



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

Stock Code : 202

| Interim
| Report |
2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. Ho Yiu Yue, Louis
Mr. Ko Ming Tung, Edward
Mr. Ng Ge Bun

BOARD COMMITTEES

Audit Committee

Mr. Ho Yiu Yue, Louis (*Committee Chairman*)
Mr. Ko Ming Tung, Edward
Mr. Ng Ge Bun

Remuneration Committee

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

Nomination Committee

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

COMPANY SECRETARY

Mr. Lau Chi Lok, Freeman

LISTING INFORMATION

Stock Code: 202
Board Lot: 5,000 shares

REGISTERED OFFICE

Unit 1506, 15/F.,
Capital Centre
151 Gloucester Road
Wanchai, Hong Kong

WEBSITE

www.everchina202.com.hk

AUDITORS

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

SOLICITORS

K&L Gates
Patrick Mak & Tse

SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

INDEPENDENT REVIEW REPORT



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

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF EVERCHINA INT'L HOLDINGS COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of EverChina Int'l Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 36, which comprise the condensed consolidated statement of financial position as of 30 September 2021 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Kwok Tsz Chun

Practising Certificate Number: P06901

Hong Kong, 30 November 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2021

	Notes	For the six months ended	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	64,898	55,014
Cost of sales		(27,190)	(26,052)
Gross profit		37,708	28,962
Other income and gain/(loss), net	5	3,792	1,874
Staff costs		(16,120)	(14,527)
Depreciation of property, plant and equipment and right-of-use asset		(8,236)	(7,915)
Impairment of property, plant and equipment		–	(31,323)
Administrative costs		(20,688)	(17,752)
Reversal of/(allowance for) expected credit losses (“ECL”) on trade and other receivables and loan receivables, net		7,597	(1,477)
Gain arising on change in fair value less costs to sell on biological assets		757	2,095
Loss arising on change in fair value of investment properties		(9,639)	(23,596)
(Loss)/gain arising on change in fair value of financial assets at fair value through profit or loss	16	(2,738)	53,636
Loss from operations	6	(7,567)	(10,023)
Finance costs	7	(13,182)	(51,473)
Loss before taxation		(20,749)	(61,496)
Tax credit	8	2,659	6,590
Loss for the period		(18,090)	(54,906)
Attributable to:			
Owners of the Company		(18,078)	(54,891)
Non-controlling interests		(12)	(15)
		(18,090)	(54,906)
Loss per share attributable to the owners of the Company	9		
— Basic and diluted		HK(0.248) cents	HK(0.753) cents

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(18,090)	(54,906)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of overseas subsidiaries	11	15,457
Total comprehensive loss for the period	(18,079)	(39,449)
Total comprehensive loss attributable to:		
Owners of the Company	(18,067)	(39,434)
Non-controlling interests	(12)	(15)
	(18,079)	(39,449)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	Notes	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Non-current assets			
Investment properties	11	1,172,289	1,207,028
Property, plant and equipment	12	866,407	847,506
Right-of-use asset		1,231	870
Mining rights	13	178,664	178,664
Prepayment of property, plant and equipment	14	390	390
		2,218,981	2,234,458
Current assets			
Inventories		7,247	6,557
Biological assets		27,039	21,783
Trade and other receivables and prepayments	14	63,128	77,727
Loan receivables	15	13,860	41,488
Financial assets at fair value through profit or loss	16	717,541	720,279
Cash and cash equivalents		90,496	33,413
		919,311	901,247
Total assets		3,138,292	3,135,705
Capital and reserves			
Share capital	17	2,664,298	2,664,298
Reserves		(701,533)	(687,737)
Equity attributable to owners of the Company		1,962,765	1,976,561
Non-controlling interests		37,890	37,902
Total equity		2,000,655	2,014,463
Non-current liabilities			
Lease liabilities		578	–
Bank borrowings	22	3,136	3,658
Amount due to a related company	21	244,639	202,075
Deferred tax liabilities	19	90,434	93,509
		338,787	299,242
Current liabilities			
Trade and other payables and deposits received	20	82,664	75,590
Tax payable		6,237	6,237
Lease liabilities		659	757
Bank and other borrowings	22	184,045	36,340
Amount due to a related company	21	525,245	703,076
		798,850	822,000
Total liabilities		1,137,637	1,121,242
Total equity and liabilities		3,138,292	3,135,705
Net current assets		120,461	79,247
Total assets less current liabilities		2,339,442	2,313,705

