HUA YIN INTERNATIONAL HOLDINGS LIMITED
華音國際控股有限公司

(Incorporated in Bermuda with limited liability)
(stock code: 989)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

The board (the "Board") of directors (each a "Director") of Hua Yin International Holdings Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2021 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Continuing operations			
Revenue	4	**153,336**	242,685
Cost of sales and services		**(237,845)**	(287,238)
Gross loss		**(84,509)**	(44,553)
Other income and gains	4	**1,458**	43,458
Selling and distribution expenses		**(9,022)**	(7,150)
Administrative expenses		**(33,149)**	(50,363)
Finance costs	5	**(105,132)**	(103,362)
Other expenses		**(232,676)**	(1,213,529)
Change in fair value of investment properties		**(45,800)**	(189,015)
Change in fair value of derivative financial instruments		**(69)**	(4,976)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	**(508,899)**	(1,569,490)
Income tax	7	**(6,300)**	201,999
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(515,199)**	(1,367,491)
Discontinued operations			
Loss for the year from discontinued operations	10	**–**	(416,883)
Loss for the year		**(515,199)**	(1,784,374)

	Notes	**2021**	2020
		RMB'000	*RMB'000*
Attributable to:			
Owners of the parent			
– continuing operations		**(515,199)**	(1,367,491)
– discontinued operations		**–**	(416,883)
		(515,199)	(1,784,374)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	*9*		
Basic			
– for loss for the year		**(8.94) cents**	(33.84) cents
– for loss from continuing operations		**(8.94) cents**	(25.93) cents
Diluted			
– for loss for the year		**(8.94) cents**	(33.84) cents
– for loss from continuing operations		**(8.94) cents**	(25.93) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021	2020
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(515,199)**	(1,784,374)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that are/may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(36,362)**	(49,687)
Reclassification of exchange reserve upon disposal of subsidiaries	–	(42,334)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(36,362)**	(92,021)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(551,561)**	(1,876,395)
Attributable to:		
Owners of the parent		
– continuing operations	**(551,561)**	(1,459,512)
– discontinued operations	–	(416,883)
	(551,561)	(1,876,395)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**322**	6,131
Investment properties	*11*	**547,100**	550,000
Goodwill		**–**	4,999
Right-of-use assets		**2,070**	11,397
Lease receivables		**–**	446
Deferred tax assets		**13,524**	25,840
Total non-current assets		**563,016**	598,813
CURRENT ASSETS			
Properties under development and completed properties held for sale	*12*	**1,211,824**	1,600,263
Trade and other receivables	*13*	**39,681**	291,850
Lease receivables		**–**	2,970
Prepaid income tax		**6,067**	12,333
Derivative financial instruments	*19*	**22**	96
Pledged and restricted deposits	*14*	**8,715**	19,009
Cash and cash equivalents	*14*	**117,938**	30,500
		1,384,247	1,957,021
Assets associated with disposal group classified as held for sale	*20*	**334,018**	–
Total current assets		**1,718,265**	1,957,021
CURRENT LIABILITIES			
Trade and other payables	*15*	**507,210**	647,505
Contract liabilities	*16*	**227,910**	234,526
Lease liabilities		**12,246**	27,577
Loans from a controlling shareholder	*17*	**121,415**	105,891
Bank and other borrowings	*18*	**448,497**	695,497
Liability component of the Convertible Bonds	*19*	**72,879**	–
Income tax payable		**67,595**	74,872
		1,457,752	1,785,868
Liabilities associated with disposal group classified as held for sale	*20*	**393,677**	–
Total current liabilities		**1,851,429**	1,785,868
NET CURRENT (LIABILITIES) ASSETS		**(133,164)**	171,153
TOTAL ASSETS LESS CURRENT LIABILITIES		**429,852**	769,966

	Notes	**2021**	2020
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Liability component of the Convertible Bonds	*19*	–	73,155
Bank and other borrowings	*18*	**351,593**	170,690
Deferred tax liabilities		**59,284**	72,189
Lease liabilities		**32,682**	2,016
Total non-current liabilities		**443,559**	318,050
NET (LIABILITIES) ASSETS		**(13,707)**	451,916
EQUITY			
Share capital	*21*	**292,554**	228,370
Convertible preference shares	*22*	**299,515**	1,181,940
Equity component of the Convertible Bonds	*19*	**40,368**	40,368
Reserves		**(646,144)**	(998,762)
TOTAL EQUITY		**(13,707)**	451,916

NOTES

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Following the passing of the special resolution approving the Proposed Change of Company Name by the Shareholders at the Special General Meeting held on 8 February 2021, the name of the Company was changed from Ground International Development Limited to Hua Yin International Holdings Limited with effect from 10 February 2021.

During the year ended 31 March 2021, the Company was principally engaged in investment holding and the Group was principally engaged in property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration and property investment.

2. BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2021 but are extracted from those financial statements.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong). These consolidated financial statement also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

The Group incurred a loss from continuing operation of approximately RMB515,199,000 for the year ended 31 March 2021 (31 March 2020: RMB1,367,491,000) and as of that date the Group had net current liabilities and net liabilities of approximately RMB133,164,000 and RMB13,707,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

(i) the Group is in negotiation with financial institutions and other lenders for the renewals of the Group's short-term bank and other borrowings that are expired and upon expiry and obtaining new borrowings; and expected to be able to renew existing borrowings and obtain new bank borrowings subsequent to the date of reporting period;

(ii) the Group is expected to generate adequate cash flows to maintain its operations;

(iii) the disposal of the entire equity interests in 廣澤地產集團股份有限公司 (Ground Real Estate Group Company Limited*, "Ground Real Estate") and its subsidiaries which was completed in June 2021;

(iv) the proposed possible divestment of the Fusong Property Project (as defined in the note 12) in the near future. The Group's management has commenced ongoing discussions with the Fusong Government (as defined in the note 12) and potential buyers in respect of the possible divestment;

(v) the Group is expected to obtain continuous financial support from the Group's controlling shareholder, and the controlling shareholder has confirmed that it will not demand the Group for repayment of the loans from controlling shareholder within the next twelve months should the Group not be in the financial position to make such repayment; and

(vi) the Group is currently under negotiation with Ka Yik Investments Limited ("Ka Yik") for the settlement arrangement of the Convertible Bonds and Ka Yik has preliminarily agreed to fully convert on or before the maturity date.

In respect of the disposal of Ground Real Estate, 吉林省融利投資有限公司 (Jilin Rongli Investment Company Limited*) and 吉林省融裕投資有限公司 (Jilin Rongyu Investment Company Limited*), indirect wholly-owned subsidiaries of the Company entered into a share transfer agreement on 26 February 2021 and a supplementary agreement on 4 June 2021 with 中貿商務顧問(深圳)有限公司 (Zhongmao Business Consulting (Shenzhen) Company Limited*, "Zhongmao Business Consulting") and 吉林省泓景實業有限公司 (Jilin Province Hongjing Industry Company Limited*, "Jilin Hongjing"), both are connected person to the Group (collectively known as the "Purchasers"), agreed to transfer 85% and 15% equity interests in Ground Real Estate to Zhongmao Business Consulting and Jilin Hongjing respectively at a total consideration of RMB1. As at 31 March 2021, the net current liabilities and net liabilities of Ground Real Estate and its subsidiaries were approximately RMB58,389,000 and RMB59,659,000 respectively.

The directors are of their opinion that, after the disposal of Ground Real Estate, the financial position of the Group would then be improved. The directors have prepared a cash flow forecast covering a period up to 30 September 2022 on the basis that the disposal of the entire equity interests of Ground Real Estate and negotiation with financial institutions for the renewals of the Group's borrowing and credit facilities would be successful, and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 March 2021.

In light of the measures and arrangements implemented to date, the directors of the Company are of the opinion that the Group has sufficient financial resources to satisfy its working capital and other financial obligations for the next twelve months after having taken into account the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the development of its business. Accordingly, the directors of the Company are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis. Notwithstanding the above, significant uncertainties exist as to whether the directors of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future and obtain the continuous financial support from its controlling shareholder.

* *The official name is in Chinese and the English name is translated for identification purpose*

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed below.

