September 2017, 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$61,966,000) in other operating expenses according to the relevant tax law and regulations in the PRC for the six months ended 30 September 2017.

During the six months ended 30 September 2018, 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 the previous years.

The Indonesia Corporate Tax

The corporate tax rate applicable to the subsidiary which is operating in the Indonesia is 25% for both periods. No Indonesia Corporate Tax was recognised as the subsidiary in the Indonesia has no estimated assessable profit for the period.

The Bolivia Corporate Tax

The corporate tax rate applicable to the subsidiary which is operating in Bolivia is 25%. No Bolivia Corporate Tax was recognised as the subsidiary in Bolivia has no estimated assessable profit for the period.

8. LOSS PER SHARE

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

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**496,217**	568,439

	For the six months ended 30 September	
	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**6,078,669,363**	6,078,669,363

For both periods, no diluted loss per share is presented as there was no potential dilutive ordinary share outstanding during both periods.

9. INTERIM DIVIDEND

No interim dividend was paid or proposed during the six months ended 30 September 2018 and 30 September 2017, nor any dividend been proposed by the board of directors subsequent to the end of the reporting period.

10. INVESTMENT PROPERTIES

The fair value of the Group's investment properties at 30 September 2018 have been arrived at on the basis of a valuation carried out on that date by Messrs. Cushman & Wakefield Limited and Messrs. Savills Valuation and Professional Services Limited, independent professional valuers who are not connected with the Group and have recent experience in the valuation of similar properties in relevant locations. Both of them are members of the Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in similar locations and conditions.

At 30 September 2018, investment properties with the carrying amount of approximately HK$1,255,536,000 (31 March 2018: HK$650,257,000) have been pledged to secure banking facilities granted to the Group.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade receivables

As of the end of the reporting period, the aging analysis of trade receivables, based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 September 2018 *HK$'000* (Unaudited)	At 31 March 2018 *HK$'000* (Audited)
Trade receivables:		
0 to 30 days	**835**	1,065
31 to 60 days	**257**	10
61 to 90 days	**17**	—
91 to 180 days	**234**	2
Over 180 days	**227**	50
	1,570	1,127

The average credit period granted to customers is 60 days (31 March 2018: 60 days).

(b) Prepayments, deposits and other receivables

As of the end of the reporting period, the carrying amount of prepayments, deposits and other receivables net of allowance for doubtful debts, is as follows:

	At 30 September 2018 *HK$'000* (Unaudited)	At 31 March 2018 *HK$'000* (Audited)
Carrying amount of prepayments, deposits and other receivables before impairment	**413,563**	451,276
Less: Impairment of other receivables	**(68,930)**	(73,855)
	344,633	377,421

Movement on impairment of other receivables were as follow:

	At 30 September 2018 *HK$'000* (Unaudited)	At 31 March 2018 *HK$'000* (Audited)
At beginning of the period/year	**73,855**	2
Exchange realignment	**(4,925)**	—
Impairment loss recognised	**—**	73,853
At end of the period/year	**68,930**	73,855

The Group's prepayments, deposits and other receivables as 30 September and 31 March 2018, inter alia, the following:

(i) other receivable of approximately HK$117,241,000 (31 March 2018: HK$125,926,000) paid for acquisition of several potential water plant project in the PRC; and

(ii) prepayments and other receivable of approximately HK$160,109,000 (31 March 2018: HK$169,321,000) paid various contractors for construction of water treatment projects in the PRC.

12. LOAN RECEIVABLES

The loan was secured by collateral provided by customers, bearing interest at 5% (31 March 2018: 5%) per annum with fixed repayment terms.

During the six months ended 30 September 2018, no impairment loss (six months ended 30 September 2017: nil) was recognised in the condensed consolidated statement of profit or loss.

13. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2018 ***HK$'000*** **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Held for trading:		
Listed equity securities — Hong Kong, at fair value	**—**	99,516
Listed equity securities — the PRC, at fair value	**755,095**	1,293,716
	755,095	1,393,232

Notes:

(i) At 30 September 2018, financial assets at fair value through profit or loss with the carrying amount of approximately HK$754,057,000 (31 March 2018: HK$1,123,960,000) have been pledged to secure loan facilities granted to the Group.

(ii) The fair value of all equity securities is based on their closing prices as at 30 September 2018 in an active market.

14. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

The aging analysis of trade payables based on the invoice date is as follows:

	At 30 September 2018 *HK$'000* **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Trade payables:		
0 to 30 days	**461**	275
31 to 60 days	**180**	331
over 60 days	**2,106**	2,109
	2,747	2,715
Other payables and deposits received	**180,894**	146,133
	183,641	148,848

Included in other payables as at 30 September 2018 were (i) amounts of interest expenses payable of approximately HK$1,285,000 (31 March 2018: HK$1,642,000) and (ii) amount due to related companies of approximately HK$128,770,000 (31 March 2018: HK$17,706,000).

15. OTHER BORROWINGS

	At 30 September 2018 *HK$'000* **(Unaudited)**	At 31 March 2018 *HK$'000* (Audited)
Other borrowings, unsecured	**16,262**	—
Other borrowings, secured *(Note (i))*	**915,246**	1,119,651
Total borrowings	**931,508**	1,119,651
Carrying amounts repayable:		
Within one year:		
— Other borrowings	**931,508**	1,119,651

Notes:

(i) The other borrowings bear interest rate ranging from 5.25% to 12.50% per annum for the six months ended 30 September 2018 (31 March 2018: 6.60% to 9.50% per annum). All other borrowings are repayable on demand.

During the period ended 30 September 2018, the other borrowings with carrying amount of approximately HK$719,434,000 had been repaid and agreements had been entered to raise new other borrowings of approximately HK$533,503,000. The other borrowings mainly consist of the followings: (i) the other borrowings with carrying amount of approximately HK$344,828,000 (31 March 2018: HK$449,438,000) are secured by the Group's investment in Heilongjiang Interchina, whose shares are listed on the Shanghai Stock Exchange and corporate guarantee executed by the Company; (ii) the other borrowings with carrying amount of approximately HK$536,241,000 (31 March 2018: HK$548,148,000) are secured by the Group's investment properties and hotel property in the PRC and shares in a wholly-owned subsidiary of the Company with principal asset of an investment property located in Hong Kong, and; (iii) the other borrowings with carrying amount of approximately HK$16,262,000 (31 March 2018: Nil) are unsecured and are under loan agreements with independent third parties to the Group.

(ii) The Group's other borrowings are denominated in the following currencies:

	At 30 September 2018 *HK$'000* (Unaudited)	At 31 March 2018 *HK$'000* (Audited)
Hong Kong dollars	**69,439**	108,540
Renminbi	**862,069**	1,011,111
	931,508	1,119,651

16. EVENTS AFTER THE REPORTING PERIOD

(1) On 4 October 2018, 1,215,700,000 placing shares have been successfully placed by Kingston Securities Limited to six placees who are not connected persons of the Company at the placing price of HK$0.143 per placing share in accordance with the terms and conditions of the placing agreement.

The net proceeds, after deducting related placing commission, professional fees and all related expenses, arising from the placing amount to approximately HK$169,100,000 and the Company intends to utilise such net proceeds as to approximately 93% to repay the other borrowings and other payables of the Group and the remaining approximately 7% as general working capital of the Group. Details were set out in the announcements dated 12 September 2018 and 4 October 2018.

(2) On 31 October 2018, the Company completed the acquisition of the entire equity interest in Pengxin Agricultural Holdings Company Limited and its subsidiaries (together "**Pengxin Agricultural Group**"), pursuant to the sales and purchase agreement dated 13 June 2017. Pengxin Agricultural Group is principally engaged in agricultural farming, being the cultivation and sale of soybean, corn and rice in Bolivia. Immediately following completion, the Company owns 100% of the interest in Pengxin Agricultural Group.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

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$58,730,000 for the six months ended 30 September 2018 (six months ended 30 September 2017: HK$62,955,000). The Group recorded a loss of approximately HK$496,248,000 for the six months ended 30 September 2018, representing a decrease of approximately 12.7% as compared to the loss of approximately HK$568,475,000 for the same period of last year. The loss was mainly caused by an unrealised fair value loss on financial assets measured at fair value through profit or loss due to volatile stock market. The decrease in loss was mainly due to the net effect of (i) a decrease in administrative costs by approximately 44.5% to approximately HK$16,739,000 as a result of decrease in legal and professional fees; (ii) none of other operating expenses was recognised for the period (six months ended 30 September 2017: HK$63,798,000); (iii) the decrease in loss arising on change in fair value of the Group's investment properties by approximately 96.4% to approximately HK$1,149,000 (six months ended 30 September 2017: HK$31,636,000); (iv) an increase in unrealised fair value loss on financial assets measured at fair value through profit or loss by approximately 24.8% to HK$449,399,000 (six months ended 30 September 2017: HK$360,219,000); and (v) receipt of a tax refund of approximately HK$25,498,000 for the period (six months ended 30 September 2017: Nil).

