



EVERCHINA INT'L HOLDINGS COMPANY LIMITED
潤中國際控股有限公司

Stock Code: 202

INTERIM
REPORT 2019



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Jiang Zhaobai (*Chairman*)
Mr. Lam Cheung Shing, Richard
Mr. Chen Yi, Ethan
Mr. Shen Angang

Independent Non-executive Directors

Mr. Ho Yiu Yue, Louis
Mr. Ko Ming Tung, Edward
Professor Shan Zhemin

BOARD COMMITTEES

Audit Committee

Mr. Ho Yiu Yue, Louis (*Committee Chairman*)
Mr. Ko Ming Tung, Edward
Professor Shan Zhemin

Remuneration Committee

Mr. Ho Yiu Yue, Louis (*Committee Chairman*)
Mr. Ko Ming Tung, Edward
Mr. Lam Cheung Shing, Richard

Nomination Committee

Mr. Ko Ming Tung, Edward (*Committee Chairman*)
Mr. Ho Yiu Yue, Louis
Mr. Lam Cheung Shing, Richard

COMPANY SECRETARY

Mr. Lau Chi Lok, Freeman

LISTING INFORMATION

Stock Code: 202
Board Lot: 5,000 shares

REGISTERED OFFICE

Suites 601–603, 6/F.
Everbright Centre
108 Gloucester Road
Wanchai, Hong Kong

WEBSITE

www.everchina202.com.hk

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

SOLICITORS

K&L Gates
Patrick Mak & Tse

SHARE REGISTRAR

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
China Construction Bank (Asia) Corporation Limited
Bank of China (Hong Kong) Limited

INVESTOR RELATIONS CONSULTANT

PR ASIA Consultants Ltd
5/F., Euro Trade Centre
13–14 Connaught Road Central
Hong Kong

INDEPENDENT REVIEW REPORT



31/F., Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF EVERCHINA INT'L HOLDINGS COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 34, which comprise the condensed consolidated statement of financial position of EverChina Int'l Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2019 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34 (revised)") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on this interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of the interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 September 2019 is not prepared, in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Kwok Tsz Chun

Practising Certificate Number: P06901

Hong Kong, 28 November 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2019

	Notes	For the six months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	69,882	(1,995)
Cost of sales		(23,397)	(5,090)
Other income and gain, net	5	2,889	7,445
Staff costs		(16,661)	(16,574)
Depreciation		(7,837)	(7,431)
Administrative costs		(16,272)	(16,739)
Other operating expenses		(14,794)	–
Loss arising on change in fair value less costs to sell on biological assets		(1,437)	–
Loss arising on change in fair value of investment properties	11	(21,111)	(1,149)
Loss arising on change in fair value of financial assets at fair value through profit or loss	16	(191,953)	(449,399)
Loss from operations	6	(220,691)	(490,932)
Finance costs	7	(51,608)	(32,724)
Loss before taxation		(272,299)	(523,656)
Taxation	8	4,665	27,408
Loss for the period		(267,634)	(496,248)
Attributable to:			
Owners of the Company		(267,616)	(496,217)
Non-controlling interests		(18)	(31)
		(267,634)	(496,248)
Loss per share attributable to the owners of the Company	9		
— Basic and diluted		HK(3.67) cents	HK(8.16) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss for the period	(267,634)	(496,248)
Other comprehensive loss		
<i>Items that maybe reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation during the period	(102,790)	(167,918)
Total comprehensive loss for the period	(370,424)	(664,166)
Total comprehensive loss attributable to:		
Owners of the Company	(370,406)	(664,135)
Non-controlling interests	(18)	(31)
	(370,424)	(664,166)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Notes	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Non-current assets			
Investment properties	11	1,191,244	1,282,094
Property, plant and equipment	12	865,818	890,326
Mining rights	13	178,664	178,664
Goodwill		91,454	91,454
Right-of-use assets		4,174	–
		2,331,354	2,442,538
Current assets			
Inventories		9,686	7,664
Biological assets		21,120	17,951
Trade and other receivables and prepayments	14	157,393	176,522
Loan receivables	15	42,781	52,475
Financial assets at fair value through profit or loss	16	669,309	911,924
Cash and cash equivalents		21,705	79,975
		921,994	1,246,511
Total assets		3,253,348	3,689,049
Capital and reserves			
Share capital	17	2,664,298	2,664,298
Reserves		(488,027)	(117,621)
Equity attributable to owners of the Company		2,176,271	2,546,677
Non-controlling interests		37,961	37,979
Total equity		2,214,232	2,584,656
Non-current liabilities			
Lease liabilities		1,963	–
Bank borrowings	21	5,226	5,748
Deferred tax liabilities	19	115,130	126,839
		122,319	132,587
Current liabilities			
Trade and other payables and deposits received	20	402,375	76,919
Contract liabilities	22	778	443
Tax payable		6,235	6,286
Lease liabilities		2,225	–
Bank and other borrowings	21	505,184	888,158
		916,797	971,806
Total liabilities		1,039,116	1,104,393
Total equity and liabilities		3,253,348	3,689,049
Net current assets		5,197	274,705
Total assets less current liabilities		2,336,551	2,717,243

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

For the six months ended 30 September 2019

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Special reserve HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Statutory surplus reserve HK\$'000	Accumulated loss HK\$'000	Sub-total HK\$'000		
At 1 April 2019 (Audited)	2,664,298	571,996	1,342,477	99,050	871	(2,132,015)	2,546,677	37,979	2,584,656
Exchange differences arising on translation during the period	-	-	-	(102,790)	-	-	(102,790)	-	(102,790)
Loss for the period	-	-	-	-	-	(267,616)	(267,616)	(18)	(267,634)
Total comprehensive loss for the period	-	-	-	(102,790)	-	(267,616)	(370,406)	(18)	(370,424)
At 30 September 2019 (Unaudited)	2,664,298	571,996	1,342,477	(3,740)	871	(2,399,631)	2,176,271	37,961	2,214,232

For the six months ended 30 September 2018

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Special reserve HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Statutory surplus reserve HK\$'000	Accumulated loss HK\$'000	Sub-total HK\$'000		
At 1 April 2018 (Audited)	2,490,454	571,996	1,342,477	213,358	871	(1,514,382)	3,104,774	42,687	3,147,461
Exchange differences arising on translation during the period	-	-	-	(167,918)	-	-	(167,918)	-	(167,918)
Loss for the period	-	-	-	-	-	(496,217)	(496,217)	(31)	(496,248)
Total comprehensive loss for the period	-	-	-	(167,918)	-	(496,217)	(664,135)	(31)	(664,166)
At 30 September 2018 (Unaudited)	2,490,454	571,996	1,342,477	45,440	871	(2,010,599)	2,440,639	42,656	2,483,295

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

Notes:

Special reserve

The special reserve represented the difference between the nominal value of shares of Burlingame International Company Limited (“Burlingame”) and the nominal value of shares issued for the swap of the shares of Burlingame pursuant to the scheme of arrangement as set out in the document issued by the Company and Burlingame dated 27 July 2000.