Change in accounting policies and disclosures

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

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

Amendments to HKASs 1 and 8: Definition of Material

The amendments clarify the definition of material and align the definition used across HKFRSs.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 39, HKFRSs 7 and 9: Interest Rate Benchmark Reform – Phase 1

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform (the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark). In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 3: Definition of a Business

The amendments, among others, revise the definition of a business and include new guidance to evaluate whether an acquired process is substantive.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's executive directors for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

Operating segments	Nature of business activities	Place of operation
Continuing operations		
Property development and management	Property development and provision of management service to property projects	The People's Republic of China (the "PRC")
Property investment	Property holding for long term investment and leasing purposes	The PRC

As set out in note 10, the Group's financial services segment was treated and presented as discontinued operations upon the disposal of the entire equity interests in JL Zhongye and JL Fengrun (as defined in the note 10).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/ loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, finance costs, fair value gains/losses from the Group's financial instruments, loss on disposal of subsidiaries as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid income tax, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, income tax payable, the liability component of the Convertible Bonds and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 March 2021

	Continuing operations		
	Property development and management *RMB'000*	**Property investment** *RMB'000*	**Total** *RMB'000*
Segment revenue			
Sales to external customers	**142,055**	**11,281**	**153,336**
Segment results	**(380,118)**	**(6,880)**	**(386,998)**
Bank interest income			**1**
Finance costs			**(105,132)**
Change in fair value of derivative financial instruments			**(69)**
Unallocated head office expenses			**(16,701)**
Loss before tax			**(508,899)**
Income tax			**(6,300)**
Loss for the year			**(515,199)**
Segment assets:			
Reportable segment assets	**1,293,723**	**550,275**	**1,843,998**
Deferred tax assets			**13,524**
Prepaid income tax			**6,067**
Derivative financial instruments			**22**
Assets associated with disposed group classified as held for sale	**334,018**	**–**	**334,018**
Unallocated assets			**83,652**
Total assets			**2,281,281**
Segment liabilities			
Reportable segment liabilities	**1,541,641**	**61,608**	**1,603,249**
Deferred tax liabilities			**59,284**
Income tax payable			**67,595**
Liability component of the Convertible Bonds			**72,879**
Liabilities associated with disposal group classified as held for sale	**393,677**	**–**	**393,677**
Unallocated liabilities			**98,304**
Total liabilities			**2,294,988**
Other segment information			
Capital expenditure*	**–**	**63**	**63**
Depreciation**	**1,098**	**7,529**	**8,627**
Impairment on property, plant and equipment	**2,873**	**778**	**3,651**
Impairment on trade and other receivables	**14,668**	**190**	**14,858**
Write-down of properties under development to net realisable value	**181,935**	**–**	**181,935**
Write-down of completed properties held for sales to net realisable value	**43,617**	**–**	**43,617**

Year ended 31 March 2020

	Continuing operations			Discontinued operations
	Property development and management *RMB'000*	Property investment *RMB'000*	Total *RMB'000*	Financial services *RMB'000*
Segment revenue				
Sales to external customers	222,093	20,592	242,685	23,283
Segment results	(1,363,141)	(65,352)	(1,428,493)	(376,058)
Bank interest income			124	428
Finance costs			(103,362)	–
Change in fair value of derivative financial instruments			(4,976)	–
Loss on disposal of subsidiaries			(14,627)	–
Unallocated head office expenses			(18,156)	–
Loss before tax			(1,569,490)	(375,630)
Income tax			201,999	(41,253)
Loss for the year			(1,367,491)	(416,883)
Segment assets:				
Reportable segment assets	1,939,743	562,684	2,502,427	–
Deferred tax assets			25,840	–
Prepaid income tax			12,333	–
Derivative financial instruments			96	–
Unallocated assets			15,138	–
Total assets			2,555,834	–
Segment liabilities				
Reportable segment liabilities	1,743,268	35,123	1,778,391	–
Deferred tax liabilities			72,189	–
Income tax payable			74,872	–
Liability component of the Convertible Bonds			73,155	–
Unallocated liabilities			105,311	–
Total liabilities			2,103,918	–
Other segment information				
Capital expenditure*	1,193	–	1,193	–
Depreciation**	1,088	21,383	22,471	7
Impairment on trade and other receivables	297,851	–	297,851	300,276
Provision for guarantee losses	–	–	–	100,308
Write-down of properties under development to net realisable value	877,554	–	877,554	–
Write-down of completed properties held for sales to net realisable value	12,811	–	12,811	–
Interest income from entrusted loans	–	–	–	2,642

* During the year, the head office did not incur any capital expenditure (2020: nil) which represents additions to non-current assets.

** Included in unallocated head office expenses is depreciation of RMB2,601,000 (2020: RMB2,074,000).

Geographical information

(a) *Revenue from external customers from continuing operations*

	2021	2020
	RMB'000	*RMB'000*
The PRC	**153,336**	233,631
Hong Kong	**–**	9,054
	153,336	242,685

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	2021	2020
	RMB'000	*RMB'000*
The PRC	**547,398**	567,978
Hong Kong	**2,094**	4,995
	549,492	572,973

The non-current asset information above is based on the locations of the assets and excludes the Group's deferred tax assets.

Information about major customers

There was no sale to a single customer which accounted for over 10% or more of the Group's revenue for the years ended 31 March 2021 and 2020.

4. REVENUE, OTHER INCOME AND GAINS FROM CONTINUING OPERATIONS

Revenue from continuing operations mainly represents income from the sale of properties, rental income and property management service income.

An analysis of revenue, other income and gains from continuing operations is presented below:

Revenue

	Year ended 31 March 2021		
	Property development and management *RMB'000*	**Property investment** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers within HKFRS 15:			
Sale of properties	**107,142**	**–**	**107,142**
Property management service income	**34,913**	**–**	**34,913**
	142,055	**–**	**142,055**
Revenue from other sources:			
Rental income	**–**	**11,281**	**11,281**
	142,055	**11,281**	**153,336**
Representing geographical markets of:			
The PRC	**142,055**	**11,281**	**153,336**
	142,055	**11,281**	**153,336**
Timing of revenue recognition			
– At a point in time	**107,142**	**–**	**107,142**
– Over time	**34,913**	**11,281**	**46,194**
	142,055	**11,281**	**153,336**

	Year ended 31 March 2020		
	Property development and management *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Revenue from contracts with customers within HKFRS 15:			
Sale of properties	186,862	–	186,862
Property management service income	35,231	–	35,231
	222,093	–	222,093
Revenue from other sources:			
Rental income	–	20,592	20,592
	222,093	20,592	242,685
Representing geographical markets of:			
The PRC	222,093	11,538	233,631
Hong Kong	–	9,054	9,054
	222,093	20,592	242,685
Timing of revenue recognition			
– At a point in time	186,862	–	186,862
– Over time	35,231	20,592	55,823
	222,093	20,592	242,685

Other income and gains

	2021 *RMB'000*	2020 *RMB'000*
Other tax refund	**164**	3,260
Bank interest income	**1**	124
Sundry income	**1,293**	1,596
Gain on disposal of subsidiaries	**–**	38,478
Total other income and gains from continuing operations	**1,458**	43,458

5. FINANCE COSTS FROM CONTINUING OPERATIONS

	2021 *RMB'000*	2020 *RMB'000*
Interest on bank and entrusted loans	**91,208**	80,437
Interest on Convertible Bonds	**7,233**	7,550
Interest on other loan	**4,934**	528
Interest on lease liabilities	**2,156**	3,574
Other borrowing costs accrued on receipts in advance from customers	**6,296**	28,271
	111,827	120,360
Less: Interest capitalised into properties under development*	**(6,695)**	(16,998)
Total finance costs from continuing operations	**105,132**	103,362

* The borrowing costs have been capitalised at a rate of 7.3% per annum (2020: 7.6% to 8.0% per annum).

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	2021	2020
	RMB'000	*RMB'000*
Cost of properties sold*	**202,202**	231,023
Cost of services	**27,304**	28,836
Cost of rental**	**8,339**	27,379
Depreciation		
– property, plant and equipment	**2,216**	3,542
– right-of-use assets	**9,012**	21,003
Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	**19,289**	17,762
Contribution to defined contribution retirement plans	**2,070**	3,132
Total staff costs	**21,359**	20,894
Less: Amount capitalised into properties under development	**(433)**	(1,439)
	20,926	19,455

	2021	2020
	RMB'000	*RMB'000*
Auditor's remuneration:		
Audit services	**1,001**	1,257
Other services	**505**	1,009
Direct operating expenses arising from investment properties that generated rental income	**460**	1,482
Direct operating expenses arising from investment properties that did not generate rental income	**59**	32
Gain on disposal of subsidiaries	**–**	(38,478)
Loss on disposal of subsidiaries***	**–**	14,627
Impairment on:		
– Property, plant and equipment	**3,651**	–
– Goodwill	**4,999**	–
– Trade receivables***	**1,836**	(3)
– Other receivables***	**13,022**	297,854
Write-down of properties under development to net realisable value***	**181,935**	877,554
Write-down of completed properties held for sale to net realisable value	**43,617**	12,811

* Included in cost of properties sold was the write-down of completed properties held for sale to net realisable value of RMB43,617,000 (2020: RMB12,811,000) for the year ended 31 March 2021.

** Included in the cost of rental for the year ended 31 March 2021 was depreciation of the right-of use assets in respect of certain leased units of the Group's shopping mall in Baishan City, the PRC, in property investment segment of RMB6,449,000 which was also included in the depreciation as disclosed separately (2020: RMB19,058,000).

*** These items are included in other expenses in the consolidated statement of profit or loss.

7. INCOME TAX FROM CONTINUING OPERATIONS

PRC Corporate Income Tax ("CIT") has been provided at the applicable income tax rate on the assessable profits in accordance with the relevant tax laws applicable to the entities in the PRC. The statutory CIT tax rate in the PRC is 25% (2020: 25%).

No Hong Kong profits tax has been provided for the years ended 31 March 2021 as the Group incurred a loss for taxation purpose (2020: the Group's unrecognised tax losses brought forward from previous years exceeded the assessable profits).

The Group's subsidiaries are not subject to any income tax in Bermuda, BVI and Samoa pursuant to the respective rules and regulations.

Land Appreciation Tax ("LAT") in the PRC is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

	2021	2020
	RMB'000	*RMB'000*
Current tax:		
PRC CIT	–	241
PRC LAT	**5,619**	6,718
	5,619	6,959
Deferred tax	**681**	(208,958)
Total charge (credit) from continuing operations	**6,300**	(201,999)

8. DIVIDENDS

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

9. LOSS PER SHARE

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average of 5,760,349,000 shares (2020: 5,273,401,000 shares) in issue during the year.