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

For the six months ended 30 September 2021

	Attributable to owners of the Company								Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Special reserve HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Statutory surplus reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 April 2021 (Audited)	2,664,298	571,996	1,342,477	80,674	112,385	871	(2,796,140)	1,976,561	37,902	2,014,463
Exchange differences on translation of overseas subsidiaries	-	-	-	-	11	-	-	11	-	11
Loss for the period	-	-	-	-	-	-	(18,078)	(18,078)	(12)	(18,090)
Total comprehensive loss for the period	-	-	-	-	11	-	(18,078)	(18,067)	(12)	(18,079)
Deemed capital contribution arising from a substantial shareholder	-	-	-	4,271	-	-	-	4,271	-	4,271
At 30 September 2021 (Unaudited)	2,664,298	571,996	1,342,477	84,945	112,396	871	(2,814,218)	1,962,765	37,890	2,000,655

For the six months ended 30 September 2020

	Attributable to owners of the Company								Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Special reserve HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Statutory surplus reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 April 2020 (Audited)	2,664,298	571,996	1,342,477	36,767	(3,715)	871	(2,661,085)	1,951,609	37,938	1,989,547
Exchange differences on translation of overseas subsidiaries	-	-	-	-	15,457	-	-	15,457	-	15,457
Loss for the period	-	-	-	-	-	-	(54,891)	(54,891)	(15)	(54,906)
Total comprehensive loss for the period	-	-	-	-	15,457	-	(54,891)	(39,434)	(15)	(39,449)
Deemed capital contribution arising from a substantial shareholder	-	-	-	6,113	-	-	-	6,113	-	6,113
At 30 September 2020 (Unaudited)	2,664,298	571,996	1,342,477	42,880	11,742	871	(2,715,976)	1,918,288	37,923	1,956,211

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

Notes:

Special reserve

The special reserve represented the difference between the nominal value of shares of Burlingame International Company Limited (“Burlingame”) and the nominal value of shares issued for the swap of the shares of Burlingame pursuant to the scheme of arrangement as set out in the document issued by the Company and Burlingame dated 27 July 2000.

Contributed surplus

Pursuant to a special resolution by the shareholders of the Company at a special general meeting held on 18 September 2009 and upon all conditions precedents to the capital reorganisation have been fulfilled on 9 April 2010, (i) the nominal value of each share was reduced from HK\$0.10 to HK\$0.01 by cancelling the Company’s paid up capital to the extent of HK\$0.09 on each share, (ii) part of the credit arising from capital reduction was utilised to set off accumulated losses of the Company and (iii) the remaining credit balance in the contributed surplus of the Company will be utilised in accordance with the articles of association of the Company and all applicable laws.

Capital reserve

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

Exchange reserve

Exchange reserve represents exchange differences relating to the translation of the net assets of the Group’s foreign operations from their functional currencies to the Group’s presentation currency (i.e. Hong Kong dollars) are recognised directly in the consolidated statement of profit or loss and other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to the consolidated statement of profit or loss on the disposal of the foreign operations.

