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EVERCHINA INT'L HOLDINGS COMPANY LIMITED

潤中國際控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 202)

**UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

FINANCIAL HIGHLIGHTS

- Loss for the period amounted to HK\$67,741,000, representing a decrease of 63.8% as compared to the same period in 2023.
- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).
- At 30 September 2024, total equity amounted to HK\$1,105,651,000, representing a decrease of 5.4% as compared to HK\$1,168,777,000 as at 31 March 2024.
- At 30 September 2024, net assets per share was HK\$0.15, representing a decrease of 6.3% as compared to HK\$0.16 as at 31 March 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of EverChina Int’l Holdings Company Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2024, together with the comparative figures, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

		For the six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
		(Unaudited)	(Unaudited)
			(Restated)
Continuing operations			
Revenue	3	46,130	44,605
Cost of sales		(30,206)	(23,732)
		<hr/>	<hr/>
Gross profit		15,924	20,873
Other income and losses, net	4	9,473	(16,804)
Administrative costs		(26,472)	(29,605)
Impairment loss recognised on property, plant and equipment		(1,079)	–
(Allowance for)/reversal of expected credit losses (“ECL”) on trade and other receivables, net		(27,345)	98
Loss on change in fair value less costs to sell on biological assets		(5,632)	(10,892)
Loss on change in fair value of investment properties		(30,435)	(78,462)
		<hr/>	<hr/>
Loss from operations	5	(65,566)	(114,792)
Finance costs	6	(14,481)	(13,861)
Share of losses of associate		(1,169)	–
		<hr/>	<hr/>
Loss before taxation from continuing operations		(81,216)	(128,653)
Tax expenses	7	(15,854)	(29,186)
		<hr/>	<hr/>
Loss for the period from continuing operations		(97,070)	(157,839)
Discontinued operations			
Profit/(loss) for the period from discontinued operations, net of income tax		29,329	(29,057)
		<hr/>	<hr/>
Loss for the period		(67,741)	(186,896)
		<hr/> <hr/>	<hr/> <hr/>

	For the six months ended	
	30 September	
	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
Attributable to:		
Owners of the Company		
— Continuing operations	(97,059)	(157,827)
— Discontinued operations	29,329	(29,057)
	<u>(67,730)</u>	<u>(186,884)</u>
Non-controlling interests		
— Continuing operations	(11)	(12)
	<u>(67,741)</u>	<u>(186,896)</u>
 Loss per share attributable to the owners of the Company		
From continuing and discontinued operations		
— Basic and diluted	8 <u>HK(0.929) cents</u>	<u>HK(2.562) cents</u>
 From continuing operations		
— Basic and diluted	8 <u>HK(1.331) cents</u>	<u>HK(2.164) cents</u>

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

For the six months ended 30 September 2024

	For the six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Restated)
Loss for the period	(67,741)	(186,896)
Other comprehensive income/(expense)		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	<u>4,615</u>	<u>(56,159)</u>
Total comprehensive expenses for the period	<u>(63,126)</u>	<u>(243,055)</u>
Total comprehensive expenses attributable to:		
Owners of the Company	(63,115)	(243,043)
Non-controlling interests	<u>(11)</u>	<u>(12)</u>
	<u>(63,126)</u>	<u>(243,055)</u>
Total comprehensive expenses attributable to owners of the Company:		
Continuing operations	(39,601)	(226,194)
Discontinued operations	<u>(23,514)</u>	<u>(16,849)</u>
	<u>(63,115)</u>	<u>(243,043)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2024

	At	At
	30 September	31 March
	2024	2024
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current assets		
Investment properties	695,556	718,682
Property, plant and equipment	357,708	367,025
Right-of-use assets	552	884
Mining rights	–	–
Interest in associates	47,269	549
	<u>1,101,085</u>	<u>1,087,140</u>
Current assets		
Inventories	7,496	9,862
Biological assets	24,008	30,325
Other receivables and prepayments	204,459	21,171
Cash and cash equivalents	109,865	24,918
	<u>345,828</u>	<u>86,276</u>
Assets classified as held for sale	<u>–</u>	<u>391,260</u>
	<u>345,828</u>	<u>477,536</u>
Total assets	<u>1,446,913</u>	<u>1,564,676</u>
Capital and reserves		
Share capital	2,664,298	2,664,298
Reserves	(1,587,737)	(1,524,622)
Equity attributable to owners of the Company	1,076,561	1,139,676
Non-controlling interests	29,090	29,101
Total equity	<u>1,105,651</u>	<u>1,168,777</u>