Contributed surplus

Pursuant to a special resolution by the shareholders of the Company at a special general meeting held on 18 September 2009 and upon all conditions precedents to the capital reorganisation have been fulfilled on 9 April 2010, (i) the nominal value of each share was reduced from HK\$0.10 to HK\$0.01 by cancelling the Company’s paid up capital to the extent of HK\$0.09 on each share, (ii) part of the credit arising from capital reduction was utilised to set off accumulated losses of the Company and (iii) the remaining credit balance in the contributed surplus of the Company will be utilised in accordance with the articles of association of the Company and all applicable laws.

Exchange reserve

Exchange reserve represents exchange differences relating to the translation of the net assets of the Group’s foreign operations from their functional currencies to the Group’s presentation currency (i.e. Hong Kong dollars) are recognised directly in the consolidated statement of profit or loss and other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to the consolidated statement of profit or loss on the disposal of the foreign operations.

Statutory surplus reserve

Pursuant to the relevant laws and regulations for business enterprises in the People’s Republic of China (the “PRC”), a portion of the profits of the Group’s entities which are registered in the PRC has been transferred to the statutory surplus reserve which is restricted as to use. When the balance of such reserve reaches 50% of the entity’s capital, any further appropriation is optional.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	For the six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	376,905	220,734
Investing activities		
Purchase of property, plant and equipment	(11,593)	(29)
Proceeds from disposal of biological assets	12,208	242
Purchase of biological assets	(16,593)	(551)
(Increase)/decrease of biological assets	(221)	46
Net cash used in investing activities	(16,199)	(292)
Financing activities		
Interest paid	(68,180)	(33,466)
New bank borrowings raised	14,607	533,503
Repayment of other borrowings	(350,000)	(719,434)
Net cash used in financing activities	(403,573)	(219,397)
Net (decrease)/increase in cash and cash equivalents	(42,867)	1,045
Cash and cash equivalents at beginning of the period	79,975	179,712
Effect of foreign exchange rate changes	(15,403)	(23,389)
Cash and cash equivalents at end of the reporting period	21,705	157,368
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	21,705	157,368

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL INFORMATION

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 Suites 601–603, 6th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong.

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

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

2. BASIS OF PREPARATION AND SUMMARY OF 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 (the "HKICPA").

The financial information relating to the year ended 31 March 2019 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 2019 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 2019. 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 trading

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2019, 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 year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (collectively referred to as the “new and amendments to HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning from 1 April 2019. A summary of the new and amendments to HKFRSs applied by the Group is set out as follows:

HKFRS 16	Leases
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle
HK(IFRIC) – Int 23	Uncertainty Over Income Tax Treatments

HKFRS 16 Leases

During the six months ended 30 September 2019, the Group has applied HKFRS 16 and the related consequential amendments to other HKFRSs which resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. In accordance with the transitional provisions in HKFRS 16, the Group has elected to apply the new standard using the modified retrospective approach, the lease liability is measured based on the remaining lease payments discounting using the incremental borrowing rate as of the date of initial application.

Before the application of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in profit or loss over the lease period on a straight-line basis.

Upon application of HKFRS 16, the Group recognised the full lease liabilities in relation to leases which had previously been classified as operating leases if they meet certain criteria set out in HKFRS 16. These liabilities were subsequently measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or the incremental borrowing rate of respective entities if the interest rate implicit to the lease cannot be determined.

At the inception of a contract that contain a lease component, as a lessee, the Group should allocate the consideration in the contract to each lease component on the basis of their relative stand-alone price. The Group, as a lessee, assessed its leases for non-lease components and separated non-lease component from lease components for certain classes of assets if the non-lease components are material.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the condensed consolidated statement of financial position immediately before the date of initial application. Depreciation is charged on a straight-line basis over the shorter of the lease term or the asset’s useful life.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

HKFRS 16 Leases *(Continued)*

When measuring lease liabilities for leases that were classified as operating leases, the Group discount future lease payments using the interest rate implicit to the lease or the incremental borrowing rate as of the date of initial application. The rate applied at 7.96%.

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows:

	HK\$'000
Operating lease commitments disclosed as at 31 March 2019	8,294
Lease liabilities discounted at relevant incremental borrowing rate	5,555
Less: Recognition exemption — short-term leases	(283)
Lease liabilities as at 1 April 2019	5,272
Current lease liabilities	2,175
Non-current lease liabilities	3,097
	5,272

In summary, the following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at the date of initial application (1 April 2019):

Amounts recognised in the condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the six months ended 30 September 2019 are as follow:

	Right-of-use assets HK\$'000	Lease liabilities HK\$'000
At 1 April 2019	5,272	(5,272)
Depreciation expense	(1,085)	–
Interest expense	–	(120)
Payments	–	1,192
Exchange alignment	(13)	12
At 30 September 2019	4,174	(4,188)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Summary of effects arising from initial application of HKFRS 16

The table below illustrates effect of HKFRS 16 at the date of initial application, 1 April 2019.

	Right-of-use assets HK\$'000	Lease liabilities HK\$'000	Accumulated losses HK\$'000
Closing balance at 31 March 2019	–	–	(2,132,015)
Effect arising from initial application of HKFRS 16:			
Remeasurement	5,272	(5,272)	–
Opening balance at 1 April 2019	5,272	(5,272)	(2,132,015)

New and revised HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contract ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 3 (Amendments)	Definition of a Business ³
HKAS 1 and HKAS 8 (Amendments)	Definition of Material ⁴

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 2021.

