EVERCHINA INT'L HOLDINGS COMPANY LIMITED

潤中國際控股有限公司

Stock Code : 202

ANNUAL REPORT 2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

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. Lam Cheung Shing, Richard

Nomination Committee

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

COMPANY SECRETARY

Mr. Lau Chi Lok, Freeman

LISTING INFORMATION

Stock Code: 202
Board Lot: 5,000 shares

REGISTERED OFFICE

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

WEBSITE

www.everchina202.com.hk

AUDITORS

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

SHARE REGISTRAR

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

SOLICITORS

K&L Gates
Patrick Mak & Tse

PRINCIPAL BANKERS

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

On behalf of the board (the "Board") of directors (the "Directors") of EverChina Int'l Holdings Company Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present to you the annual results of the Group for the year ended 31 March 2021.

For the year ended 31 March 2021, the Group's revenue amounted to approximately HK$127,093,000 (2020: HK$137,199,000), representing a decrease of approximately 7.4% as compared to last year. The loss for the year attributable to the shareholders of the Company was approximately HK$135,055,000 (2020: HK$529,070,000), representing a decrease of approximately 74.5% as compared to last year. The basic and diluted loss per share amounted approximately to HK1.851 cents for the year ended 31 March 2021 (2020: HK7.253 cents).

BUSINESS REVIEW

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

Property Investment Operation

The Group's property investment operation mainly comprise two investment properties located in the centre of Beijing and Shanghai (collectively referred to as the "Beijing Property" and "Shanghai Property") respectively. At 31 March 2021, the Group's investment property was valued at an aggregate value of approximately HK$1,207,028,000 (31 March 2020: HK$1,155,100,000). Based on the independent valuation performed, loss on changes in fair value of investment properties of approximately HK$43,373,000 was recorded for the year (31 March 2020: HK$57,256,000). The downward adjustment in the re-valuation of the property portfolio as of 31 March 2021 was initiated by the compression of commercial property market sentiments and the slowdown of China's economic growth amid the epidemic of the COVID-19.

During the year, the Group recorded rental income of approximately HK$31,918,000 from property investment operation (31 March 2020: HK$47,831,000), which accounted for 25.1% of total revenue. The decrease in rental income was principally affected by the decrease in rental income from Shanghai Property, partly as a result of expiration of the rental guarantee agreement for Shanghai Property expired in August 2019, and partly by decrease in the average occupancy rate of the Shanghai Property reduced from 82% at 31 March 2020 to 43% at 31 March 2021 as impacted by the epidemic of the COVID-19. The average occupancy rate of the Beijing Property stay flat at approximately 96% as of 31 March 2021. The segment loss amounted to approximately HK$24,163,000 (31 March 2020: approximately HK$40,337,000). The decrease in loss was mainly attributable to (i) decrease in loss on changes in fair value of the Group's investment properties for the year and (ii) no impairment loss on goodwill was recognised for the year (2020: HK$18,069,000).

The Group will from time to time review its investment properties portfolio and make every endeavour to increase it rental income.

Hotel Operation

At 31 March 2021, 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 Group's hotel operation was particularly hit by the COVID-19 in the first quarter of 2020. Despite the efforts to control costs, a significant amount of financial resources is required to maintain the appropriate operational and service levels, as well as looking after the well-being of staff. In view of this, the Hotel took decisive decision to participate the medical observation program organised by the Health Commission of Yangpu District, Shanghai. The Hotel becomes quarantine hotel by the end of March 2020. Visitor of Shanghai could stay in the Hotel during the medical observation period of 14 days. It could procure a steady income stream and cashflow to the Hotel during this difficult time. The average occupancy rate of the Hotel reached approximately 95% (31 March 2020: 62%).

During the year, the Group recorded revenue of approximately HK$36,516,000 from the Hotel (31 March 2020: HK$27,734,000), which accounted for 28.7% of total revenue. Before depreciation of approximately HK$13,064,000, this segment recorded a profit of approximately HK$11,550,000. The segment loss amounted to approximately HK$1,514,000 (31 March 2020: HK$49,317,000). The decrease in loss was mainly attributable to (i) increase in revenue for the year and (ii) no impairment loss on goodwill was recognised for the year (2020: HK$45,738,000).

The Group will continue to review its marketing strategies. In terms of operation, the Group will continue to take actions of both short term and longer term to control costs and drive efficiency as the tourism sentiment is anticipated to be recovered soon.

Agricultural Operation

The Group's agricultural operation engages in agricultural farming and cattle raising in Bolivia. During the year, the Group further acquired approximately 1,230 hectares of farmland in Bolivia through acquisition of the entire equity interest in Agropecuaria Irricobol S.R.L. at the aggregate consideration of US$650,000 (equivalent to approximately HK$5,070,000). The acquisition does not constitute notifiable transaction under the Listing Rules. As at 31 March 2021, the Group totally owns approximately 18,730 hectares of farmland in Bolivia with carrying value of approximately HK$345,156,000 (31 March 2020: HK$371,962,000).

Bolivia was adversely affected under the epidemic of the COVID-19 and the relevant government has imposed certain restrictions throughout the country since March 2020. Due to the farm adopted a variety of measures to ensure the hygiene and safety of production activities, the farm's operation operated stably. During the year, the Group recorded revenue of approximately HK$58,659,000 from agricultural operation (31 March 2020: HK$61,634,000), which accounted for 46.2% of total revenue. The major crops of the farm is soybean. During the year, approximately 10,800 hectare of soybeans was planted, the average yield was 2.2 ton per hectare with a grain production of approximately 23,000 tonnes. The average selling price of soybean was US$310/MT, representing an increase of 16.5% as compared to the last year. Before the impairment loss of property, plant and equipment of approximately HK$38,006,000, this segment recorded a profit of approximately HK$4,798,000 (31 March 2020: loss of HK$20,018,000). The impairment loss of property, plant and equipment was mainly caused by the COVID-19 outbreak which have negative impact to the business and economic activities of Bolivia.

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.

Securities Investment and Financing Operation

During the year, the Group did not make any new securities investment nor grant any new loan. This segment did not contribute any revenue to the Group for the year (31 March 2020: Nil). The segment profit amounted to approximately HK$91,613,000 for the year, as compared to the loss of approximately HK$292,775,000 of last year. The turnaround to profit was mainly due to the gain of HK$93,116,000 arising on change in fair value of the financial assets at fair value through profit or loss recognised for the year (31 March 2020: loss of HK$282,878,000).

As at 31 March 2021, total securities investment, which was booked under financial asset at fair value through profit or loss amounted to approximately HK$720,279,000 (31 March 2020: HK$578,384,000), representing 35.8% (31 March 2020: 29.1%) of the Group's net assets of HK$2,014,463,000 (31 March 2020: HK$1,989,547,000) and total loan receivable under financing operation amounted to approximately HK$41,488,000 (31 March 2020: HK$42,781,000).

As at 31 March 2021, the Group solely held 227,312,500 shares of Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina", whose shares are listed on Shanghai Stock Exchange, stock code: 600187), representing 13.74% Heilongjiang Interchina's total issued shares. 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 cost of investment in Heilongjiang Interchina's share was approximately RMB1.1059 at 31 March 2021 (31 March 2020: RMB1.1059). The stock price of Heilongjiang Interchina increased from RMB2.29 per share as at 31 March 2020 to RMB2.63 per share as at 31 March 2021. The Group recorded an unrealised profit of investment at fair value through profit or loss of HK$93,116,000 for the investment in Heilongjiang Interchina for the year.

As disclosed in the latest annual report of Heilongjiang Interchina for the year ended 31 December 2020, Heilongjiang Interchina recorded revenue of approximately RMB379,101,000 (equivalent to approximately HK$456,748,000), profit for the year of approximately RMB27,292,000 (equivalent to approximately HK$32,882,000) and net assets of approximately RMB3,445,691,000 (equivalent to approximately HK$4,151,435,000). Heilongjiang Interchina currently operates eight sewage and water supply projects with aggregate daily processing capacity of approximately 513,400 tonnes and a clean energy project in the PRC. Heilongjiang Interchina had proposed a material acquisition in February 2019 for the purpose of diversifying its business. However, as disclosed in the announcement of Heilongjiang Interchina on 28 July 2020, such acquisition was subsequently terminated.

On 27 May 2021, the Group entered into a disposal agreement with Shanghai Pengxin, Mr. Jiang Zhaobai and Mr. Jiang Lei, pursuant to which the Group has conditionally agreed to sell and Shanghai Pengxin, Mr. Jiang and Mr. Jiang Lei have conditionally agreed to purchase total 227,312,500 shares in Heilongjiang Interchina at an aggregate consideration of RMB534,184,375 (equivalent to approximately HK$643,596,000). Upon completion, the Group will cease to have any interest in Heilongjiang Interchina and has decided to cease the operation of securities investment business. Details of the transaction was set out in the Company's announcement dated 27 May 2021.

As at 31 March 2021, the Group's loan receivables were secured by collateral providing by the borrowers. After numerous negotiations between the Company and the borrowers, the Group has obtained authorisation to disposal the collateral/security and use the proceeds from the disposal to repay the outstanding loan receivables. The Company would start the procedures for the disposal of the security at the appropriate time. Independent professional valuer has been appointed to evaluate the recoverable amount and impairment loss of HK$1,293,000 on the loan receivables was recognised in profit or loss for the year ended 31 March 2021 (2020: HK$9,694,000).

The Group has also decided to suspend the financing operation in order to allocate more resources in other segment of the Group.

OUTLOOK

Looking ahead, the global economy is expected to rebound as the epidemic has been controlled, though the degree and speed of recovery are subject to a host of uncertainties such as the duration of novel coronavirus pandemic and the development of China-US relations. Nevertheless, the business outlook will face enormous challenges. Against such a backdrop, the Group will appropriately revise its business strategies and plans in response to the ever-changing business opportunities and challenges on an on-going basis.

In addition, we will further cautiously and carefully focus on and develop the Group's existing investments and other business development opportunities with a view to bringing long-term and substantial returns to the shareholders of the Company.

FINANCIAL REVIEW

Overall Performance

For the year ended 31 March 2021, the Group's revenue amounted to approximately HK$127,093,000 (2020: HK$137,199,000), representing a decrease of 7.4% as compared to last year. The loss for the year amounted to approximately HK$135,091,000 (2020: HK$529,111,000), representing a decrease of 74.5% as compared to last year. The decrease in loss was mainly attributable to the net effect of:

(i) the recognition of the gain on changes in fair value on financial assets at fair value through profit and loss of approximately HK$93,116,000 (2020: loss of approximately HK$282,878,000) due to the increase in share price of a listed equity investment (i.e. Heilongjiang Interchina Water Treatment Company Limited, a company listed in the Shanghai Stock Exchange) of the Group;

(ii) no impairment on goodwill was recognised for the year (2020: HK$91,454,000);

(iii) an impairment loss of approximately HK$38,120,000 on the Group's property, plant and equipment recognised for the year (2020: Nil);

(iv) an increase in allowance for expected credit losses on trade and other receivables and loan receivables, net by 258% to approximately HK$51,660,000 (2020: HK$14,431,000);

(v) a decrease in loss arising on change in fair value of the Group's investment properties by 24.2% to approximately HK$43,373,000 (2020: HK$57,256,000) as a result of change in the property market conditions;

(vi) a decrease in operating costs including staff costs and administration costs by 14.9% to approximately HK$58,273,000 (2020: approximately HK$68,470,000) as a result of strict control on expenses imposed by the management; and

(vii) an increase in finance costs by 8.6% to approximately HK$106,505,000 (2020: HK$98,035,000), attributable to increase in the imputed interest on amount due to a related company.

Liquidity, Financial Resources and Capital Structure

At 31 March 2021, the equity reached approximately HK$2,014,463,000 (31 March 2020: approximately HK$1,989,547,000). At 31 March 2021, the Group's cash on hand and deposits in bank was approximately HK$33,413,000 (31 March 2020: approximately HK$16,188,000), mainly denominated in Renminbi ("RMB") and Hong Kong dollars. At 31 March 2021, the Group's net current assets were approximately HK$79,247,000 (31 March 2020: approximately HK$44,882,000). The current ratio of the Group as at 31 March 2021 was 1.10 (31 March 2020: 1.06). The gearing ratio (total outstanding borrowings over total assets) of the Group as of 31 March 2021 was 30.1% (31 March 2020: 27.3%).

The Group had no particular seasonal pattern of borrowing. At 31 March 2021, the Group's total borrowings amounted to approximately HK$945,149,000 (31 March 2020: approximately HK$818,232,000) of which approximately HK$739,416,000 (31 March 2020: HK$675,594,000) were repayable within one year and approximately HK$205,733,000 (2020: HK$142,638,000) were repayable within five years. As at 31 March 2021, the Group's borrowings were denominated in RMB, HKD and USD, amounting to approximately RMB751,275,000 (31 March 2020: approximately RMB702,140,000), approximately HK$33,000,000 (31 March 2020: approximately HK$27,000,000) and approximately US$897,000 (31 March 2020: approximately US$1,420,000) respectively.

During the year, the Group has further borrowed RMB630,033,000 (equivalent to approximately HK$759,076,000) from Shanghai Pengxin Group Company Limited ("Shanghai Pengxin"), a company owned as to 99% by Mr. Jiang Zhaobai, an executive Director, the Chairman and a substantial shareholder of the Company, for the purpose of repaying the other borrowings of the Group. As at 31 March 2021, the principal amount due to Shanghai Pengxin is approximately RMB783,553,000 (equivalent to approximately HK$944,040,000) (31 March 2020: RMB153,520,000 or HK$170,578,000). It is unsecured, interest free and approximately RMB200,000,000 (equivalent to approximately HK$240,964,000) repayable on 31 December 2022 and approximately RMB583,553,000 (equivalent to approximately HK$703,076,000) repayable on demand.

There has been no change in the share capital of the Company during the year. As at 1 April 2020 and 31 March 2021, the number of issued shares of the Company was 7,294,369,363.

Pledged of Assets

At 31 March 2021, the Group's investment properties with carrying amounts of approximately HK$72,690,000 (31 March 2020: approximately HK$631,766,000) and freehold land with carrying amounts of approximately HK$152,473,000 (31 March 2020: HK$145,860,000) were pledged as security for its liabilities. In addition, 227,000,000 shares of Heilongjiang Interchina Water Treatment Company Limited held by the Group with carrying amounts of approximately HK$719,289,000 (31 March 2020: approximately HK$577,589,000) were also pledged to lender(s) to secure loan facilities granted to the Group.

Material Acquisition and Disposal

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

Foreign Exchange Exposure

The majority of the Group's income and expenses are settled in Renminbi, Bolivian Boliviano, United States Dollars and Hong Kong dollars. During the year, the Group did not encounter any significant difficulties or come under any impact on its operations or liquidity due to fluctuations in currency exchange rates. The Group does not currently engage in hedging activities against foreign exchange exposure, as it believes that the cost associated with such hedging arrangements would exceed the benefits. However, the management will continue to monitor the relevant circumstances and will take such a measure if it is deemed prudent.

Contingent Liability

As at 31 March 2021, the Group had no material contingent liabilities (31 March 2020: Nil).

Capital Commitment

As at 31 March 2021, the Group had no material capital commitment (31 March 2020: Nil).

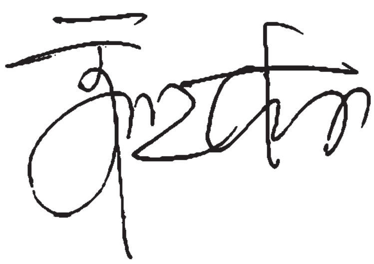
Human Resources

As at 31 March 2021, the Group employed approximately 153 employees (31 March 2020: 158). The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus. The Group maintained a share option scheme in place for the purpose of providing incentives and rewards to eligible directors and employees of the Group who contribute to the success of the Group's operations. The Group had not granted any share options to its eligible directors and employees during the year ended 31 March 2021.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to all shareholders, customers, employees and partners for their continuous support and encouragement.

On behalf of the Board



Jiang Zhaobai
Chairman

Hong Kong, 29 June 2021

DIRECTORS

Mr. JIANG Zhaobai, Executive Director and Chairman

Mr. JIANG Zhaobai, aged 58, has been appointed as an executive Director of the Company and Chairman of the Board in September 2012. He has over 27 years experience in real estate development and investment in the PRC and extensive experience in international investment including minerals, dairy and agricultural industries and property investment etc. He is also the chairman of the board of Shanghai Pengxin (Group) Co., Ltd. ("Shanghai Pengxin"). Mr. Jiang is the founder of Shanghai Pengxin and Shanghai Pengxin Real Estate Development Co., Ltd. ("Pengxin Real Estate"). He was the chairman of Shanghai Pengxin during the period from April 1997 to May 2000 and the chairman of Pengxin Real Estate during the period from January 1995 to March 1997. Mr. Jiang was appointed as vice presidents of China Enterprise Directors Association from July 2010 to July 2015 and is currently a rotating chairman of New Shanghai Businessman Federation (上海新滬商聯合會). He graduated in Nanjing Institute of Architecture and Civil Engineering and was admitted to an Executive Master of Business Administration degree at China Europe International Business School in June 2005.

Mr. LAM Cheung Shing, Richard, Executive Director, Deputy Chairman and Chief Executive Officer

Mr. LAM Cheung Shing, Richard, aged 63, is the deputy chairman and chief executive officer of the Company since June 2009. In August 2001, Mr. Lam was appointed as an executive Director and deputy chief executive officer of the Company and was designated as the chairman of the Company during the period from May 2009 to June 2009. Mr. Lam is a fellow member of both Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. Mr. Lam was admitted to the Master Degree of Business Administration in the Chinese University of Hong Kong in 2006. Mr. Lam spent over ten years in PricewaterhouseCoopers, an international accounting firm and promoted to a senior audit manager, and is equipped with extensive experience in accountancy, taxation and corporate finance. Prior to joining the Group, Mr. Lam held senior positions in a number of listed companies in Hong Kong, including Sun Hung Kai & Co., Limited, Kingsway SW Asset Management Limited and U-Cyber Technology Holdings Limited.

Other than the directorship in the Company, currently, Mr. Lam is also an independent non-executive director of Lajin Entertainment Network Group Limited and China Water Industry Group Limited, whose shares are listed on the GEM Board and the Main Board of the Stock Exchange respectively. Besides, Mr. Lam was appointed as either an independent non-executive director or an executive director in various companies whose shares are listed on the Main Board of the Stock Exchange during the period from 2001 to July 2014, including Eagle Legend Asia Limited, Kai Yuan Holdings Limited and Softpower International Limited (previously known as China Pipe Group Limited).

Mr. CHEN Yi, Ethan, Executive Director

Mr. CHEN Yi, Ethan, aged 38, joined the Company as an independent non-executive Director of the Company in February 2012 and re-designated to an executive Director of the Company since October 2014. He holds a bachelor's degree in Applied Science on Professional Electric Engineering from University of British Columbia, Vancouver, Canada and Mr. Chen has profound knowledge in financial instruments and rich experience in the international capital market. Prior to this re-designation, Mr. Chen had been worked as the assistant vice president in investment of Wellbo Holdings Limited, an engineering analyst of Kobex Minerals Inc. and International Barytex Resources Ltd in Canada, and an analyst and assistant vice president of Rongying Investments Limited respectively.

Mr. HO Yiu Yue, Louis, Independent Non-executive Director and the Chairman of the Audit Committee and the Remuneration Committee

Mr. HO Yiu Yue, Louis, aged 73 was appointed as an independent non-executive Director in April 2009. He is also the Chairman of the Audit Committee and the Remuneration Committee of the Company and a member of the Nomination Committee. He obtained a master degree of business administration in finance & operations research from Concordia University in Canada and is an associate member of both Hong Kong Institute of Certified Public Accountants and Australia Society of Certificate Practising Accountants. Mr. Ho had over 30 years working experience with international accounting professional firms and had been admitted as partner in Ernst & Young, PricewaterhouseCoopers and Arthur Andersen, focusing on technology risk, system and process assurance and risk consulting practices. During that period, Mr. Ho provided services and advices to numerous blue chip corporations in both Hong Kong and the PRC. Mr. Ho was an independent non-executive director of Softpower International Limited (previous known as China Pipe Group Limited), whose shares are listed on the Main Board of the Stock Exchange.

Mr. KO Ming Tung, Edward, Independent Non-executive Director and the Chairman of the Nomination Committee

Mr. KO Ming Tung, Edward, aged 60, was appointed as an independent non-executive Director of the Company in April 2009. Mr. Ko obtained an external Bachelor of Laws Degree from the University of London in the United Kingdom in August 1986 and is a member of The Law Society of Hong Kong. Mr. Ko is the principal of Messrs. Edward Ko & Company and has been practising as a solicitor in Hong Kong for more than 28 years.

Other than the directorship in the Company, currently, Mr. Ko is also an independent non-executive director of Sinofert Holdings Limited, Chia Tai Enterprises International Limited and Sterling Group Holdings Limited, all of which are companies whose shares are listed on the Main Board of the Stock Exchange. In the last three years, Mr. Ko was an independent non-executive director of Wai Chun Group Holdings Limited and Zioncom Holdings Limited, whose shares are listed on the Main Board and the GEM Board of the Stock Exchange in Hong Kong.

Mr. Ng Ge Bun, Independent Non-executive Director

Mr. Ng Ge Bun, aged 64, was appointed as an independent non-executive Director of the Company on 7 May 2021. Mr Ng is a solicitor of the High Court of Hong Kong and currently serves as a consultant of Tang, Lai & Leung Solicitors. Mr. Ng holds the degree in bachelor of science and degree in bachelor in laws. Mr. Ng obtained a postgraduate certificate in laws from The University of Hong Kong. Mr. Ng is currently an independent non-executive director of Kai Yuan Holding Limited (stock code: 1215), whose shares are listed on the Main Board of the Stock Exchange. He was an independent non-executive director of China E-information Technology Group Limited (formerly known as Prosticks International Holdings Limited) (stock code: 8055) from November 2001 to May 2006, whose share are listed on GEM Board of the Stock Exchange.

COMPANY SECRETARY

Mr. Lau Chi Lok, Freeman joined the Company as group financial controller in July 2007 and was appointed as company secretary of the Company in June 2009. He is a fellow member of Hong Kong Institute of Certified Public Accountants and member of CPA Australia and holds a bachelor's degree in Commerce, major in Accounting from La Trobe University of Australia. He has over 25 years of professional experience in accounting, auditing, financial management and company secretarial matters. Prior to joining the Company, Mr. Lau had worked in an international accounting firm in Hong Kong, and was responsible for accounting and finance matters for various listed companies in Hong Kong.

