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EVERCHINA INT'L HOLDINGS COMPANY LIMITED

潤中國際控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 202)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2024, the audited results of the Group were as follows:

- Revenue from continuing operation amounted to approximately HK\$102,484,000, representing a decrease of 13% as compared to the last year.
- Loss for the year amounted to HK\$322,522,000, representing an increase of 63.4% as compared to the last year.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2024 (2023: Nil).
- At 31 March 2024, total equity amounted to approximately HK\$1,168,777,000, representing a decrease of 23.2% as compared to approximately HK\$1,521,716,000 as at 31 March 2023.
- At 31 March 2024, net assets per share was HK\$0.16, representing a decrease of 23.8% as compared to HK\$0.21 as at 31 March 2023.

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 2024, together with the comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2024

	<i>Notes</i>	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i> <i>(Restated)</i>
Continuing operations			
Revenue	4	102,484	117,777
Cost of sales		(57,007)	(52,950)
Gross profit		45,477	64,827
Other income and losses, net	5	(19,224)	856
Staff costs		(22,953)	(26,632)
Administrative costs		(30,510)	(28,686)
Impairment loss recognised on property, plant and equipment		(11,156)	–
Impairment loss recognised on mining rights		(52,947)	(16,608)
Reversal of/(allowance) for expected credit losses on trade and other receivables and loan receivables, net		303	(16,872)
Loss arising on changes in fair value of investment properties		(151,648)	(168,966)
Loss arising on changes in fair value less costs to sell on biological assets		(2,966)	(2,196)
Loss from operations	6	(245,624)	(194,277)
Finance costs	7	(29,227)	(50,496)
Loss before tax from continuing operations		(274,851)	(244,773)
Tax (expenses)/credit	8	(1,527)	3,470
Loss for the year from continuing operations		(276,378)	(241,303)
Discontinued operations			
(Loss)/profit for the year from discontinued operations, net of income tax	9	(46,144)	43,884
Loss for the year		(322,522)	(197,419)

	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Restated)</i>
Attributable to:		
Owners of the Company		
— Continuing operations	(273,702)	(240,428)
— Discontinued operations	<u>(46,144)</u>	<u>43,884</u>
	(319,846)	(196,544)
Non-controlling interests		
— Continuing operations	<u>(2,676)</u>	<u>(875)</u>
	<u>(322,522)</u>	<u>(197,419)</u>
 Loss per share attributable to owners of the Company		
	<i>10</i>	
From continuing and discontinued operations		
— Basic and diluted	<u>(4.385) cents</u>	<u>(2.694) cents</u>
From continuing operations		
— Basic and diluted	<u>(3.752) cents</u>	<u>(3.296) cents</u>

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

FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Restated)</i>
Loss for the year	(322,522)	(197,419)
Other comprehensive expenses		
<i>Items that maybe reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(30,417)</u>	<u>(127,605)</u>
Total comprehensive expenses for the year	<u>(352,939)</u>	<u>(325,024)</u>
Total comprehensive expenses attributable to:		
Owners of the Company	(350,263)	(324,149)
Non-controlling interests	<u>(2,676)</u>	<u>(875)</u>
	<u>(352,939)</u>	<u>(325,024)</u>
Total comprehensive income/(expenses) attributable to owners of the Company:		
Continuing operations	(304,824)	(332,876)
Discontinued operations	<u>(45,439)</u>	<u>8,727</u>
	<u>(350,263)</u>	<u>(324,149)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Investment properties		718,682	900,000
Property, plant and equipment		367,025	812,721
Right-of-use assets		884	224
Mining rights		–	52,947
Interests in associates		549	568
		<u>1,087,140</u>	<u>1,766,460</u>
Current assets			
Inventories		9,862	7,461
Biological assets		30,325	32,663
Trade and other receivables and prepayments	<i>12</i>	21,171	34,934
Financial assets at fair value through profit or loss		–	656,107
Cash and cash equivalents		24,918	60,746
		<u>86,276</u>	<u>791,911</u>
Assets classified as held for sale		391,260	–
		<u>477,536</u>	<u>791,911</u>
Total assets		<u>1,564,676</u>	<u>2,558,371</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		2,664,298	2,664,298
Reserves		(1,524,622)	(1,174,359)
		<u>1,139,676</u>	<u>1,489,939</u>
Equity attributable to owners of the Company		1,139,676	1,489,939
Non-controlling interests		29,101	31,777
		<u>1,168,777</u>	<u>1,521,716</u>
Total equity		<u>1,168,777</u>	<u>1,521,716</u>

		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current liabilities			
Lease liabilities		236	–
Deferred tax liabilities		59,381	69,542
		<u>59,617</u>	<u>69,542</u>
Current liabilities			
Trade and other payables and deposits received	<i>13</i>	82,208	84,820
Lease liabilities		671	235
Tax payable		6,237	6,237
Bank and other borrowings		247,166	285,660
Amount due to a related company	<i>14</i>	–	590,161
		<u>336,282</u>	<u>967,113</u>
Total liabilities		<u>395,899</u>	<u>1,036,655</u>
Total equity and liabilities		<u>1,564,676</u>	<u>2,558,371</u>
Net current assets/(liabilities)		<u>141,254</u>	<u>(175,202)</u>
Total assets less current liabilities		<u>1,228,394</u>	<u>1,591,258</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in (i) agricultural operation, (ii) property investment operation and (iii) resources operation. The Group was also engaged in (i) securities investment and financing operation and (ii) hotel operation which was discontinued in the current year (see note 9).