³ Effective for business combination and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

⁴ Effective for annual periods beginning on or after 1 January 2020.

The directors of the Company considered the application of the above new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. 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
Agricultural operation	—	Agricultural farming, cattle raising and sales of Cattle, soybean, corn and rice in the Plurinational State of Bolivia ("Bolivia")
Financing and securities investment operation	—	Provision of financing service and securities investment operation in Hong Kong

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

(a) Segment revenue and result

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

	Segment revenue		Segment result	
	For the six months ended		For the six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Property investment operation	31,496	36,501	1,805	30,354
Hotel operation	17,348	19,700	516	88
Agricultural operation	21,038	398	(5,175)	(2,475)
Financing and securities investment operation	—	(58,594)	(201,743)	(446,539)
Other operation	—	—	(800)	(1,057)
Total	69,882	(1,995)	(205,397)	(419,629)
Interest income and other revenue			2,889	7,445
Unallocated expenses			(18,183)	(78,748)
Loss from operations			(220,691)	(490,932)
Finance costs			(51,608)	(32,724)
Loss before taxation			(272,299)	(523,656)
Taxation			4,665	27,408
Loss for the period			(267,634)	(496,248)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. SEGMENT INFORMATION (Continued)

(a) Segment revenue and result (Continued)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the six months ended 30 September 2019 (for the six months ended 30 September 2018: Nil).

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

(b) Segment assets and liabilities

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Segment assets		
Property investment operation	1,219,929	1,340,729
Hotel operation	506,710	541,956
Financing and securities investment operation	712,104	964,412
Agricultural operation	459,881	451,192
Other operation	179,695	179,679
Total segment assets	3,078,319	3,477,968
Unallocated assets	175,029	211,081
Consolidated total assets	3,253,348	3,689,049
Segment liabilities		
Property investment operation	57,876	67,593
Hotel operation	44,433	47,545
Financing and securities investment operation	270	180
Agricultural operation	74,837	61,078
Other operation	5,948	5,871
Total segment liabilities	183,364	182,267
Unallocated bank and other borrowings	489,010	887,113
Unallocated liabilities	360,507	28,727
Tax payable	6,235	6,286
Consolidated total liabilities	1,039,116	1,104,393

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

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, agricultural operation and other operation are allocated to reportable segments other than certain property, plant and equipment, other non-current assets, 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, agricultural operation and other operation are allocated to reportable segments other than certain other payables, deferred tax liabilities and bank and other borrowings that are not attributable to individual segments.

(c) Other segment information

For the six months ended 30 September 2019 (Unaudited)

	Property Investment operation HK\$'000	Hotel operation HK\$'000	Financing and securities investment operation HK\$'000	Agricultural operation HK\$'000	Other operation HK\$'000	Consolidated total HK\$'000
Other segment information						
Depreciation	53	6,537	-	36	-	6,626
Unallocated amounts						1,211
						7,837
Capital expenditure	-	-	-	11,593	-	11,593
Unallocated amounts						-
						11,593
Fair value change in investment properties	21,111	-	-	-	-	21,111
Fair value change in financial assets at fair value through profit or loss	-	-	191,953	-	-	191,953

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. SEGMENT INFORMATION (Continued)

(c) Other segment information (Continued)

For the six months ended 30 September 2018 (Unaudited)

	Property Investment operation HK\$'000	Hotel operation HK\$'000	Financing and securities investment operation HK\$'000	Agricultural operation HK\$'000	Other operation HK\$'000	Consolidated total HK\$'000
Other segment information						
Depreciation	58	6,863	-	351	7	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

(d) Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's investment properties, property, plant and equipment, mining rights, goodwill and other non-current assets (collectively referred to as "Specified Non-current Assets"). The geographical location of customers is based on the location at which the services were provided or goods were delivered. The geographical location of the Specified Non-current Assets is based on the physical location of the asset or the location of the operation to which they are allocated.

	Revenue from external customers		Specified non-current assets	
	For the six months ended 30 September 2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Hong Kong	-	(58,594)	59,804	55,754
The PRC	48,844	56,201	1,681,489	1,805,808
Indonesia	-	-	179,133	179,134
Bolivia	21,038	398	410,928	401,842
	69,882	(1,995)	2,331,354	2,442,538

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. SEGMENT INFORMATION (Continued)

(e) Information from major customers

Revenue from a major customer which accounted for 10% or more of the Group's total revenue is set out below:

	For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Agricultural operation — Customer A	20,997	–

4. REVENUE

Revenue is analysed as follow:

	For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15:		
Revenue from contracts with customers		
Hotel income	17,348	19,700
Agricultural operation	21,038	398
	38,386	20,098
Timing of revenue recognition		
A point of time	21,038	398
Overtime	17,348	19,700
	38,386	20,098
Revenue from other sources		
Property rental income	31,496	36,501
Loss from sales of financial assets at fair value through profit or loss, net	–	(60,725)
Interest income from loan receivables	–	2,131
	31,496	(22,093)
	69,882	(1,995)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

5. OTHER INCOME AND GAIN, NET

	For the six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	156	1,206
Net foreign exchange gain	3	314
Other loan interest income	496	4,403
Sundry income	2,234	1,522
	2,889	7,445

6. LOSS FROM OPERATIONS

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

	For the six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	6,752	7,431
Depreciation of right-of-use assets	1,085	–
Impairment loss recognised of trade, other receivable and loan receivable	14,794	–
Operating lease rentals in respect of premises	397	1,578
Gross rental income from investment properties	(31,496)	(36,501)
Less: direct operating expenses from investment properties that generated rental income during the period	5,432	2,542

7. FINANCE COSTS

	For the six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
— Bank borrowings	492	–
— Other borrowings	50,996	32,724
— Lease liabilities	120	–
	51,608	32,724

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

8. TAXATION

	For the six months ended	
	30 September 2019	2018
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Current tax		
Hong Kong Profits Tax	–	–
The PRC Enterprise Income Tax	2,204	24
Over-provision in prior years	–	(25,498)
	2,204	(25,474)
Deferred tax (Note 19)	(6,869)	(1,934)
Taxation credit	(4,665)	(27,408)

Hong Kong Profits Tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group's operation in Hong Kong had no assessable profit for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

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.