The board (the "Board") of directors (the "Directors") is pleased to report to the shareholders of the Company (the "Shareholders") the corporate governance of the Company for the year ended 31 March 2021.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the maintenance of good standard of corporate governance and has adopted the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as its own code of corporate governance practices. The Board and the management believe that a good corporate governance practices is essential to enhance transparency and accountability to the Shareholders.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the year under review, the Company had complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code except for the deviations as stated below:

(i) The code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. Currently, all Directors (including independent non-executive Directors) was not appointed for a specific term but all Directors are subject to retirement by rotation and re-election at the annual general meeting ("AGM") in accordance with the Articles of Association ("Articles"). Moreover, according to the Articles, all Directors newly appointed to fill a casual vacancy are subject to election at the next following general meeting following their appointments. Code provision D.1.4 of the CG Code stipulates that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. All Directors, except independent non-executive Directors, have formal letters of appointment. The independent non-executive Directors have followed the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. The independent non-executive Directors clearly understand role and responsibilities of independent non-executive Directors. The Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those prescribed by code provisions A.4.1 and D.1.4 of the CG Code and therefore does not intend to take any steps in this regard at the moment.

(ii) The code provision E.2.1 of the CG Code stipulates that the chairman of the board should attend the AGM to answer questions at the AGM. Mr. Jiang Zhaobai, the chairman of the Board did not attend the 2020 AGM due to other business engagements. Mr. Lam Cheung Shing, Richard, being the executive Director of the Company, attended the AGM on 11 September 2020 and was delegated to make himself available to answer questions if raised at the meeting.

(iii) Following the passing away of Professor Shan Zhemin on 28 December 2020, the number of independent non-executive directors on the Board and the audit committee of the Company (the "Audit Committee") had fallen below the minimum of three members as required under Rules 3.10(1) and 3.21 of the Listing Rules and the Company had not yet appointed an additional independent non-executive director within three months from 28 December 2020 under Rules 3.11 and 3.23 of the Listing Rules. Since the Company could not appoint an additional independent non-executive Director by 28 March 2021, the Company had applied to the Stock Exchange for a waiver from strict compliance with Rules 3.10 and 3.21 of the Listing Rules. The Stock Exchange had granted to the Company on 13 April 2021, a waiver to re-comply Rules 3.10(1) and 3.21 of the Listing Rules by no later than 28 June 2021, details of which are set out in the Company's announcements dated 30 December 2020 and 14 April 2021. On 7 May 2021, Mr. Ng Ge Bun had been appointed as an independent non-executive Director and a member of the Audit Committee. Since then, the Company has fulfilled the requirements under Rules 3.10(1) and 3.21 of the Listing Rules.

Notwithstanding the aforesaid deviations, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and relevant employees of the Company. Having made specific enquiry to all Directors, the Company confirms that all Directors have complied with the Model Code throughout the year ended 31 March 2021.

THE BOARD

The Company is headed by an effective Board which oversees the Company and its subsidiaries' (the "Group") businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

Board composition

As at date of this report, the Board comprises six Directors, consisting of three executive Directors and three independent non-executive Directors, as follows:

Executive Directors

Mr. Jiang Zhaobai *(Chairman of the Board)*
Mr. Lam Cheung Shing, Richard *(Chief Executive Officer ("CEO") and member of Remuneration Committee and Nomination Committee)*
Mr. Chen Yi, Ethan

Independent Non-executive Directors

Mr. Ho Yiu Yue, Louis *(Chairman of Audit Committee and Remuneration Committee and member of Nomination Committee)*
Mr. Ko Ming Tung, Edward *(Chairman of Nomination Committee and member of Audit Committee and Remuneration Committee)*
Mr. Ng Ge Bun *(Member of Audit Committee)*

To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship amongst the Directors. Details of the backgrounds and qualifications of the Directors are set out in pages 9 to 10 under the section headed "Biographies of Directors and Senior Management".

The Board includes a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board meetings

During the year under review, four Board meetings and an AGM were held. The attendance of each Director at the Board meetings and the AGM is set out as follows:

Name of Directors	Attendance/Number of Board Meetings	AGM
Executive Directors		
Mr. Jiang Zhaobai *(Chairman)*	4/4	0/1
Mr. Lam Cheung Shing, Richard *(CEO)*	4/4	1/1
Mr. Chen Yi, Ethan	4/4	1/1
Mr. Shen Angang (resigned on 23 April 2021)	2/4	0/1
Independent Non-executive Directors		
Mr. Ho Yiu Yue, Louis	4/4	1/1
Mr. Ko Ming Tung, Edward	4/4	1/1
Professor Shan Zhemin (passed away on 28 December 2020)	3/3	0/1
Mr. Ng Ge Bun (appointed on 7 May 2021)	N/A	N/A

During the year, the Board has dealt with matters covering mainly the Group's overall strategy, annual and interim results, internal control and risk management, corporate governance and financial matters.

At least 14 days' notice of regular Board meetings (or reasonable notice for all other meetings) is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a Board meeting. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Responsibilities of the Board

The Board is responsible for leading and controlling the Company, overseeing as well as the supervision of its business, approval of strategic plans and monitoring the Company's performance. The Board delegates the day-to-day operations to the management, while reserving certain key matters for its approval. The Board is also responsible for evaluating and determining the nature and significance of identified risks and determine how these risks can be properly alleviated so as to achieve the Group's strategic objectives; and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. In addition, the Board, with the assistance from Audit Committee, Remuneration Committee and Nomination Committee, oversees particular aspects of the Group's affairs. All Committees have specific functions and authority to examine issues and report to the Board with recommendations. The final decisions are rested with the Board, unless otherwise provided in terms of reference of the relevant Committees.

Each Director keeps abreast of his responsibility as the Director and of the conduct, business activities and development of the Company. The Directors are also kept informed on a timely basis of their responsibilities and obligations under the Listing Rules, as well as other relevant statutory or regulatory requirements. The Company also encourages its Directors to participate in other continuous professional development programmes for Directors. In addition, the Company has arranged appropriate Directors and Officers Liability Insurance coverage on Directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities.

Corporate Governance Functions

The Board is also responsible for performing corporate governance functions as set out in the code provision D.3.1 of the CG Code. During the year ended 31 March 2021, the Board has reviewed the compliance with the CG Code and disclosure in Corporate Governance Report.

Chairman and Chief Executive Officer

The positions of Chairman and CEO are held by Mr. Jiang Zhaobai and Mr. Lam Cheung Shing, Richard respectively. Their roles and duties are segregated, with clear division of responsibilities. Mr. Jiang Zhaobai, being the Chairman of the Board is to provide leadership and management of the Board while Mr. Lam Cheung Shing, Richard, the CEO of the Company is responsible for the implementation of strategies and objectives set by the Board and answerable to the Board for the operations of the Group.

Independence of independent non-executive Directors

In compliance with Rule 3.10(1), 3.10(2) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors. The Board considers that all independent non-executive Directors are persons of high caliber, with academic and professional qualifications in the fields of legislation and accounting and finance to carry out their duties so as to protect the interests of the Shareholders. One of the independent non-executive Directors, Mr. Ho Yiu Yue, Louis ("Mr. Ho") has over 30 years of experience in accounting and risk consulting. He is a member of both Hong Kong Institute of Certified Public Accountants and CPA Australia.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such Directors are independent.

The Board has noticed that each of Mr. Ho and Mr. Ko Ming Tung, Edward, ("Mr. Ko") has served as an independent non-executive Directors for more than nine years that their further appointment should be subject to separate resolutions to be approved by Shareholders. In this regard, the re-appointment of each of Mr. Ho and Mr. Ko as independent non-executive Director of the Company were approved by Shareholders in separate resolution at the AGM of the Company held on 11 September 2020. In assessing the independence of Mr. Ho and Mr. Ko, the Board took into account the fact that Mr. Ho and Mr. Ko have not engaged in any executive management of the Group; and have demonstrated their ability to provide independent view to the Company's matters during their terms of office with the Company. The Board believes that Mr. Ho and Mr. Ko are independent with the Company and have complied with the independence requirements of Rule 3.13 of the Listing Rules.

Continuous Professional Development

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Directors are continuously updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged at the expenses of the Company where necessary. For the year ended 31 March 2021, the Company has received confirmation from all Directors in respect of their training records, in detail as follows:

Name of Directors	Type of Trainings
Mr. Jiang Zhaobai	A, B
Mr. Lam Cheung Shing, Richard	A, B
Mr. Chen Yi, Ethan	A, B
Mr. Shen Angang (resigned on 23 April 2021)	B
Mr. Ho Yiu Yue, Louis	A, B
Mr. Ko Ming Tung, Edward	A, B

Notes:

(A) Attending seminar(s)/programme(s)/conference(s)

(B) Reading materials relevant to the business or directors' duties

BOARD COMMITTEES

The Board has three committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the committees has been established with written terms of reference that state its powers, duties and functions, which are available on the website of the Company and the Stock Exchange.

Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Ho Yiu Yue, Louis (chairman of the Remuneration Committee) and Mr. Ko Ming Tung, Edward and one executive director namely, Mr. Lam Cheung Shing, Richard. The terms of reference of the Remuneration Committee have been determined with reference to the CG Code. Under the terms of reference of the Remuneration Committee, the responsibilities of the Remuneration Committee include, inter alia, assisting the Company in the administration of a formal and transparent procedure for developing remuneration policies, making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, and ensuring that no Director or any of his associates is involved in deciding his own remuneration. The terms of reference of the Remuneration Committee are available on the Company's website.

During the year ended 31 March 2021, the Remuneration Committee held one meeting with full attendance of its members. At the meeting, the Remuneration Committee has reviewed and made recommendation to the Board on the remuneration package of executive Directors to be re-election at the AGM. The attendance records of the members of the Remuneration Committee are as follows:

Name of Directors	Attendance/ Number of Meetings
Mr. Ho Yiu Yue, Louis *(Chairman)*	1/1
Mr. Lam Cheung Shing, Richard	1/1
Mr. Ko Ming Tung, Edward	1/1

The Directors' remunerations are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of the remuneration of Directors, who are also the senior management during the year ended 31 March 2021 are set out below:

Annual Remuneration	Number of Persons
Below HKD1,000,000	2
HKD1,000,000 to HKD2,000,000	0
HKD2,000,001 to HKD3,000,000	1
Over HKD3,000,001	1

Nomination Committee

The Nomination Committee comprises two independent non-executive Directors, namely Mr. Ko Ming Tung, Edward (chairman of the Nomination Committee) and Mr. Ho Yiu Yue, Louis and one executive Director namely, Mr. Lam Cheung Shing, Richard. The terms of reference of the Nomination Committee have been determined with reference to the CG Code. Under its terms of reference, the Nomination Committee is responsible for reviewing the Board composition and identifying and nominating candidates of new directors for appointment to the Board. In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 March 2021, the Nomination Committee held one meeting with full attendance of its members. At the meeting, the Nomination Committee has reviewed the structure, size and diversity of the Board and discussed the re-election of retiring Directors at the AGM. The attendance records of the members of the Nomination Committee are as follows:

Name of Directors	Attendance/ Number of Meetings
Mr. Ko Ming Tung, Edward *(Chairman)*	1/1
Mr. Lam Cheung Shing, Richard	1/1
Mr. Ho Yiu Yue, Louis	1/1

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;

- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and

- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at GMs. During the year ended 31 March 2021, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Board Diversity Policy

The Board adopted the Board Diversity Policy in August 2013 and aimed to set out the approach to achieve diversity on the Board. All Board appointment will be based on merit and selection of candidates will be based on a range of diversity factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, required expertise, skills, knowledge and length of service. The current Board consists of a diverse mix of Board members appropriate to the requirement of the business of the Company.

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Ho Yiu Yue, Louis (chairman of the Audit Committee), Mr. Ko Ming Tung, Edward and Mr. Ng Ge Bun. Following the passing away of Professor Shan Zhemin on 28 December 2020, the number of members of the Audit Committee has fallen below the minimum number of three and the number of independent non-executive directors does not meet the majority requirement under Rule 3.21 of the Listing Rules. With the appointment of Mr. Ng Ge Bun as a member of the Audit Committee on 7 May 2021, the Company is in compliance with Rule 3.21 of the Listing Rules. Under its terms of reference, the Audit Committee is required, among other things, to oversee the relationship with the independent auditor, to review the Group's interim and annual consolidated financial statements, to monitor compliance with statutory and listing requirements, to ensure adequacy of resources, qualifications, experience and training programs and budget of the financial staff, and to engage independent legal or other advisers if necessary to perform investigations. The terms of reference of the Audit Committee are available on the Company's website.

During the year ended 31 March 2021, the Audit Committee held two meetings with full attendance of its members, at which the members of Audit Committee principally reviewed and discussed with the independence of external auditors of the Company about the Group's annual results and audited consolidated financial statements for the year ended 31 March 2020, the interim results for the six months ended 30 September 2020 and discussed with the management about the effectiveness of the risk management and assessment, financial controls system and internal control system, respectively. The attendance records of the members of the Audit Committee are as follows:

Name of Directors	Attendance/ Number of Meetings
Mr. Ho Yiu Yue, Louis *(Chairman)*	2/2
Mr. Ko Ming Tung, Edward	2/2
Professor Shan Zhemin (passed away on 28 December 2020)	2/2
Mr. Ng Ge Bun (appointed on 7 May 2021)	N/A

ACCOUNTABILITY AND AUDIT

Preparation of Financial Statements

The Board acknowledged responsibility for reviewing the accounts of the Company prepared by the executive board for the year ended 31 March 2021 and ensuring the accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgment and estimates made are fair and reasonable; and that the accounts are prepared on a going concern basis.

A statement by the auditors about their reporting responsibilities is contained in the Independent Auditors' Report on pages 52 to 58 of this annual report.

Auditors' Remuneration

The remuneration paid to HLB Hodgson Impey Cheng Limited ("HLB"), the external auditors of the Company, in respect of audit services and non-audit services for the year ended 31 March 2021 amounted to HK$2,500,000 (2020: HK$2,500,000) and HK$306,000 (2020: HK$268,000) respectively.

Risk Management and Internal Control

The Board is responsible for maintaining an adequate system of risk management and internal control of the Group and constantly reviewing its effectiveness while the Audit Committee is assisting the Board in fulfilling its supervision responsibility through annual review and evaluation. The system of risk management and internal control is designed to facilitate effective and efficient operations, to safeguard assets and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. It is also designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established a clear risk management framework with defined levels of responsibility and reporting lines to identify, evaluate and manage significant risks. Operating units of the Group identify potential risks during their day-to-day operations and initiate actions to mitigate. In addition, management of the operating units perform risk assessment, significant findings and associated action plans are reported to the Company for monitoring and to ensure appropriate controls and mitigation actions are in place.

The Group does not have an internal audit function due to the size of the Group and for cost effectiveness consideration. Nonetheless, the Company has engaged an external consultant to perform internal audit function. External consultant conducts independent review on the adequacy and effectiveness of the Group's risk management and internal control systems and submits internal audit report to the Audit Committee with findings and recommendations. The Audit Committee, will by taking into consideration the control issues identified by the external auditor in the course of statutory audit, formulate their opinion and report to the Board at the regular meetings. The Group conducts its affairs with regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission of Hong Kong in June 2012.

During the year, the Board has engaged external professional consultants to review and assess the effectiveness of the Group's risk management and internal control systems. The assessments cover all material controls, including financial, operational and compliance controls of the Company and its major subsidiaries on a rotation basis. The report has been approved by the Audit Committee. The Board together with the senior management have reviewed, considered and discussed the material findings in relation to the internal control system and recommendations thereto, and have concluded that the overall internal control system of the Group has effectively exercised and no material control failure or significant areas of concern which might affect Shareholders' interest were identified during the reviews.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the CEO and is responsible for advising the Board on governance matters. During the year ended 31 March 2021, Mr. Lau Chi Lok, Freeman is the Company Secretary of the Company, he has taken no less than 15 hours of relevant professional training.

COMMUNICATION WITH SHAREHOLDERS

The Company has adopted a Shareholders' Communication Policy to ensure that Shareholders can exercise their powers in an informed manner, and to allow Shareholders and potential investors to improve communications with the Company. The Company uses GM, annual report, interim report, announcement, circular and its website as communication tools to keep the Shareholders informed of the matters of significance and latest development of the Group. Shareholders are provided with contact details of the Company to enable them to make enquiries with respect to the Company's affairs. Shareholders can also send their enquiries to the Company through these channels or contact Tricor Tengis Limited, the share registrar of the Company, in case of enquiries about shareholdings. AGM is one of the channels on which the Directors meet with the Shareholders whose views can be addressed to the Board directly. At the AGM, separate resolution will be proposed by the chairman in respect of each substantially separate issue, and voting on each resolution will be conducted by poll. The chairman of the AGM ensures that an explanation is provided of the detailed procedures for conducting voting by poll and answers any questions from the Shareholders. The notice of AGM is distributed to the Shareholders at least 20 clear business days prior to the AGM. The accompanying circular sets out the details of each proposed resolution and other relevant information as required under the Listing Rules. Voting results are posted on the websites of the Stock Exchange and the Company respectively on the day of the AGM. Executive Directors, members of the Audit Committee and the Remuneration Committee and Nomination Committee, and the external auditors will be available to attend the AGM to answer questions from the Shareholders and to gain and develop a balanced understanding of the views of from the Shareholders.

SHAREHOLDERS' RIGHTS

Convening general meeting and putting forward proposal at general meetings

Pursuant to article 62 of the Articles and Section 566 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) ("CO"), shareholder(s) of the Company holding at least 5% of the total voting rights of the Company may request the Board of Directors of the Company to convene a general meeting by way of depositing a written request at the registered office of the Company. The objects of the meeting must be stated in the related requisition which must be authenticated by the person or persons making it. In accordance with Section 567 of the CO, the Directors must call a meeting within 21 days after the date on which they become subject to the requirement under Section 566 of the CO and such meeting must be held on a date not more than 28 days after the date of the notice convening the meeting.

Besides, Section 615 of the CO provides that shareholder(s) of the Company holding at least 2.5% of the total voting rights or at least 50 shareholders who have a right to vote on the resolution at the annual general meeting may request the Company to give notice of a resolution that may properly be moved and is intended to be moved at that meeting by way of depositing a written notice authenticated by the person or persons making it at the registered office of the Company or in electronic form not less than six weeks before the annual general meeting. The notice shall contain a description of the proposed resolution desired to be put forward at the annual general meeting, the reasons for such proposal and any material interest of the proposing shareholder(s) in such proposal.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail at Suites 601-603, 6/F., Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong. The Company Secretary is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the CEO of the Company.

DIVIDEND POLICY

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

INVESTORS RELATIONS

The Company's website (www.everchina202.com.hk) provides comprehensive and accessible news and information of the Company to the Shareholders, other stakeholders and investors. The Company will update the website information from time to time to inform the Shareholders and investors of the latest development of the Company.

Constitutional Document

During the year ended 31 March 2021, no change was made to the constitutional documents of the Company. An up to date version of the Company's Articles is also available on the website of the Company and the Stock Exchange.

SCOPE AND REPORTING PERIOD

This is the fourth Environmental, Social and Governance ("ESG") report by the Group, highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 to the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

This ESG report covers the Group's overall environmental and social performances of the four principal activities ("key operations") of the Group from 1 April 2020 to 31 March 2021 ("Reporting period"), unless otherwise stated. The four business operations are as follows:

i. the soybean and rice cultivating operation at Empresa Agropecuaria Novagro S.A. ("Novagro S.A.") in the Plurinational State of Bolivia ("Bolivia"), the soybean plantation of which adopts a 20% rotation with corn or sorghum grows through June till March, and the rice paddy field grows through August till March, the whole farm accumulated has a land area of 123,857,345 m^2, and produced approximately 25,396,000 kg of crops which included 23,794,000 kg of soybean and 1,602,000 kg of rice paddy during the reporting period;

ii. the cattle raising operation at Sociedad Argopecuaria Argotanto S.A. ("Argotanto") in Bolivia, with a land area of 51,257,010 m^2, which had around 1,000 beef cattle and several dairy cattle, and produced approximately 207,300 kg of beef cattle during the reporting period, (together with Novagro S.A. as the "agriculture operation");

iii. the hotel operation of Holiday Inn Express Shanghai Wujiaochang (the "Hotel", or the "hotel operation"), a 20-storey hotel located in Yangpu District, Shanghai, the People's Republic of China ("PRC"), with a building area of 15,997 m^2; and the property investment operation in the office located in Beijing, the PRC (the "Office", or "property investment operation"), occupying 131 m^2.

The cattle production of the Group has seen an increase compared to the previous reporting period as appropriately estimated from the quantity (kg) of grass that was consumed by cattle per day. The weight is estimated as the animals were not weighted prior to selling. In the prior reporting period, the Group miscalculated its cattle production weights as the quantity of consumption per cattle.

In response to the Coronavirus 2019 pandemic, the hotel has signed a contract in agreement to allow itself to become a quarantine hotel near the end of March 2020. The contract is binding until the end of June 2021 unless extended. The contract provides detailed guidelines on the arrangement between the hotel and the government, including topics of — hotel pricing for quarantine persons, arrangement of meals for quarantined guests, health observations, contingency plans of discovering cases of COVID-19, etc. Otherwise, compared to the previous reporting period, all other main operations of the Group remain the same in this reporting period.

The abovesaid operations contributed to the Group's major ESG concerns during the reporting period, thus are included in the reporting scope. Other operations that have no significant environmental and social impacts generated are excluded from the reporting scope.

THE GROUP'S SUSTAINABILITY MISSION AND VISION

The Group is aware that climate change directly affects living standards and hinders social development around the globe. It also understands that the whole society has high expectation on public companies' sustainability performance. Therefore, it is committed to developing the business with minimum adverse impact on the environment, taking social and environmental impacts as central issues to address, and creating shared sustainable values with its stakeholders and community. It believes that upholding a high standard of such aspects can contribute to building a sustainable future.

Thus, sustainability will be given more consideration and responsible business practices will be carried out when the Group makes investment decisions in the future. This way, the Group will not be compromising development opportunities while still showing concern to sustainability. The Group endeavours to work together with all stakeholders to strive for a continual and sustained improvement in the long run.

For the agriculture operation, it is expected that climate change may bring about a shift of climatic zones. Yet, it has not been demonstrated how the pattern will be. It is therefore important that the Group keeps monitoring the change and seizes opportunities that come by or prepares for the risks that it may face. The agriculture operation is also determined in increasing the frequency it studies the health of its field to protect the biodiversity of respective areas.

For the hotel operation especially, as it is operated by the InterContinental Hotels Group ("IHG"), which has made unremitting efforts in improving its sustainability standard, the Group puts much effort in implementing policies that complement with the Hotel's practices.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to identify the most significant aspects of the Group, key stakeholders including directors, frontline employees, suppliers, and clients of the Group have been involved in regular engagement sessions through communication channels such as surveys, meetings, liaison groups, telephone conferences, emails and phone calls to discuss and review areas of attention. An analysis has been made.

According to the assessment, the top five material aspects identified for the Group's operations are:

1. Occupational Safety and Health

2. Safety of Food Products

3. Customer service

4. Product/Service Quality

5. Plantation/Ranching Activities

Obtaining material topics via the above methods helps the Group address its key potential obstacles and be prepared for future challenges. Details on how such key issues are addressed will be discussed in the following sections.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. If there are any comments or suggestions, the Group can be contacted via email at general@everchina202.com.hk.