		At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Lease liabilities		–	236
Deferred tax liabilities		<u>30,052</u>	<u>59,381</u>
		<u>30,052</u>	<u>59,617</u>
Current liabilities			
Trade and other payables and deposits received	<i>11</i>	67,284	82,208
Lease liabilities		578	671
Tax payable		6,237	6,237
Bank and other borrowings		<u>237,111</u>	<u>247,166</u>
		<u>311,210</u>	<u>336,282</u>
Total liabilities		<u>341,262</u>	<u>395,899</u>
Total equity and liabilities		<u>1,446,913</u>	<u>1,564,676</u>
Net current assets		<u>34,618</u>	<u>141,254</u>
Total assets less current liabilities		<u>1,135,703</u>	<u>1,228,394</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Group for the six months ended 30 September 2024 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 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 2024.

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those adopted in the Group’s annual financial statements for the year ended 31 March 2024, 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 and liabilities 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.

Going concern

The Group incurred a net loss approximately HK\$67,741,000 (six months ended 30 September 2023: HK\$186,896,000) for the six months ended 30 September 2024 and, as of that date, the Group has short-term bank and other borrowings of approximately HK\$237,111,000 (31 March 2024: HK\$247,166,000). As at 30 September 2024, the Group had cash and cash equivalents of approximately HK\$109,865,000 (31 March 2024: HK\$24,918,000) which is insufficient to fully repay the bank and other borrowings expiring within 12 months. These indicates that the Group’s ability to meet these liquidity requirements depends on its ability to generate sufficient net cash inflows from future operations and other sources. These facts and circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. In preparing the 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 management will endeavor the collection of loan receivables of approximately HK\$192,480,000 according to the terms of the loan agreement in order to enhance the future operating cash flows;

- (2) At 30 September 2024, the bank and other borrowings to the extent of approximately HK\$237,111,000 will be due for repayment within twelve months. The Company is actively negotiating with the lenders of the Group on the renewal of bank and other borrowings;
- (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 2024 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:

The Company has delivered the financial statements for the year ended 31 March 2024 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 auditors have reported on the financial statements for the year ended 31 March 2024. The auditor 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.

Application of amendments to HKFRSs

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current 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.

2. SEGMENT INFORMATION

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

Continuing operations:

- Agricultural operation — Agricultural farming and sales of crops and cattle raising and sales of cattle in the Plurinational State of Bolivia (“**Bolivia**”)
- Property investment operation — Leasing of rental property in the PRC

In addition to the above reportable segments, other operating segments include resource operations, of which resource operations were reported as separate segments in prior years. None of these segments met the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these were grouped in “Unallocated”. Prior year segment disclosures have been represented to conform with the current year's presentation.

Discontinued operations:

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

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:

Continuing operations:

	Segment revenue		Segment result	
	For the six months ended 30 September		For the six months ended 30 September	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
Agricultural operation	30,829	30,151	(9,870)	(11,242)
Property investment operation	15,301	14,454	(20,603)	(71,031)
Total	46,130	44,605	(30,473)	(82,273)
Other income and losses, net			9,473	(16,804)
Finance costs			(14,481)	(13,861)
Unallocated expenses			(45,735)	(15,715)
Loss before taxation			(81,216)	(128,653)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