Statutory surplus reserve

Statutory surplus reserve represents the appropriation of 10% of profit after taxation, calculated in accordance with the accounting standards and regulations applicable to subsidiaries of the Company established in the People’s Republic of China (the “PRC”). When the balance of such reserve reaches 50% of the entity’s capital, any further appropriation is optional.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	61,210	8,219
Investing activities		
Purchase of property, plant and equipment	(1,781)	(893)
Proceeds from sale of biological assets	21,686	19,280
Purchase of biological assets	(26,270)	(20,762)
Decrease in biological assets	85	125
Net cash used in investing activities	(6,280)	(2,250)
Financing activities		
Interest paid	(2,472)	(40,462)
New other borrowings raised	150,000	5,000
Amount due arising from a related company	–	53,483
Repayment of amount due to a related company	(141,686)	–
Repayment of bank and other borrowings	(2,817)	(22,994)
Repayment of lease liabilities	(883)	(1,148)
Net cash generated from/(used in) financing activities	2,142	(6,121)
Net increase/(decrease) in cash and cash equivalents	57,072	(152)
Cash and cash equivalents at beginning of the period	33,413	16,188
Effect of change in foreign exchange rate	11	139
Cash and cash equivalents at end of the period	90,496	16,175
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	90,496	16,175

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Unit 1506, 15th Floor, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries are principally engaged in (i) property investment operation, (ii) hotel operation, (iii) agricultural operation and (iv) securities investment and financing operation.

In the opinions of the directors of the Company, as at 30 September 2021, Mr. Jiang Zhaobai ("Mr. Jiang") is the ultimate controlling party of the Company.

The condensed consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim financial report has been prepared in accordance with the same accounting policies adopted in 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out as below.

The financial information relating to the year ended 31 March 2021 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

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

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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

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

- investment properties;
- biological assets; and
- financial assets at fair value through profit or loss

Application of amendments to HKFRSs

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

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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

3. SEGMENT INFORMATION

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and result

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

	Segment revenue		Segment result	
	For the six months ended		For the six months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Property investment operation	15,350	14,858	(451)	(14,369)
Hotel operation	18,305	17,047	(493)	(3,826)
Agricultural operation	31,243	23,109	2,458	(30,391)
Securities investment and financing operation	–	–	3,945	53,016
Other operations	–	–	(288)	(381)
Total	64,898	55,014	5,171	4,049
Interest income and other revenue			3,792	1,874
Unallocated expenses			(16,530)	(15,946)
Loss from operations			(7,567)	(10,023)
Finance costs			(13,182)	(51,473)
Loss before taxation			(20,749)	(61,496)
Tax credit			2,659	6,590
Loss for the period			(18,090)	(54,906)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Segment assets		
Property investment operation	1,234,849	1,262,649
Hotel operation	484,488	482,508
Securities investment and financing operation	765,829	761,781
Agricultural operation	426,562	424,725
Other operations	179,524	179,554
Total segment assets	3,091,252	3,111,217
Unallocated assets	47,040	24,488
Consolidated total assets	3,138,292	3,135,705

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Segment liabilities		
Property investment operation	44,686	44,866
Hotel operation	49,120	47,421
Securities investment and financing operation	90	180
Agricultural operation	52,378	53,496
Other operations	6,109	6,105
Total segment liabilities	152,383	152,068
Unallocated other borrowings	183,000	33,000
Unallocated liabilities	796,017	929,937
Tax payable	6,237	6,237
Consolidated total liabilities	1,137,637	1,121,242

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities *(Continued)*

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

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

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

(c) Other segment information

For the six months ended 30 September 2021 (Unaudited)

	Property investment operation HK\$'000	Hotel operation HK\$'000	Securities investment and financing operation HK\$'000	Agricultural operation HK\$'000	Unallocated amount HK\$'000	Consolidated total HK\$'000
Other segment information						
Depreciation of property, plant and equipment	55	6,897	–	216	86	7,254
Depreciation of right-of-use asset	–	–	–	–	982	982
Capital expenditure ^(Note)	–	–	–	1,781	–	1,781
Loss arising on change in fair value of investment properties	9,639	–	–	–	–	9,639
Loss arising on change in fair value of financial assets at fair value through profit or loss	–	–	2,738	–	–	2,738
Gain arising on change in fair value less costs to sell on biological assets	–	–	–	(757)	–	(757)
Reversal of ECL on trade and other receivables and loan receivables	–	(9)	(6,788)	(127)	(673)	(7,597)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. SEGMENT INFORMATION *(Continued)*