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

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

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties, biological assets and financial instruments that are measured at fair value at the end of the reporting period. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 March 2024 and 2023 included in this announcement of annual results for the year ended 31 March 2024 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 financial statements for the year ended 31 March 2024 have yet to be reported on by the Company’s auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the financial statements for the year ended 31 March 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

The presentation of comparative information in respect of the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2023 has been re-presented as if the operations discontinued during the current year had been discontinued at the beginning of the prior period. The re-presentation do not affect the consolidated statement of financial position as at 31 March 2023.

Going concern assessment

The Group incurred a net loss approximately HK\$322,522,000 (2023: HK\$197,419,000) during the year ended 31 March 2024 and, as of that date, the Group has short-term bank and other borrowings of approximately HK\$247,166,000 (2023: HK\$285,660,000). As at 31 March 2024, the Group had cash and cash equivalents of approximately HK\$24,918,000 (2023: HK\$60,746,000) which is insufficient to fully repay the bank and other borrowings expiring within 12 months. These indicates that the Group's ability to meet these liquidity requirements depends on its ability to generate sufficient net cash inflows from future operations and other sources.

These facts and circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In preparing the consolidated financial statements, the directors have given careful consideration to the future liquidity of the Group. The directors adopted the going concern basis for the preparation of the consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

- (1) In April 2024, the Group received the net consideration of RMB278,000,000 (equivalent to approximately HK\$305,495,000) after deducting the capital of RMB64,000,000 (equivalent to approximately HK\$70,330,000) which had been applied as investment cost in the purchaser from the disposal of the hotel property of the Group;
- (2) The Group is identifying potential buyer for disposal of certain commercial properties of the Group to further enhance its liquidity position;
- (3) At 31 March 2024, bank and other borrowings to the extent of approximately HK\$245,213,000 (2023: HK\$285,660,000) will be due for repayment within twelve months. The Company is actively negotiating with the lenders of the Group on the renewal of bank and other borrowings;

- (4) A substantial shareholder of the Company has agreed to continuously provide financial support for the operations of the Company so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the next twelve months from date of approval for issue of these consolidated financial statements; and
- (5) the Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

Based on cash flow projections, prepared by the management, the Group will have sufficient working capital for its current needs and it is reasonable to expect the Group to remain a commercially viable concern and consider that the Group would be able to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

3. ADOPTION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

3.1 Adoption of new and amendments to HKFRSs

In the current year, the Group has applied following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first-time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

3.2 Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all amendments to HKFRS will have no material impact on the consolidated financial statements in the foreseeable future.

4. SEGMENT INFORMATION

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

Continuing operations:

- Agricultural operation – Agricultural farming and sales of crops and cattle raising and sales of cattle in the Plurinational State of Bolivia (“**Bolivia**”)
- Property investment operation – Leasing of rental property in the People's Republic of China (the “**PRC**”)
- Resources operation – Mining and production of manganese products in Republic of Indonesia (“**Indonesia**”)

Discontinued operations:

- Hotel operation – Hotel operation in the PRC
- Securities investment and financing operation – Provision of securities investment and financing operation in Hong Kong and the PRC

Two operating segments, regarding the Hotel operation and Securities investment and financing operation was discontinued in the current year. The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more detail in note 9.

(a) Segment revenue and result

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

Continuing operations

	Segment revenue		Segment result	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> <i>(Restated)</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> <i>(Restated)</i>
Agricultural operation	73,901	89,749	(10,967)	21,780
Property investment operation	28,583	28,028	(135,549)	(152,064)
Resources operation	<u>–</u>	<u>–</u>	<u>(53,675)</u>	<u>(17,667)</u>
Total	<u>102,484</u>	<u>117,777</u>	<u>(200,191)</u>	<u>(147,951)</u>
Other income and losses, net			(19,224)	856
Unallocated expenses			<u>(26,209)</u>	<u>(47,182)</u>
Loss from operations			(245,624)	(194,277)
Finance costs			<u>(29,227)</u>	<u>(50,496)</u>
Loss before taxation			<u>274,851</u>	<u>(244,773)</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year ended 31 March 2024 (2023: Nil).

