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EVERCHINA INT'L HOLDINGS COMPANY LIMITED

潤中國際控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 202)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2021**

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2021, the audited results of the Group were as follows:

- Revenue amounted to approximately HK\$127,093,000, representing a decrease of 7.4% as compared to the last year.
- Loss for the year amounted to approximately HK\$135,091,000, representing a decrease of 74.5% as compared to the last year.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2021 (2020: Nil).
- At 31 March 2021, total equity amounted to approximately HK\$2,014,463,000, representing an increase of 1.25% as compared to approximately HK\$1,989,547,000 as at 31 March 2020.
- At 31 March 2021, net assets per share was approximately HK\$0.28, representing an increase of 3.7% as compared to approximately HK\$0.27 as at 31 March 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of EverChina Int’l Holdings Company Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2021, together with the comparative figures, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2021

	<i>Notes</i>	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Revenue	3	127,093	137,199
Cost of sales		(57,808)	(54,896)
Gross profit		69,285	82,303
Other income and gain, net	4	2,491	1,923
Staff costs		(27,728)	(33,838)
Depreciation		(17,440)	(16,393)
Administrative costs		(30,545)	(34,632)
Impairment loss recognised on property, plant and equipment		(38,120)	–
Impairment loss recognised on goodwill		–	(91,454)
Allowance for expected credit losses on trade and other receivables and loan receivable, net		(51,660)	(14,431)
Loss arising on change in fair value of investment properties		(43,373)	(57,256)
Gain arising on change in fair value less costs to sell on biological assets		380	1,123
Gain/(loss) arising on change in fair value of financial asset at fair value through profit or loss		93,116	(282,878)
Loss from operations	5	(43,594)	(445,533)
Finance costs	6	(106,505)	(98,035)
Loss before taxation		(150,099)	(543,568)
Tax credit	7	15,008	14,457
Loss for the year		<u>(135,091)</u>	<u>(529,111)</u>
Attributable to:			
Owners of the Company		(135,055)	(529,070)
Non-controlling interests		(36)	(41)
		<u>(135,091)</u>	<u>(529,111)</u>
Loss per share attributable to the owners of the Company	8		
— Basic and diluted		<u>HK1.851 cents</u>	<u>HK7.253 cents</u>

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

FOR THE YEAR ENDED 31 MARCH 2021

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Investment properties		1,207,028	1,155,100
Property, plant and equipment		847,506	858,811
Right-of-use assets		870	2,957
Mining rights		178,664	178,664
Prepayment for property, plant and equipment	<i>10</i>	390	–
		<u>2,234,458</u>	<u>2,195,532</u>
Current assets			
Inventories		6,557	6,463
Biological assets		21,783	20,501
Trade and other receivables and prepayments	<i>10</i>	77,727	136,879
Loan receivables	<i>11</i>	41,488	42,781
Financial asset at fair value through profit or loss	<i>12</i>	720,279	578,384
Cash and cash equivalents		33,413	16,188
		<u>901,247</u>	<u>801,196</u>
Total assets		<u>3,135,705</u>	<u>2,996,728</u>
Capital and reserves			
Share capital		2,664,298	2,664,298
Reserves		(687,737)	(712,689)
		<u>1,976,561</u>	<u>1,951,609</u>
Equity attributable to owners of the Company		1,976,561	1,951,609
Non-controlling interests		37,902	37,938
		<u>37,902</u>	<u>37,938</u>
Total equity		<u>2,014,463</u>	<u>1,989,547</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		–	757
Bank borrowings		3,658	4,703
Amount due to a related company	<i>14</i>	202,075	137,935
Deferred tax liabilities		93,509	107,472
		<u>299,242</u>	<u>250,867</u>
Current liabilities			
Trade and other payables and deposits received	<i>13</i>	75,590	71,009
Contract liabilities		–	1,255
Lease liabilities		757	2,197
Tax payable		6,237	6,259
Bank and other borrowings		36,340	675,594
Amount due to a related company	<i>14</i>	703,076	–
		<u>822,000</u>	<u>756,314</u>
Total liabilities		<u>1,121,242</u>	<u>1,007,181</u>
Total equity and liabilities		<u>3,135,705</u>	<u>2,996,728</u>
Net current assets		<u>79,247</u>	<u>44,882</u>
Total assets less current liabilities		<u>2,313,705</u>	<u>2,240,414</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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.

The financial information relating to the years ended 31 March 2021 and 2020 included in this preliminary announcement of the 2021 annual results do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 March 2021 in due course.

The Company’s auditor has reported on those financial statements of the Group for both years. For the year ended 31 March 2021, auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

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.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

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.

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.

3. SEGMENT INFORMATION

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

Property investment operation	—	Leasing of rental property in the People's Republic of China (“ 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

(a) **Segment revenue and results**

The following is an analysis of the segment revenue and results:

	Segment revenue		Segment result	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	<u>127,093</u>	<u>137,199</u>	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			<u>(135,091)</u>	<u>(529,111)</u>

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 resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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
	<hr/>	<hr/>
Total segment assets	3,111,217	2,973,080
Unallocated assets	24,488	23,648
	<hr/>	<hr/>
Consolidated total assets	<u>3,135,705</u>	<u>2,996,728</u>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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
	<hr/>	<hr/>
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
	<hr/>	<hr/>
Consolidated total liabilities	<u>1,121,242</u>	<u>1,007,181</u>

For the purposes of monitoring segment performance and allocating resource 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.