Segment result represents the result generated from each segment without allocation of central administration costs including directors' salaries, other income and losses, net, finance costs and allowance for expected credit losses ("ECL") on trade and other receivable. 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 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Segment assets		
Agricultural operation	408,012	428,142
Property investment operation	788,813	726,048
Total segment assets	1,196,825	1,154,190
Assets relating to discontinued operations	–	398,378
Unallocated assets	250,088	12,108
Consolidated total assets	<u>1,446,913</u>	<u>1,564,676</u>
	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Segment liabilities		
Agricultural operation	41,915	47,852
Property investment operation	18,509	17,103
Total segment liabilities	60,424	64,955
Liabilities relating to discontinued operations	–	40,884
Unallocated borrowings	237,111	247,166
Unallocated liabilities	37,490	36,657
Tax payable	6,237	6,237
Consolidated total liabilities	<u>341,262</u>	<u>395,899</u>

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

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

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

(c) **Other segment information**

For the six months ended 30 September 2024 (Unaudited)

Continuing operations:

	Agricultural operation HK\$'000	Property investment operation HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000
Other segment information				
Depreciation of property, plant and equipment	3,017	185	101	3,303
Depreciation of right-of-use assets	–	–	332	332
Capital expenditure (<i>Note</i>)	1,103	–	–	1,103
Impairment loss recognised on property, plant and equipment	1,079	–	–	1,079
Loss on change in fair value of investment properties	–	30,435	–	30,435
Loss on change in fair value less costs to sell on biological assets	5,632	–	–	5,632
Allowance for ECL on trade and other receivables, net	–	–	27,345	27,345

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

For the six months ended 30 September 2023 (Unaudited) (Restated)

Continuing operations:

	Agricultural operation <i>HK\$'000</i>	Property investment operation <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
Other segment information				
Depreciation of property, plant and equipment	3,797	183	385	4,365
Depreciation of right-of-use assets	–	–	335	335
Capital expenditure (<i>Note</i>)	3,859	7	–	3,866
Loss on change in fair value of investment properties	–	78,462	–	78,462
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	<u>(33)</u>	<u>–</u>	<u>(65)</u>	<u>(98)</u>

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

(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 and right-of-use 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		At 30 September	At 31 March
	2024	2023	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	–	–	1,239	1,670
The PRC	15,301	14,454	699,114	728,463
Bolivia	30,829	30,151	353,463	356,458
	<u>46,130</u>	<u>44,605</u>	<u>1,053,816</u>	<u>1,086,591</u>

* Specified non-current assets exclude interest in associates

(e) **Information about major customers**

Continuing operations

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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Agricultural operation — Customer A	<u>24,289</u>	<u>27,592</u>

3. REVENUE

Revenue is analysed as follow:

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations:		
Timing of revenue recognition		
A point of time:		
Agricultural operation	30,829	30,151
Revenue from other sources		
Property rental income	15,301	14,454
	<u>46,130</u>	<u>44,605</u>

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.

4. OTHER INCOME AND LOSSES, NET

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Continuing operations		
Bank interest income	477	274
Other interest income	8,932	214
Net foreign exchange gain	–	69
Loss on early repayment of amount due to a related company	–	(17,444)
Sundry income	64	83
	<u>9,473</u>	<u>(16,804)</u>

5. LOSS FROM OPERATIONS

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

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Depreciation of property, plant and equipment	3,303	4,365
Depreciation of right-of-use assets	332	335
Allowance for/(reversal of) ECL on trade and other receivables, net	27,345	(98)
Impairment loss recognised on property, plant and equipment	1,079	–
Short-term lease payment	–	124
Expenses relating to leases of low value assets	17	17
Gross rental income from investment properties	(15,301)	(14,454)
Less: direct operating expenses from investment properties that generated rental income during the period	468	607
	<u>(14,833)</u>	<u>(13,847)</u>

6. FINANCE COSTS

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Interests on:		
— Bank borrowings	280	144
— Other borrowings	14,170	12,776
— Lease liabilities	31	20
Imputed interest on amount due to a related company	–	921
	<u>14,481</u>	<u>13,861</u>

7. TAX EXPENSES

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Continuing operations		
Current tax		
— Enterprise Income Tax	9,157	29,918
— Bolivia Corporate Tax	5,806	—
— Bolivia Withholding Tax	891	1,114
	<u>15,854</u>	<u>31,032</u>
Deferred tax credit	<u>—</u>	<u>(1,846)</u>
Tax expenses	<u><u>15,854</u></u>	<u><u>29,186</u></u>

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 2024 (six months ended 30 September 2023: 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 22% for the six months ended 30 September 2024 (six months ended 30 September 2023: 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 2024 (six months ended 30 September 2023: 25%). Bolivia Corporate Tax was recognised as the subsidiary in Bolivia has estimated assessable profit for the six months ended 30 September 2024. 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 2024.