(c) Other segment information *(Continued)*

For the six months ended 30 September 2020 (Unaudited)

	Property investment operation HK\$'000	Hotel operation HK\$'000	Securities investment and financing operation HK\$'000	Agricultural operation HK\$'000	Unallocated amount HK\$'000	Consolidated total HK\$'000
Other segment information						
Depreciation of property, plant and equipment	54	6,320	–	374	123	6,871
Depreciation of right-of-use asset	–	–	–	–	1,044	1,044
Impairment of property, plant and equipment	–	–	–	31,323	–	31,323
Capital expenditure ^(Note)	–	–	–	893	–	893
Loss arising on change in fair value of investment properties	23,596	–	–	–	–	23,596
Gain arising on change in fair value of financial assets at fair value through profit or loss	–	–	(53,636)	–	–	(53,636)
Gain arising on change in fair value less costs to sell on biological assets	–	–	–	(2,095)	–	(2,095)
(Reversal of)/allowance for ECL on trade and other receivables and loan receivables	(50)	(35)	517	(413)	1,458	1,477

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. SEGMENT INFORMATION *(Continued)*

(d) Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's investment properties, property, plant and equipment, right-of-use assets and mining rights (collectively referred to as "Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset or the location of the operation to which they are allocated.

	Revenue from external customers		Specified non-current assets	
	For the six months ended		At	
	30 September		30 September	31 March
	2021	2020	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	–	–	26,608	26,779
The PRC	33,655	31,905	1,635,929	1,652,526
Bolivia	31,243	23,109	377,438	376,147
Indonesia	–	–	179,006	179,006
	64,898	55,014	2,218,981	2,234,458

(e) Information about major customers

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

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Agricultural operation — Customer A	27,372	20,237

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

4. REVENUE

Revenue is analysed as follow:

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Revenue from contracts with customers		
Hotel income	18,305	17,047
Agricultural operation	31,243	23,109
	49,548	40,156
Timing of revenue recognition		
A point of time:		
Agricultural operation	31,243	23,109
Hotel income — food and beverage	5,697	5,384
Over time:		
Hotel income — hotel room services	12,608	11,663
	49,548	40,156
Revenue from other sources		
Property rental income	15,350	14,858
	64,898	55,014

As permitted under HKFRS 15 paragraph 121, it does not disclose the (i) aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially unsatisfied as of the end of the reporting period, and (ii) information about when the Group expects to recognise as revenue, as the Group's contracts with customers generally have an original expected duration of one year or less.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

5. OTHER INCOME AND GAIN/(LOSS), NET

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	236	62
Net foreign exchange gain/(loss)	1,597	(138)
Other loan interest income	421	479
Investment income	96	572
Subsidy income (note)	798	–
Sundry income	644	899
	3,792	1,874

Note: During the current period, the Group recognised subsidy income of approximately RMB662,000 (equivalent to approximately HK\$798,000) in respect of subsidies provided by the PRC's government.

