



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

Stock Code : 202

**INTERIM
REPORT
2023**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Yi, Ethan (*Chief Executive Officer*)

Mr. Jiang Xiao Heng Jason

Non-executive Director

Mr. Jiang Zhaobai (*Chairman*)

Independent Non-executive Directors

Mr. Ho Yiu Yue, Louis

Mr. Ko Ming Tung, Edward

Mr. Ng Ge Bun

BOARD COMMITTEES

Audit Committee

Mr. Ho Yiu Yue, Louis (*Committee Chairman*)

Mr. Ko Ming Tung, Edward

Mr. Ng Ge Bun

Remuneration Committee

Mr. Ho Yiu Yue, Louis (*Committee Chairman*)

Mr. Ko Ming Tung, Edward

Mr. Chen Yi, Ethan

Nomination Committee

Mr. Ko Ming Tung, Edward (*Committee Chairman*)

Mr. Ho Yiu Yue, Louis

Mr. Chen Yi, Ethan

COMPANY SECRETARY

Mr. Lau Chi Lok, Freeman

LISTING INFORMATION

Stock Code: 202

Board Lot: 5,000 shares

REGISTERED OFFICE

Unit 1506, 15/F.,

Capital Centre

151 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

17th Floor, Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

China Construction Bank (Asia) Corporation Limited

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 condensed consolidated financial statements of EverChina Int'l Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 34, which comprise the condensed consolidated statement of financial position as of 30 September 2023 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 certain explanatory notes. The 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") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are 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, 29 November 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023

	Notes	For the six months ended	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	44,605	73,748
Cost of sales		(23,732)	(27,647)
Gross profit		20,873	46,101
Other income, net	5	(16,801)	998
General and administrative costs		(40,561)	(39,048)
Impairment loss recognised on property, plant and equipment		(20,545)	–
Reversal of/(allowance for) expected credit losses (“ECL”) on trade and other receivables, net		241	(4,930)
Loss on change in fair value less costs to sell on biological assets		(10,892)	(8,125)
Loss on change in fair value of investment properties		(78,462)	(70,588)
Gain on change in fair value of financial assets at fair value through profit or loss	15	–	42,788
Loss from operations	6	(146,147)	(32,804)
Finance costs	7	(14,184)	(25,034)
Loss before taxation		(160,331)	(57,838)
Tax (expenses)/credit	8	(26,565)	3,666
Loss for the period		(186,896)	(54,172)
Attributable to:			
Owners of the Company		(186,884)	(54,156)
Non-controlling interests		(12)	(16)
		(186,896)	(54,172)
Loss per share attributable to the owners of the Company			
— Basic and diluted	9	HK(2.562) cents	HK(0.742) cents

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(186,896)	(54,172)
Other comprehensive expenses		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(56,159)	(128,681)
Total comprehensive expenses for the period	(243,055)	(182,853)
Total comprehensive expenses attributable to:		
Owners of the Company	(243,043)	(182,837)
Non-controlling interests	(12)	(16)
	(243,055)	(182,853)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Notes	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Non-current assets			
Investment properties	11	783,261	900,000
Property, plant and equipment	12	767,600	812,721
Right-of-use assets		1,215	224
Mining rights	13	52,947	52,947
Interest in an associate		544	568
		1,605,567	1,766,460
Current assets			
Inventories		11,102	7,461
Biological assets		28,385	32,663
Trade and other receivables and prepayments	14	15,946	34,934
Financial assets at fair value through profit or loss	15	–	656,107
Cash and cash equivalents		72,288	60,746
		127,721	791,911
Total assets		1,733,288	2,558,371
Capital and reserves			
Share capital	16	2,664,298	2,664,298
Reserves		(1,417,402)	(1,174,359)
Equity attributable to owners of the Company		1,246,896	1,489,939
Non-controlling interests		31,765	31,777
Total equity		1,278,661	1,521,716
Non-current liabilities			
Lease liabilities		578	–
Deferred tax liabilities	18	60,437	69,542
		61,015	69,542
Current liabilities			
Trade and other payables and deposits received	19	131,871	84,820
Lease liabilities		645	235
Tax payable		6,237	6,237
Bank and other borrowings	21	254,859	285,660
Amount due to a related company	20	–	590,161
		393,612	967,113
Total liabilities		454,627	1,036,655
Total equity and liabilities		1,733,288	2,558,371
Net current liabilities		(265,891)	(175,202)
Total assets less current liabilities		1,339,676	1,591,258

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 2023

For the six months ended 30 September 2023

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Special reserve	Contributed surplus	Capital reserve	Exchange reserve	Statutory surplus reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023 (Audited)	2,664,298	571,996	1,342,477	110,246	26,121	871	(3,226,070)	1,489,939	31,777	1,521,716
Exchange differences on translation of foreign operations	-	-	-	-	(56,159)	-	-	(56,159)	-	(56,159)
Loss for the period	-	-	-	-	-	-	(186,884)	(186,884)	(12)	(186,896)
Total comprehensive expenses for the period	-	-	-	-	(56,159)	-	(186,884)	(243,043)	(12)	(243,055)
At 30 September 2023 (Unaudited)	2,664,298	571,996	1,342,477	110,246	(30,038)	871	(3,412,954)	1,246,896	31,765	1,278,661

For the six months ended 30 September 2022

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Special reserve	Contributed surplus	Capital reserve	Exchange reserve	Statutory surplus reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022 (Audited)	2,664,298	571,996	1,342,477	110,246	153,726	871	(3,029,526)	1,814,088	32,652	1,846,740
Exchange differences on translation of foreign operations	-	-	-	-	(128,681)	-	-	(128,681)	-	(128,681)
Loss for the period	-	-	-	-	-	-	(54,156)	(54,156)	(16)	(54,172)
Total comprehensive expenses for the period	-	-	-	-	(128,681)	-	(54,156)	(182,837)	(16)	(182,853)
At 30 September 2022 (Unaudited)	2,664,298	571,996	1,342,477	110,246	25,045	871	(3,083,682)	1,631,251	32,636	1,663,887

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

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.