Segment result represents the result generated from each segment without allocation of central administration costs including directors' salaries, interest income and other revenue, finance costs and income tax expenses/(credit). 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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Segment assets		
Continuing operations:		
Agricultural operation	428,142	445,836
Property investment operation	726,048	930,192
Resources operation	517	53,499
	<u>1,154,707</u>	<u>1,429,527</u>
Total segment assets	1,154,707	1,429,527
Assets relating to discontinued operations	398,378	1,082,976
Unallocated assets	11,591	45,868
	<u>1,564,676</u>	<u>2,558,371</u>
Consolidated total assets	<u>1,564,676</u>	<u>2,558,371</u>
Segment liabilities		
Continuing operations:		
Agricultural operation	47,852	46,821
Property investment operation	17,103	23,499
Resources operation	1,376	1,285
	<u>66,331</u>	<u>71,605</u>
Total segment liabilities	66,331	71,605
Liabilities relating to discontinued operations	40,884	42,562
Unallocated bank and other borrowings	247,166	285,660
Unallocated liabilities	35,281	630,591
Tax payable	6,237	6,237
	<u>395,899</u>	<u>1,036,655</u>
Consolidated total liabilities	<u>395,899</u>	<u>1,036,655</u>

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

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

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

(c) Other segment information

Continuing operations

For the year ended 31 March 2024

	Agricultural operation <i>HK\$'000</i>	Property investment operation <i>HK\$'000</i>	Resources Operation <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
Other segment information					
Depreciation of property, plant and equipment	7,778	418	–	648	8,844
Depreciation of right-of-use assets	–	–	–	648	648
Capital expenditure (<i>note</i>)	4,084	–	–	1,612	5,696
Impairment of property, plant and equipment	11,156	–	–	–	11,156
Impairment loss recognised on mining rights	–	–	52,947	–	52,947
Loss arising on change in fair value of investment properties	–	151,648	–	–	151,648
Loss arising on change in fair value less cost to sell on biological assets	2,966	–	–	–	2,966
Reversal of allowance for expected credit losses on trade and other receivables and loan receivables	<u>(33)</u>	<u>(5)</u>	<u>–</u>	<u>(265)</u>	<u>(303)</u>

Continuing operations

For the year ended 31 March 2023 (Restated)

	Agricultural operation <i>HK\$'000</i>	Property investment operation <i>HK\$'000</i>	Resources Operation <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
Other segment information					
Depreciation of property, plant and equipment	7,149	96	–	722	7,967
Depreciation of right-of-use assets	–	–	–	671	671
Capital expenditure (<i>note</i>)	4,067	978	–	473	5,518
Impairment loss recognised on mining rights	–	–	16,608	–	16,608
Loss arising on change in fair value of investment properties	–	168,966	–	–	168,966
Loss arising on change in fair value less cost to sell on biological assets	2,196	–	–	–	2,196
Allowance for expected credit losses on trade and other receivables and loan receivables	<u>31</u>	<u>–</u>	<u>–</u>	<u>16,841</u>	<u>16,872</u>

Note: Capital expenditure includes addition to property, plant and equipment and right-of-use assets, excluding biological assets

(d) **Geographical information**

Continuing operations

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, right-of-use assets and mining rights (collectively referred to as “**Specified Non-current Assets**”). The geographical location of customers is based on the location at which the services were provided or goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset or the location of the operation to which they are allocated.

	Revenue from external customers		Specified non-current assets	
	2024 HK\$'000	2023 HK\$'000 (Restated)	2024 HK\$'000	2023 HK\$'000
Hong Kong	–	–	1,670	25,305
The PRC	28,583	28,028	728,463	1,315,714
Bolivia	73,901	89,749	356,458	371,926
Indonesia	–	–	–	52,947
	<u>102,484</u>	<u>117,777</u>	<u>1,086,591</u>	<u>1,765,892</u>

Note:

Specified non-current assets excluded interests in associates.

(e) **Information from major customers**

Continuing operations

Revenue from a major customer for the years ended 31 March 2024 and 2023 contributing over 10% of the Group's total revenue are as follows:

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000
Agricultural operation — Customer A	<u>68,998</u>	<u>79,414</u>

5. OTHER INCOME AND LOSSES, NET

Continuing operations

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000 (Restated)
Bank interest income	418	44
Other interest income	400	569
Net foreign exchange loss	(210)	(188)
Investment income	–	29
Government grants	–	311
Gain on disposal of property, plant and equipment	275	28
Loss on early repayment of amount due to a related company	(17,444)	–
Loss on disposal of a subsidiary	(2,674)	–
Sundry income	11	63
	<u>11</u>	<u>63</u>
	<u>(19,224)</u>	<u>856</u>

6. LOSS FROM OPERATIONS

Continuing operations

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

	Year ended 31 March	
	2024 HK\$'000	2023 HK\$'000 (Restated)
Depreciation of property, plant and equipment	8,844	7,967
Depreciation of right-of-use assets	648	671
Auditors' remuneration	2,400	2,800
(Reversal of)/allowance for ECL on trade, other receivables and loan receivables, net	(303)	16,872
Impairment loss recognised on property, plant and equipment	11,156	–
Impairment loss recognised on mining rights	52,947	16,608
Short-term lease payment	193	260
Expenses relating to leases of low value assets	35	35
Fair value change in investment properties	151,648	168,966
Loss arising on change in fair value less costs to sell on biological assets	2,966	2,196
Gross rental income from investment properties	(28,583)	(28,028)
Less: direct operating expenses from investment properties that generated rental income during the year	<u>1,081</u>	<u>989</u>
	<u>(27,502)</u>	<u>(27,039)</u>