6. LOSS FROM OPERATIONS

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

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment (note 12)	7,254	6,871
Depreciation of right-of-use asset	982	1,044
Impairment of property, plant and equipment	–	31,323
(Reversal of)/allowance for ECL on trade and other receivables and loan receivables, net	(7,597)	1,477
Short-term lease payment	136	129
Expenses relating to leases of low value assets	17	17
Gross rental income from investment properties	(15,350)	(14,858)
Less: direct operating expenses from investment properties that generated rental income during the period	489	852
	(14,861)	(14,006)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

7. FINANCE COSTS

	For the six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on:		
— Bank borrowings	144	332
— Other borrowings	2,328	40,394
— Lease liabilities	20	63
Imputed interest on amount due to a related company	10,690	10,684
	13,182	51,473

8. TAX CREDIT

	For the six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax		
— Current tax expenses	416	4,255
— Over provision in respect of prior years	—	(400)
	416	3,855
Deferred tax credit (note 19)	(3,075)	(10,445)
Tax credit	(2,659)	(6,590)

Hong Kong Profits Tax

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

10. INTERIM DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the six months ended 30 September 2021 and 2020.

11. INVESTMENT PROPERTIES

The fair value of the Group's investment properties at 30 September 2021 have been arrived at on the basis of a valuation carried out on that date by Cushman & Wakefield Limited and International Valuation Limited, both are independent professional valuers not connected with the Group with recent experience in the valuation of similar properties in relevant locations. Both of them are members of the Hong Kong Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in similar locations and conditions.

At 30 September 2021, investment properties with the carrying amount of approximately HK\$Nil (31 March 2021: HK\$72,690,000) have been pledged to secure facilities granted to the Group.

Fair value measurements

The table below analyses recurring fair value measurements for investment properties located in Hong Kong and the PRC. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 September 2021 (Unaudited)				
The PRC	–	–	1,172,289	1,172,289
	–	–	1,172,289	1,172,289
At 31 March 2021 (Audited)				
Hong Kong	–	25,100	–	25,100
The PRC	–	–	1,181,928	1,181,928
	–	25,100	1,181,928	1,207,028

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

12. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
Carrying amounts:	
At 1 April 2020	858,811
Additions	3,078
Acquisition of a subsidiary	5,000
Exchange alignment	34,090
Depreciation	(15,353)
Impairment	(38,120)
At 31 March 2021 and 1 April 2021 (Audited)	847,506
Additions	1,781
Transfer from investment property	25,100
Written-off	(726)
Depreciation	(7,254)
At 30 September 2021 (Unaudited)	866,407

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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

At 30 September 2021 and 31 March 2021, the carrying amounts of property, plant and equipment comprise the followings:

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Carrying amounts:		
Freehold land	345,156	345,156
Hotel property	454,525	463,291
Leasehold improvements	6,501	4,783
Furniture and fixtures	553	1,084
Equipment, motor vehicles and others	34,572	33,192
Building	25,100	–
	866,407	847,506

Note:

Impairment assessment

In view of the continuous impact of the epidemic of the COVID-19 in Bolivia, the management of the Group concluded there was indication of impairment and concluded impairment assessment on recoverable amounts of certain property, plant and equipment situated in Bolivia.

The recoverable amounts of certain property, plant and equipment are estimated individually and have been determined based on its fair value less cost to sell using market comparison approach and/or depreciated replacement cost approach performed by an independent external valuer.

Under market comparison approach, the fair value less cost to sell is determined assuming sale of certain freehold land in its existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as well as asking references as available in the relevant market.

Under depreciated replacement cost approach, the fair value less cost to sell of certain property, plant and equipment is determined with reference to the current cost of replacement less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

No impairment loss (six months ended 30 September 2020: HK\$31,323,000) was recognised in the condensed consolidated statement of profit or loss for the six months ended 30 September 2021.

Freehold land with the carrying amount of approximately HK\$152,473,000 (31 March 2021: HK\$152,473,000) have been pledged to secure bank borrowing granted to the Group.

Building with the carrying amount of approximately HK\$25,100,000 (31 March 2021: HK\$Nil) have been pledged to secure other borrowing granted to the Group.