The calculation of the diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted loss per share are based on:

	2021	2020
	RMB'000	*RMB'000*
Loss		
Loss attributable to owners of the parent,		
– continuing operations	**(515,199)**	(1,367,491)
– discontinued operations	**–**	(416,883)
	(515,199)	(1,784,374)
Effect of interest on the liability component of the Convertible Bonds	**7,233**	7,550
Effect of fair value loss on the derivative component of the Convertible Bonds	**69**	4,976
Adjusted loss attributable to owners of the parent		
– continuing operations	**(507,897)**	(1,354,965)
– discontinued operations	**–**	(416,883)
	(507,897)	(1,771,848)

	Number of shares	
	2021	2020
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**5,760,349**	5,273,401
Effect of dilution – weighted average number of ordinary shares:		
Convertible preference shares	**1,157,983** [a]	1,639,353[a]
Convertible Bonds	**103,485** [a]	103,485[a]
Share options	**–** [b]	–[b]
Weighted average number of ordinary shares (diluted)	**7,021,817**	7,016,239

(a) Because the diluted loss per share amount was decreased when taking the convertible preference shares and/or the Convertible Bonds into account, the convertible preference shares and/or the Convertible Bonds had an anti-dilutive effect on the basic loss per share amount.

(b) Because the exercise price of the share options were out of the money compared to the average stock prices of the Company during the years ended 31 March 2021 and 2020, the share options had an antidilutive effect on the basic loss per share amount for the years ended 31 March 2021 and 2020.

10. DISCONTINUED OPERATIONS

Disposals of subsidiaries – Financing guarantee business

The discontinued operations represented the disposal of the Group's financial service segment in last financial year. On 26 March 2020, Jilin World Rich Management Limited ("Jilin World Rich"), an indirect wholly owned subsidiary of the Company, entered into share transfer agreements with an independent third party (the "Fengrun Purchaser"), pursuant to which Jilin World Rich has conditionally agreed to sell, and the Fengrun Purchaser has conditionally agreed to purchase the entire equity interests in Jilin Province Zhongye Business Information Advisory Company Limited (吉林省中業商務信息諮詢有限公司) ("JL Zhongye") and Jilin Fengrun Business Information Advisory Company Limited (吉林灃潤商務信息諮詢有限公司) ("JL Fengrun") at an aggregate consideration of RMB122,000,000 (the "FR Guarantee Disposal"). The main asset of JL Zhongye and JL Fengrun is an investment in a subsidiary, namely Jilin Province Fengrun Financing Guaranty Company Limited (吉林省灃潤融資擔保有限公司) ("FR Guarantee"), which is a company established in the PRC and is principally engaged in the provision of guarantee services in the PRC. On 27 March 2020, the FR Guarantee Disposal was completed, upon which the Group ceased to operate the financial services business segment. The financial service segment is treated and presented as discontinued operations.

11. INVESTMENT PROPERTIES

	2021	2020
	RMB'000	*RMB'000*
Carrying amount at 1 April 2020/2019	**550,000**	997,531
Additions	**42,900**	–
Net loss on fair value adjustment	**(45,800)**	(189,015)
Disposal of subsidiaries	**–**	(274,756)
Exchange realignment	**–**	16,240
Carrying amount at 31 March 2021/2020	**547,100**	550,000

At 31 March 2021 and 2020, the Group's investment properties included certain units of a shopping mall in Baishan City, Jilin Province. These investment properties were stated at fair value and were valued by Savills Valuation and Professional Services Limited (an independent professional qualified valuer).

12. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	2021	2020
	RMB'000	*RMB'000*
Properties under development	**1,962,791**	1,843,972
Completed properties held for sale	**295,284**	700,139
	2,258,075	2,544,111
Write-down of properties under development and completed properties held for sale to net realisable value	**(1,046,251)**	(943,848)
	1,211,824	1,600,263

The Group's properties under development and completed properties held for sale situated in the PRC are stated at lower of cost and net realisable value and held on leases between 40 and 70 years.

At 31 March 2021, certain of the Group's properties under development and completed properties held for sale of RMB644,800,000 (2020: RMB858,213,000) and RMB11,034,000 (2020: nil) respectively, were pledged to banks to secure certain of the bank loans granted to the Group.

The movement of the write-down of properties under development and completed properties held for sale to net realisable value during the year is as follows:

	2021	2020
	RMB'000	*RMB'000*
At 1 April 2020/2019	**943,848**	53,483
Increase in the write-down	**225,552**	890,365
Reclassified as disposal group held for sale	**(123,149)**	–
At 31 March 2021/2020	**1,046,251**	943,848

During the six months ended 30 September 2020, the Group wrote down its properties under development by RMB442.3 million as a result of re-estimation of the net realisable value of a project in Fusong County, Jilin Province of the PRC (the "Fusong Property Project"). The management had held various discussions with the local government of Changbaishan District, Fusong County ("Fusong Government") for a possible buy back of the undeveloped land parcels ("Fusong Undeveloped Land") of the Fusong Property Project at consideration of the original land acquisition price, which is approximately RMB312.4 million.

During the second half of the financial year, the Group's management is looking for possible divestment of the Fusong Property Project in the near future; and has continued ongoing discussion with the Fusong Government and potential buyers in respect of the possible divestment.

At 31 March 2021, the Group has accumulated write downs on its properties under development of RMB1,012.9 million (2020: RMB877.6 million) mainly relating to the property project in Fusong County. Such write downs are as a result of a re-estimation of the net realisable value of the Fusong Property Project taking into account of the negotiation with potential buyer and the persistently unfavourable operating environment in the project's surrounding area in Fusong County. The net realisable value of the Fusong Property Project was determined by the management with reference to the valuation performed by Savills Valuation and Professional Services Limited. The remaining accumulated write downs of RMB33.3 million (2020: RMB66.3 million) was mainly related to completed properties held for sale as a result of a decrease in the expected selling price.

13. TRADE AND OTHER RECEIVABLES

	Notes	**2021**	2020
		RMB'000	*RMB'000*
Trade receivables		**19,512**	18,097
Less: provision for impairment		**(5,691)**	(4,135)
	(a)	**13,821**	13,962
Other receivables:			
Deposits for land development expenditure	*(b)*	**22,095**	337,487
Deposits for construction and pre-sale of projects	*(c)*	**6,741**	31,496
Prepaid business tax and other taxes		**15,367**	19,622
Consideration receivable from the disposal of FR Guarantee	*(d)*	**–**	122,000
Other receivables, prepayments and deposit		**45,936**	76,085
Less: provision for impairment	*(e)*	**(64,279)**	(308,802)
		25,860	277,888
Total trade and other receivables		**39,681**	291,850

(a) In respect of property sales, no credit terms are granted to purchasers. For property investment and property management, the respective rental income and property management income are settled in accordance with the terms stipulated in the agreements, most of which are settled in advance. In particular, sufficient rental deposits are received to minimise credit risk. The carrying amounts of the receivables approximate to their fair values. Trade receivables are non-interest-bearing.

At 31 March 2021 and 2020, trade receivables are primarily related to revenue recognised from the provision of property management service and leasing of properties.

The ageing analysis of the trade receivables (net of allowance for doubtful debts) by the invoice date as at the end of the reporting period is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 30 days	**1,813**	1,538
31 days – 180 days	**5,917**	6,651
Over 180 days	**6,091**	5,773
	13,821	13,962

The ageing analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2021	2020
	RMB'000	*RMB'000*
Neither past due nor impaired	**29**	50
	29	50
Less than 30 days past due	**1,784**	1,488
Over 30 days and less than 180 days past due	**5,917**	6,651
Over 180 days past due	**6,091**	5,773
	13,792	13,912
	13,821	13,962

Movements in provision for impairment of trade receivables are as follows:

	2021	2020
	RMB'000	*RMB'000*
At 1 April 2020/2019	**4,135**	4,138
Charged/(credited) to profit or loss during the year	**1,836**	(3)
Reclassified as disposal group held for sale	**(280)**	–
At 31 March 2021/2020	**5,691**	4,135

(b) The balances represented monies advanced to the local government for land development works at a land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development irrespective of whether or not the Group will obtain the land use rights of the land in the future.

(c) The balances mainly represented various deposits paid to local government authorities directly attributable to the construction of property projects which would be refundable upon completion of the development projects.

(d) The balance represented the consideration receivable of RMB122,000,000 relating to the FR Guarantee Disposal. Details of the disposal are set out in the note 10. The consideration receivable has been fully settled during the year.