7. FINANCE COSTS

Continuing operations

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
		(Restated)
Interests on:		
— Bank borrowings	703	—
— Other borrowings	27,538	27,003
— Lease liabilities	65	34
Imputed interest on amount due to a related company	921	23,459
	<u>29,227</u>	<u>50,496</u>

8. TAX (EXPENSE)/CREDIT

Continuing operations

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
		(Restated)
Current Tax		
— Enterprise Income Tax	(681)	(559)
— Bolivia — Corporate tax	(7,465)	—
— Bolivia — withholding tax	(1,114)	(2,006)
	<u>(9,260)</u>	<u>(2,565)</u>
Deferred tax credit	<u>7,733</u>	<u>6,035</u>
	<u>(1,527)</u>	<u>3,470</u>

Hong Kong Profits Tax

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

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

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

The PRC Enterprise Income Tax

All the Company's subsidiaries established in the PRC are either subject to PRC Enterprise Income Tax at 25% for both years or preferential enterprise income tax rate of the assessable income of each company during the years ended 31 March 2024 and 2023, as determined in accordance with the relevant PRC income tax rules and regulations.

The Indonesia Corporate Tax

According to local tax authority, the corporate tax rate applicable to the subsidiary which is operating in the Indonesia is 22% for the year ended 31 March 2024 (2023: 22%). No Indonesia Corporate Tax was recognised as the subsidiary in the Indonesia has no estimated assessable profit for both years.

The Bolivia Corporate Tax

The corporate tax rate applicable to the subsidiaries which are operating in Bolivia is 25% for the year ended 31 March 2024 (2023: 25%). The Bolivia withholding tax represents tax charged by the Bolivia tax authority on dividends at 12.5% of distribution by the Group's Bolivia subsidiaries during the year ended 31 March 2024 and 2023.

9. DISCONTINUED OPERATIONS

The Group ceased the securities investment and financing operation since April 2023. As at 31 March 2024, the relevant subsidiary under the securities investment and financing operation was in the process of de-registration. During the year, the Group resolved discontinuing the operating segment under hotel operation and was therefore classified as discontinued operation in the current year.

The results of the discontinued operations for the current and prior years were as follows:

(a) Securities investment and financing operation

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
Revenue	–	–
Cost of sales	–	–
	<hr/>	<hr/>
Gross profit	–	–
Administrative costs	(23)	(35)
Gain arising on change in fair value of financial assets at fair value through profit or loss	–	41,805
	<hr/>	<hr/>
(Loss)/profit from operation	(23)	41,770
Finance costs	–	–
	<hr/>	<hr/>
(Loss)/profit before taxation	(23)	41,770
Tax expenses	(22,151)	–
	<hr/>	<hr/>
(Loss)/profit for the year	<u>(22,174)</u>	<u>41,770</u>

(b) **Hotel operation**

	Year ended 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	–	28,615
Cost of sales	–	(7,696)
Gross profit	–	20,919
Other income and gain, net	2,399	4,448
Staff costs	(3,384)	(7,479)
Impairment of property, plant and equipment	(829)	–
Administrative costs	(19,862)	(16,529)
Reversal of/(allowance) for expected credit loss on trade and other receivables	143	(128)
(Loss)/profit from operation	(21,533)	1,231
Finance costs	(536)	(266)
(Loss)/profit before taxation	(22,069)	965
Tax (expense)/credit	(1,901)	1,149
(Loss)/profit for the year	(23,970)	2,114

(c) From discontinued operations

	Year ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
		(Restated)
(Loss)/earning for the year attributable to owners of the Company from discontinued operations	<u>(46,144)</u>	<u>43,884</u>

11. DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2024 and 2023.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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

	2024	2023
	HK\$'000	HK\$'000
Trade receivables		
0 to 30 days	–	1,689
31 to 60 days	–	–
61 to 90 days	–	693
91 to 180 days	–	6,038
Over 180 days	–	3,069
	<u>–</u>	<u>11,489</u>
Other receivables and deposits	<u>160,414</u>	<u>165,504</u>
	160,414	176,993
Less: allowance for ECL, net	<u>(154,291)</u>	<u>(157,412)</u>
	6,123	19,581
Prepayments	<u>15,048</u>	<u>15,353</u>
	<u>21,171</u>	<u>34,934</u>

The average credit period granted to customers is 60 to 90 days (31 March 2023: 60 to 90 days). The Group does not hold any other collateral or other credit enhancements over these balances.

The Group's other receivables as 31 March 2024, include an approximately HK\$124,697,000 (31 March 2023: HK\$126,570,000) paid for acquisition and construction of several potential water plant projects in the PRC.

13. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

	2024	2023
	HK\$'000	HK\$'000
Trade payables		
0 to 30 days	1,159	640
31 to 60 days	246	9,911
Over 60 days	8,295	5,101
	9,700	15,652
Other payables and deposits received	72,508	69,168
	82,208	84,820

The Group's other payables and deposits received as at 31 March 2024 and 2023, inter alia, the followings:

- (i) interest payable of approximately HK\$9,041,000 (31 March 2023: HK\$6,514,000);
- (ii) deposit of decoration expenses received from Heilongjiang Interchina Water Treatment Company Limited of approximately HK\$5,824,000 (31 March 2023: HK\$6,023,000);
- (iii) amount due to a director of the Company of approximately HK\$17,413,000 (31 March 2023: HK\$23,047,000) represents an unsecured, unguaranteed, interest-free and repayable on demand to a director; and
- (iv) rental deposit received from customers approximately HK\$3,564,000 (2023: HK\$2,563,000).

14. AMOUNT DUE TO A RELATED COMPANY

Pursuant to the disposal agreements dated 9 August 2022 entered into between Interchina (Tianjin) Water Treatment Company Limited (“**Interchina Tianjin**”), a wholly-owned subsidiary of the Company, Mr. Jiang Zhaobai (“**Mr. Jiang**”), a substantial shareholder and the executive director and chairman of the Company and Shanghai Pengxin (Group) Company Limited (“**Shanghai Pengxin**”), a related company of the Group which is owned as 99% by Mr. Jiang, the parties agreed that Interchina Tianjin disposed the shares in the share capital of Heilongjiang Interchina Water Treatment Company Limited (“**Heilongjiang Interchina**”) to Mr. Jiang. Part of the consideration of RMB536,053,333.34 payable to Interchina Tianjin shall be set-off against the amount due to Shanghai Pengxin and the remaining consideration of RMB41,320,416.66 shall be paid in cash by Shanghai Pengxin. Upon completion, the amount due to Shanghai Pengxin is fully paid off and the Group shall no longer owe Shanghai Pengxin any amount. The Company discharged the full amount of amount due to a related company in April 2023 due to completion of the disposal agreements.

As at 31 March 2023, the amount due to a related company denominated in RMB represents an unsecured and unguaranteed amount from Shanghai Pengxin. The amounts are repayable on demand. The borrowing is carried at amortised cost using the effective interest method. The effective interest rate applied was 10.6% per annum.

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

SCOPE OF WORK OF THE AUDITORS

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2024 as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited (the "**Auditors**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditors on this announcement.

EXTRACTS OF INDEPENDENT AUDITORS' REPORT

The following is extracted from the independent auditors' report on the consolidated financial statements of the Group for the year ended 31 March 2024.

Material Uncertainty Related To Going Concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a loss of approximately HK\$322,522,000 for the year ended 31 March 2024 and, as of that date, the Group has short-term bank and other borrowings amounting to approximately HK\$247,166,000. As at 31 March 2024, the Group had cash and cash equivalents amounting to HK\$24,918,000 which is insufficient to fully repay the bank and other borrowings expiring within 12 months. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

For the year ended 31 March 2024, the Group's revenue from continuing operations amounted to approximately HK\$102,484,000 (2023: HK\$117,777,000), representing a decrease of approximately 13% as compared to the last year. Such decrease was mainly due to revenue from agricultural operation decreased by approximately 17.7% to approximately HK\$73,901,000 (2023: HK\$89,749,000). Decrease in income from sale of crops is primarily attributable to the decrease in the average selling price of soybean by 21.7% to approximately US\$360/MT (2023: US\$460/MT).

The Group recorded a loss from continuing operations of approximately HK\$276,378,000 for the year (2023: HK\$241,303,000), representing an increase of approximately 14.5% as compared to the last year. The loss was mainly due to the net results of (i) decrease in gross profit by 29.8% to approximately HK\$45,477,000 (2023: HK\$64,827,000); (ii) increase in impairment loss in respect of the mining rights by approximately by 219% to approximately HK\$52,974,000 (2023: HK\$16,608,000) as a result of the decrease in market demand of manganese ore; (iii) decrease in loss on change in fair value of the Group's investment properties by 10.2% to approximately HK\$151,648,000 (2023: HK\$168,966,000); (iv) an impairment loss recognised on property, plant and equipment amounted to approximately HK\$11,156,000 (2023: Nil); and (v) decrease in finance costs by 42.1% to approximately HK\$29,227,000 (2023: HK\$50,496,000) attributable to decrease in imputed interest for expenses.

BUSINESS REVIEW

During the year, the Company was mainly engaged in agricultural operation, property investment operation and resources operation.