A. ENVIRONMENTAL

The agricultural operations, hotel operations, and property investment operations of the Group all contributed towards the Group's consumption of fuel, natural gas, electricity, and freshwater. Additionally, these operations also contribute towards the generation of emissions, hazardous and non-hazardous waste, and wastewater. Specifically, the agricultural operations of the Group are responsible for emissions induced by enteric fermentation, manure management, rice cultivation, and the usage of fertilizers. There was no noted non-compliance with laws and regulations relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group during the reporting period.

A1. Emissions

A1.1 Air Emissions

During the reporting period, the agriculture operation and hotel operation emitted a total of 9.01 kg SOx and 20.49 kg of NOx. These emissions were primarily induced by the agricultural operations that require farming machinery, such as tractors and harvesters. In addition, vehicles like motorcycles, vans, and heavy good vehicles were used in daily operations, and these also contributed to emissions alongside the hotel's kitchen usage.

A1.2 Greenhouse Gas Emissions

During the reporting period, the key operations of the Group contributed to a total of 7,786.94 tonnes of carbon dioxide equivalent (tCO_2e) of GHG, consisting of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, and perfluorocarbons. The emission intensity was 0.04 $kgCO_2e/m^2$ of land area, and 59.90 tCO_2e/employee.

Table 1 Sources of Greenhouse Gas Emissions

Scope and Operation of Emissions	Emission Sources	GHG Emissions (tCO_2e)	% of Total Emission
Scope 1 Direct Emission		**6,743.27**	**86.60%**
Agriculture Operation	Combustion of diesel for electricity	15.58	83.10%
	Combustion of diesel in mobile sources	1,423.77	
	Combustion of petrol in mobile sources	37.45	
	Enteric fermentation	3,612.35	
	Farming activities	1,173.16	
	Refrigerants	208.50	
Hotel Operation	Combustion of natural gas in stationary sources	272.47	3.50%
Scope 2 Energy indirect emission		**1,025.51**	**13.17%**
Agriculture Operation	Purchased electricity	42.03	0.54%
Hotel Operation	Purchased electricity	979.76	12.58%
Property Investment Operation	Purchased electricity	3.71	0.05%
Scope 3 Other indirect emission		**20.81**	**0.23%**
Agriculture Operation	Paper disposed at landfills	0.30	0.03%
	Electricity used for processing fresh water and sewage by government departments	11.15	
	Business air travel by employees	0.94	
Hotel Operation	Paper waste disposed at landfills	0.31	0.18%
	Electricity used for processing fresh water and sewage by government departments	15.59	
Property Investment Operation	Business air travel by employees	0.94	0.02%
	Paper waste disposed at landfills	0.10	
Total **Intensity: 0.04 $kgCO_2e/m^2$ total area; 59.90 tCO_2e/employee**		**7,786.94**	**100%**
Agriculture Operation **Intensity: 0.04 $kgCO_2e/m^2$ land area; 91.74 tCO_2e/employee**		**6,513.22**	**83.64%**
Hotel Operation **Intensity: 79.31 $kgCO_2e/m^2$ building area; 30.21 tCO_2e/employee**		**1,268.72**	**16.29%**
Property Investment Operation **Intensity: 35.57 $kgCO_2e/m^2$ office area; 0.27 tCO_2e/employee**		**4.66**	**0.07%**

Notes:

— Emission factors were made reference to Appendix 27 to the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

— Emission factors for combustion of natural gas for stationary source was made reference to GHG Emissions from Stationary Combustion (Chinese), provided by the Greenhouse Gas Protocol.

— Combined margin emission factors (average) of 0.94 $kgCO_2e/kWh$ and 0.79 $kgCO_2e/kWh$ were used for purchased electricity in Beijing and Shanghai of Mainland China, respectively.

— The calculation of intensity in terms of area is based on the following: agriculture land area is 175,114,355 m^2, made up of 123,857,345 m^2 of Novagro S.A., and 51,257,010 m^2 of Argotanto; building area of the hotel operation is 15,997 m^2; the area of the property investment operation office is 131 m^2; and altogether 175,130,483 m^2 as total area of the Group.

A1.3. Hazardous Waste

During the reporting period, the Group generated a total of 5.59 tonnes of hazardous waste in its operations. The main contributing factors to this waste are machinery and fumigation that were induced by agricultural operations. The intensity of hazardous waste is 0.32 kg/ha of total land area, and 43.00 kg/group employee.

Table 2 Sources of Hazardous Waste

Source of Hazardous Waste	Amount (tonnes)
Agriculture Operation Intensity: 0.32 kg/ha total area; 43.00 kg/employee	**5.59**
Used oil from machinery	3.00
Used pesticides drum	1.85
Used batteries from machinery	1.20

A1.4. Non-hazardous Waste

A total of 8.96 tonnes of non-hazardous waste was generated by the Group's operations during the reporting period. Waste generated were mainly composed of organic waste in agricultural operations, food waste from kitchen and dining halls, and daily waste from the hotel's operations. The intensity is 0.72 kg/ha of total land area, and 96.44 kg/Group employee.

Table 3 Sources of Non-hazardous Waste

Sources of Non-hazardous Waste	Amount (tonnes)
Agriculture Operation Intensity: 0.38 kg/ha land area; 94.31 kg/employee	**6.70**
Organic waste	6.70
Hotel Operation Intensity: 0.36 kg/m^2 building area; 97.63 kg/employee	**5.74**
Food waste from kitchen	4.32
Daily waste from hotel rooms	1.44

A1.5. Measures to Mitigate Emissions

The Group is dedicated to identifying sources of high energy and resource consumption, as well as environmental pollution, to target and attempt to reduce its harmful impacts on environmental sustainability. In addition, the Group does its best to comply with all applicable laws and regulations to mitigate emissions.

In Novagro S.A., the segment responsible for all agricultural operations, trees are frequently planted to re-order its farm lots as required by the law to alleviate the environmental impacts caused by its production operations. Similarly, the Argotanto location plants trees when necessary, under the same law. In addition, the Argotanto site feeds exclusively grass to their cattle instead of grain and does not use the synthetic pyrethroid and cypermethrin to infest cattle, as both are factors that contribute to higher amounts of methane emission.

In the hotel operations of the Group, it pays special attention to choosing vehicles that are relatively safer and more environmentally friendly. All emissions from the Hotel (including cooking fumes) complied with all applicable statutory standards concerning air pollutant emissions, including the Emission Standard of Cooking Fume (GB18483-2001) of the PRC. Cooking fume emission control equipment, such as mechanical exhaust ventilation and grease filters, are in place to ensure that emissions meet required standards. The Group has also implemented the IHG Green Engage System within the Hotel and has been awarded the level one Green Engage Certificate, indicating its improvement and efforts in lighting efficiency.

A1.6. Waste Handling and Reduction Initiatives

In the aspect of waste management, the Group strongly encourages proper waste segregation and recycling. It designates waste collectors and recyclers wherever possible to help with the Group's waste treatment. The Group encourages paper-saving practices and purchases remanufactured cartridges for refills to minimise the amount of waste generated. During the reporting period, the Group recycled a total of 325 kg of paper.

With a focus in the agriculture operation specifically, various recyclers are appointed by Novagro S.A. and Argotanto to collect both non-hazardous and hazardous waste like used batteries, used oil, and agrochemical plastic drums. These collectors are trained and assist the Group by directing the hazardous waste to appropriate recycling locations to be processed. Non-hazardous wastes are buried in their old fields. The Group has designated the collection of plastics of the farm, which mainly comes from agrochemical containers, and minor bags of plastic that contain the organic waste that are buried without treatment.

The Hotel has very strict policies on waste treatment as improper management poses a risk of creating a huge amount of waste. The Group encourages paper saving practices, such as suggesting employees to use duplex printing for internal documents and adopt photocopying habits that are more environmentally sustainable. It has also established guidelines for procedural recycling, provided ample waste recycling facilities in the Hotel's public area, and collected food waste separately for recycling. The Hotel also puts an effort into reducing food waste as much as possible by using its room occupancy level as a reference to estimate the amount of food ingredients it must purchase, prepare, and serve. The Group motivates its employees to exercise efficient distribution of meals to guests and control unnecessary food waste by linking the cost of food ordered to the food and beverage department's performance ratings. The Hotel also uses reusable utensils and printing cartridges in the employees' canteen and office.

A2. Use of Resources

A2.1. Energy Consumption

During the reporting period, a total of 7,790,372 kWh of energy was used for the Group's operations. The intensity was 0.04 kWh/m^2 total area, and 59,926 kWh/Group employee. The consumption of energy was composed of various factors: the use of electricity, diesel, petrol, and natural gas across the three operations of the Group in various locations.

Table 4 Usage of Energy Consumption

Usage of Energy Consumption	Direct Consumption (unit)	Consumption (kWh)
Agriculture Operation		
Intensity: 308 kWh/ha land area; 76,055 kWh/employee		**5,399,892**
Electricity	156,900 kWh	156,900
Diesel	507,284 litres	5,113,381
Petrol	14,220 litres	129,611
Hotel Operation		
Intensity: 149 kWh/m^2 building area; 56,822 kWh/employee		**2,386,537**
Electricity	1,236,918 kWh	1,236,918
Natural gas	133,763 m^3	1,149,619
Property Investment Operation		
Intensity: 30 kWh/m^2 office area; 232 kg/employee		**3,943**
Electricity	3,943 kWh	3,943

A2.2. Water Consumption

During the reporting period, the freshwater consumption of the agricultural operations and hotel operation was 26,653 m^3, with an intensity of 1.52 m^3/ha total land area, and 205 m^3/group employee. The water usage in the property investment operation was unavailable as it was managed by the management company of the office. It is noteworthy that the consumption of that location was insignificant.

Table 5 Usage of Water Consumption

Usage of Water Consumption	Consumption (m^3)
Agriculture Operation	
Intensity: 0.05 m^3/ha land area; 13.43 m^3/employee	**900**
Hotel Operation	
Intensity: 1.61 m^3/ha building area; 613.17 m^3/employee	**25,753**

Wastewater Discharge

The Hotel's catering operations complies with all relevant statutory requirements regarding wastewater and waste cooking oil discharged from restaurants. Grease traps are in place to ensure that all wastewater containing cooking oil passes through the traps and are filtered before discharge.

A2.3. Energy Use Efficiency Initiatives

The Group tracks monthly energy consumption data in order to understand how resources are being used to identify opportunities and areas to save and set reduction goals.

The agricultural operation section is aware that its use of diesel is a major contributor of its energy usage. Thus, it consumes the energy sparingly and only whenever necessary.

The Group understands that electricity consumption contributes to significant environmental impact in its hotel operation. Apart from setting air conditioners in constant temperature mode, the Group constantly explores opportunities to upgrade to LED alternatives and LED-backlit TVs in guest rooms to conserve electricity. The Hotel also places environmental reminder cards in guestrooms and invites guests to join their energy-saving initiatives. If guests choose to opt in, they will be reusing their bed linens for three nights before hotel staff changes them, instead of a new set being used every day. This contributes to a reduction in energy used in the washing process.

The Group has taken the action to utilize the system that Green Engage (an environmental organization) has established, which establishes guidelines and analyses the hotel's performance in energy use from an environmental perspective. Additionally, this program puts energy as one of the ten core focuses of the group and an indicator of performance. The Group has also abided by the requirements of all InterContinental hotels by allowing the Risk and Crisis Team support the group when needed in an emergency. Also, a Risk Calendar system is in place to deploy various security systems in the hotel's daily operations.

A2.4. Sources of Water and Efficiency Initiatives

The agricultural operations of the Group sourced water from municipal water suppliers, underground water, and rivers. It also relies on rain (its amount not recorded) for cattle raising, soybean crops, and rice cultivation. There is a reservoir in place to store rainwater, which is later used with channels to throw the lots. For soybean crops, the water used in the fumigation process is extracted from underground, then used with a low flow system. The Group has also begun a project to effectively distribute water for cattle so that water efficiency may be optimized. All underground and surface water use abides by any guidelines and requirements.

In the Hotel, the building compiles with a list of plumbing fixture flow rates from guest rooms and the heart of the house to compare flow rates and evaluate the system. This avoids high flow rates of water fixtures (such as from guestrooms showers) while maintaining a quality guest experience. In addition, the Group ensures flow rates meet the International Plumbing Code (IPC) standards, which helps create substantial water savings while providing consistently a great guest experience. Urinal flushing sensors and water-saving shower heads are also installed to avoid water wastage. Similar to energy saving, when guests agree to a lower frequency of changing bed linens, it also helps to save water that would have been used in the washing process. The hotel operation used water from a municipal freshwater supplier. There was no issue in sourcing water that was noted during the reporting period.

The Group tracks monthly water consumption data to understand how resources are used, identify areas of possible savings, and set reduction goals.

A2.5. Packaging Materials

During the reporting period, the agriculture operation used 200 kg of plastic bags for packaging its rice seeds seasonally. All bags used were recyclable.

Table 6 Usage of Packaging Materials

Usage of Plastic Packaging Materials	Consumption (kg)
Agriculture Operation	
Intensity: 0.04 kg/ha land area; 3.51 kg/employee	**200**

A3. The Environment and Natural Resources

A3.1. Significant Impacts of Activities on the Environment

Environmental protection policies are one of the top concerns identified from the stakeholder engagement process. The Group works wholeheartedly to mitigate the environmental impacts of all its operations. The Group is aware that its business operation consumes natural resources and poses certain threats on the environment.

Ecology

As the Group utilizes large pieces of lands to carry out their agricultural operations, it is aware that the health of the soil is one of the most important aspects that it should pay attention to, whether it of the agriculture operation, or the cattle raising operation. Hence, a wide range of measures are taken to conserve the soil and strike a balance.

At Novagro S.A., the crop rotation method is practised at the soybean plantation. 20% of Novagro S.A.'s production consists of corn and sorghum plantation from the preceding soybean's growing season. It is believed that such method will help maintain soil fertility. To maintain soil from depleting and eroding, Novagro S.A. also uses roller machines to level soil, as well as fertilise soil according to the nutrients they require. In particular, before rainy seasons, soil is channelled and levelled such that it is not at risk of flooding and erosion. Similarly, when expecting drought seasons, soil is rolled to create better water reception, and sorghum plantation is covered to reduce evaporation. Aside from the above protection methods, the Group also has remedial measures in case anything goes unexpectedly. Samples of 10% of the land's soil are taken regularly to be examined and studied with regards to their nutrient content and health. In the case that particular contents are noticed to be lacking, fertilisers will be applied. A list of fertilisers used in the agriculture operations is shown on Table 11 in Section B6.2.

Both Novagro S.A. and Argotanto's operations involve the removal of trees. Having said that, the Group keeps in mind to leave a fixed ratio of trees and forest areas untouched to maintain biodiversity. The Group also pays close attention to avoid being invasive and ensures to not remove trees that are more than 30cm in diameter. The Government's requirements to plant trees are followed whenever applicable to lessen the potential harm on the environment and biodiversity.

The Atmosphere

Regarding the atmosphere, the Group is aware that raising cattle contributes to large amounts of methane. While it is inevitable that greenhouse gases are generated, Argotanto tries its best to minimise its volume of greenhouse gases produced to cause the least harm to the atmosphere. Its main measure of achieving this goal is by feeding cattle only grass and avoiding grains, which will increase methane induced from enteric fermentation. Cypermethrin is also avoided as an application to infest cattle, as methane will also be generated by such application.

The Hotel also contributes to greenhouse gases emissions, with the largest source being electricity consumption, followed by the natural gas that is used for cooking. Hence, the Group ensure that it follows the Green Engage system initiated by the InterContinental Hotels Group that tracks energy, waste, water, and carbon used. The system guides the Hotel to use electricity only when necessary. For instance, this would include utilising natural lighting, using energy-saving lamps, letting guests choose to reuse amenities to reduce laundry volume, etc. The kitchen also plans out the amount of food required in advance for buffets, such that no energy is wasted for preparing food that will not be consumed in the end. Such energy-saving measures are important in reducing the direct and indirect greenhouse gases emitted. The Hotel also plants on the building's facades in an attempt to alleviate emissions from itself and its surroundings.

Pressure on Landfills

The Hotel generates a certain amount of waste, which mainly consists of food waste, which puts a certain amount of pressure on the landfills. To minimise food waste, the Hotel estimates the amount of food ingredients necessary according to reservations made. In general, there is also a preventative maintenance routine that spots potential problems that may lead to wastage within the Hotel. Hence, this minimises the burden that the operations put onto landfills.

B. SOCIAL

1. Employment and Labour Practices

B1. Employment

Employment is one of the most material topics identified in the stakeholder engagement process. The Group also recognizes that its employees is the core to its operations, therefore, it holds employees' interests highly. Consequently, policies are in place to ensure that employees' interests are safeguarded and respected.

Employee Benefits and Welfare

The Group places great value in employees, providing employees with competitive compensation and benefits to attract and retain talents. It has a systematic benefit matrix for employees in different positions, with more generous benefits offered to those who hold higher positions. Depending on employees' positions and experience, they are entitled to different levels of statutory paid leave, Housing Provident Fund, and social insurance (including pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance).

In the agriculture operation, most employees are entitled to transportation subsidy, complementary meals, and accommodation. In Novagro S.A., bonus is also paid for every 6 months an employee works. The soybean cultivation, rice cultivation, and cattle raising fields follow all labour laws as outlined by the government. The Group also ensures compliance with the newly imposed paid sick leave and safe working times law.

The Group provides meals without charge for its employees in canteens in its hotel operation and lunch allowances in its office operation. The regular work hours are capped at a maximum of eight hours a day and forty hours a week. However, the Group has the right to extend work hours given that an agreement is established with employees and the Labour Union if necessary. Overtime work is normally less than an hour per day, and not more than three hours, even on special occasions. Overtime compensation will be provided according to the statutory requirements. The Group ensures to abide by all applicable employment and labour related laws of Hong Kong and the PRC. During the reporting period, the Group did not note any cases of material non-compliance with laws and regulations in relation to employment.

Promotion and Dismissal

Employees are offered promotion opportunities primarily based on their capabilities, personality, potential, and performance that is reflected through annual performance appraisals. During the appraisal process, managers and team members set their objectives together, which are then self-evaluated and reviewed by eligible supervisors. For the termination of contracts, either party may terminate the contract with one month advancement in written notice or salary in lieu of notice.

There was no non-compliance with laws and regulations related to employee compensation and dismissal, recruitment and promotion, working hours, rest periods, and other benefits or welfare that have a significant impact on the Group during the reporting period.

Equal Opportunity

The Group strives to provide equal and fair opportunities for employees in respect of recruitment, training and development, job advancement, compensation, and benefits. Employees are not discriminated against or deprived of any opportunities based on gender, ethnic background, religion, colour, age, marital status, family status, retirement, disability, pregnancy, or any other factors as prohibited by applicable laws.

Human Rights

Specifically, the hotel operation of the Group has policies on human rights which:

- Supports protection of human rights, particularly those of the employees, business partners and communities the Hotel operates;
- Respects employees' right to voluntary freedom of association, under the law;
- Provides a safe and healthy working environment;
- Does not support forced and compulsory labour or the exploitation of children;
- Supports elimination of employment discrimination and promotion diversity in the workplace;
- Provides our employees with remuneration and tools for growing their careers, and takes their wellbeing into consideration;

- Promotes fair competition and does not support corruption;
- Conducts business with honesty and integrity in compliance with applicable laws; and
- Develops and implements company procedures and processes to ensure the Hotel complies with the policy.

Employee Relations and Channels of Communication
The Hotel's employees are encouraged to use various communication channels for horizontal and vertical communication (such as email, social media platforms, staff welfare meetings, and employer-employee meeting). Events such as annual dinners, festival-related celebrations, and birthday celebrations are also regularly organised to nourish a greater sense of belonging amongst employees and to provide enhanced communication channels between senior management and general staff. If employees have any concerns that, for example, relate to discrimination and harassment, health and safety of working environment, or human rights, they are encouraged to speak up and raise the matter to their managers, human resources, or other members of management either online or via their hotline.

B1.1 Total Workforce

The Group had a total of 130 employees as of 31 March 2021; they either worked for the agriculture operations in Bolivia (55%), or the hotel operation (32%) or property investment operation (13%) in Mainland China. 86.2% of them were full time employees, 63.8% were male, and frontline employees made up 91.5% of the workforce. The age group with the most employees is 36-45, contributing to 32.2% of the Group's employees, followed by 26-35, making up 26.8%.

Table 7 Total Workforce

Total Workforce	Number/ratio of employees
Agriculture operation	**71**
Full-time: part-time (ratio)	60:11
Male: female (ratio)	62:9
Frontline: Management (ratio)	69:2
18-25: 26-35: 36-45: 46-55: above 55	1:7:5:3:1
Hotel operation	**42**
Full-time: part-time (ratio)	1:0
Male: female (ratio)	17:25
Frontline: Management (ratio)	34:8
18-25: 26-35: 36-45: 46-55: above 55	2:3:5:7:4
Property Investment operation	**17**
Full-time: part-time (ratio)	10:7
Male: female (ratio)	4:13
Frontline: Management (ratio)	16:1
18-25: 26-35: 36-45: 46-55: above 55	0:2:8:3:4

B1.2 Turnover Rate

A total of 31 employees left the Group during the reporting period, contributing to an overall turnover rate of 23.8%. The respective turnover rate in terms of country was 32.4% in Bolivia, and 13.6% in China.

B2. Health and Safety

Occupational health and safety are factors identified as the most material topic of the Group from stakeholder engagement. The Group has the following policies in place to ensure that a safe working environment is provided and that employees are protected from occupational hazards.

B2.1 Number and Rate of Work-related Fatalities

During the reporting period, there were no work-related fatalities.

B2.2 Lost Days Due to Work Injury

An accumulation of 130 workdays were lost due to employees' injuries, contributed by 13 injury cases.

Table 8 Work injuries and fatalities

Work injury cases >3 days (cases)	**2**
Work injury cases ≤3 days (cases)	12
Lost days due to work injury (days)	130

B2.3 Occupational Health and Safety Measures

In the agriculture operation, employees are provided with appropriate workwear according to their work positions. Aside from distributing protective items, training is also arranged, and medical aid is sought immediately in case of any potential poisoning cases. The measures in brief are as follows:

- Employees who work outdoors are provided with mosquito repellent, first aid kits, boots, eye protections, etc.;
- Employees who may contact any chemical or biological agents, like herbicides or pesticides, are provided with body protectors, and safety gloves and masks;
- Training on the proper operation of a fumigation machine is provided to prevent undesirable consequences resulting from faulty application;
- Detection and evaluation of occupational diseases relevant to the operation, such as poisoning from chemical agents are carried out; when symptoms of these diseases are identified, employees are sent for professional medical treatment.

At the soybean, corn, and rice plantation, Novagro S.A. also has a pre-harvest interval guideline that employees must follow regarding the application of fertilisers, herbicides, and insecticides, to make sure employees do not inhale toxic chemicals and that their health is protected. Generally, the interval between application and harvest is 20-25 days for fertilisers, and 6-8 days for herbicides. In the future, the agriculture operation plans to expand their occupational safety measures to areas such as strategies on ergonomics and accident prevention.