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 both periods.

The Bolivia Corporate Tax

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

9. LOSS PER SHARE

	For the six months ended 30 September	
	2019	2018
	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	(267,616)	(496,217)

	For the six months ended 30 September	
	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	7,294,369,363	6,078,669,363

The diluted loss per share is the same as basic loss per share as the Company has no dilutive potential shares outstanding for the six months ended 30 September 2019 and 2018.

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

10. INTERIM DIVIDEND

No interim dividend was paid or proposed during the six months ended 30 September 2019 and 30 September 2018, nor any dividend been proposed by the board of directors subsequent to the end of the reporting period.

11. INVESTMENT PROPERTIES

The fair value of the Group's investment properties at 30 September 2019 have been arrived at on the basis of a valuation carried out on that date by Messrs. DTZ 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 Hong Kong 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 2019, investment properties with the carrying amount of approximately HK\$596,667,000 (31 March 2019: HK\$655,294,000) have been pledged to secure loan facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

11. INVESTMENT PROPERTIES (Continued)

Fair value measurements

The table below analyses recurring fair value measurements for investment properties located in Hong Kong and outside Hong Kong. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 September 2019 (Unaudited)				
Hong Kong	–	26,800	–	26,800
Outside Hong Kong	–	–	1,164,444	1,164,444
	–	26,800	1,164,444	1,191,244
At 31 March 2019 (Audited)				
Hong Kong	–	26,800	–	26,800
Outside Hong Kong	–	–	1,255,294	1,255,294
	–	26,800	1,255,294	1,282,094

12. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
Carrying amounts:	
At 1 April 2018	569,177
Additions	6,048
Acquisition of subsidiaries	355,980
Exchange alignment	(25,157)
Depreciation expenses	(15,722)
At 31 March 2019 and 1 April 2019 (Audited)	890,326
Additions	11,593
Exchange alignment	(29,349)
Depreciation expenses	(6,752)
At 30 September 2019 (Unaudited)	865,818

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 30 September 2019, the carrying amounts of property, plant and equipment comprise the followings:

	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Carrying amounts:		
Freehold land	371,962	368,087
Construction in progress	5,230	5,230
Hotel properties	449,436	485,235
Furniture and fixtures	1,669	1,856
Equipment, motor vehicles and others	37,521	29,918
	865,818	890,326

No impairment loss was recognised in the condensed consolidated statement of profit or loss during both periods.

At 30 September 2019, hotel properties with carrying amount of approximately HK\$449,436,000 (31 March 2019: HK\$485,235,000) have been pledged to secure other borrowings granted to the Group.

During the period ended 30 September 2019 and the year ended 31 March 2019, hotel properties of the Group included in the building above are held under medium-term leases in the PRC.

13. MINING RIGHTS

	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
At beginning and end of the period/year	178,664	178,664

The mining rights represent the rights to conduct mining activities in East Nusa Tenggara, Kupang, Indonesia.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The ageing 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:

	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Trade receivables:		
0 to 30 days	784	6,756
31 to 60 days	889	196
61 to 90 days	763	–
91 to 180 days	153	37
Over 181 days	5,309	98
	7,898	7,087
Prepayment, deposits and other receivables	248,363	263,203
	256,261	270,290
Less: Allowance for expected credit loss	(98,868)	(93,768)
	157,393	176,522

The average credit period granted to customers is 60 days (31 March 2019: 60 days).

Movement in the allowance for ECL of trade and other receivables were as follow:

	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
At beginning of the period/year	93,768	78,576
Exchange alignment	–	(2,097)
Impairment loss recognised	5,100	17,289
At end of the period/year	98,868	93,768

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

The aged analysis of the trade receivables that are past due but not impaired was as follow:

	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Over 90 days	5,462	135

Trade receivables within credit terms relate to a wide range of customers for whom there is no recent history of default. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of trade receivables. The Group does not hold any collateral over these balances.

The Group's prepayments, deposits and other receivables as 30 September 2019 and 31 March 2019, inter alia, the following:

- (i) other receivable of approximately HK\$39,722,000 (31 March 2019: HK\$42,059,000) paid for acquisition of several potential water plant projects in the PRC; and
- (ii) prepayments and other receivables of approximately HK\$35,833,000 (31 March 2019: HK\$37,940,000) paid various contractors for construction of environmental protection and water treatment projects in the PRC.

15. LOAN RECEIVABLES

	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Loan receivables	61,006	61,006
Less: Allowance for expected credit loss	(18,225)	(8,531)
	42,781	52,475

The amount of approximately HK\$61,006,000 (31 March 2019: HK\$61,006,000) were secured by collateral provided by customers, bearing interest at 5% (31 March 2019: 5%) per annum with fixed repayment terms.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

16. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Held for trading:		
Listed equity securities – the PRC, at fair value	669,309	911,924

Included in the loss arising on change in fair value of financial assets at fair value through profit or loss for the six months ended 30 September 2019 of approximately HK\$191,953,000 was derived from investment in Heilongjiang Interchina Water Treatment Company Limited (“Heilongjiang Interchina”) (six months ended 30 September 2018: loss of approximately HK\$449,399,000).

At 30 September 2019, financial assets at fair value through profit or loss with the carrying amount of approximately HK\$668,389,000 (31 March 2019: HK\$910,671,000) have been pledged to secure loan facilities granted to the Group.

The fair value of all equity securities is based on their closing prices as at 30 September 2019 in an active market.