Agricultural operation

The Group's agricultural operation engages in agricultural farming and cattle raising in Bolivia. As at 31 March 2024, the Group totally owns approximately 18,730 hectares of farmland in Bolivia with carrying value of approximately HK\$334,057,000 (31 March 2023: HK\$345,213,000). As at 31 March 2024, the Group had cultivation of crops in field cultivation amounted to approximately HK\$19,662,000 (31 March 2023: HK\$26,255,000) and raised cattle of 3,424 heads (31 March 2023: 2,492 heads) with aggregate value of

approximately HK\$10,663,000 (31 March 2023: HK\$6,408,000). During the year, revenue generated from agricultural operation decreased by 17.7% to approximately HK\$73,901,000 (2023: HK\$89,749,000), which account for 72.1% of total revenue of the Group. Revenue from sale of crops amounted to approximately HK\$72,756,000 (2023: HK\$87,777,000) whereas revenue from sale of cattle amounted to HK\$1,145,000 (2023: HK\$1,972,000). The major crops of the farm is soybean. During the year, approximately 11,500 hectare of soybeans was planted (2023: 11,130 hectare), the average yield was 2.2 ton per hectare (2023: 2.03 ton per hectare) with a grain production of approximately 25,000 tons (2023: 22,600 tons). The average selling price of soybean was approximately US\$360/MT, representing a decrease of 21.7% as compared to the last year as result of oversupply in market. This segment recorded a loss of approximately HK\$10,967,000 (2023: profit of HK\$21,780,000). The loss was mainly attributable to the impairment loss recognised on property, plant and equipment of approximately HK\$11,156,000 and decrease in gross profit as a result of the decrease in average selling price of soybean for the year.

Based on the current information available, it indicated that demand in the China market is decreasing, however, soybean production in key South American countries, Brazil and Argentina, is on the rise benefiting from the weather condition. It expects the market price of soybeans may be under pressure in the coming year. In long run, we are confident that this segment will continue to make stable contribution to the Group's revenue and cash-flow stream in the time ahead.

Property Investment Operation

The Group's property investment operation mainly comprise two investment properties located in the centre of Beijing and Shanghai (collectively referred to as the "**Beijing Property**" and "**Shanghai Property**") respectively. At 31 March 2024, the Beijing Property was valued at approximately HK\$453,847,000 (31 March 2023: HK\$545,455,000) and the Shanghai Property was valued at approximately HK\$264,835,000 (31 March 2023: HK\$354,545,000). Based on the independent valuation performed, loss on changes in fair value of investment properties of approximately HK\$151,648,000 was recorded for the year ended 31 March 2024 (2023: HK\$168,966,000). The fair value losses of investment properties were mainly attributable to the effects of the continue decline in demand for commercial properties in the PRC.

During the year, rental income generated from property investment operation slightly increased by 2% to approximately HK\$28,583,000 (2023: HK\$28,028,000), which accounted for 27.9% of total revenue of the Group. As at 31 March 2024, the average occupancy rate of the Beijing Property and the Shanghai Property reached 80% (31 March 2023: 91%) and 54% (31 March 2023: 54%) respectively. The segment loss amounted to approximately HK\$135,549,000 (2023: HK\$152,064,000). Such decrease was mainly attributable to the decrease in the loss on changes in fair value of the Group's investment properties as compared to the same period of last year.

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

Resources Operation

Resources operation represents mainly the Group's resources operation in Indonesia. The Group holds a mining licence to conduct the activities of construction, production, sales transportation and processing/refinery of manganese ore in the district of Kupang City Nusatara Timor Tenggara, Indonesia for a period of 20 years which should expire on 4 November 2031, with estimated resources of approximately 18,800,000 tonnes (the "**Mining Right**"). Production has not been commenced since the Group acquired the Mining Right in November 2011. This segment did not contribute any revenue to the Group for the year (2023: Nil). The segment loss amounted to approximately HK\$53,675,000 for the year (2023: HK\$17,667,000), mainly attributable to the impairment loss of the Mining Right for both years.

Coupled with softening of the market demand, the manganese ore benchmark price per ton (referenced by 35% manganese concentrates to South Africa Manganese Ore Index) fell from US\$142.96 as at 31 March 2023 to US\$123.69 as at 29 March 2024, representing a decrease of approximately 13.5% as compared to the last year. The Company has undertaken a review on the carrying value of the Mining Right with reference to independent valuation report prepared by International Valuation Limited, adopting the income approach, an impairment loss on the Mining Right of approximately HK\$52,947,000 was recognised for the year (2023: HK\$16,608,000) as a result of further decrease in the market price of manganese ore at 31 March 2024 as compared to the last year. Due to the average manganese ore benchmark price adopted for the valuation i.e. USD133.15 per ton is lower than the breakeven price of approximately USD145 per ton, the value of the Mining Right as at 31 March 2024 is zero (31

March 2023: HK\$52,947,000). The Company is of the view that the Mining Right should still have a realizable value but it could not be reasonable measured currently due to lack of supporting evidence.