Capital reserve

The capital reserve represents the deemed capital contribution from a substantial shareholder. It was aroused from the provision of an unsecured and unguaranteed interest-free loan. The balance represented the difference between the principal and the fair value of the loan at initial recognition.

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

Statutory surplus reserve represents the appropriation of 10% of profit after taxation, calculated in accordance with the accounting standards and regulations applicable to subsidiaries of the Company established in the People’s Republic of China (the “PRC”). 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 2023

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	14,324	17,266
Investing activities		
Purchase of property, plant and equipment	(3,866)	(2,729)
Proceed from disposal of financial assets at fair value through profit or loss	45,407	–
Net cash generated from/(used in) investing activities	41,541	(2,729)
Financing activities		
Interest paid	(13,243)	(13,309)
New bank and other borrowings raised	2,730	18,000
Repayment of amount due to a related company	–	(11,177)
Repayment of bank and other borrowings	(33,037)	–
Repayment of lease liabilities	(358)	(356)
Net cash used in financing activities	(43,908)	(6,842)
Net increase in cash and cash equivalents	11,957	7,695
Cash and cash equivalents at beginning of the period	60,746	40,926
Effect of change in foreign exchange rate	(415)	(251)
Cash and cash equivalents at end of the period	72,288	48,370
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	72,288	48,370

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 Unit 1506, 15th Floor, 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, (iii) hotel operation, (iv) securities investment and financing operation and (v) resources operation.

In the opinions of the directors of the Company, as at 30 September 2023, Mr. Jiang Zhaobai ("Mr. Jiang") is the ultimate controlling party of the Company.

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 interim condensed consolidated financial statements of the Group for the six months ended 30 September 2023 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The unaudited interim condensed consolidated financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2023.

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 March 2023, except for the adoption of the revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively, "HKFRSs") as disclosed below.

The condensed consolidated financial statements have been prepared on historical cost basis except that the following assets are stated at their fair value:

- investment properties;
- biological assets; and
- certain financial instruments that are measured at fair value at the end of reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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

Going concern

The Group recorded loss of approximately HK\$186,896,000 for the six months ended 30 September 2023 and it had net current liabilities of approximately HK\$265,891,000 as at 30 September 2023. In preparing the condensed 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 condensed 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) The Group is in active negotiations with certain intended purchasers for disposal of the hotel property and/or certain investment properties of the Group to enhance its liquidity position;
- (2) At 30 September 2023, the bank and other borrowings to the extent of approximately HK\$254,859,000 will be due for repayment within twelve months. The Company is actively negotiating with the lenders of the Group on the renewal of other borrowings;
- (3) 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 condensed consolidated financial statements;
- (4) Soliciting for further financing arrangements which include funding from related companies of the Group; and
- (5) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

Based on the Group's cash flow projections, taking into account of the above measures covering a period of twelve months from the date of issue of these condensed consolidated financial statements, the directors of the Company consider that the Group would be able to finance its operations and to meet its financial obligations as and when they fall due.

The financial information relating to the year ended 31 March 2023 that is included in these condensed consolidated financial statements 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 is as follows:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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

Going concern *(Continued)*

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 those financial statements for the year ended 31 March 2023. The auditors' report was unqualified; but include a reference to a matter to which the auditor drew attention by way of emphasis under the heading "Material Uncertainty Related to Going Concern" without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the current period for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	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

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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:

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 PRC
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
Resources operation	—	Mining and production of manganese products in Republic of Indonesia ("Indonesia")

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 30 September		For the six months ended 30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Agricultural operation	30,151	42,183	(11,242)	4,842
Property investment operation	14,454	13,573	(71,031)	(59,850)
Hotel operation	—	17,992	(31,330)	(566)
Securities investment and financing operation	—	—	(28)	42,767
Resources operation	—	—	(314)	(376)
Total	44,605	73,748	(113,945)	(13,183)
Other income, net			(16,801)	998
Finance costs			(14,184)	(25,034)
Unallocated expenses			(15,401)	(20,619)
Loss before taxation			(160,331)	(57,838)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and result *(Continued)*

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

(b) Segment assets and liabilities

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Segment assets		
Agricultural operation	427,683	445,836
Property investment operation	840,367	930,192
Hotel operation	372,928	426,865
Securities investment and financing operation	–	656,111
Resources operation	53,508	53,499
Total segment assets	1,694,486	2,512,503
Unallocated assets	38,802	45,868
Consolidated total assets	1,733,288	2,558,371

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Segment liabilities		
Agricultural operation	52,307	46,821
Property investment operation	20,075	23,499
Hotel operation	45,670	42,538
Securities investment and financing operation	12	24
Resources operation	1,316	1,285
Total segment liabilities	119,380	114,167
Unallocated borrowings	254,859	285,660
Unallocated liabilities	74,151	630,591
Tax payable	6,237	6,237
Consolidated total liabilities	454,627	1,036,655

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 agricultural operation, property investment operation, hotel operation, securities investment and financing operation and resources operation are allocated to reportable segments other than certain property, plant and equipment, certain right-of-use asset, certain other receivables, certain prepayments and certain cash and cash equivalents that are not attributable to individual segments.

All liabilities related to agricultural operation, property investment operation, hotel operation, securities investment and financing operation and resources operation are allocated to reportable segments other than certain other payables, certain borrowings, certain lease liabilities and amount due to a related company that are not attributable to individual segments.