Details of the Group’s financial assets at fair value through profit or loss are as follows:

At 30 September 2019 (Unaudited)

Stock Code	Name of investee company	Number of shares held	Percentage shareholding held by the Group	Investment cost HK\$'000 (Note (1))	Market value as at 30 September 2019 HK\$'000 (Note (1))	Percentage to the Group's net assets as at 30 September 2019	Unrealised loss arising from change in fair value for the six months ended 30 September 2019 HK\$'000 (Note (1))
600187	Heilongjiang Interchina (Note (2))	227,312,500	13.74%	270,437	669,309	30.23%	(191,953)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

16. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

At 31 March 2019 (Audited)

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

Notes:

- (1) The investment costs, market value as at 30 September 2019 and 31 March 2019, and unrealised loss of the Investments in the above table have been subject to foreign exchange adjustments and rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them. The fair value of investment for Heilongjiang Interchina is approximately RMB602,378,000 (equivalent to approximately HK\$669,309,000) as at 30 September 2019 (as at 31 March 2019: approximately RMB775,136,000 (equivalent to approximately HK\$911,924,000)).
- (2) Heilongjiang Interchina is principally engaged in sewage water treatment, water supply and the provision of environmental technology services and its issued shares are listed on the Shanghai Stock Exchange. There was no movement in the number of shares held by the Group during the period ended 30 September 2019. No dividend was received during each of the six months ended 30 September 2019 and the year ended 31 March 2019. According to the latest published unaudited financial statements of Heilongjiang Interchina, it had net asset value of approximately RMB3,506,730,000 as at 30 June 2019 (31 December 2018: RMB3,348,451,000). Heilongjiang Interchina recorded revenue of approximately RMB179,490,000 and net profit of approximately RMB11,637,000 for the six months ended 30 June 2019 (30 June 2018: revenue of approximately RMB205,948,000 and net profit of approximately RMB890,000).
- (3) KuangChi Science Limited ("KuangChi") is principally engaged in provision of in-depth space services, manufacturing and trading of paper packaging products and property investment and its issued shares is listed on The Stock Exchange of Hong Kong Limited. No dividend was received during each of the six months ended 30 September 2018 and the year ended 31 March 2019. During the year ended 31 March 2019, the Group fully disposed of 54,981,000 shares of KuangChi for an aggregate consideration of approximately HK\$38,779,000 and recognised a realised loss of approximately HK\$60,725,000 (31 March 2018: HK\$10,397,000) on disposal of shares of KuangChi for the year ended 31 March 2019.
- (4) At 30 September 2019, financial assets at fair value through profit or loss with the carrying amount of approximately HK\$668,389,000 (31 March 2019: HK\$910,671,000) have been pledged to secure loan facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

17. SHARE CAPITAL

	Number of shares		Nominal value	
	At 30 September 2019 (Unaudited)	At 31 March 2019 (Audited)	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Issued and fully paid ordinary shares:				
At beginning of the reporting period/ year	7,294,369,363	6,078,669,363	2,664,298	2,490,454
Issue of shares (note)	–	1,215,700,000	–	173,844
At end of the reporting period/year	7,294,369,363	7,294,369,363	2,664,298	2,664,298

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Note: On 4 October 2018, the Company issued 1,215,700,000 ordinary shares by way of placing under general mandate at placing price of HK\$0.143 per ordinary share with total proceed of approximately HK\$173,844,000.

18. SHARE OPTION

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Company adopted a share option scheme pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 12 August 2011 (the "Share Option Scheme"). The Share Option Scheme became effective for a period of 10 years commencing on 12 August 2011. Under the Share Option Scheme, the Board is authorised, at their discretion, invite a wider category of participants as defined in the Company's circular issued on 18 July 2011 (the "Participants"), to take up options to subscribe for fully paid ordinary shares in the Company subject to the terms and conditions stipulated therein.

The subscription price for shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a share.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including exercised, cancelled and outstanding options) to each Participant in any 12-month period shall not exceed 1% of the issued share capital of the Company in issue (the "Individual Limited"). Any further grant of options in excess of the Individual Limited in any 12-month period up to and including the date of such further grant, shall be subject to the issue of a circular to the shareholders and the shareholders' approval in general meeting of the Company with such Participant and his associates abstaining from voting.

No share option was granted under the Share Option Scheme during the six months ended 30 September 2019 and 30 September 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

19. DEFERRED TAX LIABILITIES

The following is the major deferred tax liabilities recognised and movements thereon during the current period and prior year:

	Revaluation of properties HK\$'000	Fair value adjustments arising on acquisition of subsidiaries HK\$'000	Total HK\$'000
At 1 April 2018	51,408	51,084	102,492
Acquisition of subsidiaries	–	18,631	18,631
Exchange alignment	3,289	6,680	9,969
Credit to the consolidated statement of profit or loss	(3,373)	(880)	(4,253)
At 31 March 2019 and 1 April 2019 (Audited)	51,324	75,515	126,839
Exchange alignment	(2,851)	(1,989)	(4,840)
Credit to the condensed consolidated statement of profit or loss	(5,278)	(1,591)	(6,869)
At 30 September 2019 (Unaudited)	43,195	71,935	115,130

Under the Enterprise Income Tax of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to the profits earned by the PRC subsidiaries of the Group because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

20. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

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

	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Trade payables:		
0 to 30 days	590	10,057
31 to 60 days	209	275
61 to 90 days	2,267	2,259
	3,066	12,591
Other payables and deposits received	399,309	64,328
	402,375	76,919

Included in other payables as at 30 September 2019 were (i) amounts of interest expenses payable of approximately HK\$1,244,000 (31 March 2019: HK\$18,865,000); (ii) rental deposits received of approximately HK\$3,656,000 (31 March 2019: HK\$5,034,000); (iii) deposit of decoration expenses received from Heilongjiang Interchina of approximately HK\$5,889,000 (31 March 2019: HK\$6,235,000) and (iv) amount due to a related company of approximately HK\$346,111,000 (31 March 2019: Nil).

21. BANK AND OTHER BORROWINGS

	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Bank borrowings, secured (Note (i))	21,400	6,794
Other borrowings, secured (Note (ii))	489,010	887,112
Total borrowings	510,410	893,906
Carrying amounts repayable:		
Within one year	505,184	888,158
Not repayable within one year	5,226	5,748
	510,410	893,906

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

21. BANK AND OTHER BORROWINGS (Continued)

Notes:

- (i) The bank borrowings is repayable on agreed repayment schedule by installments over period of 8 years bearing interest rate of 6.0% per annum (31 March 2019: 6.0% per annum) and secured by a portion of land.
- (ii) The other borrowings bear interest rate ranging from 5.5% to 12.5% per annum for the six months ended 30 September 2019 (31 March 2019: 5.5% to 12.5% per annum).