During the six months ended 30 September 2021 and year ended 31 March 2021, hotel property of the Group is held under medium-term leases in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

13. MINING RIGHTS

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
At beginning and end of the period/year	178,664	178,664

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

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Trade receivables	1,374	5,181
Less: allowance for ECL	(30)	(166)
	1,344	5,015
Other receivables and prepayments	212,073	223,674
Less: allowance for ECL	(149,899)	(150,572)
	62,174	73,102
	63,518	78,117
Less: non-current portion	(390)	(390)
	63,128	77,727

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Hong Kong dollar	17,282	20,449
Renminbi ("RMB")	35,421	41,604
Indonesian Rupiah ("IDR")	315	315
US dollar ("USD")	10,500	15,749
	63,518	78,117

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
0 to 30 days	559	525
31 to 60 days	–	–
61 to 90 days	–	2,792
91 to 180 days	491	–
Over 180 days	324	1,864
	1,374	5,181

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
At beginning of the period/year	166	713
Reversal of ECL	(136)	(558)
Exchange alignment	–	11
At end of the period/year	30	166

The average credit period granted to customers is 60 to 90 days (31 March 2021: 60 to 90 days).

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
At beginning of the period/year	150,572	92,703
(Reversal of)/allowance for ECL, net	(673)	50,925
Exchange alignment	–	6,944
At end of the period/year	149,899	150,572

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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

The Group's other receivables and prepayments as at 30 September 2021 and 31 March 2021, inter alia, the following:

- (i) other receivable of approximately HK\$151,679,000 (31 March 2021: HK\$151,679,000) paid for acquisition of several potential water plant projects in the PRC; and
- (ii) prepayments of approximately HK\$390,000 (31 March 2021: HK\$390,000) paid for acquisition of land.

15. LOAN RECEIVABLES

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Loan receivables	20,519	61,006
Less: allowance for ECL	(6,659)	(19,518)
	13,860	41,488

The amount of approximately HK\$20,519,000 (31 March 2021: HK\$61,006,000) were secured by collateral providing by customers with fixed repayment terms.

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
At beginning of the period/year	19,518	18,225
(Reversal of)/allowance for ECL	(6,788)	1,293
Written-off	(6,071)	–
At end of the period/year	6,659	19,518

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Held for trading:		
Listed equity securities – the PRC, at fair value	717,541	720,279

Included in the loss arising on change in fair value of financial assets at fair value through profit or loss for the six months ended 30 September 2021 of approximately HK\$2,738,000 was derived from investment in Heilongjiang Interchina Water Treatment Company Limited (“Heilongjiang Interchina”) (six months ended 30 September 2020: gain of approximately HK\$53,636,000).

At 30 September 2021, no financial asset at fair value through profit or loss has been pledged to secure loan facilities granted to the Group (31 March 2021: HK\$719,289,000).

The fair value of all equity securities is based on their closing prices as at 30 September 2021 and 31 March 2021 in an active market.

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

At 30 September 2021 (Unaudited)

Stock Code	Name of investee company	Number of shares held	Percentage shareholding held by the Group	Investment cost HK\$'000 (Note (1))	Market value as at 30 September 2021 HK\$'000 (Note (1))	Percentage to the Group's net assets as at 30 September 2021	Unrealised loss arising on change in fair value for the six months ended 30 September 2021 HK\$'000 (Note (1))
600187	Heilongjiang Interchina (Note (2))	227,312,500	13.74%	293,246	717,541	35.87%	(2,738)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

At 31 March 2021 (Audited)

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

Notes:

- (1) The investment costs and market value as at 30 September 2021 and 31 March 2021 and unrealised gain/(loss) of the investments in the above table have been subject to foreign exchange adjustments and rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them. The fair value of investment for Heilongjiang Interchina is approximately RMB595,559,000 (equivalent to approximately HK\$717,541,000) as at 30 September 2021 (31 March 2021: approximately RMB597,832,000 (equivalent to approximately HK\$720,279,000)). The cost of investment in Heilongjiang Interchina was approximately RMB243,394,000 (equivalent to approximately HK\$293,246,000) as at 30 September 2021 (31 March 2021: RMB243,394,000 (equivalent to approximately HK\$293,246,000)).
- (2) Heilongjiang Interchina is principally engaged in sewage water treatment, water supply and the provision of environmental technology services and its issued shares are listed on the Shanghai Stock Exchange. There was no movement in the number of shares held by the Group during the six months ended 30 September 2021 and year ended 31 March 2021. No dividend was received during the six months ended 30 September 2021 and year ended 31 March 2021. According to the latest published unaudited financial statements of Heilongjiang Interchina, it had net assets value of approximately RMB3,493,080,000 (equivalent to approximately HK\$4,208,530,000), as at 30 June 2021 (31 December 2020: RMB3,445,691,000) (equivalent to approximately HK\$4,151,434,000). Heilongjiang Interchina recorded revenue of approximately RMB137,340,000 (equivalent to approximately HK\$165,470,000) and net profit of approximately RMB1,797,000 (equivalent to approximately HK\$2,165,000) for the six months ended 30 June 2021 (for the six months ended 30 June 2020: revenue of approximately RMB137,340,000 (equivalent to approximately HK\$154,315,000) and net profit of approximately RMB26,663,000 (equivalent to approximately HK\$29,958,000)).
- (3) At 30 September 2021, no financial asset at fair value through profit or loss (31 March 2021: HK\$719,289,000) has been pledged to secure loan facilities granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

17. SHARE CAPITAL

	Number of shares			
	At 30 September 2021 (Unaudited)	At 31 March 2021 (Audited)	At 30 September 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
Issued and fully paid ordinary shares:				
At beginning and end of the reporting period/year	7,294,369,363	7,294,369,363	2,664,298	2,664,298

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

18. SHARE OPTION

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The old share option scheme expired on 12 August 2021. The Company adopted a new share option scheme pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 September 2021 (the "Share Option Scheme"). The Share Option Scheme became effective for a period of 10 years commencing on 3 September 2021. Under the Share Option Scheme, the Board is authorised, at their discretion, invite a wider category of participants as defined in the Company's circular issued on 28 July 2021 (the "Participants"), to take up options to subscribe for fully paid ordinary shares in the Company subject to the terms and conditions stipulated therein.

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

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

No share option was granted under the old share option scheme or the Share Option Scheme during the six months ended 30 September 2021 and 2020.

At the end of the reporting period, the number of shares in respect of which may be issued upon exercise of share option granted and remain outstanding under the Share Option Scheme was Nil (31 March 2021: Nil), representing 0% (31 March 2021: 0%) of the shares of the Company in issue at that date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

19. DEFERRED TAX LIABILITIES

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

	Revaluation of investment properties HK\$'000	Fair value adjustments arising on acquisition of subsidiaries HK\$'000	Total HK\$'000
At 1 April 2020	32,499	74,973	107,472
Acquisition of a subsidiary	–	1,054	1,054
Exchange alignment	2,741	2,332	5,073
Credit to the consolidated statement of profit or loss	(10,844)	(9,246)	(20,090)
At 31 March 2021 and 1 April 2021 (Audited)	24,396	69,113	93,509
Credit to the condensed consolidated statement of profit or loss (note 8)	(2,410)	(665)	(3,075)
At 30 September 2021 (Unaudited)	21,986	68,448	90,434

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

20. TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Trade payables	16,545	14,385
Other payables and deposits received	66,119	61,205
	82,664	75,590

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Hong Kong dollar	30,488	27,379
RMB	32,364	30,132
IDR	6,086	6,052
USD	13,726	12,027
	82,664	75,590

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
0 to 30 days	6,995	2,369
31 to 60 days	2,927	3,098
Over 60 days	6,623	8,918
	16,545	14,385

The average credit period granted by supplier is 30 to 60 days (31 March 2021: 30 to 60 days).