(c) Other segment information

For the six months ended 30 September 2023 (Unaudited)

	Agricultural operation HK\$'000	Property investment operation HK\$'000	Hotel operation HK\$'000	Securities investment and financing operation HK\$'000	Resources operation HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000
Other segment information							
Depreciation of property, plant and equipment	3,797	183	6,322	-	-	385	10,687
Depreciation of right-of-use assets	-	-	-	-	-	335	335
Capital expenditure (Note)	3,859	7	-	-	-	-	3,866
Loss on change in fair value of investment properties	-	78,462	-	-	-	-	78,462
Impairment loss recognised on property, plant and equipment	-	-	20,545	-	-	-	20,545
Loss on change in fair value less costs to sell on biological assets	10,892	-	-	-	-	-	10,892
Reversal of ECL on trade and other receivables, net	(33)	-	(143)	-	-	(65)	(241)

Note: Capital expenditure includes addition to property, plant and equipment, excluding biological assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. SEGMENT INFORMATION *(Continued)*

(c) Other segment information *(Continued)*

For the six months ended 30 September 2022 (Unaudited)

	Agricultural operation HK\$'000	Property investment operation HK\$'000	Hotel operation HK\$'000	Securities investment and financing operation HK\$'000	Resources operation HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000
Other segment information							
Depreciation of property, plant and equipment	2,833	314	6,745	-	-	24	9,916
Depreciation of right-of-use assets	-	-	-	-	-	335	335
Capital expenditure (Note)	2,256	-	-	-	-	473	2,729
Loss on change in fair value of investment properties	-	70,588	-	-	-	-	70,588
Gain on change in fair value of financial assets at fair value through profit or loss	-	-	-	(42,788)	-	-	(42,788)
Loss on change in fair value less costs to sell on biological assets	8,125	-	-	-	-	-	8,125
Allowance for/(reversal of) ECL on trade and other receivables, net	(2)	-	82	-	-	4,850	4,930

Note: Capital expenditure includes addition to property, plant and equipment, excluding biological assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. SEGMENT INFORMATION *(Continued)*

(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, 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	
	For the six months ended		At	At
	30 September		30 September	31 March
	2023	2022	2023	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	–	–	25,342	25,305
The PRC	14,454	31,565	1,154,745	1,315,714
Bolivia	30,151	42,183	371,989	371,926
Indonesia	–	–	52,947	52,947
	44,605	73,748	1,605,023	1,765,892

* Specified non-current assets exclude interest in an associate

(e) Information about major customers

Revenue from a major customer which contributing over 10% of the Group's total revenue is set out below:

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Agricultural operation — Customer A	27,592	36,387

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

4. REVENUE

Revenue is analysed as follow:

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Revenue from contracts with customers		
Hotel income	–	17,992
Agricultural operation	30,151	42,183
	30,151	60,175
Timing of revenue recognition		
A point of time:		
Agricultural operation	30,151	42,183
Hotel income — food and beverage	–	5,584
Over time:		
Hotel income — hotel room services	–	12,408
	30,151	60,175
Revenue from other sources		
Property rental income	14,454	13,573
	44,605	73,748

As permitted under HKFRS 15 paragraph 121, 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 2023

5. OTHER INCOME, NET

	For the six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	277	30
Other interest income	214	321
Net foreign exchange gain/(loss)	69	(171)
Investment income	–	30
Government grant (note)	–	279
Loss on early repayment of amount due to a related company (note 20)	(17,444)	–
Sundry income	83	509
	(16,801)	998

Note: For the six months ended 30 September 2023, the Group recognised government grants of approximately HK\$Nil provided by the Hong Kong Special Administrative Region Government (for the six months ended 30 September 2022: approximately HK\$279,000).

6. LOSS FROM OPERATIONS

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

	For the six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment (note 12)	10,687	9,916
Depreciation of right-of-use assets	335	335
(Reversal of)/allowance for ECL on trade and other receivables, net	(241)	4,930
Short-term lease payment	124	134
Expenses relating to leases of low value assets	17	17
Gross rental income from investment properties	(14,454)	(13,573)
Less: direct operating expenses from investment properties that generated rental income during the period	607	611
	(13,847)	(12,962)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

7. FINANCE COSTS

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
— Bank borrowings	467	—
— Other borrowings	12,776	13,309
— Lease liabilities	20	22
Imputed interest on amount due to a related company	921	11,703
	14,184	25,034

8. TAX EXPENSES/(CREDIT)

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
— Enterprise Income Tax	33,033	785
— Withholding Tax	1,114	—
	34,147	785
Deferred tax credit (note 18)	(7,582)	(4,451)
Tax expenses/(credit)	26,565	(3,666)

Hong Kong Profits Tax

Under the two-tiered profits tax rates regime of Hong Kong Profit Tax, 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.

No provision has been made as the Group had no assessable profit for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

8. TAX EXPENSES/(CREDIT) (Continued)

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 22% for the six months ended 30 September 2023 (six months ended 30 September 2022: 22%). 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 subsidiaries which are operating in Bolivia is 25% for the six months ended 30 September 2023 (six months ended 30 September 2022: 25%). Bolivia Corporate Tax was recognised as the subsidiary in Bolivia has estimated assessable profit for the six months ended 30 September 2023. 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 six months ended 30 September 2023.

9. LOSS PER SHARE

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

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(186,884)	(54,156)
	For the six months ended 30 September	
	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	7,294,369,363	7,294,369,363

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 2023 and 2022.

10. INTERIM DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the six months ended 30 September 2023 and 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

11. INVESTMENT PROPERTIES

The fair value of the Group's investment properties at 30 September 2023 have been arrived at on the basis of a valuation carried out on that date by Colliers Appraisal & Advisory Services Co. Ltd and International Valuation Limited, both are independent professional valuers not connected with the Group with 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.