The Hotel's policy on occupational health and safety also gives its best efforts to ensure that frontline employees work in a healthy and safe environment. The Group provides necessary personal protective equipment including:

- slip resistant work shoes to kitchen staff,
- hand cream and protective gloves for housekeeping staff to avoid dry skin due to frequent contact with cleaning agents, and
- insulating and safety shoes to electricians and engineering staff

Apart from supplying adequate first aid supplies in the first aid kits at workplaces, basic first aid training courses are also provided to employees to ensure employees possess basic first aid knowledge and skills. There was no instance of non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have had a significant impact on the Group during the reporting period.

B3. Development and Training

The agricultural operation arranges training for employees who operate fumigation machines. Such training is usually conducted by the suppliers of these machines. In Novagro S.A., employees are also trained to understand the procedures of harvesting and using pesticides and herbicides, as well as the days required after application and before harvest. The details of these procedures were not recorded during the reporting period, but trained staff include a farm manager and multiple technicians.

In consideration of the COVID-19 pandemic that took place in this reporting period, for the office and hotel operations, the Group has shifted training from the traditional programs to an online version. The online version consists of sharing pictures to employees, as well as virtual conferences in which experienced personnel explain and train employees. For the hotel operation, various training programs are provided to staff to ensure delivery of high-quality service to customers and to enhance personal development of staff. Training topics include, but is not limited to, induction, first aid, customer service, fire safety, emergency management and leadership. With the Group's emphasis on food safety, there must be at least one food safety trainer who plans for or directly conducts training on food safety. Apart from compulsory food safety training, new employees must be tested on food safety knowledge and practices based on the IHG's Food Safety Management System ("FSMS") and local regulations. Staff of key departments, such as the kitchen and F&B, must attend refresher training at least twice a year while other departments' requirement is once a year.

Due to the online nature of the training conducted in this reporting period, concrete hours of training were not recorded.

B4. Labour Standards

The Group strictly follows applicable laws and regulations and does not recruit any form of child labour or forced labour.

In the agriculture operation, instead of using contractors, all employees are recruited directly, minimising the chances of child or forced labour. Management also regularly visits the farms to check that no employees of such type are present or working within the operation.

In pursuant to the Labour Law of the PRC, the human resources department ensures accuracy of the information provided by candidates by checking their identity cards and relevant certificates.

There was no significant non-compliance with laws and regulations regarding prevention of child and forced labour that have a significant impact on the Group during reporting period.

2. Operating Practices

B5. Supply Chain Management

B5.1 Number of Suppliers

During the reporting period, the agriculture operation engaged 16 suppliers that were based in both Bolivia and China. In Bolivia, suppliers mostly provided resources for farming and machinery, and services relating to agriculture production. In China, suppliers primarily services on office supplies, advertising, internet, media, electronics, and programming, respectively. The property investment operation did not record the number of suppliers they engaged.

B5.2 Practices Relating to Engaging Suppliers

In the hotel operations, the group has a procurement policy which controls all purchases made by the hotel. All purchases must be made through the procurement department with approval from the user's department head, the director (for finance and business support) and the general manager. The Hotel's suppliers must fulfil pre-qualifications, including but not limited to, consistency of supply, ability to meet delivery schedule, conformance to quality requirements, administration and technical competence of personnel, reasonableness in pricing compared to market prices and good references. Standard procedures are established for setting up new suppliers and emergency purchasing.

The Group has developed a rating and scoring system to select its supplies. All potential suppliers are subject to a selection process, which includes 20 pre-set criteria and requirements that must be passed. The supplier list is frequently updated to ensure names of suppliers, licenses and certificates are in place and valid. When purchasing office equipment, the Group gives higher priority to energy efficient equipment and installations.

Outsourcing Management

The Hotel outsources a range of services, including food and beverage, laundry, public area cleaning, stewarding, equipment maintenance, pest control, garbage room management, etc. All outsourced services providers must hold relevant qualifications granted by the government. When dealing with services related to food safety, the Hotel and all outsourced restaurants establish contracts with clearly defined terms regarding food safety responsibilities. Initial food safety training is also organised for employees of outsourced restaurants to ensure that they meet the required standards.

B6. Product Responsibility

The Group is aware of its responsibilities associated with the products and services it provides. Various policies and guidelines have been formulated for assuring quality of its products and services. No non-compliance with laws and regulations regarding product and service-related health and safety, advertising, labelling and privacy matters that have a significant impact on the Group was noted in the reporting period.

B6.1 Complaints on products and services

In the Hotel, there are various circumstances where guests may make complaints. During daily operations, guests may make a complaint through phone calls or going to the front desk. When a complaint is received, the manager on duty will take care of the complaints and designate personnel to follow up correspondingly. Guests may also make complaints via the Hotel's online flatform. Similarly, when complaints are made within the hotel, the Hotel will contact guests and provide solutions to resolve the problems.

B6.2 Quality Assurance Process

To further ensure food safety, the Group has developed a stringent product assurance procedure. All food-related complaints are handled with ultra-care.

Farm Product Quality Management

As the products of the agricultural operation will end up being consumed by humans, both Novagro S.A. and Argotanto are extremely careful with ensuring the health and safety of its crops and cattle, especially with the use of agrichemicals and medication. While the Bolivian government barely regulates such application, both farms employ agronomists who decides the types, concentration, and volume of agricultural chemicals used to ensure the safety of its products. In the soybean cultivation plant, guidelines established in Bolivia are followed throughout the growing period. Application of pesticides and herbicides are given great care, using only those that were legally imported into Bolivia, and harvesting only 20-25 days after application of pesticides and 6-8 days after application of herbicides for consumers' safety. In Argotanto, only legal and authorised medicine are used on cattle to prevent negative health impacts. Refer to Table 11 for a list of selected agrichemicals used in the agriculture operation, and Table 12 for a list of medication and injections used on cattle.

For the cattle raising farm, Argotanto keeps record of the conditions and details of each batch of cattle. If the farm is told of problems with the cattle by its clients, such as the slaughtering house, it will be able to trace and identify the respective cattle that are involved.

Table 11 Major Types of Agrochemicals used in Agriculture Operation

Agrochemicals Used	Application	Total Consumption (kg)
MAP (Fertiliser)	Soybean field	270,000
UREA (Fertiliser)	Rice paddy field	60,000
Nutripack (Fertilizer)	Crops field	8,000
Biopack (Fertilizer)	Crops field	7,000
Herbicides	Crops field	77,450
Fungicides	Crops field	18,000
Insecticides	Crops field	21,437

Table 12 Medication Fed/Injected in Cattle Raising Operation

Medication/Injection Used on Cattle	Amount per dosage
Mineral salts (supplement when necessary)	3 ml/calve
Aftose (annual vaccine)	1,884 units
Brucellosis control (lifetime vaccine for 1-2-year-old female calves)	800 units
Rabia vaccine (half-yearly vaccine)*	1,884 units
Hematic Carbuncle (annual vaccine)	800 units
External parasites control (half-yearly dosage)	20 ml
Internal parasites control (half-yearly dosage)	2-20 ml, depending on age
Brucelosis control (vaccine for life for females)	400 units
Antibiotics against neonatal diarrhoea (monthly during partition period)	3 ml/calve

* *Mandatory under law*

Food Safety Management

As food quality and safety is an important aspect of the Hotel's product (as noted in the stakeholder engagement), the Group follows stringent guidelines on food safety laid down in the IHG FSMS Manual. The Manual covers the procedures of the procurement of food and food-related products, food preparation and handling, cleaning and pest management, inspections, investigations, complaints and recall, related regulation compliance and outsource management, etc. As mentioned in section B3, employees of the operation are also required to attend training on food management and safety, even if their duties may not be directly related to providing food-related services. When employees receive complaints regarding foreign material in food and allegation of food borne illness, they must report all incidents. A detailed handling process and procedure must be followed, and the report must be filed to the management for long term record and for further evaluation and improvement.

In terms of procuring food and food-related products, when selecting a new supplier, only reliable and reputable suppliers that comply with the proper food hygiene and safety standards established by regulatory authorities are considered. Additionally, In-depth screening and evaluation are done with the consultation for guidance from experienced chefs and hygienists. When food is purchased, strict requirements as stated on the Manual in food storage, preparation, and handling are also followed to prevent foodborne diseases and contamination. The Food Safety Management System Committee also conducts inspections at least once a month, which is then cross checked by another inspection conducted by members that do not belong to the department. Corresponding corrective actions are taken after inspections with records kept. A Microbial test is also undertaken semi-annually by an independent and accredited laboratory to make sure all utensils and food that are used do not contain components that may cause food hazards. If the result does not pass the standards, an investigation and corrective actions shall be taken and filed until retest results meet the standards. The drill of foodborne illness ("FBI") response (including report, investigation, traceability, and recall) is also carried out once or twice a year to improve staff's emergency response.

Customer Services

The Hotel aims to provide the most outstanding service to its guests. The IHG provides guidelines on personal grooming and provision of quality service of employees. Employee performance is also constantly monitored and reviewed. When the Hotel receives complaints or comments from guests, it strives to follow up promptly and make records to improve future performance. For food-related complaints especially, they shall be taken with great care and reported to senior management for further review and action. The Group also has a strict handbook on the requirements regarding customer experience for all employees to follow. This handbook cover many topics, including room hygiene, food serving and handling, and facility management, service procedures, staff service manner. The handbook also has detail instruction on the use of social media including photos that post online, the right way to respond to negative feedback, and the organisation of incentive programs.

B6.3 Information Security

The Group is committed to protecting guests' and employees' data with technical measures and procedures in place. The Hotel's information is classified into three categories, namely public, confidential, and restricted. Confidential information should be labelled before released outside of IHG and is only released with a non-disclosure agreement in place; printed copies must be destroyed when finished, usually by shredding. Access to the restricted information is limited only to related personnel. Restricted information should be stored only on central servers; printed copies must be destroyed when the task is finished, and electronic copies must be securely disposed of.

To protect systems from malware, anti-virus software is used and updated frequently. Firewalls are used to block unnecessary and unexpected network traffic entering the hotel network. Employees are also reminded to use email cautiously and to avoid the spread of malware.

The Group conducts information privacy training and information security training regularly to ensure the staff have full knowledge of this aspect of their duty.

B6.4 Advertising and Labelling

The Group conducts training on advertising laws for employees in accordance with the Advertising Law of the People's Republic of China to the management team in China.

The Advertising Law prohibits false or misleading content. Besides, advertisements featuring a commodity or service that does not exist, or one that contains incorrect information in relation to function, origin, usage, quality, ingredients, or price, are all deemed misleading by the Advertising Law. The Law also prohibits superlatives such as "national", "highest" and "best".

In terms of online advertising, internet advertisements must not interfere with the users' normal use of the internet. A user must be given clear instructions on how to close a pop-up advertisement. Electronically sent advertisements via emails must include the sender's identity and the contact details of the sender. Further, children younger than the age of 10 cannot serve as an endorser of a product or service.

B7. Anti-corruption

B7.1 Concluded legal cases regarding corrupt practices

The Group complies with all applicable laws on prohibiting corruption and bribery in Hong Kong and the PRC. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the reporting period.

B7.2 Preventive measures

Upholding the highest level of integrity, the Group signs anti-corruption agreement with suppliers in its hotel operation, which prohibits any corruption, bribery, extortion, money laundering and misconduct in any operation processes, including procurement, subcontract, leasing, marketing, planning, and promotions. Employees shall also report to their direct supervisors or management if any infringement to the agreement was noticed. No retaliation against persons reporting infringement is allowed. To ensure that terms in the agreement are effectively implemented, the Group also possesses a policy for the receipt of gifts/entertainment and whistle-blowing hotlines.

Apart from internal anti-corruption management, officials from the government and regulatory agency also conduct unannounced visits (namely dawn raids) to investigate potential violation of administrative or criminal laws in the aspects of anti-monopoly (e.g. price-fixing), commercial bribery, false advertising, consumer rights protection and criminal offence (e.g. bribery, serious food safety accident, serious pollution accident). Guidelines for dawn raids reporting had been established to ensure staff's cooperation with officials.

B8. Community Investment

The Group is dedicated to helping the underprivileged and uniting different communities through various means.

The agriculture operation is keen on supporting local communities, hence, donates irregularly for community annual parties. It is also welcoming of people who would like to know more about the agriculture industry in Bolivia and has received university students to visit and get to know the farm in the past.

The Hotel sells charity products in which the Holiday Inn Express Brand will donate RMB 10 to the IHG Foundation for each charity product sold. The IHG Foundation aims to create employment opportunities to the local community, provide aid to the underprivileged, and contribute to environmental sustainability. The Group also donates 50% of the income from the Hotel's coin-operated washing machines to Project Hope, which provides educational opportunities for the less fortunate children in China's rural area.

The directors (the "Directors') of the Company present their report and the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of the principal subsidiaries is set out in note 41 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

A business review of the Group during the year and a discussion on the Group's future business development is shown in the "Management Statement" on pages 3 to 8 of this annual report. The Management Statement also forms part of this report of the directors.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of profit or loss on page 59 of the annual report.

The Directors did not recommend the payment of a dividend for the year ended 31 March 2021 (2020: Nil).

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 32 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in consolidated statement of changes in equity on page 62 and note 35 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2021, the Company did not have any distributable reserves.

INVESTMENT PROPERTIES

Details of movements in investment properties of the Group during the year are set out in note 16 to the consolidated financial statements. Particulars of the major properties of the Group held for investment purposes at 31 March 2021 are set out on page 152 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements respectively.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 March 2021 are set out in note 30 to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive directors:
Mr. Jiang Zhaobai *(Chairman)*
Mr. Lam Cheung Shing, Richard *(Chief Executive Officer)*
Mr. Chen Yi, Ethan
Mr. Shen Angang (resigned on 23 April 2021)

Independent non-executive directors:
Mr. Ho Yiu Yue, Louis
Mr. Ko Ming Tung, Edward
Professor Shan Zhemin (passed away on 28 December 2020)
Mr. Ng Ge Bun (appointed on 7 May 2021)

In accordance with the Company's articles of association, the Directors of the Company (including the independent non-executive Directors) shall be subject to retirement by rotation at each annual general meeting. Mr. Jiang Zhaobai and Mr. Lam Cheung Shing, Richard, shall retire by rotation at the forthcoming annual general meeting. All of them, being eligible, have offered themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") from all independent non-executive Directors namely, Mr. Ho Yiu Yue, Louis and Mr. Ko Ming Tung, Edward. As at the date of this report, the Company still considers these independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENTS' BIOGRAPHIES

Biographical details of the Directors and senior management of the Group as at the date of this annual report are set out on pages 9 to 10 of this annual report.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the course of the Directors' terms of office for the period from the date of publication of the Company's latest interim report up to the date of this Annual Report are set out below:

Professor Shan Zhemin, independent non-executive Director of the Company passed away on 28 December 2020.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation. Details of directors' remuneration are set out in note 9 to the consolidated financial statements.

DIRECTORS OF SUBSIDIARIES

A list of the names of the directors of the Group's principal subsidiaries during the year and up to the date of this report can be found in the Company's website at www.everchina202.com.hk under "Company Info".

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in Section 469 of the Companies Ordinance) for the benefit of the Directors of the Company is currently in force and was in force throughout the year. The Company has arranged insurance cover in respect of legal action against its Directors. The insurance coverage is reviewed at least annually for ensuring that the Directors and officers are adequately protected against potential liabilities.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in shares and underlying shares

Name of Directors	Number of shares in the Company Beneficial owner	Interest in controlled corporation	Total	Approximate percentage of shareholding
Jiang Zhaobai	–	1,742,300,000 (Note 1)	1,742,300,000	23.89%
Lam Cheung Shing, Richard	7,700,000	–	–	0.11%

Note:

(1) As at 31 March 2021, of the 1,742,300,000 shares, 1,033,300,000 shares are held by Rich Monitor Limited and 709,000,000 shares are held by Pengxin Holdings Company Limited, all of which are wholly and beneficially owned by Mr. Jiang Zhaobai ("Mr. Jiang"). Therefore, Mr. Jiang is deemed to be interested in 1,742,300,000 shares of the Company under SFO.

Save as disclosed above, as at 31 March 2021, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor (natural or adopted), or were such rights exercised by them; nor was the Company or any of the Subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company adopted a share option scheme in August 2011 ("Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. During the year and up to the date of this report, the Company has not granted any share options under the Share Option Scheme.

As at 31 March 2021, the total number of ordinary shares available for issue pursuant to the grant of share options under the Share Option Scheme was 607,866,936, representing approximately 8.33% of the ordinary shares in issue as at 31 March 2021 and the date of this Annual Report. Particulars of the Share Option Scheme are set out in note 33 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2021, to the best knowledge of the Directors of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short position in the ordinary shares and underlying Shares of the Company which were required to be disclosed to the Company and the Hong Kong 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 and underlying shares

Name of Shareholder	Number of shares in the Company: Beneficial owner	Number of shares in the Company: Interest in controlled corporation	Number of shares in the Company: Total	Approximate percentage of shareholding
Rich Monitor Limited	1,033,300,000 (Note 1)	–	1,033,300,000	14.17%
Pengxin Holdings Company Limited	709,000,000 (Note 2)	–	709,000,000	9.72%
Ansheng Holdings Co., Ltd	641,135,000 (Note 3)	–	641,135,000	8.79%
Tong Yung Ling	–	641,135,000 (Note 3)	641,135,000	8.79%

Notes:

(1) Rich Monitor Limited is wholly and beneficially owned by Mr. Jiang. The interests of Mr. Jiang and Rich Monitor Limited in the Company are stated under section headed "Directors' and Chief Executive's interests and short position in shares" above.

(2) Pengxin Holdings Company Limited is wholly and beneficially owned by Mr. Jiang. The interests of Mr. Jiang and Pengxin Holdings Company Limited in the Company are stated under section headed "Directors' and Chief Executive's interests and short position in shares" above.

(3) Ansheng Holdings Co., Ltd is wholly and beneficially owned by Mr. Tong Yung Ling. Therefore, he is deemed to be interested in 641,135,000 shares of the Company under the SFO.

Save as disclosed above, as at 31 March 2021, the Company has not been notified by any other person or corporation having interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company which were required to be disclosed to the Company and the Hong Kong 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.

CONNECTED TRANSACTION

Financial Assistance Received by the Group

During the year, the Group has borrowed RMB630,033,000 (equivalent to approximately HK$759,076,000) from Shanghai Pengxin (Group) Company Limited ("Shanghai Pengxin"), a company owned as to 99% by Mr. Jiang Zhaobai, an executive Director, the Chairman and a substantial shareholder of the Company. The aforesaid financial assistance is unsecured, unguaranteed and interest-free and therefore is fully exempted under Chapter 14A.90 of the Listing Rules.

As at 31 March 2021, the carrying amount due to Shanghai Pengxin is approximately HK$202,075,000 represents an unsecured, unguaranteed and interest-free with principal amount of approximately HK$240,964,000 which will mature and become repayable on 31 December 2022. The amount is carried at amortised cost using effective interest rate of 10.6% per annum. For the year ended 31 March 2021, the imputed interest amounted to approximately HK$40,416,000 (2020: HK$4,122,000).

Details of connected transaction is set out in note 38 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out in note 38 to the consolidated financial statements.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes of the Group are set out in note 37 to the consolidated financial statements.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 151 of the annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of turnover attributable to the Group's five largest customers to the total turnover during the year was 49%. The percentage of turnover attributable to the Group's largest customer to the total turnover during the year was 35%.

Due to the nature of the activities of the Group, there is no major supplier contributed significantly in the Group's purchases for the year.

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had an interest in any of the Group's five largest customers and suppliers.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of its directors, the directors confirmed that the Company has maintained a sufficient public float as required under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange during the year.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 11 to 22.

KEY RISKS FACTORS AND UNCERTAINTIES

The Group's businesses, operating results, financial position and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The Group's risk management and internal control systems are in place to ensure principal risks as well as significant emerging risks are identified, monitored and managed on a continuous basis. The principal risks and uncertainties set out below may have material impacts on the Group's businesses, operating results, financial position or business prospects, but they are by no means exhaustive or comprehensive.

Regulatory and Compliance Risk

As a listed company with diversify business in different countries, the Group is exposed to and subject to extensive government policies and regulations of mainland China, Hong Kong, Indonesia and Bolivia. These include the Listing Rules, Hong Kong Companies Ordinance as well as legal, tax, environmental and any other statutory requirements for our various kinds of businesses in different jurisdictions. The Group is committed to complying with the relevant policies, regulations and guidelines applicable to its operations by experienced and professional staff as well as by consultancy with external experts.

Market and Investment Risk

The Group's operations including property investment operation, hotel operation and agricultural operation are susceptible to different factors such as government policies and regulations, economic growth, social environment, customer demands, etc. The Group is kept abreast with the changes in business environment and timely assesses the impacts on the operations in order to formulate the best strategy for persisted growth. Besides. the Group sticks firmly to its prudent investment approach and expands its operating scale in an organised manner. The Group would perform comprehensive due diligence review on new business opportunities and selected cautiously the appropriate projects for investment.

Business and operational Risk

Distinctive risks factors in the Group's businesses such as default of tenants, customers, buyers and strategic business partners, and inadequacies or failures of internal processes, people and systems may have different levels of negative impact on the results of the Group's operation. Unexpected accidents may happen although precautionary measures are established, which may cause financial loss to the Group.

The Company engages external professional to review key activities of the Group annually and ensures all material controls, including financial and operational, are functioning effectively. Precautionary and contingency measures are also set up to ensure the Group is protected against major potential loss, damage or impact to our operations. Insurance coverage against accidental losses and/or other hazards is used in protecting our assets against any potential liabilities.

Financial Risk

The Group is exposed to interest rate, credit, liquidity, currency and other price risks which arise in the normal course of the Group's businesses. The analysis of these risks is illustrated in the note 40 to the consolidated financial statements in detail. The Group closely monitors the financial risks and when appropriate will adopt measures to manage and hedge corresponding risks by using of derivatives such as interest rate and currency swaps.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to environmental protection and the efficient use of resources. The Group encouraged the employees to develop good habits, conserve resources and energy to build a green and comfortable office environment. The Group has adopted various environmental policies which include minimising consumption of electricity and paper, waste reduction and promoting the use of electronic communication and storage. They are regularly reviewed and results are closely monitored. Information on the environmental policies and performance of the Group is set out in the "Environmental, Social and Governance Report" on pages 23 to 42 of this Annual Report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong and the PRC. Our establishment and operations accordingly shall comply with all the applicable laws and regulations in the jurisdictions where we have operations. Meanwhile, the Company is a company listed in Hong Kong. The Group also has to comply with the Listing Rules on the Hong Kong Stock Exchange. As far as the Board and management are aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, save for disclosed in the Corporate Governance Report on pages 11 to 22, there was no material breach of or noncompliance with the applicable laws and regulations by the Group.