(c) Other segment information

For the year ended 31 March 2021

	Property investment operation <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Securities investment and financing operation <i>HK\$'000</i>	Agricultural operation <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
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 (<i>note</i>)	-	-	-	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.

For the year ended 31 March 2020

	Property investment operation <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Securities investment and financing operation <i>HK\$'000</i>	Agricultural operation <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
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 (<i>note</i>)	-	-	-	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.

(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 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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**

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:

	Year ended 31 March	
	2021	2020
	HK\$'000	HK\$'000
Agricultural operation — Customer A	44,078	50,983

4. 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	32	–
Sundry income	175	66
	2,491	1,923

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

5. 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	15,353	14,243
Depreciation of right-of-use assets	2,087	2,150
Auditors' remuneration	2,768	2,768
Cost of inventories for hotel operation provided	11,043	6,158
Allowance for expected credit losses ("ECL") recognised in respect of trade, other receivables and loan receivables, net	51,660	14,431
Impairment loss recognised on goodwill	–	91,454
Impairment loss recognised on property, plant and equipment	38,120	–
Short-term lease payment	281	259
Expenses relating to leases of low value assets	35	35
Fair value change in investment properties	43,373	57,256
Gain arising on change in fair value less costs to sell on biological assets	(380)	(1,123)
Gross rental income from investment properties	(31,918)	(47,831)
Less: direct operating expenses from investment properties that generated rental income during the year	1,094	1,784
	<u>(30,824)</u>	<u>(46,047)</u>

6. 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
	<u>106,505</u>	<u>98,035</u>

7. 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
	<u>(5,082)</u>	<u>(660)</u>
Deferred tax	<u>20,090</u>	<u>15,117</u>
Tax credit	<u>15,008</u>	<u>14,457</u>

Hong Kong Profits Tax

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

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

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.

8. LOSS PER SHARE

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

	Year ended 31 March	
	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>7,294,369,363</u>	<u>7,294,369,363</u>

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

9. DIVIDENDS

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

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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

	2021	2020
	HK\$'000	HK\$'000
Trade receivables:		
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	<u>1,864</u>	<u>816</u>
	5,181	10,091
Other receivables and prepayments	<u>223,674</u>	<u>220,204</u>
	228,855	230,295
Less: allowance for ECL, net	<u>(150,738)</u>	<u>(93,416)</u>
	<u>78,117</u>	<u>136,879</u>
Less: non-current portion	<u>(390)</u>	<u>–</u>
	<u>77,727</u>	<u>136,879</u>

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

The Group's prepayments and other receivables as 31 March 2021 and 2020, mainly include the following:

- (i) approximately HK\$151,679,000 (2020: HK\$104,049,000) paid for acquisition and construction of several potential water plant project in the PRC; and
- (ii) approximately HK\$390,000 (2020: Nil) paid for acquisition of land.

11. LOAN RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loan receivables	61,006	61,006
Less: allowance for ECL, net	(19,518)	(18,225)
	<u>41,488</u>	<u>42,781</u>

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

12. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Held for trading:		
Listed equity securities — the PRC, at fair value	<u>720,279</u>	<u>578,384</u>

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

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

Notes:

- (i) 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.
- (ii) The fair value of all equity securities is based on their closing prices as at 31 March 2021 and 2020 in an active market.

13. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

	2021	2020
	HK\$'000	HK\$'000
Trade payables:		
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
Other payables and deposits received	61,205	59,690
	75,590	71,009

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

- (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 a 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.

14. 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) represents an unsecured, unguaranteed, interest-free and repayable on demand from Shanghai Pengxin.

15. EVENT AFTER THE 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 (“**Heilongjiang Interchina**”) 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.

DIVIDEND

The Board resolved not to declare the payment of any dividend for the year ended 31 March 2021 (2020: Nil).

FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group's consolidated financial statements for the year ended 31 March 2021 but represents an extract from those consolidated financial statements. The annual results have been reviewed and approved by the Audit Committee of the Company.

Scope of work of HLB Hodgson Impey Cheng Limited on the preliminary announcement

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2021 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amount set out in the Group's consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

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.

Loss for the year attributable to shareholders of the Company amounted to approximately HK\$135,055,000 (2020: HK\$529,070,000). The basic and diluted loss per share amounted to HK1.851 cents (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 its rental income.

Hotel Operation

At 31 March 2021, the sole hotel property held by the Group, is the Express by Holiday Inn Wujiaochang Shanghai (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

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 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.

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

During the year ended 31 March 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code (THE “CG Code”)

Throughout the year under review, the Company had complied, to the extent applicable and permissible, with the code provision 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 reelection 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.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “**Model Code**”) as its code of conduct regarding the directors’ securities transaction.

Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the Model Code throughout the reporting period. The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by the relevant employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the above-mentioned written guidelines by the relevant employees of the Company was noted by the Company.

PUBLICATION OF THE ANNUAL REPORT

The annual report of the Group for the year ended 31 March 2021 will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the website of the Company (www.everchina202.com.hk) in due course.

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

Hong Kong, 29 June 2021

As of the date of this announcement, the executive Directors are Mr. Jiang Zhaobai, Mr. Lam Cheung Shing, Richard and Mr. Chen Yi, Ethan, the independent non-executive Directors are Mr. Ho Yiu Yue, Louis, Mr. Ko Ming Tung, Edward and Mr. Ng Ge Bun.