Fair value measurements

The table below analyses recurring fair value measurements for investment properties located in the PRC. 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 2023 (Unaudited)				
The PRC	–	–	783,261	783,261
	–	–	783,261	783,261
At 31 March 2023 (Audited)				
The PRC	–	–	900,000	900,000
	–	–	900,000	900,000

12. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
Carrying amounts:	
At 1 April 2022	868,371
Additions	5,518
Disposal	(2,939)
Exchange alignment	(37,240)
Depreciation	(20,989)
At 31 March 2023 and 1 April 2023 (Audited)	812,721
Additions	3,866
Exchange alignment	(17,755)
Impairment	(20,545)
Depreciation	(10,687)
At 30 September 2023 (Unaudited)	767,600

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

At 30 September 2023 and 31 March 2023, the carrying amounts of property, plant and equipment comprise the followings:

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Carrying amounts:		
Freehold land	345,213	345,213
Building	23,531	23,844
Hotel property	363,746	408,276
Leasehold improvements	9,134	9,329
Furniture and fixtures	381	453
Equipment, motor vehicles and others	25,595	25,606
	767,600	812,721

Note:

Freehold land with the carrying amount of approximately HK\$152,084,000 (31 March 2023: HK\$152,084,000) have been pledged to secure bank facilities granted to the Group.

Building with the carrying amount of approximately HK\$Nil (31 March 2023: HK\$23,844,000) have been pledged to secure borrowings granted to the Group.

During the six months ended 30 September 2023 and year ended 31 March 2023, hotel property of the Group is held under medium-term leases in the PRC.

13. MINING RIGHTS

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
At beginning of the period/year	52,947	69,555
Impairment	–	(16,608)
At end of the period/year	52,947	52,947

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 2023

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Trade receivables	–	11,489
Other receivables and deposits	161,348	165,504
	161,348	176,993
Less: allowance for ECL, net	(153,646)	(157,412)
	7,702	19,581
Prepayments	8,244	15,353
	15,946	34,934

The Group's trade and other receivables and prepayments are determined in the following currencies:

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Hong Kong dollar	9,195	10,752
Renminbi ("RMB")	880	10,986
Indonesian Rupiah ("IDR")	326	340
US dollar ("USD")	5,545	12,856
	15,946	34,934

The following is an aging analysis of trade receivables based on invoice date and before allowance for ECL:

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
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
	–	11,489

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

Movement in the allowances for ECL of trade receivables were as follow:

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
At beginning of the period/year	186	27
(Reversal of)/allowance for ECL	(181)	163
Exchange alignment	(5)	(4)
At end of the period/year	–	186

The average credit period granted to customers is 60 to 90 days (31 March 2023: 60 to 90 days).

Movement in the allowances for ECL of other receivables were as follow:

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
At beginning of the period/year	157,226	146,035
(Reversal of)/allowance for ECL	(60)	16,837
Exchange alignment	(3,520)	(5,646)
At end of the period/year	153,646	157,226

The Group's other receivables and prepayments as at 30 September 2023 and 31 March 2023, include an approximately of HK\$124,099,000 (31 March 2023: HK\$126,570,000) paid for acquisition and construction of several potential water plant projects in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Held for trading:		
Listed equity securities — the PRC, at fair value	–	656,107

The fair value of the listed equity securities as at 31 March 2023 is based on the price of RMB2.54 (equivalent to approximately HK\$2.89) per share pursuant to the disposal agreements dated 9 August 2022 entered into between Interchina (Tianjin) Water Treatment Company Limited, a wholly-owned subsidiary of the Company, Mr. Jiang and Shanghai Pengxin (Group) Company Limited, respectively.

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

At 31 March 2023 (Audited)

Stock Code	Name of investee company	Number of shares held	Percentage shareholding held by the Group	Investment cost HK\$'000 (Note (1))	Fair value as at 31 March 2023 HK\$'000 (Note (1))	Percentage to the Group's total assets as at 31 March 2023	Unrealised gain on change in fair value for the year ended 31 March 2023 HK\$'000 (Note (1))
600187	Heilongjiang Interchina (Note (2))	227,312,500	14.09%	276,584	656,107	25.6%	41,805

Notes:

- (1) The investment costs and market value as at 31 March 2023 and unrealised gain 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 RMB577,374,000 (equivalent to approximately HK\$656,107,000) as at 31 March 2023. The cost of investment in Heilongjiang Interchina was approximately RMB243,394,000 (equivalent to approximately HK\$276,584,000) as at 31 March 2023.
- (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 year ended 31 March 2023. No dividend was received during the year ended 31 March 2023. According to the latest published audited financial statements of Heilongjiang Interchina, it had net asset value of approximately RMB3,180,407,000 (equivalent to approximately HK\$3,614,099,000) as at 31 December 2022. Heilongjiang Interchina recorded revenue of approximately RMB287,598,000 (equivalent to approximately HK\$326,816,000) and loss of approximately RMB119,580,000 (equivalent to approximately HK\$135,886,000) for the year ended 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

16. SHARE CAPITAL

	Number of shares			
	At 30 September 2023 (Unaudited)	At 31 March 2023 (Audited)	At 30 September 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Issued and fully paid ordinary shares:				
At beginning and 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.

17. SHARE OPTION

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 September 2021, the Company adopted a new share option scheme (the "New Share Option Scheme"). The New Share Option Scheme became effective for a period of 10 years commencing on 3 September 2021. Under the New 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 28 July 2021 (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 in respect of any options granted under the New Share Option Scheme will be a price determined by the Board, in its absolute discretion, but in any case will not be lower than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant.