(e) Movement in provision for impairment of other receivables are as follows:

	2021	2020
	RMB'000	*RMB'000*
At 1 April 2020/2019	**308,802**	26,948
Charge to profit or loss during the year:		
– Continuing operations	**13,022**	297,854
– Discontinued operations	**–**	300,276
Disposal of subsidiaries	**–**	(316,276)
Reclassified as disposal group held for sale	**(257,545)**	–
At 31 March 2021/2020	**64,279**	308,802

14. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

		2021	2020
	Notes	***RMB'000***	*RMB'000*
Cash and bank balances		**126,653**	49,509
Less: Restricted bank deposits under pre-sale of properties	*(a)*	**(8,715)**	(19,009)
Cash and cash equivalents		**117,938**	30,500

(a) In accordance with relevant policies issued by the PRC local State-owned Land and Resource Bureau applicable to all property developers, the Group is required to place certain of the proceeds received from the pre-sale of properties as guarantee deposits for the construction of the properties. The restriction will be released when the construction is completed. The restricted cash earns interest at floating daily bank deposit rates.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB52,041,815 (2020: RMB42,823,000). RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

15. TRADE AND OTHER PAYABLES

	Notes	2021 RMB'000	2020 RMB'000
Trade payables	(a)	**56,587**	126,437
Accrued construction costs		**271,097**	338,187
Interest payable		**94,571**	44,481
Deposits received from the government	(b)	–	14,501
Other creditors and accruals		**48,995**	97,761
Other deposits received		**35,960**	26,138
		507,210	647,505

(a) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021 RMB'000	2020 RMB'000
Within 30 days	**13,627**	43,164
31 days – 180 days	**19,929**	59,150
Over 180 days	**23,031**	24,123
	56,587	126,437

(b) The amount represented the deposits received from the government as the Group is responsible for the construction of commodity housing which includes but is not limited to the removal of the existing buildings situated on the land, the provision of infrastructure systems including roads, drainage system, water, gas and electricity supply and the construction of public facilities. The amount was unsecured and interest-free and the remaining amount will be refunded to the government after the construction is completed. The amount was reclassified as Liabilities associated with disposal group classified as held for sale.

16. CONTRACT LIABILITIES

	2021 *RMB'000*	2020 *RMB'000*
Deposits from sale of properties	**216,718**	223,695
Receipt in advance from management services	**11,192**	10,831
	227,910	234,526

17. LOANS FROM A CONTROLLING SHAREHOLDER

Loans from a controlling shareholder are unsecured, interest-free and repayable on demand.

18. BANK AND OTHER BORROWINGS

	Notes	2021 *RMB'000*	2020 *RMB'000*
Current			
Bank loans – secured	*(i)*	**130,897**	355,897
Other loans – unsecured	*(ii)*	**–**	22,000
Other loans – secured	*(iii), (v)*	**17,600**	17,600
Entrusted loan	*(iv), (v)*	**300,000**	300,000
		448,497	695,497
Non-current			
Bank loans – secured	*(i)*	**351,593**	170,690
		351,593	170,690
		800,090	866,187

	2021	2020
	RMB'000	*RMB'000*
Analysed into:		
Bank loans and entrusted loan repayable:		
Within one year or on demand	**430,897**	655,897
In the second year	**60,897**	56,897
In the third to fifth years, inclusive	**290,696**	113,793
	782,490	826,587
Other borrowings repayable:		
Within one year	**17,600**	39,600
	800,090	866,187

Notes:

(i) Included in the secured bank loans as at 31 March 2021 are loan balances of RMB70,000,000 (31 March 2020: RMB70,000,000), RMB170,690,000 (31 March 2020: RMB227,587,000), RMB232,000,000 (31 March 2020: RMB200,000,000) and RMB9,800,000 (31 March 2020: Nil) bearing interests at a fixed rate of 7.83% per annum, at a fixed interest rate of 5.39% per annum, a fixed rate of 7.3% per annum and a fixed rate of 7.6% per annum respectively.

The bank loan of RMB70,000,000 is secured by the 60% equity interests of 吉林省廣澤地產有限公司 and the bank loans of RMB170,690,000, RMB232,000,000, and RMB9,800,000 are secured by pledges of the properties under development with carrying values of RMB462,500,000 (31 March 2020: RMB858,213,000), investment properties with fair value of RMB507,000,000 (31 March 2020: RMB550,000,000) and completed properties held for sale with carrying amounts of RMB11,034,000 (31 March 2020: Nil) respectively.

As at 31 March 2021, a secured bank loan of RMB29,000,000 (31 March 2020: RMB29,000,000) bearing interests at benchmark interest in the PRC plus margin of 120% and the bank loans is guaranteed by an independent third party guarantee company where the Group provided a counter guarantee in favour of the independent third party for its obligations to guarantee the payment obligations was reclassified as Liabilities associated with disposal group classified as held for sale.

(ii) As at 31 March 2021, the other loan of RMB22,000,000 was unsecured, bears a fixed interest rate of 24% per annum and repayable on demand (31 March 2020: RMB22,000,000 which was unsecured, interest free and is repayable on demand). The balance was reclassified as Liabilities associated with disposal group classified as held for sale.

(iii) During the year, the secured other loan of RMB17,600,000 bore interests at a fixed rate of 12% per annum and was secured by 80% equity interests of 吉林市築家房地產開發有限公司(Jilin Zhujia Real Estate Development Company Limited*). The loan was guaranteed by personal and corporate guarantees of certain connected parties of the Company.

(iv) The entrusted loans as at 31 March 2021 are loan balances of RMB100,000,000 (31 March 2020: RMB100,000,000) and RMB200,000,000 (31 March 2020: RMB200,000,000).

During the year, the entrusted loan of RMB100,000,000 bore interest at a fixed rate of 8% and was secured by properties under development held by the Group with carrying amount of RMB182,300,000 as at 31 March 2021 (2020: RMB254,666,000).

During the year, the entrusted loan of RMB200,000,000 bore interest at a fixed rate of 12% per annum and was secured by a second charge of properties under development with carrying amounts of RMB644,800,000 as at 31 March 2021 (31 March 2020: RMB858,213,000) and 66.4% equity interests of 撫松長白山廣澤旅遊開發有限公司 (Fusong Changbaishan Ground Tourism Development Company Limited).

(v) As at 31 March 2021, the lender has agreed to renew the entrusted loans of RMB100,000,000 and RMB200,000,000 and other loan of RMB17,600,000; however, the terms of the loans to be renewed are yet to finalised up to the date of this announcement.

19. DERIVATIVE FINANCIAL INSTRUMENTS AND CONVERTIBLE BONDS

On 27 July 2016, the Company issued an aggregate principal amount of HK$500 million (equivalent to approximately RMB430 million on the issue date) convertible bonds which are due on 27 July 2021 (the "Convertible Bonds") as part of the considerations in respect of the Ka Yun Acquisition. The Convertible Bonds are convertible into the Company's ordinary shares of HK$0.05 each at an initial conversion price of HK$0.85 per share subject to adjustments. The interest rate is 2% per annum payable semi-annually in arrears each year before the maturity date.

The conversion rights are exercisable at any time from the date of issue of the Convertible Bonds up to the maturity date of 27 July 2021, provided that any conversion does not result in the public float of the Company's shares being less than 25% (or any given percentage as required by the Listing Rules).

The Convertible Bonds are not transferrable without the prior written consent of the Company.

The Company may at any time before the maturity date redeem the Convertible Bonds (in whole or in part) at 100% of its principal amount.

The Company has not early redeemed any portion of the Convertible Bonds during the year.

On 29 March 2017, the Convertible Bonds in the principal amount of HK$212,500,000 (equivalent to approximately RMB188,211,250 on the conversion date) were fully converted into 250,000,000 ordinary shares of the Company at the conversion price of HK$0.85 per share.

On 27 October 2017, the Convertible Bonds in the principal amount of HK$199,537,388 (equivalent to approximately RMB169,447,150 on the conversion date) were fully converted into 234,749,867 ordinary shares of the Company at the conversion price of HK$0.85 per share.

As at 31 March 2021 and 2020, the Convertible Bonds in the principal amount of HK$87,962,612 (equivalent to approximately RMB74,249,241) has not yet been converted.

Accounting treatment

The Company's early redemption right attaching to the Convertible Bonds are considered not closely related to the liability component of the Convertible Bonds; and therefore, these embedded features have been accounted for separately and classified as derivative financial instruments according to HKFRS 9 Financial Instruments.

On the basis that the conversion options of the Convertible Bonds will be settled by the exchange of a fixed amount for a fixed number of equity instruments, the Convertible Bonds are accounted for as compound instruments according to HKAS 32 Financial Instruments: Presentation. The deemed proceeds, after the fair value of the early redemption right features are bifurcated, have been split into between a liability component and an equity component. The residual amount, representing the value of the equity component, is credited to "Equity component of the Convertible Bonds" in the Group's equity attributable to the Company's shareholders.

After initial recognition, the Company's early redemption right features classified as derivative financial instruments are remeasured to their fair value at each period end using the binomial pricing model. The liability component of the Convertible Bonds are subsequently carried at amortised cost.

At the date of conversion, the carrying values of the liability component of the Convertible Bonds and of the early redemption right features are transferred to equity.

Early redemption right features of the Convertible Bonds

The movements in the Company's early redemption right features classified as derivative financial instruments measured at fair value are as follows:

	2021	2020
	RMB'000	*RMB'000*
At 1 April 2020/2019	**96**	4,837
Fair value change	**(69)**	(4,976)
Exchange realignment	**(5)**	235
At 31 March 2021/2020	**22**	96

Liability component of the Convertible Bonds

The movements of the liability component of the Convertible Bonds in the consolidated statement of financial position are as follows:

	2021	2020
	RMB'000	*RMB'000*
At 1 April 2020/2019	**73,155**	62,962
Accrued effective interest	**7,233**	7,550
Accrued coupon interest transferred to interest payable	**(1,530)**	(1,582)
Exchange realignment	**(5,979)**	4,225
At 31 March 2021/2020	**72,879**	73,155

The imputed finance cost on the liability component of the Convertible Bonds is calculated using the effective interest method by applying effective interest rates per annum. The effective interest rate of the Convertible Bonds is 10.73%.