Income approach has been adopted for the valuation purpose. The Group considered that income approach is an appropriate valuation method for valuation of the Mining Right instead of market approach and/or cost approach due to (i) there were insufficient similar and relevant comparable transactions solely on the Mining Right under the market approach; and (ii) the future earning potential of the Mining Right cannot be captured under the cost approach in the valuation. The major assumptions and parameters of the valuation as at 31 March 2024 are as follow:

	31 March 2024	31 March 2023
Commencement of production	3rd quarter of 2024	3rd quarter of 2023
Production volume of ore ('000 tonnes) ^{Note i}		
(i) First year of production	19	19
(ii) Second year of production	389	389
(iii) Third year of production	779	778
(iv) Fourth year of production	1,167	1,167
(v) Fifth to last year of production	1,556	1,556
Adopted manganese ore benchmark price (USD/tonnes) ^{Note ii}	133.15	148.54
Operating costs (USD'000) ^{Note iii}		
(i) First year of production	4,247	4,255
(ii) Second year of production	34,256	34,430
(iii) Third year of production	64,172	64,537
(iv) Fourth year of production	92,421	92,993
(v) Fifth to last year of production	117,848	118,646
Income tax rate	22%	22%
Capital expenditures (USD'000)	9,777	9,777
Discount rate ^{Note iv}	15%	14%

Notes:

- (i) The production volume was determined based on the measured and indicated resources which were based on the competent person's report dated December 2011.
- (ii) The adopted manganese ore benchmark price was estimated with reference to the manganese ore benchmark price (reference by 35% manganese concentrates to South Africa Manganese Ore Index). The manganese ore benchmark price for valuation as at 31 March 2024 has decreased by approximately 10.4% than that as at 31 March 2023. No growth rate was assumed to the manganese ore benchmark price estimation. The treatment was consistent among valuation as at 31 March 2024 and as at 31 March 2023.
- (iii) No growth rate was assumed for operating costs from 2024 onwards.
- (iv) The slightly increase of 1% in discount rate was due to normal market data fluctuation.

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

Discontinued Operation

Securities investment and financing operations

Following the Group completed the disposal of 227,312,500, shares in Heilongjiang Interchina Water Treatment Company Limited (“**Heilongjiang Interchina**”) in April 2023, the Group did not held any securities investment, which was booked under financial assets at fair value through profit and loss (2023: HK\$656,107,000). The Group decided to cease the securities investment and financing operation, so as to minimise the business risk involved in these operation. It was presented as discontinued operation in the consolidated financial statements for the year ended 31 March 2024. During the year, this segment did not contribute any revenue to the Group and recorded segment loss before tax of HK\$23,000 for the year (2023: profit of HK\$41,770,000). The profit of the last year was mainly attributable to the gain on change in fair value of the financial assets at fair value through profit or loss of approximately HK\$41,805,000.

Hotel Operation

At 31 March 2024, the sole hotel property held by the Group, is the Holiday Inn Express Shanghai Wujiaochang located in Yangpu District, Shanghai, the PRC, which is a 20-storey hotel with total gross floor area of approximately 15,949 sq. m., and 296 guest rooms and the 2-storey carpark with a gross floor area of 18,329 sq. m. (the “**Hotel Properties**”). The Hotel Properties has been vacant and closed since 8 January 2023. Therefore, none of revenue generated from hotel operation for the year (2023:HK\$28,615,000). This segment recorded a loss before tax of approximately HK\$22,069,000 (2023: profit of HK\$965,000) for the year. The loss was mainly attributable to (i) in absence of revenue for the year; (ii) the depreciation of approximately HK\$13,627,000 (2023:HK\$13,022,000); and (iii) other administrative expenses of approximately HK\$6,235,000 (2023:HK\$3,367,000).

On 28 December 2023, Loyal Rich International Investment Limited (“**Loyal Rich**”) as Vendor, a wholly-owned subsidiary of the Company, Tianfu (Shanghai) Hotel Management Company Limited (“**Tianfu (Shanghai)**”), a wholly-owned subsidiary of Loyal Rich, Shanghai Jingyi Equity Investment Partnership (Limited Partnership) as JV Partner and Shanghai Jingyao Ting Hotel Co., Limited as Purchaser entered into master agreement to set out the roadmap regarding the Group’s disposal of 75% effective interest in the Hotel Properties to the Purchaser, as well as the refurbishment and rebranding of the hotel into serviced apartments to be operated under the brand, “Modena by Fraser”. On the even date, Tianfu (Shanghai) entered into acquisition agreement with Shanghai Shixuan Enterprise Management Co., Ltd. to acquire the 25% equity interests of the Purchaser at zero consideration and the shareholders’ agreement with the JV Partner. Pursuant to the shareholders’ agreement, Tianfu (Shanghai) agreed to contribute RMB64,000,000, representing 25% of the registered capital of the Purchaser. On 10 January 2024, the Vender formally entered into disposal agreement with the Purchaser, pursuant to which the Vender conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Hotel Properties at the consideration of RMB360,000,000 (the “**Disposal**”). The Disposal constitutes a major transaction of the Company under the Listing Rules. Details of the transaction were set out in the Company’s circular dated 20 February 2024. The transaction was approved by the shareholders of the Company at the general meeting held on 15 March 2024 and subsequently completed in April 2024.

OUTLOOK

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

On 28 May 2024, the Group entered into the JV Agreement with three JV partners in relation to the formation of the JV Company, which will be owned as to 34% by the Company. The formation of the JV Company enables the Group to participate and organise a team with experience to develop the renewable energy business which is environmentally friendly and a sector encouraged by the central government. In long run, it expected the investment can generate economic benefit to the Group.