The total number of Shares issued and to be issued upon exercise of all options granted and to be granted (including both exercised and outstanding Options) in any 12-month period up to the date of the proposed grant to such participant would exceed 1% of the total number of shares in issue unless the proposed grant has been separately approved by the shareholders in general meeting with the proposed participant and his close associates (or his associates if the participant is a connected person) abstaining from voting.

No share option was granted under the share option scheme during the six months ended 30 September 2023 and 2022.

At the end of the reporting period, the number of shares in respect of which may be issued upon exercise of share options granted and remain outstanding under the share option scheme was Nil (30 September 2022: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

18. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised by the Group and movements thereon:

	Revaluation of investment properties HK\$'000	Fair value adjustments arising on acquisition of subsidiaries HK\$'000	Total HK\$'000
At 1 April 2022	12,036	68,558	80,594
Exchange alignment	(890)	(2,871)	(3,761)
Credit to the consolidated statement of profit or loss	(6,034)	(1,257)	(7,291)
At 31 March 2023 and 1 April 2023 (Audited)	5,112	64,430	69,542
Exchange alignment	(202)	(1,321)	(1,523)
Credit to the condensed consolidated statement of profit or loss (note 8)	(1,846)	(5,736)	(7,582)
At 30 September 2023 (Unaudited)	3,064	57,373	60,437

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 condensed 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.

19. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

The following is an analysis of trade and other payables and deposits received:

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Trade payables	13,042	15,652
Other payables and deposits received	118,829	69,168
	131,871	84,820

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

19. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED *(Continued)*

The Group's trade and other payables and deposits received are determined in the following currencies:

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Hong Kong dollar	85,038	42,045
RMB	26,706	29,101
IDR	1,295	1,239
USD	18,832	12,435
	131,871	84,820

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

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
0 to 30 days	623	640
31 to 60 days	9,911	9,911
Over 60 days	2,508	5,101
	13,042	15,652

The average credit period granted by supplier is 30 to 60 days (31 March 2023: 30 to 60 days).

The Group's other payables and deposits received as at 30 September 2023 and 31 March 2023, inter alia, the following:

- (i) interest payable of approximately HK\$5,819,000 (31 March 2023: HK\$6,514,000);
- (ii) deposit of decoration expenses received from Heilongjiang Interchina of approximately HK\$5,761,000 (31 March 2023: HK\$6,023,000);
- (iii) amount due to a director of the Company amounted to approximately HK\$52,719,000 (31 March 2023: HK\$23,047,000) represents an unsecured, unguaranteed, interest-free and repayable on demand to a director;
- (iv) deposit received for disposal of hotel property of approximately HK\$5,435,000 (31 March 2023: Nil);
- (v) rental deposit received from customers of approximately HK\$3,960,000 (31 March 2023: HK\$2,563,000); and
- (vi) deposit received for disposal of an equity interest of a wholly-owned subsidiary of the Company of approximately HK\$18,000,000 (31 March 2023: HK\$Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

20. 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 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.

21. BANK AND OTHER BORROWINGS

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Bank borrowings, secured (Note (i))	13,859	11,660
Other borrowings, secured (Note (ii))	240,000	258,000
Other borrowings, unsecured (Note (ii))	1,000	16,000
Total borrowings	254,859	285,660
Carrying amounts repayable:		
Within one year	242,919	275,210
Within a period more than one year but not exceeding two years	1,997	1,359
Within a period more than two years but not exceeding five years	9,943	9,091
	254,859	285,660
Less:		
Amount due within one year shown under current liabilities with repayment on demand clause	(254,859)	(285,660)
Amount shown under non-current liabilities	–	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

21. BANK AND OTHER BORROWINGS *(Continued)*

Notes:

- (i) The bank borrowings are repayable on agreed repayment schedule by installments over a period from 3 to 4 years bearing fixed interest rate ranging from 5.75% to 6.00% per annum for the six months ended 30 September 2023 (31 March 2023: 5.75% to 6.00% per annum).

During the six months ended 30 September 2023, the Company had been entered into a new bank borrowing agreement of HK\$2,730,000. At 30 September 2023, the bank borrowings with carrying amount of HK\$10,870,000 (31 March 2023: HK\$11,364,000) are secured by the Group's investment property, with carrying amount of HK\$17,673,000 (31 March 2023: HK\$19,619,000). The bank borrowing with carrying amount of HK\$2,989,000 (31 March 2023: HK\$296,000) are secured by the Group's freehold land with carrying amount of HK\$152,084,000 (31 March 2023: HK\$152,084,000).

- (ii) The other borrowings bear fixed interest rate ranging from 5.25% to 11% per annum for the six months ended 30 September 2023 (31 March 2023: 5.25% to 11% per annum).

The other borrowings with carrying amount of approximately HK\$240,000,000 (31 March 2023: HK\$258,000,000) are secured by the share of certain subsidiaries of the Company (31 March 2023: secured by the Group's property, plant and equipment with carrying amount of HK\$23,844,000 and the share of certain subsidiaries of the Company). The other borrowings with carrying amount of HK\$1,000,000 (31 March 2023: HK\$16,000,000) are unsecured and repayable on demand.

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

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Hong Kong dollar	241,000	274,000
USD	2,989	296
RMB	10,870	11,364
	254,859	285,660

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets measured at fair value

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 March 2023 (Audited)				
Financial assets at fair value through profit or loss	–	656,107	–	656,107

During the six months ended 30 September 2023, there have been no significant transfers between Level 1, 2 and 3 (31 March 2023: 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.

23. MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Compensation of key management personnel

Compensation for key management personnel, including amounts paid to the directors of the Company and the senior executives are as follows:

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries and other short-term benefits	5,556	6,283
Pension scheme contributions	276	276
	5,832	6,559

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

23. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Imputed interest on amount due to a related company

Imputed interest recognised on the amount due to a related company is as follow:

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Shanghai Pengxin (Note)	921	11,703

Note: Mr. Jiang has beneficial interest in Shanghai Pengxin.