8. LOSS PER SHARE

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

From continuing and discontinued operations

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(67,730)</u>	<u>(186,884)</u>

	For the six months ended 30 September	
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>7,294,369,363</u>	<u>7,294,369,363</u>

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 2024 and 2023.

From continuing operations

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Loss for the period attributable to owners of the Company from continuing operations	<u>(97,059)</u>	<u>(157,827)</u>

From discontinued operations

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Profit/(loss) for the period attributable to owners of the Company from discontinued operations	<u>29,329</u>	<u>(29,057)</u>

9. INTERIM DIVIDEND

The Directors of the Company did not recommend the payment of any dividend for the six months ended 30 September 2024 and 2023.

10. OTHER RECEIVABLES AND PREPAYMENTS

	At	At
	30 September 2024	31 March 2024
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Other receivables and deposits	372,263	160,414
Less: allowance for ECL, net	<u>(183,113)</u>	<u>(154,291)</u>
	189,150	6,123
Prepayments	<u>15,309</u>	<u>15,048</u>
	<u>204,459</u>	<u>21,171</u>

The average credit period granted to customers is 60 to 90 days (31 March 2024: 60 to 90 days).

The Group's other receivables and deposits as at 30 September 2024 and 31 March 2024, mainly include (i) other receivables of approximately HK\$125,307,000 (31 March 2024: HK\$124,697,000) paid for acquisition and construction of several potential water plant projects in the PRC and (ii) loan receivable of approximately HK\$190,000,000 (31 March 2024: HK\$nil). The loan receivable were unsecured, interest bearing at 13% per annum and repayable within one year.

11. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Trade payables		
0 to 30 days	423	1,159
31 to 60 days	81	246
Over 60 days	<u>2,440</u>	<u>8,295</u>
	2,944	9,700
Other payables and deposits received	<u>64,340</u>	<u>72,508</u>
	<u><u>67,284</u></u>	<u><u>82,208</u></u>

The average credit period granted by suppliers is 30 to 60 days (31 March 2024: 30 to 60 days).

The Group's other payables and deposits received as at 30 September 2024 and 31 March 2024, inter alia, the followings:

- (i) interest payable of approximately HK\$6,535,000 (31 March 2024: HK\$9,041,000);
- (ii) deposit of decoration expenses received from Heilongjiang Interchina of approximately HK\$5,889,000 (31 March 2024: HK\$5,824,000);
- (iii) amount due to a director of the Company of approximately HK\$17,413,000 (31 March 2024: HK\$17,413,000) which is unsecured, unguaranteed, interest-free and repayable on demand; and
- (iv) rental deposit received from customers approximately HK\$4,390,000 (31 March 2024: HK\$3,564,000).

12. EVENTS AFTER THE REPORTING PERIOD

There are no material events for disclosure subsequent to 30 September 2024 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

For the six months ended 30 September 2024, the Group's revenue from continuing operations amounted to approximately HK\$46,130,000 (six months ended 30 September 2023: HK\$44,605,000), representing an increase of approximately 3.4% as compared to the same period of last year. The loss for the period (including continuing and discontinued operations) amounted to approximately HK\$67,741,000 for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$186,896,000), representing a decrease of approximately 63.8% as compared to the same period of last year. The decrease in loss was mainly due to the net effect of

- (i) a decrease in loss on change in fair value of the Group's investment properties by 61.2% to approximately HK\$30,435,000 (six months ended 30 September 2023: HK\$78,462,000);
- (ii) in absence of loss on early repayment of amount due to a related company (six months ended 30 September 2023: HK\$17,444,000) which was included in other income and losses, net in last year;
- (iii) an allowance for expected credit loss ("ECL") on trade and other receivables, net of approximately HK\$27,345,000 for the period as compared with the reversal of ECL on trade and other receivables, net of approximately HK\$98,000 was recorded in last year;
- (iv) a decrease in tax expenses by 45.7% to approximately HK\$15,854,000 (six months ended 30 September 2023: HK\$29,186,000); and
- (v) recognised a profit of approximately HK\$29,329,000 from discontinued operations as a result of a tax credit (six months ended 30 September 2023: loss of HK\$29,057,000).