Loss for the period attributable to shareholders of the Company amounted to approximately HK$496,217,000 (six months ended 30 September 2017: HK$568,439,000). The basic and diluted loss per share amounted to HK8.16 cents (six months ended 30 September 2017: HK9.35 cents).

BUSINESS REVIEW

Property Investment Operation

At 30 September 2018, the Group's investment property was valued at an aggregate value of approximately HK$1,255,536,000 (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$1,149,000 was recorded for the period (six months ended 30 September 2017: HK$31,636,000).

During the period, the Group recorded rental income of approximately HK$36,501,000 from property investment operation, a decrease by approximately 8.4% when compared with the same period of last year, with the overall occupancy rate for the property investment portfolio remaining high at approximately 95% as of 30 September 2018. The segment profit amounted to approximately HK$30,354,000, (six months ended 30 September 2017: HK$6,273,000). 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 period.

Hotel Operation

At 30 September 2018, the sole hotel property held by the Group, is the Express by Holiday Inn Wujiaochang Shanghai located in Yangpu District, Shanghai, the PRC.

During the period, the Group recorded revenue of approximately HK$19,700,000 from hotel operation, a decrease by approximately 4.4% when compared with the same period of last year, with the overall occupancy rate at 78% as of 30 September 2018. The segment profit amounted to approximately HK$88,000, (six months ended 30 September 2017: loss of HK$1,672,000).

Financing and Securities Investment Operation

As at 30 September 2018, total loan receivable under financing operation amounted to approximately HK$93,215,000 (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$755,095,000 (31 March 2018: HK$1,393,232,000), representing 30.41% (31 March 2018: 44.26%) of the Group's net assets of HK$2,483,295,000 (31 March 2018: HK$3,147,461,000). As at 30 September 2018, 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 13.9% 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) and the unsatisfactory annual result of the net loss of the KuangChi of approximately HK$66,612,000 for the year ended 31 December 2017, 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 period. In addition, due to the stock price of Heilongjiang Interchina decreased by RMB1.72 per share from RMB4.61 per share at 1 April 2018 to RMB2.89 per share at 30 September 2018, the total securities investment/financial assets at fair value through profit and loss decreased by approximately HK$638,137,000 or 45.8% as compared to the same period of last year.

The cost of investment in Heilongjiang Interchina was approximately HK$279,763,000 at 30 September 2018. 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$449,399,000 for the investment in Heilongjiang Interchina for the period. As disclosed in the latest interim report of Heilongjiang Interchina for the six months ended 30 June 2018, Heilongjiang Interchina recorded revenue of approximately RMB205,948,000 (equivalent to approximately HK$236,722,000), profit for the period of approximately RMB890,000 (equivalent to approximately HK$1,023,000) and net assets of approximately RMB3,657,754,000 (equivalent to approximately HK$4,204,315,000). 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 period, this segment recorded interest income of approximately HK$2,131,000 (six months ended 30 September 2018: HK$2,375,000) 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 (six months ended 30 September 2017: HK$328,000) from securities investment operation. The segment loss amounted to approximately HK$446,539,000 for the period, as compared to the loss of approximately HK$357,973,000 from the same period of last year. The loss was mainly due to the loss of HK$449,399,000 arising on change in fair value of the financial assets at fair value through profit or loss recognised for the period and the loss of approximately HK$60,725,000 on disposal of the shares of KuangChi as aforementioned.

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 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 period. Production has not been commenced since the Group acquired the Mining Rights in 2011.

This segment did not contribute any revenue to the Group for the period (six months ended 30 September 2017: Nil). The segment loss amounted to HK$1,057,000, (six months ended 30 September 2017: HK$965,000). The loss was mainly represented the administrative expenses for the period.

Agricultural operation

The Group engaged in cattle raising business through a wholly owned subsidiary of the Company, Sociedad Agropecuaria Argotanto S.A. ("**Argotanto**") in Bolivia. Argotanto owns approximately 5,100 hectares of farmland located in Municipio El Carmen Rivero Torres, German Busch Province, Santa Cruz, Bolivia and is at the initial stage to start up cattle raising business. During the period, Argotanto sold 151 cattle at average selling price of US$338 per cattle, which contributed revenue of approximately HK$398,000 to the Group (six months ended 30 September 2017: HK$471,000). The segment loss amounted to approximately HK$2,475,000 (six months ended 30 September 2017: HK$2,507,000).