(c) Management fee paid to a related company

Management fee payable to a related company is as follow:

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Management fee		
Shanghai Chun Chuan Property Service Company Limited ("Shanghai Chun Chuan") (Note)	526	576

Note: Mr. Jiang has beneficial interest in Shanghai Chun Chuan.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

24. CAPITAL COMMITMENT

The Group had the following capital commitment at the end of the reporting period:

	At 30 September 2023 HK\$'000 (Unaudited)	At 31 March 2023 HK\$'000 (Audited)
Contracted but not provided for		
— Capital contribution to an associate	4,891	5,114

25. EVENTS AFTER THE REPORTING PERIOD

On 30 October 2023, the Company and Interchina Corporate Services Limited, a wholly-owned subsidiary of the Company entered into brought and sold notes with an independent third party of the Company and its connected persons, to disposal the entire equity interest in Jet Source Investments Limited, a wholly-owned subsidiary of the Company at the consideration of HK\$21,000,000 (the "Disposal"). The sole asset owned by Jet Source Investments Limited is the residential property located in Unit 17, 27/F., Apartment Tower, Western Side of Convention Plaza, Wan Chai, Hong Kong which was classified as building in the property, plant and equipment of the Group. The Disposal did not constitute notifiable transaction under the Listing Rules.

26. 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 29 November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

For the six months ended 30 September 2023, the Group's revenue amounted to approximately HK\$44,605,000 (six months ended 30 September 2022: HK\$73,748,000), representing a decrease of approximately 39.5% as compared to the same period of last year. Such decrease was mainly due to none of revenue recognised from hotel operation (six months ended 30 September 2022: HK\$17,992,000) and revenue from agricultural operation decreased by approximately 28.5% to approximately HK\$30,151,000 (six months ended 30 September 2022: HK\$42,183,000).

The Group recorded a loss of approximately HK\$186,896,000 for the six months ended 30 September 2023 (six months ended 30 September 2022: HK\$54,172,000), representing an increase of approximately 2.5 times as compared to the same period of last year. The loss was mainly due to the net effect of (i) a decrease in gross profit by 54.7% to approximately HK\$20,873,000 (six months ended 30 September 2022: HK\$46,101,000); (ii) an impairment loss recognised on the property, plant and equipment of approximately HK\$20,545,000 (six months ended 30 September 2022: Nil); (iii) an increase in loss on change in fair value of the Group's investment properties by 11.2% to approximately HK\$78,462,000 (six months ended 30 September 2022: HK\$70,588,000); and (iv) in absence of gain on change in fair value of financial assets at fair value through profit and loss (six months ended 30 September 2022: HK\$42,788,000).

Loss for the period attributable to owners of the Company amounted to approximately HK\$186,884,000 (six months ended 30 September 2022: HK\$54,156,000). The basic and diluted loss per share amounted to approximately HK2.562 cents for the six months ended 30 September 2023 (six months ended 30 September 2022: HK0.742 cents).

BUSINESS REVIEW

During the period, the Company is mainly engaged in agricultural operation, property investment operation, hotel operation, securities investment and financing operation and resources operation.

Agricultural operation

The Group's agricultural operation engages in agricultural farming and cattle raising in Bolivia. As at 30 September 2023, the Group totally owns approximately 18,730 hectares of farmland in Bolivia with carrying value of approximately HK\$345,213,000 (31 March 2023: HK\$345,213,000). As at 30 September 2023, the Group raised cattle of 2,560 heads (31 March 2023: 2,492 heads).

During the period, revenue generated from agricultural operation decreased by 28.5% to approximately HK\$30,151,000 (six months ended 30 September 2022: HK\$42,183,000), which account for 67.6% of total revenue of the Group. Revenue from sale of crops amounted to approximately HK\$28,817,000 (six months ended 30 September 2022: HK\$40,674,000) whereas revenue from sale of cattle amounted to HK\$1,334,000 (six months ended 30 September 2022: HK\$1,509,000). The major crops of the farm is soybean. During the period, approximately 5,000 hectare of soybeans was planted (six months ended 30 September 2022: 4,200 hectare), the average yield was 1.8 ton per hectare (six months ended 30 September 2022: 2.4 ton per hectare) with a grain production of approximately 9,200 tons (six months ended 30 September 2022: 10,100 tons). The average selling price of soybean was US\$380/MT, representing a decrease of 17.4% as compared to the same period of last year. This segment recorded a loss of approximately HK\$11,242,000 (six months ended 30 September 2022: profit of HK\$4,842,000). The loss was driven by lower average selling price and lower selling volume of soybean for the period.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 September 2023, the Beijing Property was valued at approximately HK\$466,957,000 (31 March 2023: HK\$545,455,000) and the Shanghai Property was valued at approximately HK\$316,304,000 (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\$78,462,000 was recorded for the six months ended 30 September 2023 (six months ended 30 September 2022: HK\$70,588,000).

During the period, rental income generated from property investment operation increased by 6.5% to approximately HK\$14,454,000 (six months ended 30 September 2022: HK\$13,573,000), which accounted for 32.4% of total revenue of the Group. As at 30 September 2023, the average occupancy rate of the Beijing Property and the Shanghai Property reached 86% and 83% respectively. The segment loss amounted to approximately HK\$71,031,000 (six months ended 30 September 2022: HK\$59,850,000). Such increase was mainly attributable to the increase 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.