During the six months ended 30 September 2019, the other borrowings with carrying amount of approximately HK\$350,000,000 had been repaid and a bank borrowing had been raised approximately HK\$14,607,000. The other borrowings with carrying value of approximately HK\$322,222,000 (31 March 2019: HK\$341,175,000) are secured by the Group's investment in Heilongjiang Interchina, whose shares are listed on the Shanghai Stock Exchange and the corporate guarantee executed by the Company. The other borrowings with carrying amount of approximately HK\$150,000,000 (31 March 2019: HK\$529,412,000) are secured by the Group's investment properties and hotel property in the PRC.

- (iii) The Group's bank and other borrowings are denominated in the following currencies:

	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Hong Kong Dollar	16,788	16,525
Renminbi	472,222	870,587
US Dollar	21,400	6,794
	510,410	893,906

22. CONTRACT LIABILITIES

	At 30 September 2019 HK\$'000 (Unaudited)	At 31 March 2019 HK\$'000 (Audited)
Consideration received from customers in advance (note)	778	443

Note: Before the adoption of HKFRS 15, the Group recognised consideration received in relation to hotel operation from customers in trade and other payables and deposits received. Under HKFRS 15, the amount is classified as contract liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 September 2019 (Unaudited)				
Recurring fair value measurement				
Financial assets at fair value through profit or loss classified as held for trading	669,309	–	–	669,309
At 31 March 2019 (Audited)				
Recurring fair value measurement				
Financial assets at fair value through profit or loss classified as held for trading	911,924	–	–	911,924

During the six months ended 30 September 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (31 March 2019: Nil).

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the condensed consolidated financial statements approximate their fair values.

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 September 2019 and 31 March 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

24. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, during the period, the Group entered into the following transactions with related parties:

(a) Compensation of key management personnel

Compensation for key management personnel, including amount paid to the Company's directors and the senior executives is as follows:

	For the six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other short-term benefits	5,562	6,370
Pension scheme contribution	338	350
	5,900	6,720

(b) Other payables to a related company

The Group had the other payables with a related company:

	At 30 September 2019	At 31 March 2019
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Shanghai Pengxin Group Limited ("Shanghai Pengxin") (Note)	346,111	–

Note: Mr. Jiang has beneficial interest in Shanghai Pengxin. The amount due to a related company is unsecured interest free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

24. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Rental income from a related company

Rental income including amounts received and receivable from a related company is as follows:

	For the six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental income		
Wo Hua Commercial Management (Shanghai) Co., Ltd ("Wo Hua") (Note)	15,050	18,538

Note: Mr. Jiang has beneficial interest in Wo Hua.

25. APPROVAL AND AUTHORISATION FOR ISSUE OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the board of directors on 28 November 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

The Group's revenue for the six months ended 30 September 2019 was approximately HK\$69,882,000, compared with the negative revenue of approximately HK\$1,995,000 over last year, which was mainly due to (i) none of the negative revenue was recognised from sale of financial assets at FVTPL for the period (six months ended 30 September 2018: negative HK\$60,725,000) and (ii) new stream of revenue generated from agricultural operation during the period. The revenue of the agricultural operation for the six months ended 30 September 2019 was HK\$21,038,000 (six months ended 30 September 2018: HK\$398,000).

The Group recorded a loss of approximately HK\$267,634,000 for the six months ended 30 September 2019, representing a decrease of approximately 46.1% as compared to the loss of approximately HK\$496,248,000 for the same period of last year, which was mainly due to the net effect of (i) an unrealised fair value loss on financial assets at fair value through profit and loss of approximately HK\$191,953,000 (six months ended 30 September 2018: HK\$449,399,000); (ii) a loss arising on change in fair value of the Group's investment properties of approximately HK\$21,111,000 (six months ended 30 September 2018: HK\$1,149,000); (iii) provision for impairment losses in respect of expected credit losses on receivables of approximately HK\$14,794,000 (six months ended 30 September 2018: Nil); (iv) an increase in finance cost by approximately HK\$18,883,000 to HK\$51,608,000 (six months ended 30 September 2018: HK\$32,724,000) as a result of increase in interest for other borrowings; and (v) none of tax refund was recognised for the period (six months ended 30 September 2018: HK\$25,498,000).

Loss for the period attributable to shareholders of the Company amounted to approximately HK\$267,616,000 (six months ended 30 September 2018: HK\$496,217,000). The basic and diluted loss per share amounted to HK3.67 cents (six months ended 30 September 2018: HK8.16 cents).

BUSINESS REVIEW

Property Investment Operation

The Group's property investment operation mainly comprise two investment properties located in the centre of Beijing and Shanghai respectively. At 30 September 2019, the Group's investment property was valued at an aggregate value of approximately HK\$1,191,244,000 (31 March 2019: HK\$1,282,094,000). Based on the independent valuation performed, loss on changes in fair value of investment properties of approximately HK\$21,111,000 was recorded for the period (six months ended 30 September 2018: HK\$1,149,000).

During the period, the Group recorded rental income of approximately HK\$31,496,000 from property investment operation, a decrease by approximately 13.7% when compared with the same period of last year. The decrease in rental income was mainly resulted from the depreciation of RMB against HKD incurred during the period. The overall occupancy rate for the property investment portfolio remaining high at approximately 95% as of 30 September 2019. The segment profit amounted to approximately HK\$1,805,000 (six months ended 30 September 2018: HK\$30,354,000). The decrease in profit was mainly attributable to increase in the loss arising on change in fair value of the Group's investment properties for the period.

It expects this segment will keep generating a stable rental income stream and capturing potential appreciation.

MANAGEMENT DISCUSSION AND ANALYSIS

Hotel Operation

At 30 September 2019, the sole hotel property held by the Group, is the Express by Holiday Inn Wujiaochang Shanghai located in Yangpu District, Shanghai, the PRC, (the “Hotel”).

During the period, the Group recorded revenue of approximately HK\$17,348,000 from the Hotel, a decrease by approximately 11.9% when compared with the same period of last year. The average occupancy rate of the Hotel decreased by 8% from the same period of last year to approximately 70% for the current period while the average room rate decreased by 3.7% from the same period of last year to approximately RMB310 for the current period. The segment profit amounted to approximately HK\$516,000, an increase by approximately 486.4% when compared with the same period of last year. The increase in profit was mainly attributable to introduction of cost control measures for this segment during the period.