Loss for the period attributable to owners of the Company (including continuing and discontinued operations) amounted to approximately HK\$67,730,000 (six months ended 30 September 2023: HK\$186,884,000). The basic and diluted loss per share (including continuing and discontinued operations) amounted to approximately HK0.929 cents for the six months ended 30 September 2024 (six months ended 30 September 2023: HK2.562 cents).

BUSINESS REVIEW

During the period, the Company is mainly engaged in agricultural operation and property investment operation.

Agricultural operation

The Group's agricultural operation engages in agricultural farming and cattle raising in Bolivia. As at 30 September 2024, the Group totally owns approximately 18,730 hectares of farmland in Bolivia with carrying value of approximately HK\$333,253,000 (31 March 2024: HK\$334,057,000). As at 30 September 2024, the Group raised cattle of 3,374 heads (31 March 2024: 3,424 heads).

During the period, revenue generated from agricultural operation increased by 2.2% to approximately HK\$30,829,000 (six months ended 30 September 2023: HK\$30,151,000), which account for 66.8% of total revenue of the Group. Revenue from sale of crops amounted to approximately HK\$29,522,000 (six months ended 30 September 2023: HK\$28,817,000) whereas revenue from sale of cattle amounted to HK\$1,307,000 (six months ended 30 September 2023: HK\$1,334,000). The major crops of the farm is soybean. During the period, approximately 4,500 hectare of soybeans was planted (six months ended 30 September 2023: 5,000 hectare), the average yield was 2.3 ton per hectare (six months ended 30 September 2023: 1.8 ton per hectare) with a grain production of approximately 10,200 tons (six months ended 30 September 2023: 9,200 tons). The average selling price of soybean was US\$340/MT, representing a decrease of 10.5% as compared to the same period of last year. This segment recorded a loss of approximately HK\$9,870,000 (six months ended 30 September 2023: HK\$11,242,000).

International prices for grains continue to be pressured on greater global supply, together with cost inflation in U.S dollars terms. However we believe that this segment will continue to make stable contribution to the Group's revenue and cash-flow stream in the time ahead.

Property Investment Operation

The Group's property investment operation mainly comprise two investment properties located in the centre of Beijing and Shanghai (collectively referred to as the "**Beijing Property**" and "**Shanghai Property**") respectively. At 30 September 2024, the Beijing Property was valued at approximately HK\$436,667,000 (31 March 2024: HK\$453,847,000) and the Shanghai Property was valued at approximately HK\$258,889,000 (31 March 2024: HK\$264,835,000). Based on the independent valuation performed, loss on changes in fair

value of investment properties of approximately HK\$30,435,000 was recorded for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$78,462,000).

During the period, rental income generated from property investment operation increased by 5.9% to approximately HK\$15,301,000 (six months ended 30 September 2023: HK\$14,454,000), which accounted for 33.2% of total revenue of the Group. As at 30 September 2024, the average occupancy rate of the Beijing Property and the Shanghai Property reached 86% and 83% respectively. The segment loss amounted to approximately HK\$20,603,000 (six months ended 30 September 2023: HK\$71,031,000). Such decrease was mainly attributable to the decrease in the loss on changes in fair value of the Group's investment properties as compared to the same period of last year.

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

Loan Receivables

The Group focuses on property investment operation and agricultural operation as its principal business, and a limited number of transactions were carried out by the Group as part of its treasury activities with the intention to effectively utilise its available financial resources on hand from time to time, which contributed to the loan interest income of the Group.