Hotel Operation

At 30 September 2023, the sole hotel property held by the Group, is the Holiday Inn Express Shanghai Wujiaochang (the "Hotel") located in Yangpu District, Shanghai, the PRC, which is a 20-storey hotel with total gross floor area of approximately 15,900 sq. m., and 296 guest rooms. The Hotel is currently closed, awaiting for refurbishment or disposal. Based on the independent valuation performed, an impairment loss of approximately HK\$20,545,000 was recognised on the hotel property for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil). At 30 September 2023, the carrying value of the hotel property amounted to approximately HK\$363,746,000 (31 March 2023: HK\$408,276,000).

During the period, none of revenue generated from hotel operation (six months ended 30 September 2022: HK\$17,992,000). This segment recorded a loss of approximately HK\$31,330,000 (six months ended 30 September 2022: HK\$566,000), representing an increase by approximately 54.4 times when compared with the same period of last year. The loss mainly represented the impairment loss of approximately HK\$20,545,000 recognised on the hotel property and the depreciation and administrative expenses for the period.

The construction of the hotel properties was completed in 2007 and the Hotel has been in operation since December 2007. Except for minor facilities upgrade/improvement carried out regularly, a material renovation of the Hotel has not been conducted. It is expected the Hotel has a strong need to upgrade its facilities to tailor for the demand and expectation of its guests.

On 24 May 2023, the Group entered into a non-legal binding memorandum of understanding with an intended purchaser in relation to the proposed disposal of the Hotel at the proposed consideration of RMB360,000,000 (equivalent to approximately HK\$391,304,000). However, no sale and purchase agreement has been entered. The Group is planning to realise the value of the Hotel in order to enhance the Group's working capital if necessary and when timing is appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

Securities Investment and Financing Operation

On 9 August 2022, Interchina (Tianjin) Water Treatment Company Limited (“Interchina (Tianjin)”), a wholly-owned subsidiary of the Company entered into disposal agreements (the “Disposal Agreements”) with Shanghai Pengxin (Group) Company Limited (“Shanghai Pengxin”), a company owned as to 99% by Mr. Jiang Zhaobai (“Mr. Jiang”), an executive Director, the Chairman and a substantial shareholder of the Company and Mr. Jiang, pursuant to which Interchina (Tianjin) has conditionally agreed to sell and Shanghai Pengxin and Mr. Jiang have conditionally agreed to purchase total 227,312,500 shares in Heilongjiang Interchina Water Treatment Company Limited (“Heilongjiang Interchina”, whose shares are listed on Shanghai Stock Exchange, stock code: 600187) at an aggregate consideration of RMB577,373,750 (equivalent to approximately HK\$656,107,000). The transaction constitutes a major and connected transaction of the Company under the Listing Rules. Details of the transaction were set out in the Company’s circular dated 23 September 2022. The transaction was completed on 14 April 2023.

This segment did not contribute any revenue to the Group for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil). The segment loss amounted to approximately HK\$28,000 (six months ended 30 September 2022: profit of approximately HK\$42,767,000). The loss was mainly due to in absence of any gain of arising on change in fair value of the financial asset at fair value through profit or loss for the period (six months ended 30 September 2022: gain of HK\$42,788,000) as a result of the disposal of the shares in Heilongjiang Interchina was completed during the period.

As at 30 September 2023, the Group did not hold any securities investment, which was booked under financial asset at fair value through profit and loss (31 March 2023: HK\$656,107,000, representing 25.6% of the Group’s total assets of HK\$2,558,371,000). As at 31 March 2023, the Group’s securities investment solely represented 227,312,500 shares of Heilongjiang Interchina, representing 14.09% Heilongjiang Interchina’s total issued shares. The cost of investment in Heilongjiang Interchina’s share was approximately RMB1.1059 at 31 March 2023. Heilongjiang Interchina and its subsidiaries are principally engaged in the provision of sewage water treatment, water supply and the provision of environmental technology services.

The Group is considering to cease the operation of this segment in order to allocate more resources in other segment of the Group.

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 Nusantara 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 six months ended 30 September 2023 (six months ended 30 September 2022: Nil). The segment loss amounted to approximately HK\$314,000 (six months ended 30 September 2022: HK\$376,000). The loss mainly represented the administrative cost for the period.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

The Group is undergoing the transaction of disposal of the Group's hotel properties which could enhance the financial positions of the Group. Besides, the Group has accumulated many years of experience in investment properties operation, and is looking for relevant investment opportunities to develop asset-light business for the Group which is formulated to further progress the Group towards achievement of its long term growth trajectory.

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 30 September 2023, the equity reached approximately HK\$1,278,661,000 (31 March 2023: approximately HK\$1,521,716,000). At 30 September 2023, the Group's cash on hand and deposits in bank was approximately HK\$72,288,000 (31 March 2023: approximately HK\$60,746,000). The proportions of Renminbi ("RMB"), US dollar ("USD") and Hong Kong dollars were 79.6%, 15% and 5.4% (31 March 2023: 49%, 46% and 5%) respectively. At 30 September 2023, the Group's net current liabilities were approximately HK\$265,891,000 (31 March 2023: approximately HK\$175,202,000). The current ratio of the Group as at 30 September 2023 was 0.32 (31 March 2023: 0.82). The gearing ratio (total outstanding borrowings over total assets) of the Group as of 30 September 2023 was 14.7% (31 March 2023: 34.2%). At 30 September 2023, the Group's total bank and other borrowings of approximately HK\$254,859,000 (31 March 2023: approximately HK\$285,660,000), which mainly comprised secured bank borrowings of approximately HK\$13,859,000 (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 30 September 2023, the Group's borrowings were denominated in RMB, HKD and USD, amounting to approximately RMB10,000,000 (31 March 2023: approximately RMB529,342,000) and approximately HK\$241,000,000 (31 March 2023: approximately HK\$274,000,000) and approximately USD383,000 (31 March 2023: USD38,000) respectively.