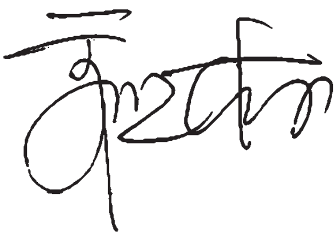
RELATIONSHIPS WITH KEY STAKEHOLDERS

Human resources are regarded as the most important and valuable assets of the Group. Competitive remuneration packages are provided to attract and motivate employees. In addition, to conform to the market standard, the Group regularly reviews the remuneration package of employees and makes necessary adjustments. Moreover, the Group understands the importance of maintaining good relationship with business partners is vital to achieve its long-term goals. Thus, management of the Group have kept good communication, promptly exchanged ideas and shared business update with them as and when appropriate. During the year, there was no material and significant dispute between the Group and its business partners.

AUDITORS

The consolidated financial statements for the year ended 31 March 2021 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the reappointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year will be proposed at the forthcoming annual general meeting.

On behalf of the Board



Jiang Zhaobai
Chairman

Hong Kong, 29 June 2021

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

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

TO THE SHAREHOLDERS OF EVERCHINA INT'L HOLDINGS COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the 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 59 to 150, which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS

Key audit matters	How our audit addressed the key audit matters
Valuation of the investment properties	
Refer to note 16 and the accounting policies in note 4 to the consolidated financial statements.	
As at 31 March 2021, management has estimated the fair value of the Group's investment properties of approximately HK$1,207,028,000 with a net loss on fair value changes of approximately HK$43,373,000 was recognised in the consolidated statements of profit or loss for the year ended 31 March 2021. Independent external valuations in respect of all of the portfolio of the Group's investment properties were performed in order to support the management's estimation. The valuations are dependent on certain key assumptions that require significant management judgement including reversionary yield and rental income from future reversion leases in light of current market condition.	Our procedures in relation to valuation of the Group's investment properties included but not limited to: • Evaluating the independent valuer's competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of the key assumptions and parameters based on our knowledge of the property industry and using our auditors' valuation expert; and • Checking, on a sample basis, the accuracy and relevance of the input data used. We found the key assumptions used by management for valuation of investment properties to be supportable by available evidence.

KEY AUDIT MATTERS *(Continued)*

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of mining rights and property, plant and equipment	
Refer to notes 17 and 19 and the accounting policies in note 4 to the consolidated financial statements.	
The carrying value of mining rights and property, plant and equipment of the Group as at 31 March 2021 was approximately HK$178,664,000 and HK$847,506,000 respectively. Management considered the Group has an impairment indicator on the mining right and property, plant and equipment and has performed an impairment assessment on these assets as at 31 March 2021 to determine the recoverable amount. Based on the results of the assessment, it is concluded that no impairment loss for mining right and impairment loss amounting to approximately HK$38,120,000 is recognised for property, plant and equipment. We focused on this area due to the significance of the balance, the existence of impairment indicators and the determination of recoverable amount of these assets require significant judgements and estimates by the management.	Our procedures in relation to impairment assessment of mining rights and property, plant and equipment included but not limited to: • Evaluating the independent valuer's competence, capabilities and objectivity; • Assessing the valuation methodology used by management and the independent professional qualified valuer; • Reviewing and challenging the reasonableness of key assumptions and critical judgement areas which underpin the fair value estimation; • Engaging an auditors' valuation expert to assist us to assess the appropriateness of the valuation methodology and the reasonableness of the inputs, assumptions and estimations used by management and the independent professional qualified valuer which underpin the fair value estimation; and • Checking, on a samples basis, the accuracy and relevance of the input data used. We found that the key assumptions used by management in the impairment assessment of mining rights and property, plant and equipment to be supportable by available evidence.

KEY AUDIT MATTERS *(Continued)*

Key audit matters	How our audit addressed the key audit matters
Allowance for expected credit losses ("ECL") on the trade and other receivables and loan receivables *Refer to notes 23 and 24 and the accounting policies in note 4 to the consolidated financial statements.* As at 31 March 2021, the Group had (i) trade and other receivables with carrying amount of approximately HK$65,015,000 (net of allowance for ECL of approximately HK$150,738,000); and (ii) loan receivables with carrying amount of approximately HK$41,488,000 (net of allowance for ECL of approximately HK$19,518,000). As set out in note 5 to the consolidated financial statements, the measurement of ECL requires estimation of the amount and timing of future cash flows and the assessment of significant increase in credit risk. The estimations and assumptions applied in the ECL model include (i) the selection of inputs which the entity used in the ECL model including loss given default and possibility of default; and (ii) the selection of forward looking information. We focused on this area due to the allowance for ECL assessment under the ECL model involved the use of significant management judgements and estimates.	Our procedures in relation to allowance for ECL on the Group's trade and other receivables and loan receivables included but not limited to: • Obtaining an understanding of the Group's credit loss policy and methodology for allowance for ECL in relation to the application of ECL model under HKFRS 9 including the formulation of the model and inputs used in the ECL model; • Evaluating management's allowance for ECL included testing, on a sample basis, the underlying data used by management to assess the collectability of the trade and other receivables and loan receivables; • Assessing, validating and discussing with management of the Group and evaluating their assessment on the recoverability of the outstanding debts and the adequacy of allowance made based on the trade and other receivables and loan receivables aging analysis, collection subsequent to the end of the reporting period, past collection history and trend analysis and knowledge of the business; and • Checking, on a sample basis, the accuracy and relevance of information included in the allowance for ECL of trade and other receivables and loan receivables. We found the management judgement and estimates used to assess the recoverability of trade and other receivables and loan receivables and determine the ECL provision to be supportable by available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Kwok Tsz Chun.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Tsz Chun
Practising Certificate Number: P06901
Hong Kong, 29 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
Revenue	7	**127,093**	137,199
Cost of sales		**(57,808)**	(54,896)
Gross profit		**69,285**	82,303
Other income and gain, net	8	**2,491**	1,923
Staff costs	9	**(27,728)**	(33,838)
Depreciation		**(17,440)**	(16,393)
Administrative costs		**(30,545)**	(34,632)
Impairment loss recognised on property, plant and equipment	17	**(38,120)**	–
Impairment loss recognised on goodwill	20	**–**	(91,454)
Allowance for expected credit losses on trade and other receivables and loan receivables, net		**(51,660)**	(14,431)
Loss arising on change in fair value of investment properties	16	**(43,373)**	(57,256)
Gain arising on change in fair value less costs to sell on biological assets	22	**380**	1,123
Gain/(loss) arising on change in fair value of financial asset at fair value through profit or loss	14	**93,116**	(282,878)
Loss from operations	10	**(43,594)**	(445,533)
Finance costs	11	**(106,505)**	(98,035)
Loss before taxation		**(150,099)**	(543,568)
Tax credit	12	**15,008**	14,457
Loss for the year		**(135,091)**	(529,111)
Attributable to:			
Owners of the Company		**(135,055)**	(529,070)
Non-controlling interests		**(36)**	(41)
		(135,091)	(529,111)
Loss per share attributable to the owners of the Company	13		
— Basic and diluted		**1.851 cents**	7.253 cents

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Loss for the year	**(135,091)**	(529,111)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of overseas subsidiaries	**116,100**	(102,765)
Total comprehensive loss for the year	**(18,991)**	(631,876)
Total comprehensive loss attributable to:		
Owners of the Company	**(18,955)**	(631,835)
Non-controlling interests	**(36)**	(41)
	(18,991)	(631,876)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Investment properties	16	**1,207,028**	1,155,100
Property, plant and equipment	17	**847,506**	858,811
Right-of-use assets	18	**870**	2,957
Mining rights	19	**178,664**	178,664
Prepayment for property, plant and equipment	23	**390**	–
		2,234,458	2,195,532
Current assets			
Inventories	21	**6,557**	6,463
Biological assets	22	**21,783**	20,501
Trade and other receivables and prepayments	23	**77,727**	136,879
Loan receivables	24	**41,488**	42,781
Financial asset at fair value through profit or loss	25	**720,279**	578,384
Cash and cash equivalents	26	**33,413**	16,188
		901,247	801,196
Total assets		**3,135,705**	2,996,728
Capital and reserves			
Share capital	32	**2,664,298**	2,664,298
Reserves		**(687,737)**	(712,689)
Equity attributable to owners of the Company		**1,976,561**	1,951,609
Non-controlling interests		**37,902**	37,938
Total equity		**2,014,463**	1,989,547
Non-current liabilities			
Lease liabilities	18	**–**	757
Bank borrowings	30	**3,658**	4,703
Amount due to a related company	28	**202,075**	137,935
Deferred tax liabilities	31	**93,509**	107,472
		299,242	250,867
Current liabilities			
Trade and other payables and deposits received	27	**75,590**	71,009
Contract liabilities	29	**–**	1,255
Lease liabilities	18	**757**	2,197
Tax payable		**6,237**	6,259
Bank and other borrowings	30	**36,340**	675,594
Amount due to a related company	28	**703,076**	–
		822,000	756,314
Total liabilities		**1,121,242**	1,007,181
Total equity and liabilities		**3,135,705**	2,996,728
Net current assets		**79,247**	44,882
Total assets less current liabilities		**2,313,705**	2,240,414

Approved and authorised for issue by the Board of Directors on 29 June 2021 and signed on its behalf by:

Jiang Zhaobai
Director

Lam Cheung Shing, Richard
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Equity attributable to owners of the Company									
	Share capital HK$'000	Special reserve HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Statutory surplus reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2019	2,664,298	571,996	1,342,477	–	99,050	871	(2,132,015)	2,546,677	37,979	2,584,656
Loss for the year	–	–	–	–	–	–	(529,070)	(529,070)	(41)	(529,111)
Exchange differences on translation of overseas subsidiaries	–	–	–	–	(102,765)	–	–	(102,765)	–	(102,765)
Total comprehensive loss for the year	–	–	–	–	(102,765)	–	(529,070)	(631,835)	(41)	(631,876)
Deemed capital contribution arising from a substantial shareholder	–	–	–	36,767	–	–	–	36,767	–	36,767
At 31 March 2020 and 1 April 2020	2,664,298	571,996	1,342,477	36,767	(3,715)	871	(2,661,085)	1,951,609	37,938	1,989,547
Loss for the year	–	–	–	–	–	–	(135,055)	(135,055)	(36)	(135,091)
Exchange differences on translation of overseas subsidiaries	–	–	–	–	116,100	–	–	116,100	–	116,100
Total comprehensive loss for the year	–	–	–	–	116,100	–	(135,055)	(18,955)	(36)	(18,991)
Deemed capital contribution arising from a substantial shareholder	–	–	–	43,907	–	–	–	43,907	–	43,907
At 31 March 2021	**2,664,298**	**571,996**	**1,342,477**	**80,674**	**112,385**	**871**	**(2,796,140)**	**1,976,561**	**37,902**	**2,014,463**

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 with the principal amount of approximately HK$240,964,000 (2020: HK$170,580,000). The fair value of the loan at initial recognition was approximately HK$197,057,000 (2020: HK$133,813,000). The balance of capital reserve of approximately HK$43,907,000 (2020: HK$36,767,000) 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 ("PRC"). When the balance of such reserve reaches 50% of the Group's registered capital, any further appropriation is optional.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(150,099)**	(543,568)
Adjustments for:			
Depreciation of property, plant and equipment	17	**15,353**	14,243
Depreciation of right-of-use assets	18	**2,087**	2,150
Gain on lease cancellation	8	**–**	(2)
Impairment loss recognised in respect of property, plant and equipment	17	**38,120**	–
Impairment loss recognised on goodwill	20	**–**	91,454
Loss arising from change in fair value of of investment properties	16	**43,373**	57,256
Bargain purchase gain on acquisition of a subsidiary	34	**(32)**	–
Gain arising from change in fair value less costs to sell of biological assets	22	**(380)**	(1,123)
(Gain)/loss arising from change in fair value of financial asset at fair value through profit or loss	25	**(93,116)**	282,878
Allowance for expected credit losses recognised on trade and other receivables and loan receivables, net	10	**51,660**	14,431
Interest income	8	**(203)**	(687)
Finance costs	11	**106,505**	98,035
Operating cash flows before movements in working capital		**13,268**	15,067
(Increase)/decrease in inventories		**(94)**	1,201
Decrease in trade and other receivables and prepayments		**15,604**	30,296
(Decrease)/increase in contract liabilities		**(1,255)**	749
Increase/(decrease) in trade and other payables and deposits received		**17,477**	(3,900)
Cash generated from operating activities		**45,000**	43,413
Profits tax paid		**(5,104)**	(2,446)
Tax refund		**–**	1,759
Interest received		**203**	687
Net cash generated from operating activities		**40,099**	43,413
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	17	**(3,078)**	(13,053)
Proceeds from sale of biological assets	22	**22,021**	22,070
Purchase of biological assets	22	**(22,256)**	(23,636)
Decrease in biological assets	22	**167**	139
Net cash outflow arising from acquisition of a subsidiary	34	**(5,056)**	–
Net cash used in investing activities		**(8,202)**	(14,480)

	Note	2021 HK$'000	2020 HK$'000
FINANCING ACTIVITIES			
Interest paid		**(77,080)**	(96,952)
New bank and other borrowings raised		**8,295**	359,939
Proceeds from amount due to a related company		**759,076**	170,580
Repayment of bank and other borrowings		**(702,757)**	(524,658)
Repayment of lease liabilities		**(2,295)**	(2,362)
Net cash used in financing activities		**(14,761)**	(93,453)
Net increase/(decrease) in cash and cash equivalents		**17,136**	(64,520)
Cash and cash equivalents at beginning of the year		**16,188**	79,975
Effect of change in foreign exchange rate		**89**	733
Cash and cash equivalents at end of the year		**33,413**	16,188
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	**33,413**	16,188

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

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Suites 601-603, 6/F., Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in (i) property investment operation, (ii) hotel operation, (iii) securities investment and financing operation and (iv) agricultural operation. Details of the principal activities of its subsidiaries are set out in note 41.

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

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosure provisions of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are set out in note 5.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, biological assets and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

2. BASIS OF PREPARATION *(Continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the current year for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or the disclosures set out in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 — 2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Interests in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the interests in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are presenting ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when"control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

— the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

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

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

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

The Group recognises revenue under the following accounting policies:

(a) Sale of goods

Revenue from the sales of cattles and agricultural produce is recognised at a point in time when control of the products has transferred, which generally considers with the time when the goods are delivered and title has passed.

(b) Hotel income

Hotel room revenue are recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Income from food and beverage sales of hotel operation is recognised at a point in time when the food and beverage are served.

(c) Property rental income

Property rental income is recognised on a straight-line basis over the period of the lease.

(d) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income and gain, net".

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands and properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Except for mining rights, depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method at the following principal annual rates. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Buildings — Hotel property	Over the shorter of the estimated useful lives of 50 years and the terms of the leases
Leasehold improvements	Over the terms of the leases
Furniture and fixtures	15%
Equipment, motor vehicle and others	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Biological assets

Biological assets are stated at fair value less costs to sell, with any resultant gain or loss recognised in the consolidated statement of profit or loss. Costs to sell are incremental costs directly attributable to the disposal of an asset excluding financial cost, income tax and costs necessary to get the assets to market.

The fair value of livestock is determined based on the current market price of livestock of similar age, breed and genetic merit. The feeding costs and other related costs including the depreciation charge, utilities cost and consumables incurred for the raising of heifers and calves are capitalised.

The agricultural produce is initially measured at fair value less costs to sell at the time of harvest. The fair value of agricultural produce is determined based on market prices in the local market. The fair value less costs to sell at the time of harvest represents the cost of agricultural produce for further processing.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on the estimated selling prices less any estimated costs expected to be incurred to disposal.

Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised over the estimated useful lives of the mines in accordance with the production plan of the entities concerned and the proven and probable reserves of the mines using the unit of production method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation expenditure

Exploration and evaluation assets include topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing manganese mine and to expand the capacity of a mine. Expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred. Exploration and evaluation assets acquired in a business combination are initially recognised at fair value. They are subsequently stated at cost less accumulated impairment. When it can be reasonably ascertained that a mining property is capable of commercial production, exploration and evaluation costs are transferred to tangible or intangible assets according to the nature of the exploration and evaluation assets. If any project is abandoned during the evaluation stage, the total expenditure thereon will be written off.

Impairment on property, plant and equipment, right-of-use assets and mining rights

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and mining rights to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of property, plant and equipment, right-of-use assets and mining rights are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Lease

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocations of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate standalone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term lease and lease of low-value assets

The Group applies the short-term lease recognition exemption to leases of staff dormitory and photo copier that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term lease and lease of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Lease *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liabilities at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease;

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liabilities is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review expected payment under a guaranteed residual value, in which cases the related lease liabilities is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Lease *(Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liabilities based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at the commencement date at amounts equal to the Group's net investment in the leases, measured using the interest rate implicit in the respective lease. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including trade and other receivables, loan receivables and cash and cash equivalent). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables without significant financing component.

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

(i) Significant increase in credit risk

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

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

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

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk *(Continued)*

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provisional matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, deposit received, bank and other borrowings, amount due to a related company and lease liabilities subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before taxation as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary difference can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributes to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributes to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Rehabilitation provision

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related manganese. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in finance costs. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

For closed sites, changes to estimated costs are recognised immediately in the consolidated statement of profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

— exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

— exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

— exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefits costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme in Hong Kong (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group entity in the PRC participates in defined contribution retirement benefit plans (including Housing Provident Fund) organised by relevant government authorities for its employees in the PRC and contribute to these plans based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

The Group has no further obligation for post-employment benefits beyond the contributions made. The Group's contributions to these plans are charged to the consolidated statement of profit or loss as incurred.

Share-based payments

Equity-settled share-based payments transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a holding company of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

(viii) the entity, or any member of a group of which it is apart, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the most senior executive management that makes strategic decisions.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Fair value of investment properties

Investment properties are stated at fair values based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 16.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuations is reflective of the current market conditions. Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, travel restrictions implemented by many countries, increased complexity in international trade tensions geopolitics, change in policy direction and/or mortgage requirement or other unexpected incidents would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2021, the carrying amount of the Group's investment properties is HK$1,207,028,000 (2020: HK$1,155,100,000).

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Impairment on property, plant and equipment, right of-use assets and mining rights

For the Group's property, plant and equipment, right-of-use assets and mining rights, the Group has to exercise judgments in determining whether an asset is impaired or the event previously causing the asset impaired no longer exists, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of the asset can be supported by the recoverable amounts, in the case of value in use, the net present value of the future cash flows which are estimated based upon the continuing use of the asset or disposal; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections are discounted using an appropriate rate. Changing the assumptions applied by management to determine the level of impairment, including the discount rates and the growth rate assumptions in the cash flow projections, could material affect the net present value result in the impairment test.

Provision of ECL for trade and other receivables and loan receivables

Trade and other receivables and loan receivables with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

For other receivables and loan receivables, the management makes periodic individual assessment on the recoverability of other receivables and loan receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables and loan receivables are disclosed in note 40.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

Current tax and deferred tax

The Group is subject to income taxes in Hong Kong, Mainland China and overseas. The Group carefully evaluates tax implications of transactions in accordance with the prevailing tax regulations and makes tax provision accordingly. However, judgment is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provision in the periods in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

Withholding tax arising from the distribution of dividends

The Group's determination as to whether to accrue for withholding taxes arising from the distributions of dividends from certain subsidiaries according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividends or on whether certain companies of the Group is determined to be a Chinese resident enterprise by the PRC governing tax authorities in the future.

Fair value of cattle

The Group's cattle are valued at fair value less costs to sell. The fair value of cattle is determined based on the market-determined prices as at the end of the reporting period adjusted with reference to the species, age, growing condition, costs incurred to reflect differences in characteristics and/or stages of growth of the cattle when market-determined prices are unavailable; or the cost when appropriate. Any change in the estimates may affect the fair value of the cattle significantly. The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of cattle. Details of assumptions used are disclosed in note 22.

Fair value of agricultural produce

The Group's agricultural produce are valued at fair value less costs to sell. The fair value of agricultural produce is determined based on either the market-determined prices as at the end of the reporting period adjusted with reference to the species, age, growing condition and costs incurred in characteristics and/or stages of growth of the agricultural produce; or the present value of expected net cash flows from the agricultural produce discounted at a current market-determined rate, when market-determined prices are unavailable; or the cost when appropriate. Any change in the estimates may affect the fair value of the agricultural produce significantly. The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of agricultural produce. Details of assumptions used are disclosed in note 22.

6. SEGMENT INFORMATION

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

Property investment operation	—	Leasing of rental property in the PRC
Hotel operation	—	Hotel operation in the PRC
Agricultural operation	—	Agricultural farming and sale of crops and cattle raising and sales of cattle in the Plurinational State of Bolivia ("Bolivia")
Securities investment and financing operation	—	Provision of securities investment and financing operation in Hong Kong and the PRC

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

6. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and result

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

	Segment revenue		Segment result	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Property investment operation	**31,918**	47,831	**(24,163)**	(40,337)
Hotel operation	**36,516**	27,734	**(1,514)**	(49,317)
Agricultural operation	**58,659**	61,634	**(33,208)**	(20,018)
Securities investment and financing operation	**–**	–	**91,613**	(292,775)
Other operations	**–**	–	**(847)**	(1,385)
Total	**127,093**	137,199	**31,881**	(403,832)
Interest income and other revenue			**2,491**	1,923
Unallocated expenses			**(77,966)**	(43,624)
Loss from operations			**(43,594)**	(445,533)
Finance costs			**(106,505)**	(98,035)
Loss before taxation			**(150,099)**	(543,568)
Tax credit			**15,008**	14,457
Loss for the year			**(135,091)**	(529,111)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2020: Nil).