Equity component of the Convertible Bonds

The movements of the equity component of the Convertible Bonds in the consolidated statement of financial position are as follows:

	2021	2020
	RMB'000	*RMB'000*
At 31 March 2021/2020	**40,368**	40,368

As at 31 March 2021, the remaining principal amount of the Convertible Bonds was approximately HK$87,962,612 (equivalent to RMB74,249,241) (2020: HK$87,962,612 (equivalent to RMB70,370,090)). Should the conversion rights attaching to the Convertible Bonds due in 2021 be exercised in full, additional 103,485,427 ordinary shares would have been allotted and issued, which represent approximately 2% of the issued share capital of the Company at 31 March 2021.

Up to the date of this announcement, the Company is currently under negotiation with Ka Yik for the settlement arrangement of Convertible Bonds and Ka Yik has preliminarily agreed to fully convert on or before the maturity date.

20. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As set out in note 2, on 26 February 2021 and 4 June 2021, the Group entered into a share transfer agreement and a supplementary agreement with the Purchasers to dispose the entire equity interests in Ground Real Estate and its subsidiaries at a consideration of RMB1.0 (equivalent to approximately HK$1.2).

The management considered that there are net liabilities of Ground Real Estate and its subsidiaries and it is unlikely that the Group will make profit from the sales of the remaining residential units or car park spaces due to the decrease in the expected selling price. The disposal will improve the financial position of the Group. The disposal was completed in June 2021.

The major classes of assets and liabilities of Ground Real Estate held for sale are measured at the lower of carrying amount and fair value less costs to sell at the end of the reporting period are as follows:

	Carrying amount as classified as held for sale
	RMB'000
Assets	
Completed properties held for sale	215,921
Trade and other receivables	107,771
Prepaid income tax	6,345
Pledged and restricted deposits	3,585
Cash and cash equivalents	396
Assets associated with disposal group classified as held for sale	334,018
Liabilities	
Trade and other payables	126,154
Contract liabilities	110,009
Loans from a controlling shareholder	103,420
Bank and other borrowings	51,000
Income tax payables	1,824
Deferred tax liabilities	1,270
Liabilities associated with disposal group classified as held for sale	393,677
Net liabilities attributable to the disposal group held for sale	59,659

No gain or loss arising from initial recognition and subsequent measurement of disposal group classified as held for sale has been recognised in consolidated statement of comprehensive income for the year.

21. SHARE CAPITAL

	Number of ordinary shares	**Nominal value**	
	'000	*HK$'000*	*RMB'000*
Authorised:			
Ordinary shares of HK$0.05 each	15,600,000	780,000	684,000
Issued:			
Ordinary shares of HK$0.05 each			
At 31 March 2021	6,764,286	338,214	292,554
At 31 March 2020	5,273,401	263,670	228,370

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue	Issued Captial
	'000	*RMB'000*
At 31 March 2020	5,273,401	228,370
Issuance of ordinary shares under share placement[(a)]	290,885	12,277
The conversion of convertible preference shares[(b)]	1,200,000	51,907
At 31 March 2021	6,764,286	292,554

(a) On 24 March 2021, 290,885,000 ordinary shares of the Company were allotted and issued to the placees under the general mandate granted to the directors of the Company at a placing price of HK$0.35 per placing share for a total cash consideration of HK$101.8 million (equivalent to approximately RMB85.9 million). Further details of the issuance of the placing shares were set out in the Company's announcement dated 16 March 2021 and 24 March 2021.

(b) During the year, an aggregate of 1,200,000,000 ordinary shares of the Company were allotted and issued upon the conversion of 1,200,000,000 non-redeemable convertible preference shares.

22. CONVERTIBLE PREFERENCE SHARES

On 27 July 2016, the Company allotted and issued 4,539,352,941 Convertible Preference Shares ("CPS") at an issue price of HK$0.85 per share to Ka Yik, a company beneficially owned by Ms. Cui, for satisfaction of part of the consideration in respect of the Ka Yun Acquisition, being an aggregate amount of HK$3,858,450,000 (RMB3,320,582,000).

Key terms of the CPS are as follows:

(1) The CPS shall not confer on the holders thereof the right to receive notices of, or to attend and vote, at the general meetings of the Company, unless a resolution is to be proposed at the general meeting which if passed would vary or abrogate the rights or privileges of holders of the CPS.

(2) Holders of the CPS have the right to convert each CPS, during the conversion period, into ordinary share(s) of the Company at the CPS conversion price. The holders may exercise the conversion right, provided that any conversion of the CPS does not result in (i) the CPS conversion shares being issued at a price below their nominal value as at the conversion date; or (ii) if immediately after such conversion, the public float of the shares being less than 25% (or any given percentage as required by the Listing Rules). The ordinary shares of the Company when allotted and issued upon the exercise of the conversion right of the CPS shall rank equally among themselves and pari passu in all respects with the ordinary shares of the Company in issue on the date of allotment and issuance.

(3) The CPS cannot be redeemed by the Company or the holder of CPS.

(4) The CPS is transferable subject to the conditions stated in the terms of the CPS and in accordance with the provision as set out in the Company's bye-laws.

(5) CPS shall confer on the CPS holders the right to be paid, in priority to any return of assets in respect of the ordinary shares of the Company, pari passu as between themselves an amount equal to the aggregate notional value of the CPS plus all dividends accrued and unpaid with respect thereto, whereupon if the assets of the Company available for distribution shall be insufficient to provide for full payment to holders of the CPS, the Company shall make payment on the CPS on a pro rata basis on return of capital on liquidation, winding up or dissolution of the Company. The CPS do not confer on the holders of CPS any further or other right to participate in the assets of the Company upon liquidation, winding up or dissolution of the Company.

Subject to compliance with all applicable laws and the bye-laws of the Company, each CPS shall confer on its holder the right to receive an accrued and cumulative fixed dividend commencing from the date of the issue of the CPS on a yearly basis at a rate of 0.2% of the nominal value of HK$0.05 of each CPS outstanding in priority to any dividend in respect of any other class of shares in the capital of the Company, payable annually in arrears. However, the CPS holder(s) has unconditionally and irrevocably waived the receipt of such preferred dividend.

The CPS is classified as equity instruments in the Group's consolidated financial statements with the following considerations:

(a) The CPS holder(s) has unconditionally and irrevocably waived its right to receive the preferred distribution; and as such, the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the CPS. Therefore, there is no liability component of the CPS.

(b) The conversion options of the CPS will be settled by the exchange of a fixed amount for a fixed number of equity instruments.

For the year ended 31 March 2021, 1,200 million CPSs were converted into 1,200 million ordinary shares of the Company. As at 31 March 2021, 439,352,941 CPSs (2020: 1,639,352,941 CPSs) remained outstanding. Should the conversion rights attaching to the remaining 439,352,941 CPSs be exercised in full, an additional 439,352,941 ordinary shares would have been allotted and issued, which represented approximately 6.5% of the issued share capital of the Company as at 31 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2021, overall revenue of the Group from continuing operations was approximately RMB153.3 million (year ended 31 March 2020: RMB242.7 million), representing a decrease of 36.8%. Gross loss from continuing operations was RMB84.5 million (year ended 31 March 2020: gross loss of RMB44.6 million). Net loss after tax from continuing operations was RMB515.2 million (year ended 31 March 2020: a net loss of RMB1,367.5 million).

The disposal of Ground Real Estate Group Company Limited and its project companies in Jilin City

On 26 February 2021, the Company entered into a conditional share transfer agreement with a connected party, to dispose of all its equity interests in the Group's subsidiaries, namely (i) Ground Real Estate Group Company Limited (廣澤地產集團股份有限公司) (ii) Jilin Ground Real Estate Company Limited (吉林省廣澤地產有限公司) (iii) Jilin Zhujia Real Estate Development Company Limited (吉林市築家房地產開發有限公司) and (iv) Jilin Wansheng Property Development Company Limited (吉林市萬升房地產開發有限公司), collectively known as "Disposal Group", at a consideration of RMB1.0 (equivalent to approximately HK$1.2). The disposal was completed in June 2021.

Outlook

In the future, our Group will seize new business opportunities after the epidemic outbreak, integrate resources to carry out traditional cultural inheritance and training, operation and management, healthcare, cultural and creative around themes such as culture, health, education, new concept tourism, and surrounding consumer goods, to create a development model with core attractiveness and competitiveness and multi-industry integration.

Property Development

Contracted Sales

For the year ended 31 March 2021, the Group continued its sales of completed projects, including the remaining highend villas at Guangze • Tudors Palace, other residential units and commercial units at Guangze Red House – Phases II and III, "緹香" and "花香四季" (previously known as Wansheng • Qiancheng International), Guangze • Amethyst City (all of which are located at Jilin City, Jilin Province).

Besides, in July 2020, the Group successfully bid two land parcels located in Jiutai District of Changchun City, Jilin Province with an aggregate site area of 58,669 sq.m.. The two land parcels are permitted to construct residential and commercial units with a total gross floor area of 117,338 sq.m.. As at 31 March 2021, the Group has commenced the construction of one land parcel; and has obtained the related pre-sale permit for pre-sale in the beginning of September 2020 and commenced the pre-sales during the year.