During the period, the Group provided short-term financial assistance to independent third parties. They are corporation and operating business in the PRC. The source of funds is funded by the net proceed from the disposal of the Group's hotel properties which completed in April 2024. It believes that it can provide a generous interest income to the Group. The Group recognised interest income of approximately HK\$8,931,000 for the period.

As at 30 September 2024, the loan receivables before and after impairment amounted to approximately HK\$192,480,000 and HK\$167,050,000 were due from five independent third parties and had an interest rate of 13% per annum. They are unsecured and matured within six months as of 30 September 2024. The loan receivables after impairment represents approximately 11.6% of the total assets of the Group and the largest amount of loan receivables amounted to approximately HK\$37,306,000, representing approximately 22.3% of total loan receivables as at 30 September 2024. The interest arising from the loan receivables are in the good standing and no occurrence on the default of interests.

In the course of preparing the financial statements, the management had engaged an independent qualified valuer (the “**ECL Valuer**”) to determine the expected credit losses (the “**ECL**”) of the Group’s loan receivables. In assessing the ECL of the Group’s loan receivables, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information to estimate the default risk. In determining the default risk, factors including but not limited to, the ageing analysis of the receivables, the Group’s internal assessment of the debtors’ credit worthiness, historical and forecast occurrence of event of default, existence and valuation of the collaterals (if any), and global economic outlook in general and the specific economic condition of Hong Kong and the People’s Republic of China (the “**PRC**”), would be considered. The Group considered that the default risk of those borrowers was relatively low thus the ECL rate of 13.21% is adopted in the calculation of the ECL on the loan receivables. Based on independent valuation performed, allowance for ECL on loan receivables of approximately HK\$24,877,000 was recorded for the period (30 September 2023: Nil).

The Group will closely monitor the repayment of the principal amount of the loan and the interests accrued thereon in accordance with the terms of the loan agreement. In the circumstances where a borrower has defaulted on a loan, the Group will promptly taken appropriate actions to recover the outstanding principal amounts and interests, which include but is not limited to: (i) issuing payment reminders; (ii) negotiating repayment terms and methods with the borrowers; (iii) issuing demand letters from the Group’s legal advisers from time to time; and (iv) commencing legal proceedings.

OUTLOOK

The global economic outlook will remain 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.

In the meanwhile, the Group will grasp investment opportunities to diversify the Group’s business and, at the same time, strive to control the costs to maintain stable return to the shareholders of the Company.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 September 2024, the equity reached approximately HK\$1,105,651,000 (31 March 2024: approximately HK\$1,168,777,000). At 30 September 2024, the Group's cash on hand and deposits in bank was approximately HK\$109,865,000 (31 March 2024: approximately HK\$24,918,000). The proportions of Renminbi (“RMB”), US dollar (“USD”) and Hong Kong dollars were 88.4%, 7.4% and 4.2% (31 March 2024: 27%, 71% and 2%) respectively. At 30 September 2024, the Group's net current assets were approximately HK\$34,618,000 (31 March 2024: approximately HK\$141,254,000). The current ratio of the Group as at 30 September 2024 was 1.11 (31 March 2024: 1.4). The gearing ratio (total outstanding borrowings over total assets) of the Group as of 30 September 2024 was 16.4% (31 March 2024: 15.8%). At 30 September 2024, the Group's total bank and other borrowings of approximately HK\$237,111,000 (31 March 2024: approximately HK\$247,166,000), which mainly comprised secured bank borrowings of approximately HK\$2,411,000 (31 March 2024: approximately HK\$6,166,000), secured other borrowings of approximately HK\$233,700,000 (31 March 2024: approximately HK\$240,000,000) and unsecured other borrowings of approximately HK\$1,000,000 (31 March 2024: approximately HK\$1,000,000). As at 30 September 2024, the Group's borrowings were denominated in RMB, HKD and USD, amounting to approximately RMB nil (31 March 2024: approximately RMB3,000,000) and approximately HK\$234,700,000 (31 March 2024: approximately HK\$241,000,000) and approximately USD309,000 (31 March 2024: USD368,000) respectively.