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

6. SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities

	2021 **HK$'000**	2020 HK$'000
Segment assets		
Property investment operation	**1,262,649**	1,257,795
Hotel operation	**482,508**	451,052
Securities investment and financing operation	**761,781**	621,178
Agricultural operation	**424,725**	463,407
Other operations	**179,554**	179,648
Total segment assets	**3,111,217**	2,973,080
Unallocated assets	**24,488**	23,648
Consolidated total assets	**3,135,705**	2,996,728

	2021 **HK$'000**	2020 HK$'000
Segment liabilities		
Property investment operation	**44,866**	60,318
Hotel operation	**47,421**	44,869
Securities investment and financing operation	**180**	180
Agricultural operation	**53,496**	66,590
Other operations	**6,105**	5,965
Total segment liabilities	**152,068**	177,922
Unallocated bank and other borrowings	**33,000**	642,222
Unallocated liabilities	**929,937**	180,778
Tax payable	**6,237**	6,259
Consolidated total liabilities	**1,121,242**	1,007,181

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

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

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

6. SEGMENT INFORMATION *(Continued)*

(c) Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 March 2021

	Property investment operation HK$'000	Hotel operation HK$'000	Securities investment and financing operation HK$'000	Agricultural operation HK$'000	Other operations HK$'000	Unallocated HK$'000	Consolidated total HK$'000
Other segment information							
Depreciation of property, plant and equipment	114	13,064	–	1,913	–	262	15,353
Depreciation of right-of-use assets	–	–	–	–	–	2,087	2,087
Capital expenditure (note)	–	–	–	3,078	–	–	3,078
Impairment loss recognised on property, plant and equipment	–	–	–	38,006	114	–	38,120
Loss arising on change in fair value of investment properties	43,373	–	–	–	–	–	43,373
Gain arising on change in fair value of financial asset at fair value through profit or loss	–	–	(93,116)	–	–	–	(93,116)
Gain arising on change in fair value less costs to sell on biological assets	–	–	–	(380)	–	–	(380)
Allowance for/(reversal of allowance for) expected credit losses on trade and other receivables and loan receivables	–	(48)	1,293	(627)	–	51,042	51,660

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

6. SEGMENT INFORMATION *(Continued)*

(c) Other segment information *(Continued)*

For the year ended 31 March 2020

	Property investment operation HK$'000	Hotel operation HK$'000	Securities investment and financing operation HK$'000	Agricultural operation HK$'000	Other operations HK$'000	Unallocated HK$'000	Consolidated total HK$'000
Other segment information							
Depreciation of property, plant and equipment	106	12,916	–	973	–	248	14,243
Depreciation of right-of-use assets	63	–	–	–	–	2,087	2,150
Capital expenditure (note)	–	–	–	13,053	–	–	13,053
Loss arising on change in fair value of investment properties	57,256	–	–	–	–	–	57,256
Loss arising on change in fair value of financial asset at fair value through profit or loss	–	–	282,878	–	–	–	282,878
Gain arising on change in fair value less costs to sell on biological assets	–	–	–	(1,123)	–	–	(1,123)
Allowance for expected credit losses on trade and other receivables and loan receivables	–	37	9,694	783	–	3,917	14,431

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

6. 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, mining rights and goodwill (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	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**26,779**	29,115
The PRC	**68,434**	75,565	**1,652,526**	1,576,819
Bolivia	**58,659**	61,634	**376,147**	410,465
Indonesia	**–**	–	**179,006**	179,133
	127,093	137,199	**2,234,458**	2,195,532

(e) Information about major customers

The percentage of turnover attributable to the Group's five largest customers to the total turnover during the year was 49% (2020: 58%). The percentage of turnover attributable to the largest customer to the total turnover during the year was 35% (2020: 38%).

Revenue from a major customer for the years ended 31 March 2021 and 2020 contributing over 10% of the Group's revenue are as follows:

	2021	2020
	HK$'000	HK$'000
Agricultural operation — Customer A	**44,078**	50,983

7. REVENUE

Revenue is analysed as follow:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Revenue from contracts with customers		
Hotel income	**36,516**	27,734
Agricultural operation income	**58,659**	61,634
	95,175	89,368
Timing of revenue recognition		
A point in time:		
Agricultural operation income	**58,659**	61,634
Hotel income — food and beverage income	**11,550**	2,309
	70,209	63,943
Over time:		
Hotel income — hotel room income	**24,966**	25,425
	95,175	89,368
Revenue from other sources		
Property rental income	**31,918**	47,831
	127,093	137,199

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.

8. OTHER INCOME AND GAIN, NET

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Bank interest income	**203**	687
Other loan interest income	**948**	975
Net foreign exchange loss	**(415)**	(325)
Investment income	**792**	518
Gain on lease cancellation	**–**	2
Government grants	**756**	–
Bargain purchase gain on acquisition of a subsidiary (note 34)	**32**	–
Sundry income	**175**	66
	2,491	1,923

During the current year, the Group recognised government grants of HK$756,000 in respect of Covid-19-related subsidies, of which HK$756,000 relates to Employment Support Scheme provided by the Hong Kong Government.

9. STAFF COSTS

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Salaries and allowances (including directors' emoluments)	**26,310**	32,021
Retirement benefit scheme contributions	**1,418**	1,817
	27,728	33,838

9. STAFF COSTS *(Continued)*

(a) Directors' emoluments and chief executive remuneration

The emoluments paid or payable to each director were as follows:

	Directors' fees		Salaries and benefits-in-kind		Retirement benefit scheme contributions		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Executive directors								
Jiang Zhaobai	**240**	240	**18**	3,600	**36**	29	**294**	3,869
Lam Cheung Shing, Richard	**240**	240	**3,809**	4,534	**480**	480	**4,529**	5,254
Chen Yi, Ethan	**240**	240	**2,521**	2,250	**36**	26	**2,797**	2,516
Shen Angang (note (i))	**240**	240	**–**	–	**–**	–	**240**	240
	960	960	**6,348**	10,384	**552**	535	**7,860**	11,879
Independent non-executive directors								
Ho Yiu Yue, Louis	**240**	240	**–**	–	**–**	–	**240**	240
Ko Ming Tung, Edward	**240**	240	**–**	–	**–**	–	**240**	240
Ng Ge Bun (note (iii))	**–**	–	**–**	–	**–**	–	**–**	–
Shan Zhemin (note (ii))	**240**	240	**–**	–	**–**	–	**240**	240
	720	720	**–**	–	**–**	–	**720**	720
	1,680	1,680	**6,348**	10,384	**552**	535	**8,580**	12,599

Notes:

(i) Mr. Shen Angang was resigned as an executive director of the Company with effect from 23 April 2021.

(ii) Professor Shan Zhemin, an independent non-executive director and a member of the audit committee of the Company, passed away on 28 December 2020.

(iii) Mr. Ng Ge Bun was appointed as an independent non-executive Director of the Company with effect from 7 May 2021.

Mr. Lam Cheung Shing, Richard is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. One (2020: None) of the directors has agreed to waived the emoluments of approximately HK$3,582,000 during the year.

9. STAFF COSTS *(Continued)*

(b) Five highest paid individuals

The five individuals with the highest emoluments in the Group, two (2020: three) were directors of the Company whose emoluments are included in the disclosures in note 9(a) above. The emoluments of the remaining three (2020: two) individuals, who are neither a director nor chief executive of the Company are detailed as follows:

	2021	2020
	HK$'000	HK$'000
Salaries and allowances	**4,031**	3,290
Retirement benefit scheme contributions	**425**	184
	4,456	3,474

The number of the highest paid employees who are neither a director nor chief executive of the Company whose remuneration fell within the following bands are as follows:

	Number of individuals	
	2021	2020
HK$1,000,001 to HK$1,500,000	**2**	1
HK$2,000,001 to HK$2,500,000	**1**	1
	3	2

10. LOSS FROM OPERATIONS

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

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Depreciation of property, plant and equipment (note 17)	**15,353**	14,243
Depreciation of right-of-use assets (note 18)	**2,087**	2,150
Auditors' remuneration	**2,768**	2,768
Cost of inventories for hotel operation provided	**11,043**	6,158
Allowance for ECL on trade and other receivables and loan receivables, net	**51,660**	14,431
Impairment loss recognised on goodwill (note 20)	**–**	91,454
Impairment loss recognised on property, plant and equipment (note 17)	**38,120**	–
Short-term lease payment	**281**	259
Expenses relating to leases of low value assets	**35**	35
Fair value change in investment properties (note 16)	**43,373**	57,256
Gain arising on change in fair value less costs to sell on biological assets (note 22)	**(380)**	(1,123)
Gross rental income from investment properties (note 7)	**(31,918)**	(47,831)
Less: direct operating expenses from investment properties that generated rental income during the year	**1,094**	1,784
	(30,824)	(46,047)

11. FINANCE COSTS

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Interests on:		
— Bank borrowings	**563**	981
— Other borrowings	**65,428**	92,720
— Lease liabilities	**98**	212
Imputed interest on amount due to a related company	**40,416**	4,122
	106,505	98,035

12. TAX CREDIT

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
PRC Enterprise Income Tax		
— Current tax expense	**(5,082)**	(2,419)
— Over-provision in respect of prior years	**–**	1,759
	(5,082)	(660)
Deferred tax (note 31)	**20,090**	15,117
	15,008	14,457

Hong Kong Profits Tax

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

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

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

12. TAX CREDIT *(Continued)*

The PRC Enterprise Income Tax

All the Company's subsidiaries established in the PRC are either subject to the PRC Enterprise Income Tax at 25% of the assessable income of each company or preferential enterprise income tax rate of the assessable income of each company during the years ended 31 March 2021 and 2020, as determined in accordance with the relevant PRC income tax rules and regulations.

The Indonesia Corporate Tax

The corporate tax rate applicable to the subsidiary which is operating in the Indonesia is 25% (2020: 25%) during the year. No Indonesia Corporate Tax was recognised as the subsidiary in the Indonesia has no estimated assessable profits for the both years.

The Bolivia Corporate Tax

The corporate tax rate applicable to the subsidiaries which are operating in Bolivia is 25% (2020: 25%) during the year.

Tax credit is reconciled to loss before taxation per the consolidated statement of profit or loss as follows:

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
Loss before taxation	**(150,099)**	(543,568)
Tax calculated at the domestic rates applicable in the country concerned	**(35,434)**	(126,464)
Tax effect of expenses not deductible for tax purpose	**38,086**	93,525
Tax effect of income not taxable for tax purpose	**(46,795)**	(740)
Tax effect of tax losses not recognised	**29,135**	17,463
Over-provision in respect of prior years	**–**	1,759
Tax credit for the year	**(15,008)**	(14,457)

13. LOSS PER SHARE

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

	Year ended 31 March 2021 HK$'000	Year ended 31 March 2020 HK$'000
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**135,055**	529,070

	Year ended 31 March 2021	Year ended 31 March 2020
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 the basic loss per share as the Company has no dilutive potential shares outstanding for the years ended 31 March 2021 and 2020.

14. NET GAIN/(LOSS) ON FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Year ended 31 March 2021 HK$'000	Year ended 31 March 2020 HK$'000
Net unrealised gain/(loss) on financial asset at FVTPL (note 25)	**93,116**	(282,878)

15. DIVIDENDS

The directors of the Company did not recommend the payment of any dividend for the year ended 31 March 2021 (2020: Nil).

16. INVESTMENT PROPERTIES

	2021 HK$'000	2020 HK$'000
Fair value		
At beginning of the year	**1,155,100**	1,282,094
Fair value change	**(43,373)**	(57,256)
Exchange alignment	**95,301**	(69,738)
At end of the year	**1,207,028**	1,155,100
Unrealised loss on change in fair value of investment properties	**(43,373)**	(57,256)

16. INVESTMENT PROPERTIES *(Continued)*

Notes:

(a) The Group leases out various offices under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 10 years (2020: 1 to 10 years), with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

(b) The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

(c) The Group's investment properties held under operating leases to earn rentals or for capital appreciation are measured using the fair value model and are classified and accounted for as investment properties.

(d) The fair value of the Group's investment properties at 31 March 2021 and 2020 have been arrived at on the basis of a valuation carried out on the respective date by Messrs. Cushman & Wakefield, and Savills Valuation and Professional Services Limited respectively, independent professional valuers who are not connected with the Group and have recent experience in the valuation of similar properties in relevant locations. Both of them are members of the Hong Kong Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in similar locations and conditions.

(e) The fair value was determined based on the direct comparison approach and/or income approach. Direct comparison approach involves the analysis of recent market sales evidence of similar properties to compare with the premises under valuation. It assumes each of these properties is capable of being sold in its existing status with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Income approach relying on the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighborhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the respective properties. There were no changes to the valuation techniques during the year.

(f) The Group's investment properties at their fair values are analysed as follows:

	2021 **HK$'000**	2020 HK$'000
Investment properties in Hong Kong, held on:		
Long-term leases	**25,100**	25,100
Investment properties in the PRC, held on:		
Medium-term leases	**1,181,928**	1,130,000
	1,207,028	1,155,100

(g) Investment properties with the carrying amount of approximately HK$72,690,000 (2020: HK$631,766,000) have been pledged to secure facilities granted to the Group.

(h) The Group's investment properties, amounting to approximately HK$903,532,000 (2020: HK$1,040,597,000) are rented out under operating leases.

(i) Fair value measurements

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

At the end of each reporting period, the management of the Group will (i) verify all major inputs to the independent valuation report; (ii) assess property valuations movements when compared to the prior year valuation report; and (iii) hold discussion with the independent valuer.

Changes in fair values are analysed at the end of each reporting period by the management of the Group.

16. INVESTMENT PROPERTIES *(Continued)*

Notes: *(Continued)*

(i) Fair value measurements *(Continued)*

The table below analyses recurring fair value measurements for investment properties located in Hong Kong and 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 31 March 2021				
Hong Kong	**–**	**25,100**	**–**	**25,100**
The PRC	**–**	**–**	**1,181,928**	**1,181,928**
	–	**25,100**	**1,181,928**	**1,207,028**
At 31 March 2020				
Hong Kong	–	25,100	–	25,100
The PRC	–	–	1,130,000	1,130,000
	–	25,100	1,130,000	1,155,100

There were no transfers among Level 1, Level 2 and Level 3 during the years ended 31 March 2021 and 2020.

The movements of the balance of investment properties measured at fair value based on Level 3 are as follows:

	2021 HK$'000	2020 HK$'000
At beginning of the year	**1,130,000**	1,255,294
Fair value change	**(43,373)**	(55,556)
Exchange alignment	**95,301**	(69,738)
At end of the year	**1,181,928**	1,130,000

Information about fair value measurements based on Level 2 fair value hierarchy:

Description	**2021 Fair value HK$'000**	2020 Fair value HK$'000	Valuation techniques	Range of significant unobservable inputs Unit rate
Residential unit in HK	**25,100**	25,100	Market comparison approach	HK$205,000 (2020: HK$205,000) per square meter

Information about fair value measurements based on Level 3 fair value hierarchy:

Description	**2021 Fair value HK$'000**	2020 Fair value HK$'000	Valuation techniques	Range of significant unobservable inputs Daily rental rate	 Capitalisation rate
Commercial premises in the PRC	**1,181,928**	1,130,000	Combination of direct comparison approach and income approach	RMB7.5 to RMB9.9 (2020: RMB7.5 to RMB10.7) per square meter	2.75% to 6.25% (2020: 2.75% to 6.25%)

The fair value measurements are positively correlated to the daily rental rate and negatively correlated to the capitalisation rate. Capitalisation rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the capitalisation rate, the lower the fair value. The higher the daily rental rate, the higher the fair value.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$'000	Construction in progress HK$'000	Hotel property HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Equipment, motor vehicle and others HK$'000	Total HK$'000
Cost							
At 1 April 2019	368,087	5,230	542,588	5,385	11,700	36,214	969,204
Additions	3,875	–	–	4,231	–	4,947	13,053
Exchange alignment	–	–	(30,144)	(40)	(539)	(166)	(30,889)
At 31 March 2020 and 1 April 2020	371,962	5,230	512,444	9,576	11,161	40,995	951,368
Additions	–	–	–	2,868	–	210	3,078
Acquisition of a subsidiary (note 34)	4,798	–	–	202	–	–	5,000
Transfer	–	(5,230)	–	5,230	–	–	–
Exchange alignment	–	–	40,351	57	773	238	41,419
At 31 March 2021	376,760	–	552,795	17,933	11,934	41,443	1,000,865
Accumulated depreciation and impairment							
At 1 April 2019	–	–	57,353	5,385	9,844	6,296	78,878
Charge for the year	–	–	12,915	–	249	1,079	14,243
Exchange alignment	–	–	(209)	(40)	(174)	(141)	(564)
At 31 March 2020 and 1 April 2020	–	–	70,059	5,345	9,919	7,234	92,557
Charge for the year	–	–	13,066	1,232	249	806	15,353
Impairment	31,604	–	–	6,516	–	–	38,120
Exchange alignment	–	–	6,379	57	682	211	7,329
At 31 March 2021	31,604	–	89,504	13,150	10,850	8,251	153,359
Carrying amount							
At 31 March 2021	**345,156**	**–**	**463,291**	**4,783**	**1,084**	**33,192**	**847,506**
At 31 March 2020	371,962	5,230	442,385	4,231	1,242	33,761	858,811

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

Notes:

(a) No hotel property has been pledged to secure other borrowings granted to the Group (2020: carrying amount of HK$442,385,000).

(b) During the years ended 31 March 2021 and 2020, hotel property of the Group is held under medium-term leases in the PRC.

(c) Freehold land with the carrying amount of approximately HK$152,473,000 (2020: HK$145,860,000) have been pledged to secure bank borrowing granted to the Group.

(d) Due to unstable environment currently, the management of the Group concluded there was indication for impairment and conducted impairment assessment, the recoverable amount of freehold land and leasehold improvements has been determined based on fair value less costs of disposal. The recoverable amounts are estimated individually. In the absence of current prices in an active market for similar other fixed assets, the Group considers information by reference to the valuation performed by an independent valuer based on the depreciated replacement cost ("DRC") approach. The DRC approach requires a valuation of the market value of the other fixed assets in its existing use and an estimate of the new replacement cost of the other fixed assets from which deductions are then made to allow for physical deterioration and all forms of obsolescence and optimisation.

(e) Fair value measurements

Information about fair value measurements based on Level 3 fair value hierarchy:

Description	2021 Fair value HK$'000	Valuation techniques	Significant unobservable inputs
Property, plant and equipment in Bolivia	**349,939**	Depreciated replacement cost	USD450 to USD4,500 per hectare

18. LEASE

(a) Right-of-use assets

	Office premises HK$'000
At 1 April 2019	5,272
Depreciation expense	(2,150)
Lease cancellation	(153)
Exchange alignment	(12)
At 31 March 2020 and 1 April 2020	2,957
Depreciation expense	(2,087)
At 31 March 2021	**870**

(b) Lease liabilities payable

	2021 HK$'000	2020 HK$'000
— Within one year	**757**	2,197
— More than one year but not exceeding two years	**–**	757
	757	2,954

The weighted average incremental borrowing rate applied to lease liabilities is 5% (2020: 5%).

For current year, the Group leases an office for its operations. Lease contract is entered into for fixed term of 3 years (2020: 3 to 4 years. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the year ended 31 March 2021, total cash outflow for leases of approximately HK$2,611,000 (2020: HK$2,362,000). Amount includes payments of principal and interest portion of lease liabilities, short-term lease payment and low value assets. These amounts could be presented in operating or financing cash flows.

19. MINING RIGHTS

	HK$'000
Cost	
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	1,227,344
Accumulated amortisation and impairment	
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	1,048,680
Carrying amount	
At 31 March 2021	**178,664**
At 31 March 2020	178,664

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

The mining rights are amortised using the unit-of-production methods based on the total proven and probable mineral reserves, under the assumption that the mining rights have a finite useful lives of 20 years and would expire on 18 November 2031 with a renewal option at most ten years, extendable to 5 years at two times respectively, till all proven and probable mineral reserves have been mined. For the years ended 31 March 2021 and 2020, the management considered that commercial production of the mine has not yet commenced, no amortisation were provided during both years.

The directors of the Company reviewed the carrying amount of the mining rights, there were no impairment loss recognised in the consolidated statement of profit or loss for the years ended 31 March 2021 and 2020.

The recoverable amount of the mining rights was estimated by an independent valuer, International Valuation Limited. The valuation was performed based on the excess earning method under the income-approach. The excess earnings were the net profit after deducting all the charges for contributory assets, including fixed assets, working capital and assembled workforce, which were then discounted at an appropriate discount rate to arrive at the fair value of the mining rights. Weighted average cost of capital plus additional premium was adopted as the discount rate for the excess earnings cash flow. There were no changes to the valuation techniques during the year. Key assumptions adopted by management in the valuation are summarised as follows:

	2021	2020
Adopted manganese ore benchmark price (USD/ton) (note (a))	**USD151.00**	USD158.00
Pre-tax discount rate (note (b))	**14%**	14%

19. MINING RIGHTS *(Continued)*

Notes:

(a) For the year ended 31 March 2021, the adopted manganese ore benchmark price was estimated with reference to South Africa Manganese Ore Index. A premium rate was assumed to the manganese ore benchmark price estimation.

For the year ended 31 March 2020, the adopted manganese ore benchmark price was estimated with reference to the sale and purchase agreement entered between PT. Satwa Lestari Permai, a 95% owned subsidiary of the Company, as seller and an independent third party as buyer. No growth rate was assumed to the manganese ore benchmark price estimation over a period longer than five years.

(b) No mining rights have been pledged to secure general banking facilities granted to the Group in the both years.

20. GOODWILL

	HK$'000
Cost	
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	102,747
Accumulated impairment losses	
At 1 April 2019	11,293
Impairment	91,454
At 31 March 2020, 1 April 2020 and 31 March 2021	102,747
Carrying amount	
At 31 March 2021	**–**
At 31 March 2020	–

Impairment tests for CGU containing goodwill

The recoverable amount of the CGU is determined from value-in-use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The directors of the Company estimate discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

During the year ended 31 March 2020, in light of the serious economic impacts under COVID-19 pandemic in the coming years, and hence the directors of the Company considered an unfavorable impact on the cash flow projections for impairment testing of the goodwill across the three CGUs. Accordingly, the recoverable amounts of the three CGUs of hotel operation, property investment operation and agricultural operation were below the carrying amounts. As a result, the Group made fully impairment provision for the goodwill amounting to approximately HK$91,454,000.

20. GOODWILL *(Continued)*

Hotel operation

During the year ended 31 March 2020, the Group performed impairment test for the CGU of hotel operation based on cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period. The growth rate used in preparing cash flows beyond the five-year period is base on the estimated growth of hotel operation taking into account of industry growth rate, past experience and the medium or longterm growth target of hotel operation. Discount rate of 15.7% was used in preparation of the cash flow forecasts to reflect current market assessments of the time value of money and the risks specific to hotel operation. Another key assumption and input for the value-in-use calculation is the gross margin rate, which are determined based on an estimated performance, management's expectations and market conditions.

Property investment operation

During the year ended 31 March 2020, the Group performed impairment test for the CGU of property investment operation based on cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period. The growth rate used in preparing cash flows beyond the five-year period is base on the estimated growth of property investment operation taking into account of industry growth rate, past experience and the medium or long-term growth target of property investment operation. Discount rate of 16.3% was used in preparation of the cash flow forecasts to reflect current market assessments of the time value of money and the risks specific to property investment operation. Another key assumption and input for the value-in-use calculation is the budgeted revenue growth rate, which is determined based on an estimated performance, management's expectations and market conditions.

Agricultural operation

During the year ended 31 March 2020, the Group performed impairment test for the CGU of agricultural operation based on cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period. The growth rate used in preparing cash flows beyond the five-year period is based on the estimated growth of agricultural operation taking into account of industry growth rate, past experience and the medium or long-term growth target of agricultural operation. Discount rate of 16.8% was used in preparation of the cash flow forecasts to reflect current market assessments of the time value of money and the risks specific to agricultural operation. Other key assumption and input for the value-in-use calculation related to the estimation of cash inflows/outflows which include expected revenue and direct cost, which are determined based on an estimated performance, management's expectations and future business plan.