Properties completed, delivered and sale of properties recognised during the year ended 31 March 2021

For the year ended 31 March 2021, there were decreases in sales of properties (excluding car park units) by 38.5% and recognised gross floor area ("GFA") by 47.6%. During the year ended 31 March 2021, the Group had no newly completed and delivered projects.

For the year ended 31 March 2021, the sale of properties (excluding car park units) related to the remaining units of the property projects that were completed in the previous years was mainly contributed from the sales of Guangze • Tudors Palace, Guangze • Amethyst City, "緹香" and "花香四季", Guangze China House Phase I, Guangze Red House Phase II and Phase III, amounted an aggregate of RMB92.0 million and an aggregate GFA of 12,974 sq.m. (year ended 31 March 2020: the sales of Guangze • Tudors Palace, Guangze • Amethyst City, "緹香" and "花香四季", Guangze China House Phase I and Guangze Red House Phase I, Phase II and Phase III, amounted an aggregate of RMB149.7 million and an aggregate GFA of 24,748 sq.m.).

For the year ended 31 March 2021, the Group delivered and recognised sale of car park units of approximately RMB15.2 million from the sale of 131 car park units (year ended 31 March 2020: RMB37.2 million from the sale of 525 car park units).

Projects under development and held for development

As at 31 March 2021, the Group has three remaining projects, namely Guangze Jiuxi Red House in Jiutai District, Changchun City, Guangze China House – Phase I(A) in Baishan City and Ground Pine Township International Resort in Changbaishan, Fusong County. Guangze Jiuxi Red House and Guangze China House – Phase I(A) are residential property projects whereas Ground Pine Township International Resort is a cultural tourism mixed property project. Guangze China House – Phase I(A) mainly consists of 216 residential units, which is expected to complete in the fourth quarter of 2021. Guangze Jiuxi Red House has two phases, of which first phase has a GFA of 60,994 sq.m and the second with a GFA of 62,460 sq.m. Like Guangze China House – Phase I(A), Guangze Jiuxi Red House's first phase is also expected to complete in the fourth quarter of 2021.

This cultural tourism project in Changbaishan ("Fusong Property Project") included an estimated GFA under development of approximately 76,002 sq.m., and an estimated GFA held for future development of approximately 547,977 sq.m. The Group's management is currently in negotiation and discussions with the local government and potential buyers for divestment. The Group have suspended the construction since April 2019 taking into consideration of (i) the macro and industry-specific risk factors and the changes in the surrounding policy environment leading to an adverse change in the related prospects of the tourism project at Changbaishan, Fusong County; (ii) the current financial position and operation of the Group; (iii) the additional capital expenditure required for the project; (iv) the current financing market in the PRC where any kind of financing from various financial institutions has been made difficult for many enterprises; and (v) the cost and benefits of such project to the Group in light of the prevailing economic risk and condition. The management had held various discussions with the local government of Changbaishan District, Fusong County ("Fusong Government") for a possible buy back of the undeveloped land parcels ("Fusong Undeveloped Land") of the Fusong Property Project.

On 21 September 2020, the Group received a letter ("Letter") from Fusong Government. As stated in the Letter, various departments within Fusong Government had meetings in August 2020 to discuss the buy back of the Fusong Undeveloped Land and were working on the timetable of the buy back. Up to the date of this announcement, no concrete timetable has been set for the buy back. Furthermore, it was also mentioned in the Letter that the Fusong Government have only taken into consideration of the original land acquisition price in determining the buy back consideration while other costs and expenditure previously incurred by the Group would not be accounted for the time being. Accordingly, the management expects that the preliminary estimated buy back consideration, that will be payable by the Fusong Government, will be no higher than the original acquisition price of the Fusong Undeveloped Land by the Group, which is approximately RMB312.4 million.

Given the gloomy outlook of the Fusong Property Project as affected by (i) the policy change; (ii) the macro-economic environment; (iii) the potential risk of being considered as "idle land"; and (iv) the level of capital expenditure required to realise the potential market value of this project even if the Fusong Government do not proceed with the buy back, the Board estimates that the Group will very unlikely be able to make any profits out of this project under the current development plan in the foreseeable future. Furthermore, the Group is currently having severe difficulties to further raise funds to finance the future capital expenditure, in light of the relatively weak financial positions of the Group. Therefore, the Board believes that it is not economically sensible or viable to further develop the Fusong Property Project in the foreseeable future. The Group's management is looking for possible divestment of the Fusong Property Project in the near future and has continued ongoing discussion with the Fusong Government and potential buyers in respect of the possible divestment. The divestment would provide the Group an opportunity to off load the Fusong Property Project, thereby alleviating the Group's debt and financing costs burden which is currently borne by the Group.

Property Investment

As at 31 March 2021, the Group's self-owned investment properties are the retail shopping units at Guangze International Shopping Centre. The fair value of the investment properties decreased from RMB550 million at 31 March 2020 to RMB507 million at 31 March 2021 with an average occupancy rate of 75.0% (At 31 March 2020: 88.3%).

In January 2021, the Group agreed to extend the leasing period of the leased portion of Guangze International Shopping Centre for a further 5 years.

FINANCIAL REVIEW

In February 2021, the Group entered into a conditional share transfer agreement with a deemed connected person for the disposal of Ground Real Estate Group Company Limited and its three subsidiaries (the "Disposal Group") as stated in the section headed "BUSINESS REVIEW" of this announcement. As at the year end date, the disposal has not yet completed.

Preparation of the Group's financial statements for the year ended 31 March 2021

For the purpose of the financial statements of the Group for the year ended 31 March 2021, the results of and the assets and liabilities of the Disposal Group remains consolidated into the Group. In accordance with HKFRS 5, given the Disposal Group is only part of the Group's properly development and management business, it does not constitute a discontinued operation. Accordingly, all assets and liabilities associated with the Disposal Group are grouped under "Assets associated with disposal group classified as held for sale" and "Liabilities associated with disposal group classified as held for sale" under current assets and current liabilities, respectively.

Key changes to profit or loss

Revenue from continuing operations

	Year ended 31 March 2021		Year ended 31 March 2020	
	RMB'000	***%***	*RMB'000*	*%*
Sale of properties	**107,142**	**69.9**	186,862	77.0
Rental income	**11,281**	**7.4**	20,592	8.5
Property management service income	**34,913**	**22.7**	35,231	14.5
	153,336	**100.0**	242,685	100.0

The Group's revenue from continuing operations decreased from RMB242.7 million for the year ended 31 March 2020 to RMB153.3 million for the year ended 31 March 2021 or an decrease by 36.8%, mainly due to the decrease in sale of properties by 42.6% or RMB79.7 million as compared with the corresponding year. The decrease in sales of properties during the year ended 31 March 2021 was attributable to the fact that there was no property projects newly completed and delivered during the year ended 31 March 2021; and a gradual decrease in sales and delivery of remaining units of the prior years completed property projects.

Rental income decreased by 45.2% for the year ended 31 March 2021 as compared to last financial year mainly attributable to the rent free period offered to tenants over the COVID-19 pandemic period and the decrease in average occupancy rate during the year ended 31 March 2021 in respect of the shopping mall units in Baishan City, the PRC. Also, the Group disposed of the investment properties in Hong Kong in March 2020 which contributed rental income of RMB8.5 million during the corresponding period in last year.

Property management service income decreased from RMB35.2 million for the year ended 31 March 2020 to RMB34.9 million for the year ended 31 March 2021, mainly attributable to the decrease in number of managed units, caused by the decrease in average occupancy rate during the year ended 31 March 2021 in respect of the shopping mall units in Baishan City, the PRC.

Gross loss and gross margin

For the year ended 31 March 2021, the Group recorded an overall gross loss of RMB84.5 million (2020: gross loss of RMB44.6 million). The gross loss for the year was mainly contributed from (i) the sales of certain car park units at Guangze Amethyst City – Phases I and II at a loss; and (ii) further write-downs of RMB43.6 million mainly on the remaining car park units at various property projects.

Other income and gains

The Group's other income and gains decreased from RMB43.5 million for the year ended 31 March 2020 to RMB1.5 million for the year ended 31 March 2021 which was mainly attributable to the one-off gain on disposal of subsidiaries of RMB38.5 million and prior year's property tax refund of RMB3.3 million recognised for the year ended 31 March 2020.

Selling and distribution costs

The increase in selling and distribution costs by RMB1.8 million from RMB7.2 million for the year ended 31 March 2020 to RMB9.0 million for the year ended 31 March 2021 was mainly due to the increase in the promotion and advertising expenses incurred for the new property project in Jiutai District, namely Guangze Jiuxi Red House, launched for per-sale during the year.

Administrative expenses

The decrease in administrative expenses by RMB17.3 million from RMB50.4 million for the year ended 31 March 2020 to RMB33.1 million for the year ended 31 March 2021 was mainly attributable to (i) the decrease in travelling expenses as a result of travel restriction from the COVID-19 pandemic; and (ii) the decrease in office expense contributed by continual cost control implemented on the Group.

Other expenses

Other expenses for the year ended 31 March 2021 mainly related to write-downs of RMB181.9 million in relation to the property under development for Ground Pine Townshop International Resort in Fusong County and other completed property projects in Jilin City (year ended 31 March 2020: RMB877.6 million) as a result of the persistently unfavourable operating environment in the surrounding area and impairment loss on other receivables of RMB13.0 million (year ended 31 March 2020: RMB297.9 million) caused by the worsening local economic environment in Jilin Province resulting in the significant increase in credit risk of certain debtors.