The Group recorded loss of approximately HK\$67,741,000 for the six months ended 30 September 2024 and, as of that date, the Group has short-term bank and other borrowings of approximately HK\$237,111,000 (31 March 2024: HK\$247,166,000). As at 30 September 2024, the Group had cash and cash equivalents of approximately HK\$109,865,000 (31 March 2024: HK\$24,918,000) which is insufficient to fully repay the bank and other borrowings expire within 12 months. These indicates that the Group's ability to meet these liquidity requirements depends on its ability to generate sufficient net cash inflow from future operations and other sources.

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

- (1) The management will endeavor the collection of other loan receivables of HK\$192,480,000 according to the terms of the loan agreement in order to enhance the future operating cash flows;
- (2) At 30 September 2024, the bank and other borrowings to the extent of approximately HK\$237,111,000 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 2024 and 30 September 2024, the number of issued shares of the Company was 7,294,369,363.

Pledged of Assets

At 30 September 2024, the Group's freehold land with carrying amounts of approximately HK\$145,860,000 (31 March 2024: approximately HK\$145,860,000) were secured for bank facilities. At 30 September 2024, the Group's borrowings were secured by charges on (i) the Group's investment properties with carrying amounts of approximately HK\$nil (31 March 2024: HK\$15,965,000); and (ii) certain subsidiaries of the Group with carrying amounts of approximately HK\$211,889,000 (31 March 2024: HK\$220,894,000).

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 2024.

Contingent Liability

As at 30 September 2024, the Group had no material contingent liabilities (31 March 2024: Nil).

Capital Commitment

As at 30 September 2024, the Group had approximately HK\$12,556,000 (31 March 2024: HK\$75,275,000) capital commitment in respect of capital contribution to associates.

Foreign Exchange Exposure

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

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 2024 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 2024, the Group employed approximately 100 employees (31 March 2024: approximately 115). 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 2024 (six months ended 30 September 2023: Nil).

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

During the six months ended 30 September 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE CODE

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

- (i) The Code Provision C.3.3 of the CG Code stipulates that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. All Directors, except independent non-executive Directors, have formal letters of appointment. The independent non-executive Directors have followed the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors"

published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. The independent non-executive Directors clearly understand role and responsibilities of independent non-executive Directors. The Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those prescribed by code provisions C.3.3 of the CG Code and therefore does not intend to take any steps in this regard at the moment.

- (ii) The Code Provision F.2.2 of the CG Code stipulates that the chairman of the Board should attend the AGM to answer questions at the AGM. Mr. Jiang Zhaobai, the chairman of the Board did not attend the AGM held on 5 September 2024 due to other business engagements. Mr. Chen Yi, 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.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the Company's code of conduct regarding securities transactions by its Directors. Specific enquiry has been made to all directors, who have confirmed that they had complied with the required standard set out in the Model Code for the six months ended 30 September 2024.

REVIEW OF INTERIM RESULTS

The condensed consolidated financial statements of the Group for the six months ended 30 September 2024 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, have been reviewed by the Group's auditor, HLB Hodgson Impey Cheng Limited, and the audit committee of the Company (the “**Audit Committee**”). The Audit Committee comprises Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Ng Ge Bun.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The following is an extract of the independent auditor’s report (“**Auditor’s Report**”) on review of the Group’s interim financial information for the six months ended 30 September 2024 which has included a material uncertainty related to going concern paragraph, but without qualification:

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with HKAS34.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1 to the condensed consolidated financial statements, which indicates that the Group incurred a loss of approximately HK\$67,741,000 for the six months ended 30 September 2024 and, as of that date, the Group has short-term bank and other borrowings amounting to approximately HK\$237,111,000. As at 30 September 2024, the Group had cash and cash equivalents amounting to HK\$109,865,000 which is insufficient to fully repay the bank and other borrowings expiring within 12 months. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The aforesaid “note 1 to the condensed consolidated financial statements” in the extract from the Auditor’s Report is disclosed as note 1 to this announcement.

PUBLICATION OF THE INTERIM REPORT

The interim report of the Group for the six months ended 30 September 2024 will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the website of the Company (www.everchina202.com.hk) in due course.

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

Hong Kong, 28 November 2024

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