21. INVENTORIES

	2021 **HK$'000**	2020 HK$'000
Finished goods	**6,557**	6,463

22. BIOLOGICAL ASSETS

Movements of the biological assets are shown below:

	Cows and bulls HK$'000	Heifers and calves HK$'000	Soybean HK$'000	Rice HK$'000	Total HK$'000
At 1 April 2019	2,574	1,668	12,442	1,267	17,951
Increase due to purchases	742	1,742	11,795	771	15,050
Increase due to raising/plantation (including feeding cost and others)	–	574	7,375	637	8,586
Decrease due to sales/harvest	(350)	–	(19,816)	(1,904)	(22,070)
Decrease due to deaths	(97)	(42)	–	–	(139)
Transfers	1,811	(1,811)	–	–	–
Change in fair value less costs to sell	695	(1,038)	1,011	455	1,123
At 31 March 2020 and 1 April 2020	5,375	1,093	12,807	1,226	20,501
Increase due to acquisition of a subsidiary (note 34)	785	49	–	–	834
Increase due to purchases	929	206	11,656	690	13,481
Increase due to raising/plantation (including feeding cost and others)	–	1,378	5,352	2,045	8,775
Decrease due to sales/harvest	(239)	(1,818)	(17,147)	(2,817)	(22,021)
Decrease due to deaths	(76)	(91)	–	–	(167)
Transfers	422	(422)	–	–	–
Change in fair value less costs to sell	386	959	(1,469)	504	380
At 31 March 2021	**7,582**	**1,354**	**11,199**	**1,648**	**21,783**

The quantity of biological assets are shown below:

	2021	2020
Cows and bulls	**1,898**	1,321
Heifers and calves	**807**	604
	2,705	1,925
Soybean (in hectares)	**4,029**	4,178
Rice (in hectares)	**593**	400
	4,622	4,578

The Group is exposed to fair value risks arising from changes in price of the biological assets. The Group does not anticipate that the price of biological assets will significantly decline in the foreseeable future and the directors of the Company are of the view that there is no available derivative or other contracts which the Group can enter into manage the risk of a decline in the price of the biological assets.

22. BIOLOGICAL ASSETS *(Continued)*

The Group is exposed to a number of risks related to biological assets and exposed to the following operation risks:

(a) Regulatory and environmental risks

The Group is subject to laws and regulations in the location in which it operates farming of cattle and plantations. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage these risks.

(b) Climate, disease and other natural risks

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections and disease controls and surveys and insurance.

The qualification of the Valuer

The Group's biological assets were independently valued by an external valuer (the "Valuer"). The Valuer and its professional valuers in charge of this valuation have appropriate qualifications and relevant experiences in various appraisal assignments involving biological assets and agricultural produce. The professional valuers of the Valuer participated in this valuation have appraisal experiences in different kinds of assets such as property assets, industrial assets and biological assets. They have previously participated in the valuation of biological assets and agricultural produce.

Value of cattles

The Group currently has self-operating cattle farm. Cows, bulls, heifers and calves of similar age or in the same stage of life cycle are moved into a curtain-barn. For administration purposes, the housekeeper of the cattle farm would keep proper warehouse records on the number of cows moved into or out of the curtain-barns from time to time throughout the farming period. To facilitate the farming process, a group of cattle within a curtain-barn are sub-divided into certain number of sub-groups of more or less the same size and each of these sub-groups are separated from each other by means of physical barriers.

The Valuer has conducted inspection of the farms to understand, among others, the species of pure breed cattle, cross breeding program being undertaken, parameters in selection and culling of cattle, caring and feeding programs for farming cattle and facilities in the farms. To ascertain the quantity of cattle, the Valuer has checked the inventory records compiled by the finance department by physical count of selected sample groups of cattle. Sample groups (with sample size not less than 25% of total quantity) of cattle in different stages of life cycle have been selected and the following steps have been taken for undertaking physical counting of the selected samples by the Valuer:

- To obtain the warehouse records reflecting the quantities of cattle as at the reporting date;
- To perform physical counting of cattle within the curtain-barns as at the reporting date;
- To obtain the warehouse records in relation to the reduction and addition on the number of cattle of the curtain-barns during the year; and
- To compare and reconcile the results with the stocktaking records prepared by the Group.

22. BIOLOGICAL ASSETS *(Continued)*

Value of cattles *(Continued)*

In addition, the following principal assumptions have been adopted by the independent external Valuer:

(a) there will be no major change in the existing political, legal and economic conditions in the Bolivia;

(b) save for those proposed changes on taxation policies announced by the Tax Bureau of the Bolivia, there will be no major change in the current taxation law and tax rates as prevailing and that all applicable laws and regulations on taxation will be complied with by the Group;

(c) the biological assets are properly fed with balance diets such that they are gaining weight in accordance under normal growth rate and are receiving appropriate veterinary care;

(d) the availability of finance will not be a constraint on the farming of the biological assets;

(e) the production facilities, systems and the technology utilised by the Group in carrying out its cattle farming operations do not infringe any relevant regulations and law;

(f) the Group has obtained or shall have no impediment to obtain all necessary governmental permits and approvals to carry out its cattle farming operations in the Bolivia;

(g) the biological assets are not subject to any liabilities, interest-bearing loans and encumbrances that would impair their fair value as at the relevant valuation date;

(h) the Group will secure and retain competent management, key personnel, marketing and technical staff to carry out and support its cattle farming operations; and

(i) the estimated fair value does not include consideration of any extraordinary financing or income guarantees, special tax considerations or any other atypical benefits which may influence the fair value of the biological assets.

22. BIOLOGICAL ASSETS *(Continued)*

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of biological assets:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 March 2021

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Cows and bulls	**–**	**7,582**	**–**	**7,582**
Heifers and calves	**–**	**1,354**	**–**	**1,354**
Soy bean	**–**	**–**	**11,199**	**11,199**
Rice	**–**	**–**	**1,648**	**1,648**
Total biological assets	**–**	**8,936**	**12,847**	**21,783**

As at 31 March 2020

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Cows and bulls	–	5,375	–	5,375
Heifers and calves	–	1,093	–	1,093
Soy bean	–	–	12,807	12,807
Rice	–	–	1,226	1,226
Total biological assets	–	6,468	14,033	20,501

There were no transfer between Level 2 and Level 3 during the current and prior year.

22. BIOLOGICAL ASSETS *(Continued)*

Valuation Methodology of Biological Assets

i. Valuation techniques and assumptions

Type	Fair value hierarchy	Valuation technique and Key input	Significant observable input
Cows and bulls, heifers and calves (note)	Level 2	The fair value of the cows and bulls, heifers and calves are determined with the reference to the market determined prices of items with similar age, weight and gender.	Prevailing market price of calves at USD236.78 per head (2020: USD203.90 per head) Prevailing market price of little bulls at N/A per head (2020: USD418.10 per head) Prevailing market price of heifers at USD464.44 per head (2020: USD466.60 per head) Prevailing market price of cows ranging from USD512.79 to USD608.05 per head (2020: ranging from USD568.00 to USD660.80 per head) Prevailing market price of bulls at USD790.84 per head (2020: USD775.00 per head) Prevailing market price of registered bulls at USD1,125.92 per head (2020: N/A)

Note: The category of cows and bulls included little bulls, cows, bulls and registered bulls. Remainings are included in heifers and calves.

The valuation technique for soybean and rice used is the discounted cash flow method under income approach it requires to assess a series of variables, which include the discount rate, soybean and rice yield per hectare, market price of soybean and rice an estimated maturity of soybean and rice, etc. The values of such variables are determined by the independent valuers using information provided by the Group, proprietary and third-party data as well as under some assumptions.

There were no changes to the valuation techniques during the period. Major assumptions adopted for valuation are listed below:

a. The soybean and rice are a perennial crop with a half-year crop cycle and the crop is reaped exactly half year after planting;

b. The soybean and rice experiences linear growth; and

c. The economic life of the soybean and rice is half year.

22. BIOLOGICAL ASSETS *(Continued)*

Valuation Methodology of Biological Assets *(Continued)*

ii. Significant unobservable inputs

The major inputs for the above valuation models are discount rate, soybean and rice yield per hectare, market prices of soybean and rice and estimated maturity of soybean and rice. The values of such inputs are as follows:

1) The discount rate applied for the year ended 31 March 2021 was 6% (2020: 6%).

2) The estimated soybean and rice yield per hectare represents the harvest level of the soybean and rice, the expected yield are 2.1 tons per hectare (2020: 2.4 tons per hectare) and 3.5 tons per hectare (2020: 3.5 tons per hectare) respectively.

3) The market price variables represent the estimated market price per hectare for soybean and rice produced by the Group.

	2021		2020	
	Soybean	**Rice**	Soybean	Rice
Estimated market price (equivalent to approximately)	**USD330 (HK$2,574)**	**USD200 (HK$1,560)**	USD290 (HK$2,262)	USD250 (HK$1,950)

The yield of soybean and rice is affected by the age, species, the climate, location, soil conditions, topography and agricultural infrastructure.

The higher the discount rate, the lower the fair value. The higher the estimated crop yield per hectare, market prices variables and average maturity of soybean and rice, the higher the fair value.

The fair value measurement is based on the above biological assets' highest and best use, which does not differ from their actual use.

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2021 HK$'000	2020 HK$'000
Trade receivables	**5,181**	10,091
Other receivables and prepayments	**223,674**	220,204
	228,855	230,295
Less: allowance for ECL, net	**(150,738)**	(93,416)
	78,117	136,879
Less: non-current portion	**(390)**	–
	77,727	136,879

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

	2021 HK$'000	2020 HK$'000
Hong Kong dollar	**20,449**	19,691
Renminbi ("RMB")	**41,604**	92,191
Indonesian Rupiah ("IDR")	**315**	–
US dollar ("USD")	**15,749**	24,997
	78,117	136,879

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

	2021 HK$'000	2020 HK$'000
0 to 30 days	**525**	1,361
31 to 60 days	**–**	64
61 to 90 days	**2,792**	1,141
91 to 180 days	**–**	6,709
Over 180 days	**1,864**	816
	5,181	10,091

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

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

	2021 **HK$'000**	2020 HK$'000
At 1 April	**713**	16
(Reversal of)/allowance for ECL, net	**(558)**	698
Exchange alignment	**11**	(1)
At 31 March	**166**	713

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

	12m ECL HK$'000	**Lifetime ECL (not credit-impaired)** HK$'000	**Lifetime ECL (credit-impaired)** HK$'000	**Total** HK$'000
At 1 April 2019	–	75,746	18,005	93,751
— Allowance for ECL, net	–	3,999	40	4,039
Exchange alignment	–	(4,087)	(1,000)	(5,087)
At 31 March 2020 and 1 April 2020	–	75,658	17,045	92,703
— Transfers	4,616	(74,685)	70,069	–
— (Reversal of)/allowance for ECL, net	(2,655)	54,655	(1,075)	50,925
Exchange alignment	–	82	6,862	6,944
At 31 March 2021	**1,961**	**55,710**	**92,901**	**150,572**

The average credit period granted to customers is 60 to 90 days (2020: 60 to 90 days). The Group does not hold any other collateral or other credit enhancements over these balances.

Details of impairment assessment are set out in note 40.

The Group's other receivables and prepayments as at 31 March 2021 and 2020, inter alia, the following:

(i) other receivables of approximately HK$151,679,000 (2020: HK$104,049,000) paid for acquisition of several potential water plant projects in the PRC; and

(ii) approximately HK$390,000 (2020: Nil) paid for acquisition of land.

24. LOAN RECEIVABLES

	2021 **HK$'000**	2020 HK$'000
Loan receivables	**61,006**	61,006
Less: allowance for ECL, net	**(19,518)**	(18,225)
	41,488	42,781

The amount of approximately HK$61,006,000 (2020: HK$61,006,000) were secured by collateral providing by customers with fixed repayment terms.

Movement in the allowance for ECL of loan receivables were as follow:

	2021 **HK$'000**	2020 HK$'000
At 1 April	**18,225**	8,531
Allowance for ECL, net	**1,293**	9,694
At 31 March	**19,518**	18,225

The impaired individual debtor of loan receivables related to the debtor that was in financial difficulties and management of the Company considered only part of the outstanding balances could be recovered.

Details of impairment assessment are set out in note 40.

25. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 **HK$'000**	2020 HK$'000
Held for trading:		
Listed equity securities — the PRC, at fair value	**720,279**	578,384

Movement in the financial asset at fair value through profit or loss was as follow:

	2021 **HK$'000**	2020 HK$'000
At 1 April	**578,384**	911,924
Net unrealised gain/(loss) arising on change in fair value (note 14)	**93,116**	(282,878)
Exchange alignment	**48,779**	(50,662)
At 31 March	**720,279**	578,384

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

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

At 31 March 2021

Stock Code	Name of investee company	Number of shares held	Percentage shareholding held by the Group	Investment cost HK$'000 (note (1))	Market value as at 31 March 2021 HK$'000 (note (1))	Percentage to the Group's net assets as at 31 March 2021	Unrealised gain on change in fair value for the year ended 31 March 2021 HK$'000
600187	**Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina") (note (2))**	**227,312,500**	**13.74%**	**293,246**	**720,279**	**35.76%**	**93,116**

At 31 March 2020

Stock Code	Name of investee company	Number of shares held	Percentage shareholding held by the Group	Investment cost HK$'000 (note (1))	Market value as at 31 March 2020 HK$'000 (note (1))	Percentage to the Group's net assets as at 31 March 2020	Unrealised loss on change in fair value for the year ended 31 March 2020 HK$'000
600187	Heilongjiang Interchina (note (2))	227,312,500	13.74%	270,437	578,384	29.07%	(282,878)

Notes:

(1) The investment costs and market value as at 31 March 2021 and 31 March 2020 and unrealised gain/(loss) of the investments in the above table have been subject to foreign exchange adjustments and rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them. The fair value of investment for Heilongjiang Interchina is approximately RMB597,832,000 (equivalent to approximately HK$720,279,000) as at 31 March 2021 (2020: approximately RMB520,546,000 (equivalent to approximately HK$578,384,000)). The cost of investment in Heilongjiang Interchina was approximately RMB243,394,000 (equivalent to approximately HK$293,246,000) as at 31 March 2021 (2020: approximately RMB243,394,000 (equivalent to approximately HK$270,437,000)).

(2) Heilongjiang Interchina is principally engaged in sewage water treatment, water supply and the provision of environmental technology services and its issued shares are listed on the Shanghai Stock Exchange. There was no movement in the number of shares held by the Group during the years ended 31 March 2021 and 2020. No dividend was received during the years ended 31 March 2021 and 2020. According to the latest published audited financial statements of Heilongjiang Interchina, it had net asset value of approximately RMB3,445,691,000 (equivalent to approximately HK$4,151,434,000) as at 31 December 2020 (31 December 2019: approximately RMB3,452,081,000 (equivalent to approximately HK$3,835,646,000)). Heilongjiang Interchina recorded revenue of approximately RMB379,101,000 (equivalent to approximately HK$456,748,000) and profit of approximately RMB27,292,000 (equivalent to approximately HK$32,882,000) for the year ended 31 December 2020 (2019: revenue of RMB537,836,000 (equivalent to approximately HK$597,596,000) and profit of approximately RMB22,445,000 (equivalent to approximately HK$24,939,000)).

(3) At 31 March 2021, financial asset at fair value through profit or loss with the carrying amount of approximately HK$719,289,000 (2020: HK$577,589,000) have been pledged to secure loan facilities granted to the Group.

26. CASH AND CASH EQUIVALENTS

	2021 HK$'000	2020 HK$'000
Cash and bank balances	**33,413**	16,188

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 March 2021, cash and cash equivalents denominated in RMB of approximately HK$25,757,000 (2020: HK$13,936,000) are located in PRC. RMB is not freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

27. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

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

	2021 HK$'000	2020 HK$'000
Trade payables	**14,385**	11,319
Other payables and deposits received	**61,205**	59,690
	75,590	71,009

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

	2021 HK$'000	2020 HK$'000
Hong Kong dollar	**27,379**	16,212
RMB	**30,132**	35,275
IDR	**6,052**	–
USD	**12,027**	19,522
	75,590	71,009

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

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

	2021 HK$'000	2020 HK$'000
0 to 30 days	**2,369**	7,346
31 to 60 days	**3,098**	445
Over 60 days	**8,918**	3,528
	14,385	11,319

The average credit period granted by supplier is 30 to 60 days (2020: 30 to 60 days).

The Group's other payables and deposits received as at 31 March 2021 and 2020, inter alia, the following:

(i) interest payable of approximately HK$5,274,000 (2020: HK$15,091,000);

(ii) deposit of decoration expenses received from Heilongjiang Interchina of approximately HK$6,386,000 (2020: HK$5,889,000); and

(iii) amount due to director of the Company of approximately HK$8,543,000 (2020: HK$1,373,000) which is unsecured, unguaranteed, interest-free and repayable on demand.

28. AMOUNT DUE TO A RELATED COMPANY

As at 31 March 2021, the carrying amount of amount due to a related company of approximately HK$202,075,000 (2020: HK$137,935,000) represents an unsecured, unguaranteed and interest-free with principal amount of approximately HK$240,964,000 (2020: HK$170,580,000) from Shanghai Pengxin (Group) Company Limited ("Shanghai Pengxin"), which is controlled by Mr. Jiang Zhaobai ("Mr. Jiang"), who is a substantial shareholder and the executive director and chairman of the Company, which will mature and become repayable on 31 December 2022. The loan is carried at amortised cost using the effective interest method. The effective interest rate applied was 10.6% (2020: 12.9%) per annum. The difference of the principal and the fair value of the loan is at initial recognition amounting to approximately HK$43,907,000 (2020: HK$36,767,000) was credited as deemed capital contribution from a substantial shareholder.

As at 31 March 2021, the principal amount of amount due to a related company of approximately HK$703,076,000 (2020: Nil) is unsecured, unguaranteed, interest-free and repayable on demand from Shanghai Pengxin.

29. CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Deposit received from customers in advance	–	1,255

Notes:

(i) Contract liabilities for hotel operation represent deposit receipts in advance from customers.

(ii) Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

when the Group receives a deposit before the provision of hotel operation, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

Movements in contracts liabilities were as follow:

	2021 HK$'000	2020 HK$'000
At 1 April	**1,255**	443
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(1,255)**	(443)
Increase in contract liabilities as a result of receiving deposits during the year in respect of provision of hotel operation as at the year end	–	1,255
At 31 March	–	1,255

30. BANK AND OTHER BORROWINGS

	2021 HK$'000	2020 HK$'000
Bank borrowings, secured (note (i))	**6,998**	11,075
Other borrowings, secured (note (ii))	**17,000**	654,222
Other borrowings, unsecured	**16,000**	15,000
Total borrowings	**39,998**	680,297
Carrying amount repayable:		
Within one year	**36,340**	675,594
Within a period of more than one year but not exceeding two years	**1,045**	1,045
Within a period of more than two years but not exceeding five years	**2,613**	3,135
Within a period of more than five years	**–**	523
	39,998	680,297
Less:		
Amounts due within one year shown under current liabilities without repayment on demand clause	**(3,340)**	(339,705)
Amounts due within one year shown under current liabilities with repayment on demand clause	**(33,000)**	(335,889)
Amounts shown under non-current liabilities	**3,658**	4,703

Notes:

(i) The bank borrowings are repayable on agreed repayment schedule by installments over a period of 8 years bearing fixed interest rate of 6.0% (2020: 6.0%) per annum and secured by freehold land.

(ii) The other borrowings bear fixed interest rate ranging from 5.25% to 13.50% per annum for the year ended 31 March 2021 (2020: 5.25% to 13.0% per annum).

During the year ended 31 March 2021, the other borrowings with carrying amount of approximately HK$696,385,000 (2020: HK$514,333,000) had been repaid and agreements had been entered to raise new other borrowings of approximately HK$6,000,000 (2020: HK$345,333,000). The other borrowings with carrying amount of approximately HK$17,000,000 (2020: HK$654,222,000) are secured by the Group's investment properties (2020: Group's investment properties, hotel property in the PRC, Group's FVTPL and corporate guarantee executed by the Company and a related company and pledged by equity interest and shares of certain directly and indirectly wholly-owned subsidiaries of the Company).

The Group's borrowings are denominated in the following currencies:

	2021 HK$'000	2020 HK$'000
Hong Kong dollar	**33,000**	27,000
RMB	**–**	642,222
USD	**6,998**	11,075
	39,998	680,297

31. 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 2019	49,116	77,723	126,839
Credit to the consolidated statement of profit or loss (note 12)	(13,889)	(1,228)	(15,117)
Exchange alignment	(2,728)	(1,522)	(4,250)
At 31 March 2020 and 1 April 2020	32,499	74,973	107,472
Acquisition of a subsidiary (note 34)	–	1,054	1,054
Credit to the consolidated statement of profit or loss (note 12)	(10,844)	(9,246)	(20,090)
Exchange alignment	2,741	2,332	5,073
At 31 March 2021	**24,396**	**69,113**	**93,509**

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

31. DEFERRED TAX LIABILITIES *(Continued)*

At the end of the reporting period, the Group has unused tax losses of approximately HK$354,197,000 (2020: HK$228,581,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses approximately HK$86,280,000 (2020: HK$57,145,000) due to the unpredictability of future profit streams with expiry dates as disclosed in the following table. Other losses may be carried forward indefinitely.

	Year ended 31 March	
	2021	2020
	HK$'000	HK$'000
2022	**38,252**	38,252
2023	**60,707**	60,707
2024	**28,969**	28,969
2025	**100,653**	100,653
2026	**98,917**	–
	327,498	228,581

32. SHARE CAPITAL

	Number of shares		Nominal value	
	2021	2020	**2021**	2020
			HK$'000	HK$'000
Issued and fully paid ordinary shares:				
At beginning and end of the 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.

33. SHARE OPTIONS

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

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

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

No share option was granted under the Share Option Scheme during the years ended 31 March 2021 and 2020.

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 (2020: Nil), representing 0% (2020: 0%) of the shares of the Company in issue at that date.

34. ACQUISITION OF A SUBSIDIARY

On 30 September 2020, the Group entered into the sale and purchase agreement with two independent third parties (the "Vendors"), regarding the acquisition of (i) the entire equity interests in Agropecuaria Irricobol S.R.L. ("Irricobol") and (ii) the amount owing by the Irricobol to the Vendors at the consideration of HK$5,070,000, (the "Acquisition"). The Acquisition was completed on 16 October 2020.

Consideration transferred

	HK$'000
Cash	5,070
	5,070

34. ACQUISITION OF A SUBSIDIARY *(Continued)*

Consideration transferred *(Continued)*

Acquisition related costs amounting to HK$60,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "administrative costs" line item in the consolidated statement of profit or loss.

Assets acquired and liabilities recognised at the date of acquisition

	Fair Value HK$'000
Property, plant and equipment	5,000
Other receivables	712
Biological assets	834
Cash and cash equivalents	14
Trade payables and other payables	(404)
Deferred tax liabilities	(1,054)
Net identifiable assets acquired	5,102

Bargain purchase arose in the acquisition of business

Bargain purchase gain amounting to HK$32,000 on acquisition of Irricobol is recognised in profit or loss within the gain on acquisition of a subsidiary in the consolidated statement of profit or loss. The business combination results in a gain bargain purchase because the vendors need to dispose the business in a short time.

Impact of acquisition on the results of the Group

The acquisition did not contributed revenues and incurred net loss of HK$64,000 to the Group for the period from 16 October 2020 to 31 March 2021. If the acquisition had been completed on 1 April 2020, the pro-forma revenue and loss for the year ended 31 March 2021 would have been Nil and HK$140,000 respectively. The Directors consider that these pro-forma numbers represent an approximate measure of the performance of the combined group on an annualised basis and provide a reference point for comparison in future periods.