Finance costs

	Year ended 31 March	
	2021	2020
	RMB'000	*RMB'000*
Interest on bank and entrusted loans	**91,208**	80,437
Interest on Convertible Bonds	**7,233**	7,550
Interest on other loan	**4,934**	528
Interest on lease liabilities	**2,156**	3,574
Other borrowing costs accrued on receipts in advance from customers	**6,296**	28,271
	111,827	120,360
Less: interest capitalised into properties under development	**(6,695)**	(16,998)
	105,132	103,362

The finance costs for the year ended 31 March 2021 increased by RMB1.8 million from RMB103.4 million for the year ended 31 March 2020, which was mainly attributable to the fact that (i) an increase in interest on bank and entrusted loans as a result of increase in interest rate upon renewal of bank loans and new entrusted loans; and (ii) less project loans were qualified for capitalisation as most of the related projects had been completed resulting in an immediate charge to profit or loss as incurred.

Change in fair value of investment properties

For the year ended 31 March 2021, the Group's investment properties stated at fair value had a further decrease in the fair value of RMB45.8 million, mainly attributable to the deterioration of the market rent.

Change in fair value of derivative financial instruments

A loss in fair value of RMB69,000 of the derivative financial instruments was recognised for the year ended 31 March 2021 (year ended 31 March 2020: loss in fair value of RMB5.0 million). The derivative financial instruments represented the Company's early redemption right features of the convertible bonds which are due on 27 July 2021. The change in fair value was mainly attributable to the volatility of the Company's share price and deterioration of the time value.

Income tax

The Group's current income tax includes Corporate Income Tax (CIT) and Land Appreciation Tax (LAT). For the year ended 31 March 2021, the Group's current income tax amounted to RMB5.6 million (year ended 31 March 2020: RMB7.0 million). The decrease in CIT and LAT for the year ended 31 March 2021 was mainly attributable to decrease in taxable income as fewer properties units were delivered and sales recognised during the year. A tax charge from deferred tax of RMB0.7 million was recorded for the year ended 31 March 2020 (year ended 31 March 2020: tax credit of RMB209.0 million) was mainly attributable by the provision of deferred tax liabilities during the year.

Key changes to financial position

Investment properties

As at 31 March 2021, the Group's investment properties are certain shopping mall units in Baishan City, Jilin Province, of which include self-owned portion and leased portion. These investment properties were stated at fair value and were valued by Savills Valuation and Professional Services Limited (an independent professional qualified valuer) at RMB547.1 million (as at 31 March 2021: RMB550.0 million). The balance as at 31 March 2021 decreased compared to 31 March 2020, mainly attributable to the fact that a loss in fair value of RMB45.8 million of the investment properties in the PRC was recognised for the year ended 31 March 2021 (year ended 31 March 2020: loss in fair value of RMB189.0 million); and partly offset by the recognition of leased properties in accordance with HKFRS 16 and HKAS 40 in respect of the leased portion of the shopping mall units in Baishan of RMB42.9 million.

Properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sales are located in Jilin Province. The decrease in properties under development and completed properties held for sales from RMB1,600.3 million as at 31 March 2020 to RMB1,211.8 million as at 31 March 2021 was mainly attributable to (i) the transfer of development costs to costs of sales in respect of the properties delivered during the year ended 31 March 2021; and (ii) the write-downs during the year of RMB181.9 million mainly in respect of the project under development, namely Ground Pine Township International Resort, and car parks from the completed property projects as a result of the persistently unfavourable operating environment in the surrounding area. As at 31 March 2021, accumulated write-downs of RMB1,012.9 million and RMB33.3 million were made on properties under development and completed properties held for sale (as at 31 March 2020: RMB877.5 million and RMB66.3 million) respectively.

Trade and other receivables

		As at 31 March	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
Trade receivables		**19,512**	18,097
Less: Provision for impairment		**(5,691)**	(4,135)
	(i)	**13,821**	13,962
Other receivables			
– Deposits for land development expenditure	*(ii)*	**22,095**	337,487
– Deposits for construction and pre-sale of property projects	*(iii)*	**6,741**	31,496
– Prepaid business tax and other taxes		**15,367**	19,622
– Consideration receivable from the disposal of FR Guarantee	*(iv)*	**–**	122,000
– Other receivables, prepayments and deposits		**45,936**	76,085
Less: Provision for impairment	*(v)*	**(64,279)**	(308,802)
		25,860	277,888
		39,681	291,850

(i) Trade receivables mainly related to rental receivable from tenants and property management fee receivables from property unit owners. At 31 March 2021, the trade receivable balance remained stable as compared to that at 31 March 2020.

(ii) Land development expenditure made by certain subsidiaries of the Group represented monies advanced to the local government for land development works at various land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development respective of whether or not the Group will obtain the land use rights of the land in the future.

The decrease was mainly attributable to the reclassification of RMB319.8 million to "Assets associated with disposal group classified as held for sale" at 31 March 2021.

(iii) The balances represented various deposits paid directly attributable to construction and pre-sale of property projects which would be refundable upon completion of the property projects.

(iv) The amount as at 31 March 2020 represented the consideration receivable for the FR Guarantee Disposal. During the year, the amount has been fully settled in accordance with the share transfer agreements.

(v) The decrease in provision for impairment from RMB308.8 million as at 31 March 2020 to RMB64.3 million as at 31 March 2021 was mainly attributable to the reclassification of the provision of RMB257.5 million to "Assets associated with disposal group classified as held for sale".

Trade and other payables

	Notes	As at 31 March **2021** ***RMB'000***	2020 *RMB'000*
Trade payables	*(i)*	**56,587**	126,437
Accrued construction costs	*(i)*	**271,097**	338,187
Interest payable		**94,571**	44,481
Deposits received from government	*(ii)*	**–**	14,501
Other creditors and accruals		**48,995**	97,761
Other deposits received		**35,960**	26,138
		507,210	647,505

(i) The decreases in trade payables and accrued construction costs from RMB126.4 million and RMB338.2 million at 31 March 2020 to RMB56.6 million and RMB271.1 million at 31 March 2021 respectively were mainly attributable to gradual settlement of construction cost payable balances arising from the completed properties projects. Also, a balance of RMB57.0 million was reclassified to "Liabilities associated with disposal group classified as held for sale" as at 31 March 2021.

(ii) The amount represented the deposits received from the government as the Group is responsible for the construction of commodity housing which includes but is not limited to the removal of the existing buildings situated on the land, the provision of infrastructure systems including roads, drainage system, water, gas and electricity supply and the construction of public facilities. The amount was unsecured and interest free and the unused amount will be refunded to the government after the construction is completed. Also, the balance of RMB14.5 million was reclassified to "Liabilities associated with disposal group classified as held for sale" as at 31 March 2021.

Contract liabilities

	Notes	As at 31 March **2021** ***RMB'000***	2020 *RMB'000*
Deposits from sale of properties	*(i)*	**216,718**	223,695
Receipt in advance from management services	*(ii)*	**11,192**	10,831
		227,910	234,526

(i) Deposits from sales of properties represent contractual payments received from customers in connection with the Group's pre-sale of properties. The deposit will be transferred to profit or loss upon the Group's revenue recognition criteria are met. The decrease in balance was mainly attributable to (i) the units delivered and sales recognised during the year; and (ii) the reclassification of deposits from sale of properties in respect of projects in Jilin City to "Liabilities associated with disposal group classified as held for sale" and partially offset by the cash received in respect of pre-sale of Guangze Jiuxi Red House.

(ii) Receipt in advance from management services represent the property fee received in advance for property management. The receipts will be transferred to profit or loss upon the Group's revenue recognition criteria are met.

Liquidity and financial resources

Cash position

As at 31 March 2021, the carrying amount of cash and bank deposits of the Group was approximately RMB117.9 million (as at 31 March 2020: approximately RMB30.5 million), representing an increase of approximately 286.6% as compared with that as at 31 March 2020, which was attributable to the net proceeds raised the Company's placing in March 2021. Details of the placing are set out in the section headed "Fund raising activities during the past twelve months".

Debt and gearing

The Group's bank and other borrowings as at 31 March 2021 decreased by RMB66.1 million to RMB800.1 million which were payable as follows:

	As at 31 March	
	2021	2020
	RMB'000	*RMB'000*
Current	**448,497**	695,497
Non-current	**351,593**	170,690
	800,090	866,187
Analysed into:		
Bank loans and entrusted loan repayable:		
Within one year or on demand	**430,897**	655,897
In the second year	**60,897**	56,897
In the third to fifth year, inclusive	**290,696**	113,793
	782,490	826,587
Other borrowings repayable:		
Within one year	**17,600**	39,600
	800,090	866,187

The current portion of bank and other borrowings decreased from RMB695.5 million as at 31 March 2020 to RMB448.5 million as at 31 March 2021 and the non-current portion of bank and other borrowing increased from RMB170.7 million as at 31 March 2020 to RMB351.6 million as at 31 March 2021 as the Group refinanced the short term bank loans by replacing with new long term loan, and the repayment of bank loans by instalment.