On 13 June 2017, the Company entered into a sale and purchase agreement with Mr. Jiang Zhaobai ("**Mr. Jiang**"), an executive Director, the Chairman and a substantial shareholder of the Company, pursuant to which the Company will purchase and Mr. Jiang will sell the entire equity interest in Pengxin Agricultural Holdings Company Limited at the consideration of US$46,000,000 (equivalent to approximately HK$358,800,000), subject to adjustment set out in the paragraph headed "Consideration and the Adjustment" in the Company's announcement dated 13 June 2017. 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.

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 and Financial Resources

At 30 September 2018, the equity reached approximately HK$2,483,295,000 (31 March 2018: approximately HK$3,147,461,000). At 30 September 2018, the Group's cash on hand and deposits in bank was approximately HK$157,368,000 (31 March 2018: approximately HK$179,712,000), mainly denominated in Renminbi ("**RMB**") and Hong Kong dollars. At 30 September 2018, the Group's net current assets were approximately HK$237,568,000 (31 March 2018: approximately HK$774,654,000). The current ratio of the Group as at 30 September 2018 was 1.2 (31 March 2018: 1.6). The gearing ratio (total outstanding borrowings over total assets) of the Group as of 30 September 2018 was 25.2% (31 March 2018: 24.8%).

The Group had no particular seasonal pattern of borrowing. At 30 September 2018, the Group's total borrowings of approximately HK$931,508,000 were repayable within one year (31 March 2018: approximately HK$1,119,651,000 repayable within one year). As at 30 September 2018, the Group's borrowings were denominated in RMB and HKD, amounting to approximately RMB750,000,000 (31 March 2018: approximately RMB819,000,000) and approximately HK$69,439,000 (31 March 2018: approximately HK$108,540,000), respectively.

There has been no change in the share capital of the Company during the period. As at 1 April 2018 and 30 September 2018, the number of issued shares of the Company was 6,078,669,363.

On 4 October 2018, the Company completed the issuance of 1,215,700,000 new shares at the price of HK$0.143 per share to six placees (the "**Placing**"). The net proceeds derived from the Placing amounted to approximately HK$169,100,000. Details of the Placing are set out in the Company's announcement dated 4 October 2018.

Pledged of Assets

At 30 September 2018, the Group's investment properties with carrying amounts of approximately HK$1,255,536,000 (31 March 2018: approximately HK$650,257,000) and hotel property with carrying amounts of approximately HK$480,721,000 (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$754,057,000 (31 March 2018: approximately HK$1,123,960,000) were also pledged to lender(s) to secure loan facilities granted to the Group.

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 30 September 2018, the Group had no material contingent liabilities (31 March 2018: Nil).

Capital Commitment

As at 30 September 2018, the Group had no material capital commitment (31 March 2018: Nil).

Material Acquisition and Disposal

Save as disclosed above, there was no material acquisition or disposal of subsidiaries or associates during the period.

Financial Risks Management

The Group continues to closely manage financial risks to safeguard the interests of the shareholders of the Company. The Group applies its cash flows generated from operation and bank and other borrowings to its operational and investment needs.

The Group set out in its 2018 annual report and financial statements the principal risks that could impact its performance; these have remained unchanged since the annual report was published. The main risks arising from the Group's financial instruments are equity securities price risk, credit risk, liquidity risk and interest rate risk. The Group reviews and monitors each of these risks closely at all times.

HUMAN RESOURCES

As at 30 September 2018, the Group employed approximately 120 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.

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

During the six months ended 30 September 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE CODE

During the six months ended 30 September 2018, the Company complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), except for the following:

(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 independent non-executive directors) are not appointed for a fixed term. However, according to 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. This effectively means that no director will remain in office for more than three years without being re-election by the Company's shareholders at a general meeting of the Company or otherwise. The Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code.

(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 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.

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 period.

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

REVIEW OF INTERIM RESULTS

The condensed consolidated financial statements of the Group for the six months ended 30 September 2018 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, have been reviewed by the Group's auditor, HLB Hodgson Impey Cheng Limited, and the audit committee of the Company (the "**Audit Committee**"). The Audit Committee comprises Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Professor Shan Zhemin.

PUBLICATION OF THE INTERIM REPORT

The interim report of the Group for the six months ended 30 September 2018 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, 30 November 2018

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.