Net cash outflow on acquisition of Irricobol

	HK$'000
Cash consideration paid	5,070
Less: cash and cash equivalents balances acquired	(14)
	5,056

35. STATEMENT OF FINANCIAL POSITION AND MOVEMENT IN RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**809**	1,058
Right-of-use asset		**870**	2,957
Interests in subsidiaries		**560,989**	483,488
		562,668	487,503
Current assets			
Other receivables and prepayments		**19,785**	18,344
Cash and cash equivalents		**711**	949
		20,496	19,293
Total assets		**583,164**	506,796
Equity			
Share capital	32	**2,664,298**	2,664,298
Reserves	35(b)	**(2,675,121)**	(2,728,369)
		(10,823)	(64,071)
Non-current liability			
Lease liability		**–**	757
		–	757
Current liabilities			
Trade and other payables and deposits received		**28,027**	17,731
Lease liability		**757**	2,197
Amounts due to subsidiaries		**532,203**	523,182
Other borrowings		**33,000**	27,000
		593,987	570,110
Total liabilities		**593,987**	570,867
Total equity and liabilities		**583,164**	506,796
Net current liabilities		**(573,491)**	(550,817)
Total assets less current liabilities		**(10,823)**	(63,314)
Net liabilities		**(10,823)**	(64,071)

Approved and authorised for issue by the Board of Directors on 29 June 2021 and signed on its behalf by:

Jiang Zhaobai
Director

Lam Cheung Shing, Richard
Director

35. STATEMENT OF FINANCIAL POSITION AND MOVEMENT IN RESERVES OF THE COMPANY *(Continued)*

(b) Movement in reserves of the Company

The changes in the reserves of the Company during the years ended 31 March 2021 and 2020 are as follows:

	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2019	1,342,477	(1,482,756)	(140,279)
Loss for the year	–	(2,588,090)	(2,588,090)
Total comprehensive loss for the year	–	(2,588,090)	(2,588,090)
At 31 March 2020 and 1 April 2020	1,342,477	(4,070,846)	(2,728,369)
Profit for the year	–	53,248	53,248
Total comprehensive income for the year	–	53,248	53,248
At 31 March 2021	**1,342,477**	**(4,017,598)**	**(2,675,121)**

36. OPERATING LEASE COMMITMENTS

The Group as lessor

Property rental income earned during the year was approximately HK$31,918,000 (2020: HK$47,831,000). Properties held have committed tenants for one to ten years.

At the end of the reporting period, the Group had contracted with tenants for the following undiscounted lease payments receivable on leases:

	2021 HK$'000	2020 HK$'000
Within one year	**26,647**	26,607
In the second year	**17,741**	21,801
In the third year	**11,081**	17,980
In the fourth year	**10,136**	14,720
In the fifth year	**9,077**	12,289
After fifth year	**5,111**	15,843
	79,793	109,240

37. RETIREMENT BENEFITS SCHEMES

(a) The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at specific rates, subject to relevant income levels. Contributions of the Group to the MPF Scheme are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

(b) The employees of subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the PRC government. The Company's PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

(c) Employees employed by the Group outside Hong Kong are covered by the appropriate local retirement benefits schemes pursuant to the local labour rules and regulations.

38. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, during the years ended 31 March 2021 and 2020, the Group had entered into the following material 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 follow:

	2021 **HK$'000**	2020 HK$'000
Salaries and other short-term benefits	**8,028**	12,064
Retirement benefit scheme contributions	**552**	535
	8,580	12,599

38. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Rental income from a related company

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

	2021 HK$'000	2020 HK$'000
Rental income		
Wo Hua Commercial Management (Shanghai) Co., Ltd ("Wo Hua") (note)	–	15,050

Note: Mr. Jiang has beneficial interest in Wo Hua. The related rental guarantee agreement expired in August 2019.

(c) Management fee paid to a related company

Management fee including amounts paid and payable to a related company is as follow:

	2021 HK$'000	2020 HK$'000
Management fee		
Shanghai Chun Chuan Property Service Company Limited ("Shanghai Chun Chuan") (note)	**1,153**	1,924

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

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

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

	2021 HK$'000	2020 HK$'000
Shanghai Pengxin (note)	**40,416**	4,122

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

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below provides details of changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flow were, or future cash flows will be classified in the Group's consolidated statement of cash flows from financing activities:

	Lease liabilities (note 18) HK$'000	Bank borrowings (note 30) HK$'000	Other borrowings (note 30) HK$'000	Interest payable (note 27) HK$'000	Amount due to a related company (note 28) HK$'000	Total HK$'000
At 31 March 2019	–	6,794	887,112	18,865	–	912,771
Initial application of HKFRS 16	5,272	–	–	–	–	5,272
At 1 April 2019	5,272	6,794	887,112	18,865	–	918,043
Exchange alignment	(13)	–	(48,890)	(523)	–	(49,426)
Interest expenses	212	981	–	92,720	4,122	98,035
Lease cancellation	(155)	–	–	–	–	(155)
Repayment of lease liabilities	(2,362)	–	–	–	–	(2,362)
Interest paid	–	(981)	–	(95,971)	–	(96,952)
Deemed capital contribution from a substantial shareholder	–	–	–	–	(36,767)	(36,767)
New bank and other borrowings raised	–	14,606	345,333	–	–	359,939
Loan from a related company	–	–	–	–	170,580	170,580
Repayment of bank and other borrowings	–	(10,325)	(514,333)	–	–	(524,658)
At 31 March 2020 and 1 April 2020	2,954	11,075	669,222	15,091	137,935	836,277
Exchange alignment	**–**	**–**	**54,163**	**1,272**	**11,631**	**67,066**
Interest expenses	**98**	**563**	**–**	**65,428**	**40,416**	**106,505**
Repayment of lease liabilities	**(2,295)**	**–**	**–**	**–**	**–**	**(2,295)**
Interest paid	**–**	**(563)**	**–**	**(76,517)**	**–**	**(77,080)**
Deemed capital contribution from a substantial shareholder	**–**	**–**	**–**	**–**	**(43,907)**	**(43,907)**
New bank and other borrowings raised	**–**	**2,295**	**6,000**	**–**	**–**	**8,295**
Loan from a related company	**–**	**–**	**–**	**–**	**759,076**	**759,076**
Repayment of bank and other borrowings	**–**	**(6,372)**	**(696,385)**	**–**	**–**	**(702,757)**
At 31 March 2021	**757**	**6,998**	**33,000**	**5,274**	**905,151**	**951,180**

40. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, loan receivables, financial asset at fair value through profit or loss, trade and other payables and deposits received, bank and other borrowings, amount due to a related company and lease liabilities. Details of these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at amortised cost	**119,292**	171,723
Financial asset at fair value through profit or loss	**720,279**	578,384
Financial liabilities		
Amortised cost	**1,019,541**	890,377

Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk, which result from both its operating and investing activities. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's treasury function operates as a centralised service for managing financial risks and for providing cost efficient funding to the Group.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(a) Market risk

(i) Foreign exchange risk

The Group operates mainly in the PRC, Hong Kong and Bolivia, majority of transactions are denominated in RMB, Hong Kong dollars ("HKD") and USD. It results the Group exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars. As HKD is pegged to the USD, management does not expect any significant movements in the respective exchange rate and considers the exposure to be low.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

Sensitivity analysis

The sensitivity at the end of the reporting period to a reasonably possible change of 5% in the exchange rate of Hong Kong dollars against the RMB, with all other variables held constant, a 5% weakening of RMB against HK$, a positive number below indicates an decrease in post-tax loss and other equity, vice versa. The Group's post-tax loss and the Group's equity would be decreased by approximately HK$55,000 (2020: HK$55,000).

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities as at 31 March 2021 and 2020 are as follows:

	Assets		Liabilities	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**12**	16	**1,328**	1,332

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings (see note 30 for details), lease liabilities (see note 18 for details) and fixed-rate loan receivables (see note 24 for details). The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 26 for details) and the Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances from the Group's Hong Kong dollar and USD denominated borrowings. The Group aims at keeping borrowings at fixed rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and ensure they are within reasonable range.

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. No sensitivity analysis is presented as the management considers that the exposure of interest rate risk is insignificant.

(iii) Price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. The Group has delegated a team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments have been 5% higher/lower, post-tax loss for the Group would be decreased/increased by approximately HK$27,010,000 (2020: post-tax loss decreased/ increased by approximately HK$21,689,000) as a result of the changes of fair value of financial asset at fair value through profit or loss.

(b) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2021 and 2020 in relation to each class of recognised financial assets is the carrying amount of those assets.

The Group made transactions with counterparties with acceptable credit quality in conformance to the Group treasury policies to minimise credit exposure. Acceptable credit ratings from reputable credit rating agencies and scrutiny of financials for non-rated counterparties are two important criteria in the selection of counterparties. The credit quality of counterparties will be closely monitored over the life of the transactions. The Group reviews its financial counterparties periodically in order to reduce credit risk concentrations relative to the underlying size and credit strength of each counterparty and ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has concentration of credit risk as 64.0% (2020: 22.7%) and 68.5% (2020: 82.6%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

In addition, the Group performs impairment assessment under ECL model on trade receivables based on provision matrix.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Other receivables relating to accounts that are long overdue with significant amounts, known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. The Group recognised the allowance for ECL by assessing the credit risk characteristics of debtor, discount rate and the likelihood of recovery and considering the prevailing economic conditions.

In relation to the other receivables and loan receivables, the Group estimates the ECL, whether the credit risk of other receivables and loan receivables has increased significantly since initial recognition, the Group consider that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. The Group provided impairment based on 12m ECL unless there are significant increase in credit risk of these amounts since initial recognition, in which case the Group recognised lifetime ECL.

Credit risk on cash and cash equivalents is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for cash and cash equivalents by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on cash and cash equivalents is considered to be insignificant and therefore no loss allowance was recognised.

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2021 and 2020:

As at 31 March 2021	**Expected loss rate %**	**Gross carrying amount HK$'000**	**Allowance for ECL HK$'000**
0 to 30 days	**–**	**525**	**–**
31 to 60 days	**–**	**–**	**–**
61 to 90 days	**0.25**	**2,792**	**7**
91 to 120 days	**–**	**–**	**–**
121 to 180 days	**–**	**–**	**–**
More than 180 days	**8.53**	**1,864**	**159**
		5,181	**166**

As at 31 March 2020	Expected loss rate %	Gross carrying amount HK$'000	Allowance for ECL HK$'000
0 to 30 days	2.87	1,361	39
31 to 60 days	1.56	64	1
61 to 90 days	4.56	1,141	52
91 to 120 days	8.17	2,937	240
121 to 180 days	8.22	3,772	310
More than 180 days	8.70	816	71
		10,091	713

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables as at 31 March 2021 and 2020:

As at 31 March 2021

	Expected loss rate %	**Gross carrying amount HK$'000**	**Allowance for ECL HK$'000**
12m ECL	**7.1**	**27,552**	**1,961**
Lifetime ECL	**68.0**	**81,928**	**55,710**
Lifetime ECL (credit-impaired)	**91.9**	**101,092**	**92,901**
		210,572	**150,572**

As at 31 March 2020

	Expected loss rate %	Gross carrying amount HK$'000	Allowance for ECL HK$'000
Lifetime ECL	38.5	196,596	75,658
Lifetime ECL (credit-impaired)	72.2	23,608	17,045
		220,204	92,703

The following table provides information about the Group's exposure to credit risk and ECL for loan receivables as at 31 March 2021 and 2020:

As at 31 March 2021

	Expected loss rate %	**Gross carrying amount HK'$000**	**Allowance for ECL HK$'000**
Lifetime ECL (credit-impaired)	**32.0**	**61,006**	**19,518**

As at 31 March 2020

	Expected loss rate %	Gross carrying amount HK$'000	Allowance for ECL HK$'000
Lifetime ECL (credit-impaired)	29.9	61,006	18,225

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(c) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and considering of obtaining banking facilities to support the Group's short, medium and long-term funding and liquidity management requirements. In addition, the management of the Group continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on weighted average effective interest rates) and the earliest date the Group can be required to pay:

	Weighted average effective interest rate %	On demand or less than 1 month HK$'000	Between 1 and 3 months HK$'000	Between 3 months and 1 year HK$'000	Between 1 and 5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount HK$'000
At 31 March 2021								
Trade and other payables	–	73,635	–	–	–	–	73,635	73,635
Bank and other borrowings	5.25-13.5	33,000	2,995	650	4,103	–	40,748	39,998
Lease liabilities	5.0	765	–	–	–	–	765	757
Amount due to a related company	10.6	703,076	–	–	240,964	–	944,040	905,151
		810,476	2,995	650	245,067	–	1,059,188	1,019,541

	Weighted average effective interest rate %	On demand or less than 1 month HK$'000	Between 1 and 3 months HK$'000	Between 3 months and 1 year HK$'000	Between 1 and 5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount HK$'000
At 31 March 2020								
Trade and other payables	–	69,191	–	–	–	–	69,191	69,191
Bank and other borrowings	5.25-13.0	339,063	19,855	352,524	4,880	538	716,860	680,297
Lease liabilities	5.0	191	383	1,721	765	–	3,060	2,954
Amount due to a related company	12.9	–	–	–	170,580	–	170,580	137,935
		408,445	20,238	354,245	176,225	538	959,691	890,377

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

Bank and other borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 March 2021, the aggregate carrying amounts of these borrowings amounted to approximately HK$33,000,000 (2020: HK$335,889,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the lenders will exercise their discretionary rights to demand immediate repayment. The directors believe that such borrowings will be repaid within one year (2020: within one year) after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements and the facility letters. At that time, the aggregate principal and interest cash outflows of approximately HK$35,836,000 (2020: HK$346,051,000) will be repaid within one year.

Maturity Analysis — Bank and other borrowings with a repayment on demand clause based on scheduled repayments

	Less than 1 year HK$'000	Between 1–2 years HK$'000	Between 2–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash outflows HK$'000	Carrying amount HK$'000
31 March 2021	**35,836**	**–**	**–**	**–**	**35,836**	**33,000**
31 March 2020	339,063	–	–	–	339,063	335,889

(d) Fair value measurement

HKFRS 7 (Amendment) 'Financial Instruments — Disclosures' requires disclosure of fair value measurements for financial instruments by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(d) Fair value measurement *(Continued)*

The following table presents the Group's financial assets that are measured at fair value at 31 March 2021 and 2020:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2021				
Financial asset at fair value through profit or loss	**720,279**	**–**	**–**	**720,279**
At 31 March 2020				
Financial asset at fair value through profit or loss	578,384	–	–	578,384

Details of the Group's financial asset that are measured at fair value at 31 March 2021 and 2020 were set out in the note 25 to the consolidated financial statement.

There have been no significant transfers between level 1, 2 and 3 in the reporting period.

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

(e) Capital risk management

The primary objective of the Group's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group's overall strategy remains unchanged from prior year.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of issue new shares or sell assets to reduce debts.

The Group monitors its capital on the basis of the gearing ratio of net debt over total equity. This ratio is calculated as bank and other borrowings, amount due to a related company and lease liabilities less cash and cash equivalent divided by total equity. The Group aims to maintain the gearing ratio at a reasonable level.

40. FINANCIAL RISK MANAGEMENT *(Continued)*

Financial risk factors *(Continued)*

(e) Capital risk management *(Continued)*

The gearing ratios at the end of the reporting period are as follows:

	2021 HK$'000	2020 HK$'000
Bank and other borrowings (note 30)	**39,998**	680,297
Amount due to a related company (note 28)	**905,151**	137,935
Lease liabilities (note 18)	**757**	2,954
Less: Cash and cash equivalents (note 26)	**(33,413)**	(16,188)
Net debt	**912,493**	804,998
Total equity	**2,014,463**	1,989,547
Gearing ratio	**45.30%**	40.46%

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

Name of subsidiary	Place of incorporation/ registration and operation	Paid-up issued ordinary shares/ registered capital HK$ (unless otherwise stated)	Percentage of ownership interest and voting power held by the Company Directly 2021 %	Directly 2020 %	Indirectly 2021 %	Indirectly 2020 %	Principal activities
國中(天津)水務有限公司 (note i)	PRC	RMB900,000,000	**100**	100	**–**	–	Investment holding
上海欣竑投資有限公司 (note ii)	PRC	RMB650,000,000	**–**	–	**100**	100	Property investment
Success Flow International Limited	The British Virgin Island (the "BVI")	USD1	**100**	100	**–**	–	Investment holding
Long Bao Property Limited	Hong Kong	100	**–**	–	**100**	100	Investment holding
Action Investments Limited	Hong Kong	100	**99**	99	**1**	1	Property investment
External Fame Limited	BVI	USD1	**–**	–	**100**	100	Investment holding
北京龍堡物業管理有限公司 (note i)	PRC	RMB45,000,000	**–**	–	**100**	100	Property investment

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operation	Paid-up issued ordinary shares/ registered capital HK$ (unless otherwise stated)	Percentage of ownership interest and voting power held by the Company Directly 2021 %	Directly 2020 %	Indirectly 2021 %	Indirectly 2020 %	Principal activities
北京博雅宏遠物業管理有限公司 (note i)	PRC	RMB20,000,000	–	–	100	100	Property investment
Omnigold Resources Limited	BVI	USD1	–	–	100	100	Property investment
Jet Source Investments Limited	Hong Kong	2	50	50	50	50	Property investment
Interchina Finance (H.K.) Limited	Hong Kong	10,000	–	–	100	100	Provision for financial services
Interchina Corporate Services Limited	Hong Kong	10,000	100	100	–	–	Corporate management
EverChina Resources Holdings Limited	Hong Kong	100	100	100	–	–	Investment holding
Universe Glory Limited	BVI	USD50,000	–	–	100	100	Natural resources investment
All Yield Investments Limited	BVI	USD50,000	–	–	100	100	Natural resources investment
PT. Satwa Lestari Permai	Indonesia	IDR5,000,000,000	–	–	95	95	Exploration, mining processing and sale of manganese resources
EverChina Hotel Investment Limited	BVI	USD10,000	100	100	–	–	Investment holding
Loyal Rich International Investment Limited	Hong Kong	10,000	–	–	100	100	Hotel investment
天富(上海)酒店管理有限公司 (note i)	PRC	RMB2,000,000	–	–	100	100	Hotel management
Pengxin Agricultural Holdings Company Limited	BVI	USD100	100	100	–	–	Investment holding
Sociedad Argopecuaria Argotanto S.A.	Bolivia	BOB12,000	–	–	100	100	Cattle raising and sales of cattle
Empresa Agropecuaria Novagro S.A.	Bolivia	USD1,327,370	–	–	100	100	Agricultural farming
Agropecuaria Irricobol S.R.L	Bolivia	BOB10,000	–	–	100	–	Cattle raising and sales of cattle

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Notes:

(i) Registered as wholly-owned foreign enterprises under the PRC law.

(ii) Registered as sole shareholder limited liability company under the PRC law.

The following table lists out the information relating to PT. Satwa Lestari Permai, the only subsidiary of the Group which has material non-controlling interests. The summarised financial information of PT. Satwa Lestari Permai is set out below:

	2021 **HK$'000**	2020 HK$'000
Non-controlling interests percentage	**5%**	5%
Current assets	**392**	359
Non-current assets	**179,006**	179,133
Current liabilities	**(19,502)**	(18,871)
Net assets	**159,896**	160,621
Equity attributable to owners of the Company	**121,994**	122,683
Non-controlling interests	**37,902**	37,938

Details of non-wholly owned subsidiary that has material non-controlling interests

	Year ended 31 March	
	2021 **HK$'000**	2020 HK$'000
Turnover	**–**	–
Loss for the year	**(725)**	(836)
Loss and total comprehensive loss for the year attributable to:		
Owners of the Company	**(689)**	(795)
Non-controlling interests	**(36)**	(41)
	(725)	(836)
Net cash used in operating activities	**(28)**	(13)

The information above is the amount before inter-company eliminations.

42. EVENTS AFTER REPORTING PERIOD

On 27 May 2021, Interchina (Tianjin) Water Treatment Company Limited ("Interchina Tianjin"), a wholly-owned subsidiary of the Company entered into a disposal agreement with Shanghai Pengxin, Mr. Jiang and Mr. Jiang Lei, the brother of Mr. Jiang, pursuant to which Interchina Tianjin has conditionally agreed to sell and Shanghai Pengxin, Mr. Jiang and Mr. Jiang Lei have conditionally agreed to purchase total 227,312,500 shares in Heilongjiang Interchina Water Treatment Company Limited at an aggregate consideration of RMB534,184,375 (equivalent to approximately HK$643,596,000). 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 announcement dated 27 May 2021.

43. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 June 2021.

FIVE YEAR FINANCIAL SUMMARY

For the year ended 31 March 2021

RESULTS

	For the year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**127,093**	137,199	78,064	89,912	67,951
(Loss)/profit before taxation	**(150,099)**	(543,568)	(628,770)	(678,636)	106,152
Tax credit/(expense)	**15,008**	14,457	23,810	(97,237)	(5,386)
(Loss)/profit for the year from continuing operations	**(135,091)**	(529,111)	(604,960)	(775,873)	100,766
Loss for the year from discontinued operations	**–**	–	–	–	(18,422)
(Loss)/profit for the year	**(135,091)**	(529,111)	(604,960)	(775,873)	82,344
Owners of the Company	**(135,055)**	(529,070)	(600,252)	(775,807)	82,403
Non-controlling interests	**(36)**	(41)	(4,708)	(66)	(59)
(Loss)/profit for the year	**(135,091)**	(529,111)	(604,960)	(775,873)	82,344

ASSETS AND LIABILITIES

	As at 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**3,135,705**	2,996,728	3,689,049	4,520,715	4,873,812
Total liabilities	**(1,121,242)**	(1,007,181)	(1,104,393)	(1,373,254)	(1,230,414)
Non-controlling interests	**(37,902)**	(37,938)	(37,979)	(42,687)	(42,753)
Shareholders' funds	**1,976,561**	1,951,609	2,546,677	3,104,774	3,600,645

PARTICULARS OF MAJOR PROPERTIES

Location	Use	Lease term
Flat No. 17 on 27/F, Apartment Tower, Western Side of Convention Plaza, Wan Chai, Hong Kong	Residential premises for rental	Long-term lease
Retail portion on basement Level 1, Level 1 to Level 2 and 88 office units from Level 3 to Level 12 And 164 carparking spaces on basement, Level 2 and 3 situation at Interchina Commercial Building 33, Dengshikou Street, Dong Cheng District, Beijing, PRC	Commercial premises for rental	Medium-term lease
Level 1-20, 1729 Huangxing Road, Wujiaochang Jiedao, Yangpu District, Shanghai, PRC	Hotel operation	Medium-term lease
B2 & B3, 1737 Huangxing Road, Wujiaochang Jiedao, Yangpu District, Shanghai, PRC	Car parking space for rental	Medium-term lease
14 retail units at Levels 1-3 of Above the Bund Square No. 948 Dongdaming Road, Hongkou District, Shanghai, PRC	Commercial premises for rental	Medium-term lease