The Group's gearing ratio as at 31 March 2021 was as follows:

	As at 31 March	
	2021	2020
	RMB'000	*RMB'000*
Loan from controlling shareholder	**121,415**	105,891
Bank and other borrowings	**800,090**	866,187
Trade and other payables	**507,210**	647,505
Less: Cash and cash equivalents	**(117,938)**	(30,500)
Pledged and restricted deposits	**(8,715)**	(19,009)
Net debt	**1,302,062**	1,570,074
Liability component of Convertible Bonds	**72,879**	73,155
Equity	**(13,707)**	451,916
Adjusted Capital	**59,172**	525,071
Capital and net debt	**1,361,234**	2,095,145
Gearing ratio	**96%**	75%

The gearing ratio of the Group as at 31 March 2021 increased compared with 31 March 2020 due to the decrease in equity contributed by the loss for the year ended 31 March 2021.

Cash flows for the Group's operating and investing activities

For the year ended 31 March 2021, the Group recorded net operating cash outflow of RMB201.6 million (year ended 31 March 2020: outflow of RMB105.4 million). The outflow was mainly attributable to the net settlement of trade and construction cost payables of RMB103.3 million and interest expense of RMB46.3 million paid during the year ended 31 March 2021. For investing activities, the Group recorded a net cash inflow of RMB121.9 million (year ended 31 March 2020: inflow of RMB20.1 million). The inflow was mainly as a result of the consideration received for disposal of subsidiaries in relation to the FR Guarantee Disposal which generated a net cash inflow of RMB122 million.

Fund raising activities during the past twelve months

On 16 March 2021, the Company entered into a placing agreement with Fosun Hani Securities Co., Limited in respect of the placement of up to 290,885,000 shares (the "Placing Shares") at a placing price of HK$0.35 per Placing Share to not less than six places (the "Placing").

On 24 March 2021, the Placing was completed and a total of 290,885,000 Placing Shares were issued under the general mandate of the Company and the net proceeds from the Placing were approximately HK$99.8 million (equivalent to approximately RMB84.2 million).

Details of the Placing are set out in the Company's announcements dated 16 March 2021 and 24 March 2021.

As at 31 March 2021, the net proceeds of the Placing had been applied as follows:

Intended use of the net proceeds	Allocation	Utilised net proceeds as at 31 March 2021	Unutilised net proceeds as at 31 March 2021
	RMB'000	*RMB'000*	*RMB'000*
Settlement of the costs and expenses of the Group's existing projects	50,503	–	50,503
Settlement of the Group's finance costs	25,252	–	25,252
Settlement of the Group's administrative and operation expenses	8,445	4,421	4,024
	84,200	4,421	79,779

COMMITMENTS FOR DEVELOPMENT EXPENDITURE

As at 31 March 2021, the Group had contracted but not provided for commitments in respect of properties under development of RMB25.3 million (as at 31 March 2020: nil). The development expenditure was prepaid and funded by the Group's internal resources and/or project loans.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that may cause the Group's financial conditions or results materially different from the expected or historical results are described below.

Risks pertaining to the property development and management business

The Group's property projects are located in Jilin Province, the PRC and the related assets accounted for 96.4% of the Group's total assets as at 31 March 2021 (as at 31 March 2020: 94.6%). The Group is therefore subject to the risks associated with the PRC property market both nationally and regionally. The Group's property development and management business in the PRC may also be exposed to the risks of policy change, interest rate change, demand supply imbalance and the overall economic conditions, which may pose an adverse impact on the Group's business, financial conditions or results of operations. The Group is looking for projects at other regions in the PRC and overseas in order to diversify the risk.

Risks pertaining to the property investment business

The rental rates and the occupancy rates depend on various factors, including but not limited to, prevailing supply and demand conditions, economic conditions as well as the quality of the properties. There is no assurance that the Group will be able to look for new tenants within a short period of time or procure new leases or renew existing leases at the prevailing market rates. The Group has other exit options to realise the property as and when considered necessary.

Financial risks

As a matter of policy, the Group continues to manage the market risks directly relating to its operations and financing activities and does not undertake any speculative derivative trading activities. All treasury risk management activities are carried out in accordance with the Group's policies and guidelines, which are reviewed as and when needed.

Currency risk

As at 31 March 2021, the Group was exposed to currency risk on financial assets and liabilities that were denominated in Hong Kong Dollars (HK$). At 31 March 2021, approximately 59.0% of the Group's total cash and bank balance (including pledged bank deposit) were denominated in HK$ (as at 31 March 2020: 13.6%) and 100% of the Group's total borrowings were denominated in RMB (as at 31 March 2020: 100% denominated in RMB). The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises. The Group will continue to monitor the change in the trend of interest rates and the potential causes that trigger large fluctuation in the exchange rates of RMB and HK$, and will consider hedging significant foreign currency exposure if necessary so as to mitigate the foreign currency exposure arising from the Group's business operation and to minimise the Group's financial risks.

Interest rate risk

As at 31 March 2021, none (as at 31 March 2020: 2.5%) of the Group's total bank and other borrowings were interest free, 100% (as at 31 March 2020: 94.2%) bore interest at fixed rates ranging from 5.39% to 12% per annum, and none (as at 31 March 2020: 3.3%) of the Group's total borrowings bore interest at floating rates at benchmark interest rate plus margin of 120%. The Group does not enter into any financial instruments to hedge its interest rate risk exposure.

Credit risk

As at 31 March 2021, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to pledged bank deposits, bank balances and cash and trade and other receivables. Substantially all of the Group's pledged bank deposits and bank balances and cash were deposited in creditworthy global banks and stated-controlled financial institutions in the PRC, which management considers they are without significant credit risks. At the end of the reporting period, the Group has minimal concentration of credit risk as the trade receivables from the largest single customer represented less than 5% (as at 31 March 2020: 5%) of the total trade receivables.

In order to minimise this credit risk relating to trade and other receivables, the management has established credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

SIGNIFICANT INVESTMENTS HELD

Other than disclosed elsewhere, the Group did not have any other significant investments held as at 31 March 2021.

CONTINGENT LIABILITIES

The Group has arranged bank financing for certain purchasers of property units developed by subsidiaries of the Group that provided guarantees to secure obligation of such purchasers for repayments. As at 31 March 2021, guarantees amounting to RMB790.9 million were given to banks with respect to mortgage loans procured by purchasers of property units (as at 31 March 2020: RMB803.4 million). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers and (ii) the satisfaction of mortgage loans by the purchasers of properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. During the year, the Group did not incur any material losses in respect of any of these guarantees. The Directors consider that the likelihood of default in payments by the purchasers is minimal and therefore the financial guarantee measured at fair value initially is immaterial. Also, in case of default in payments, the net realisable value of the related property units would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

CHARGE ON ASSETS

As at 31 March 2021, the Group had the following assets pledged against bank and other loans granted:

	As at 31 March	
	2021	2020
	RMB'000	*RMB'000*
Investment properties	**507,000**	550,000
Properties under development	**644,800**	858,213
Completed properties held for sale	**11,034**	–

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group had 239 (as at 31 March 2020: 228) full-time employees. Total staff costs (including directors' emoluments) incurred for the year ended 31 March 2021 amounted to approximately RMB21.4 million (year ended 31 March 2020: RMB20.9 million); the increase was mainly attributable to the gradual increase in staff number for the new property project, namely Guangze Jiuxi Red House. The Group's remuneration policy is in line with prevailing market practice and performance of individual staff. In addition to salaries, the Group also offers other benefits to its staff, including share options, discretionary bonus, training allowance and provident fund.

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

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 March 2021.

MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. All Directors have confirmed, following specific enquiry by the Company, that throughout the year ended 31 March 2021, they complied with the required standard set out in the Model Code.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31 March 2021, the Company endeavours to comply with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules. The Company considers that it has complied with the CG Code during the year, except for a deviation specified below:

Code provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors, as equal board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally, they should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to the COVID-19 pandemic, certain of the independent non-executive Directors and executive Directors were unable to physically attend the Company's annual general meeting on 3 September 2020 and special general meeting held on 8 February 2021 but attended these meetings by video conference.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited consolidated financial statements and annual results for the year ended 31 March 2021. The Audit Committee is of the view that the financial statements have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

SCOPE OF WORKS OF MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, statement of comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in this announcement have been agreed by the Company's auditors, Mazars CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Company's auditors 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 Company's auditors on the preliminary announcement.

EXTRACTED OF DRAFT INDEPENDENT AUDITOR'S REPORT ON THE DRAFT CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2021, and of its financial performance and 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Relating to Going Concern

We draw attention to the "Going concern basis" section in note 2.1 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group incurred loss from continuing operations of RMB515,199,000 for the year ended 31 March 2021 and, as at that date, the Group had net current liabilities and net liabilities of approximately RMB133,164,000 and RMB13,707,000 respectively. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors, having considered the measures to be taken by the Group as disclosed in note 2.1 to the consolidated financial statements, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the directors have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.

By order of the Board
Hua Yin International Holdings Limited
Cui Xintong
Chairperson

Hong Kong, 29 June 2021

As at the date of this announcement, the executive Directors are Ms. Cui Xintong, Mr. Li Junjie, Mr. Cong Peifeng and Mr. Xu Yingchuan; and the independent non-executive Directors are Mr. Tsang Hung Kei, Mr. Zhu Zuoan and Mr. Wang Xiaochu.