The Group is in consideration of undergoing renovation works on the Hotel and, if materialised, would expect to maintain competitiveness of the Hotel’s occupancy rate and average room tariff.

Agricultural Operation

The Group’s agricultural operation engages in agricultural farming and cattle raising in Bolivia. As at 30 September 2019, the Group totally owns approximately 17,500 hectares of farmland in Bolivia with carrying value of approximately HK\$371,962,000 (31 March 2019: HK\$368,087,000).

During the period, the Group recorded revenue of approximately HK\$21,038,000 from agricultural operation (six months ended 30 September 2018: HK\$398,000). The increase in revenue was mainly due to the acquisition of agricultural farming business was completed in October 2018. The major crops of the farm is soybean. During the period, approximately 4,300 hectares of soybeans were planted, the average yield was 2.4 ton per hectare with a grain production of approximately 10,300 tonnes. The average selling price of soybean dropped by 14.3% to US\$300/MT as compared to the same period of last year. The US-China trade dispute was the major key factor to the volatility of the market price of soybean. Besides as the cattle raising business is at the initial stage, none of cattle was sold during the period. The segment loss amounted to approximately HK\$5,175,000 (six months ended 30 September 2018: HK\$2,475,000). The loss was mainly due to the impact on average selling price of soybean as a result of US-China trade dispute which nibbled away the profitability of this segment.

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

Financing and Securities Investment Operation

As at 30 September 2019, total loan receivable under financing operation amounted to approximately HK\$42,781,000 (31 March 2019: HK\$52,475,000) and total securities investment, which was booked under financial assets at fair value through profit or loss amounted to approximately HK\$669,309,000 (31 March 2019: HK\$911,924,000), representing 30.2% (31 March 2019: 35.3%) of the Group’s net assets of HK\$2,214,232,000 (31 March 2019: HK\$2,584,656,000).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2019, the Group solely held 227,312,500 shares of Heilongjiang Interchina Water Treatment Company Limited (“Heilongjiang Interchina”, whose shares are listed on Shanghai Stock Exchange, stock code: 600187), representing 13.74% Heilongjiang Interchina’s total issued shares. The cost of investment in Heilongjiang Interchina was approximately RMB243,394,000 (equivalent to approximately HK\$270,437,000) at 30 September 2019 (31 March 2019: HK\$283,016,000). 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 stock price of Heilongjiang Interchina decreased from RMB3.41 per share as at 31 March 2019 to RMB2.65 per share as at 30 September 2019. The Group recorded an unrealised loss of investment at fair value through profit or loss of HK\$191,953,000 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 2019, Heilongjiang Interchina recorded revenue of approximately RMB179,490,000 (equivalent to approximately HK\$199,433,000), profit for the period of approximately RMB11,637,000 (equivalent to approximately HK\$12,930,000) and net assets of approximately RMB3,506,730,000 (equivalent to approximately HK\$3,896,367,000). Heilongjiang Interchina operates thirteen sewage and water supply projects with aggregate daily processing capacity of approximately 1,200,000 tonnes. 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.

As at 30 September 2019, the management had engaged an independent qualified valuer to determine the expected credit losses of the Group’s loan receivables and impairment loss on loan receivables of approximately HK\$9,694,000 was recognised for the period (six months ended 30 September 2018: Nil).

During the period, the Group did not grant any new loan nor make any new securities investment in this segment. This segment did not contribute any revenue to the Group for the period (six months ended 30 September 2018: HK\$2,131,000). The segment loss amounted to approximately HK\$201,743,000 for the period, as compared to the loss of approximately HK\$446,539,000 from the same period of last year. The decrease in loss was mainly due to the decrease in loss arising on change in fair value of the financial assets at fair value through profit or loss.

The Group adopts a prudent investment strategy for securities investment operation and will closely monitor the market changes and realize its investment to enhance the Group’s working capital if necessary and when timing is appropriate. Besides, the Group has decided to cease the financing operation in order to allocate more resources in other segment of the Group.

Other Operation

The Group’s other operation represents the manganese mining right in Indonesia. Production has not been commenced. As at 30 September 2019, the carrying value of the mining right amounted to HK\$178,664,000 (31 March 2019: HK\$178,664,000). There was no significant change in the estimate resources during the period.

As the Group had decided not to invest more resources in natural resources operation, no income was generated from this segment for the period (for six months ended 30 September 2018: Nil). Loss for the period amounted to HK\$800,000 (for six months ended 30 September 2018: HK\$1,057,000). The loss was mainly represented the administrative expenses for the period.

Nevertheless, the Group will closely monitor the market conditions and not preclude the chance of realizing its investment in this sector should the opportunity arise.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Looking ahead, the external environment will remain unstable. The Group will continue its cautious and disciplined approach in managing the Group's existing operations with a view to reduce its exposure to market fluctuations. Meanwhile, we will actively restructure all underperforming business to enhance the financial performance of the Group and seize investment opportunities with good prospects, aiming to enhance the returns to the shareholders of the Company.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 September 2019, the equity reached approximately HK\$2,214,232,000 (31 March 2019: approximately HK\$2,584,656,000). At 30 September 2019, the Group's cash on hand and deposits in bank was approximately HK\$21,705,000 (31 March 2019: approximately HK\$79,975,000), mainly denominated in Renminbi ("RMB") and Hong Kong dollars. At 30 September 2019, the Group's net current assets were approximately HK\$5,197,000 (31 March 2019: approximately HK\$274,705,000). The current ratio of the Group as at 30 September 2019 was 1.01 (31 March 2019: 1.28). The gearing ratio (total outstanding borrowings over total assets) of the Group as of 30 September 2019 was 15.7% (31 March 2019: 24.2%).

At 30 September 2019, the Group's total borrowings of approximately HK\$510,410,000 of which approximately HK\$505,184,000 (31 March 2019: approximately HK\$888,158,000) were repayable within one year and approximately HK\$5,226,000 (31 March 2019: approximately HK\$5,748,000) were repayable within two to five years. As at 30 September 2019, the Group's borrowings were denominated in RMB, HKD and USD, amounting to approximately RMB425,000,000 (31 March 2019: approximately RMB740,000,000), approximately HK\$16,788,000 (31 March 2019: approximately HK\$16,525,000) and approximately US\$2,744,000 (31 March 2019: approximately US\$871,000) respectively.