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

FINANCIAL REVIEW

Liquidity and Financial Resources

At 31 March 2024, the equity reached approximately HK\$1,168,777,000 (31 March 2023: approximately HK\$1,521,716,000). At 31 March 2024, the Group's cash on hand and deposits in bank was approximately HK\$24,918,000 (31 March 2023: approximately HK\$60,746,000). The proportions of Renminbi (“**RMB**”), US dollar (“**USD**”) and Hong Kong dollars were 27%, 71% and 2% (31 March 2023: 49%, 46% and 5%) respectively. At 31 March 2024, the Group's net current assets were approximately HK\$141,254,000 (31 March 2023: net current liabilities of approximately HK\$175,202,000). The current ratio of the Group as at 31 March 2024 was 1.4 (31 March 2023: 0.82). The gearing ratio (total outstanding borrowings over total assets) of the Group as of 31 March 2024 was 15.8% (31 March 2023: 34.2%). At 31 March 2024, the Group's total bank and other borrowings of approximately HK\$247,166,000 (31 March 2023: approximately HK\$285,660,000), which mainly comprised secured bank borrowings of approximately HK\$6,166,000 (31 March 2023: approximately HK\$11,660,000), secured other borrowings of approximately HK\$240,000,000 (31 March 2023: approximately

HK\$258,000,000) and unsecured other borrowings of approximately HK\$1,000,000 (31 March 2023: approximately HK\$16,000,000). As at 31 March 2024, the Group's borrowings were denominated in RMB, HKD and USD, amounting to approximately RMB3,000,000 (31 March 2023: approximately RMB529,342,000) and approximately HK\$241,000,000 (31 March 2023: approximately HK\$274,000,000) and approximately USD368,000 (31 March 2023: USD38,000) respectively.

Capital Structure

There has been no change in the share capital of the Company during the period. As at 1 April 2023 and 31 March 2024, the number of issued shares of the Company was 7,294,369,363.

Pledged of Assets

At 31 March 2024, the Group's freehold land with carrying amounts of approximately HK\$145,860,000 (31 March 2023: approximately HK\$152,084,000) were secured for bank facilities. At 31 March 2024, the Group's borrowings were secured by charges on (i) the Group's property, plant and equipment with carrying amounts of approximately HK\$Nil (31 March 2023: HK\$23,844,000); (ii) the Group's investment properties with carrying amounts of approximately HK\$15,965,000 (31 March 2023: HK\$19,619,000); and (iii) certain subsidiaries of the Group with carrying amounts of approximately HK\$184,553,000 (31 March 2023: HK\$238,987,000).

Material Acquisition and Disposal

Save for the information disclosed in other parts of this section, the Group did not have any material acquisition or disposal of subsidiaries or associates during the year ended 31 March 2024.

Contingent Liability

As at 31 March 2024, the Group had no material contingent liabilities (31 March 2023: Nil).

Capital Commitment

As at 31 March 2024, the Group had approximately HK\$75,275,000 (31 March 2023: HK\$5,114,000) capital commitment in respect of capital contribution to associates.

Foreign Exchange Exposure

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

HUMAN RESOURCES

As at 31 March 2024, the Group employed approximately 115 employees (31 March 2023: approximately 138). The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus.

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

During the year ended 31 March 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE CODE

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

- (i) The Code Provision C.3.3 of the CG Code stipulates that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. All Directors, except independent non-executive Directors, have formal letters of appointment. The independent non-executive Directors have followed the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. The independent non-executive Directors clearly understand role and responsibilities of independent non-executive Directors. The Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those prescribed by code provisions C.3.3 of the CG Code and therefore does not intend to take any steps in this regard at the moment.

- (ii) The Code Provision F.2.2 of the CG Code stipulates that the chairman of the board should attend the AGM to answer questions at the AGM. Mr. Jiang Zhaobai, the chairman of the Board did not attend the AGM held on 28 September 2023 due to other business engagements. Mr. Lam Cheung Shing, Richard, being the executive Director of the Company, who took chair of the AGM on 28 September 2023 together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM and had answered questions at the AGM competently.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the Company’s code of conduct regarding securities transactions by its Directors. Specific enquiry has been made to all directors, who have confirmed that they had complied with the required standard set out in the Model Code for the year ended 31 March 2024.

AUDIT COMMITTEE

The Audit Committee, which comprises three independent non-executive directors of the Company, has discussed with the management of the Company on the accounting principles and practices adopted by the Group, internal controls, risk management and financial reporting matters on 26 June 2024. The Audit Committee has also reviewed and discussed with the management about the announcement of audited annual results for the year ended 31 March 2024.

PUBLICATION OF THE ANNUAL REPORT

The annual report of the Group for the year ended 31 March 2024 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
Chen Yi
Executive Director and Chief Executive Officer

Hong Kong, 26 June 2024

As at the date of this announcement, the executive Directors are Mr. Chen Yi, Ethan, Mr. Jiang Xiao Heng Jason and Mr. Zhou Zhizhu; the non-executive Director is Mr. Jiang Zhaobai (Chairman) and the independent non-executive Directors are Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Ng Ge Bun.