The Group recorded loss of approximately HK\$186,896,000 for the six months ended 30 September 2023 and it had net current liabilities of approximately HK\$265,891,000 as at 30 September 2023. 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:

MANAGEMENT DISCUSSION AND ANALYSIS

- (1) The Group is in active negotiations with certain intended purchasers for disposal of the hotel property and/or certain investment properties of the Group to enhance its liquidity position;
- (2) At 30 September 2023, the bank and other borrowings to the extent of approximately HK\$254,859,000 will be due for repayment within twelve months. The Company is actively negotiating with the lenders of the Group on the renewal of other borrowings;
- (3) 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;
- (4) Soliciting for further financing arrangements which include funding from related companies of the Group; and
- (5) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

Based on the Group's cash flow projections, taking into account of the above measures covering a period of twelve months from the date of issue of these consolidated financial statements, the directors of the Company consider that the Group would be able to finance its operations and to meet its financial obligations as and when they fall due.

Capital Structure

There has been no change in the share capital of the Company during the period. As at 1 April 2023 and 30 September 2023, the number of issued shares of the Company was 7,294,369,363.

Pledged of Assets

At 30 September 2023, the Group's freehold land with carrying amounts of approximately HK\$152,084,000 (31 March 2023: approximately HK\$152,084,000) were secured for bank facilities. At 30 September 2023, 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\$17,673,000 (31 March 2023: HK\$19,619,000); and (iii) certain subsidiaries of the Group with carrying amounts of approximately HK\$187,376,000 (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 six months ended 30 September 2023.

Contingent Liability

As at 30 September 2023, the Group had no material contingent liabilities (31 March 2023: Nil).

Capital Commitment

As at 30 September 2023, the Group had approximately HK\$4,891,000 (31 March 2023: HK\$5,114,000) capital commitment in respect of capital contribution to an associate.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Financial Risks Management

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

The Group set out in its 2023 annual report and financial statements the principal risks that could impact its performance; these have remained unchanged since the annual report was published. The main risks arising from the Group's financial instruments are equity securities price risk, credit risk, liquidity risk and interest rate risk. The Group reviews and monitors each of these risks closely at all times.

HUMAN RESOURCES

As at 30 September 2023, the Group employed approximately 108 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.

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

OTHER INFORMATION

CHANGES IN DIRECTORS' INFORMATION

In accordance with Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the change in information of Directors of the Company subsequent to the date of the Annual Report 2023 of the Company are set out below:

- (i) With effect from 1 November 2023, Mr. Lam Cheung Shing, Richard resigned as an executive Director of the Company, and also ceased to be the chief executive officer of the Company, a member of the Remuneration Committee and the Nomination Committee of the Company;
- (ii) Mr. Chen Yi, Ethan was appointed as the chief executive officer of the Company, a member of the Remuneration Committee and the Nomination Committee of the Company on 1 November 2023 and his monthly salary has been increased from HK\$150,000 to HK\$200,000;
- (iii) Mr. Jiang Xiao Heng Jason was appointed as an executive Director of the Company on 1 November 2023; and
- (iv) Mr. Jiang Zhaobai was re-designated from an executive Director of the Company to a non-executive Director of the Company on 1 November 2023 and no salary is payable to him under his new appointment.

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

As at 30 September 2023, 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)	1,742,300,000	23.89%
Lam Cheung Shing, Richard	7,700,000	–	7,700,000	0.11%

Note: As at 30 September 2023, 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, Mr. Jiang Zhaobai ("Mr. Jiang") directly holds 51% of the total issued share capital of Rich Monitor Limited and Pengxin Holdings Company Limited, respectively. Therefore, Mr. Jiang is deemed to be interested in 1,742,300,000 shares of the Company under the SFO.

OTHER INFORMATION

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 2023.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2023, 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 Xiao Heng Jason	–	1,742,300,000 (Note 2)	1,742,300,000	23.89%
Ansheng Holdings Company Limited	646,935,000 (Note 3)	–	646,935,000	8.87%
Tong Yung Ling	–	646,935,000 (Note 3)	646,935,000	8.87%

Notes:

- (1): Mr. Jiang directly holds 51% of the total issued share capital of each of these corporations. 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): Mr. Jiang Xiao Heng Jason is son of Mr. Jiang and directly holds 49% of the total issued share capital of Rich Monitor Limited and Pengxin Holdings Company Limited, respectively. Therefore, he is deemed to be interested in 1,742,300,000 shares of the Company under the SFO.
- (3): Ansheng Holdings Company Limited is wholly and beneficially owned by Mr. Tong Yung Ling. Therefore, he is deemed to be interested in 646,935,000 shares of the Company under the SFO.

Save as disclosed above, as at 30 September 2023, 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.

OTHER INFORMATION

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 September 2021, the New Share Option Scheme (the "Scheme") was approved and adopted by the Company.

As at 30 September 2023, the total number of ordinary shares available for issue pursuant to the grant of share options under the Scheme was 729,436,936, representing approximately 10% of the ordinary shares in issue as at 30 September 2023 and date of this Interim Report.

For the six months ended 30 September 2023, no share options were granted or agreed to be granted under the Scheme by the Company. As at 30 September 2023, there are no outstanding options.

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

During the six months ended 30 September 2023, 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 the chair of the AGM, 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.

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as the Company’s code of conduct regarding securities transactions by its Directors. Specific enquiry has been made to all directors, who have confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2023.

AUDIT COMMITTEE

The Company’s audit committee has reviewed this interim report for the six months ended 30 September 2023.

By order of the Board of
EverChina Int’l Holdings Company Limited
Chen Yi, Ethan
Executive Director and Chief Executive Officer

Hong Kong, 29 November 2023