The Group had no particular seasonal pattern of borrowing. During the period, the Group has borrowed RMB311,500,000 (equivalent to approximately HK\$346,111,000) from Shanghai Pengxin Group Company Limited ("Shanghai Pengxin"), a company owned as to 99% by Mr. Jiang Zhaobai, an executive Director, the Chairman and a substantial shareholder of the Company, for the purpose of repaying the other borrowings of the Group. It is unsecured, interest free and repayable on demand. As at 30 September 2019, the amount payable to Shanghai Pengxin is RMB311,500,000 (equivalent to approximately HK\$346,111,000).

There has been no change in the share capital of the Company during the period. As at 1 April 2019 and 30 September 2019, the number of issued shares of the Company was 7,294,369,363.

Pledged of Assets

At 30 September 2019, the Group's investment properties with carrying amounts of approximately HK\$596,667,000 (31 March 2019: approximately HK\$655,294,000) and hotel property with carrying amounts of approximately HK\$453,043,000 (31 March 2019: approximately HK\$485,235,000) 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\$668,389,000 (31 March 2019: approximately HK\$910,671,000) were also pledged to lender(s) to secure loan facilities granted to the Group.

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 September 2019, the relevant interests or short positions of the Directors and chief executive of the Company in the ordinary shares and underlying shares of the Company or its associated corporations (with the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO"), which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares

Name of Shareholders	Number of shares in the Company			Approximate percentage of shareholding
	Beneficial owner	Interest in controlled corporation	Total	
Jiang Zhaobai	–	1,742,300,000 (Note 1)	1,742,300,00	23.89%
Shen Angang	7,865,000	502,255,000 (Note 2)	510,120,000	6.99%
Lam Cheung Shing, Richard	7,700,000	–	7,700,000	0.11%

Note:

1. As at 30 September 2019, of the 1,742,300,000 shares, 1,033,300,000 shares are held by Rich Monitor Limited and 709,000,000 shares are held by Pengxin Holdings Company Limited, all of which are wholly and beneficially owned by Mr. Jiang Zhaobai ("Mr. Jiang"). Therefore, Mr. Jiang is deemed to be interested in 1,742,300,000 shares of the Company under the SFO.
2. These 502,255,000 shares are beneficially owned by Ansheng Holdings Company Limited, which are wholly and beneficially owned by Mr. Shen Angang ("Mr. Shen"). Therefore, Mr. Shen is deemed to be interested in the entire 502,255,000 shares held by Ansheng Holdings Company Limited.

Save as disclosed above, none of the Directors or chief executive had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 September 2019.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2019, to the best knowledge of the Directors of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the ordinary shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in shares

Name of Shareholders	Number of shares in the Company			Approximate percentage of shareholding
	Beneficial owner	Interest in controlled corporation	Total	
Rich Monitor Limited	1,033,300,000 (Note 1)	–	1,033,300,000	14.17%
Pengxin Holdings Company Limited	709,000,000 (Note 1)	–	709,000,000	9.72%
Jiang Zhaobai	–	1,742,300,000 (Note 1)	–	23.89%
Ansheng Holdings Company Limited	502,255,000 (Note 2)	–	502,255,000	6.89%
Shen Angang	7,865,000	502,255,000 (Note 2)	510,120,000	6.99%

Note:

- (1): Each of these corporations are wholly and beneficially owned by Mr. Jiang. The interests of Mr. Jiang in the Company is stated under the section headed "Directors' and Chief Executive's interests and short positions in shares" above.
- (2): Ansheng Holdings Company Limited is wholly and beneficially owned by Mr. Shen. The interests of Mr. Shen in the Company is stated under the section headed "Directors' and Chief Executive's interests and short positions in shares" above.

Save as disclosed above, as at 30 September 2019, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the ordinary shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was approved by shareholders of the Company and became effective on 12 August 2011. Detailed terms of the Scheme were disclosed in the note 18 to the condensed consolidated financial statements.

No share options have been granted pursuant to the Scheme since its adoption.

OTHER INFORMATION

CHANGE IN DIRECTORS' INFORMATION

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the Annual Report 2019 of the Company are set out below:

- Mr. Lam Cheung Shing Richard, executive Director of the Company has been appointed as an independent non-executive director of China Water Industry Group Limited (stock code: 1129), with effect from 5 August 2019.

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

During the six months ended 30 September 2019, 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:

- The CG Code stipulates that non-executive directors should be appointed for a specific term. Currently, all Directors (including independent non-executive Directors) was not appointed for a specific term but all Directors are subject to retirement by rotation and re-election at the annual general meeting ("**AGM**") in accordance with the Articles of Association ("**Articles**"). Moreover, according to the Articles, all Directors newly appointed to fill a casual vacancy are subject to election at the next following general meeting following their appointments. Code provision D.1.4 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 A.4.1 and D.1.4 of the CG Code and therefore does not intend to take any steps in this regard at the moment.
- The Code Provision E.2.1 of the CG Code stipulates that the chairman of the Board should attend the AGM to answer questions at the AGM. Mr. Jiang Zhaobai, the chairman of the Board did not attend the 2019 AGM due to other business engagements. Mr. Lam Cheung Shing, Richard, being the executive director of the Company, attended the AGM on 29 August 2019 and was delegated to make himself available to answer questions if raised at the meeting.

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 throughout the period.



OTHER INFORMATION

AUDIT COMMITTEE

The Company's audit committee has reviewed this interim report, including the accounting principles adopted by the Group, with the Company's management.

BOARD OF DIRECTORS

As at the date of this report, the board of directors of the Company comprises executive directors of Mr. Jiang Zhaobai (Chairman), Mr. Lam Cheung Shing, Richard (CEO), Mr. Chen Yi, Ethan and Mr. Shen Angang, and the independent non-executive directors of Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Professor Shan Zhemin.

By order of the Board of
EverChina Int'l Holdings Company Limited
Lam Cheung Shing, Richard
Executive Director and Chief Executive Officer

Hong Kong, 28 November 2019