The Group's other payables and deposits received as at 30 September 2021 and 31 March 2021, inter alia, the following:

- (i) interest payable of approximately HK\$3,982,000 (31 March 2021: HK\$5,274,000);
- (ii) deposit of decoration expenses received from Heilongjiang Interchina of approximately HK\$6,386,000 (31 March 2021: HK\$6,386,000); and
- (iii) amount due to a director amounted to approximately HK\$13,163,000 (31 March 2021: HK\$8,543,000), which is unsecured, unguaranteed, interest-free and repayable on demand.

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For the six months ended 30 September 2021

21. AMOUNT DUE TO A RELATED COMPANY

As at 30 September 2021, the carrying amount of amount due to a related company of approximately HK\$244,639,000 (31 March 2021: HK\$202,075,000) represents an unsecured and unguaranteed interest-free with principal amount of approximately HK\$277,108,000 (31 March 2021: HK\$240,964,000) from Shanghai Pengxin (Group) Company Limited ("Shanghai Pengxin"), which is controlled by Mr. Jiang Zhaobai, who is a substantial shareholder, the executive director and chairman of the Company, which will mature and become repayable on 31 December 2022. The loan is carried at amortised cost using the effective interest method. The effective interest rate applied was 10.6% (31 March 2021: 10.6%) per annum. On 30 September 2021, Shanghai Pengxin granted a repayment extension on a portion of RMB30,000,000 (approximately of HK\$36,144,000) to the Company. The difference of the principal and the fair value of the loan amounting to approximately HK\$4,271,000 (31 March 2021: HK\$43,907,000) was credited as deemed capital contribution from a substantial shareholder.

As at 30 September 2021, the principal amount of amount due to a related company of approximately HK\$525,245,000 (31 March 2021: HK\$703,076,000) is unsecured, unguaranteed, interest free and repayable on demand from Shanghai Pengxin.

22. BANK AND OTHER BORROWINGS

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Bank borrowings, secured (Note (i))	4,181	6,998
Other borrowings, secured (Note (ii))	167,000	17,000
Other borrowings, unsecured	16,000	16,000
Total borrowings	187,181	39,998
Carrying amounts repayable: (Note (iii))		
Within one year	184,045	36,340
Within a period of more than one year but not exceeding two years	1,045	1,045
Within a period of more than two years but not exceeding five years	2,091	2,613
	187,181	39,998
Less:		
Amounts due within one year shown under current liabilities without repayment on demand clause	(1,045)	(3,340)
Amounts due within one year shown under current liabilities with repayment on demand clause	(183,000)	(33,000)
Amounts shown under non-current liabilities	3,136	3,658

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

22. BANK AND OTHER BORROWINGS *(Continued)*

Notes:

- (i) The bank borrowings is repayable on agreed repayment schedule by installments over a period of 8 years bearing fixed interest rate of 6.0% (31 March 2021: 6.0%) per annum and secured by freehold land.
- (ii) The other borrowings bear fixed interest rate ranging from 5.25% to 13.5% per annum for the six months ended 30 September 2021 (31 March 2021: 5.25% to 13.5% per annum).

During the six months ended 30 September 2021, the other borrowings with carrying amount of approximately HK\$Nil (six months ended 30 September 2020: HK\$22,472,000) had been repaid and agreements had been entered to raise new other borrowings of approximately HK\$150,000,000 (six months ended 30 September 2020: HK\$5,000,000). The other borrowings with carrying amount of approximately HK\$150,000,000 are secured by the shares of certain subsidiaries of the Company (31 March 2021: HK\$17,000,000).

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Hong Kong dollar	183,000	33,000
USD	4,181	6,998
	187,181	39,998

- (iii) The amounts due are based on scheduled repayment dates set out in the loan agreements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets measured at fair value

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 September 2021 (Unaudited)				
Financial assets at fair value through profit or loss	717,541	–	–	717,541
At 31 March 2021 (Audited)				
Financial assets at fair value through profit or loss	720,279	–	–	720,279

During the six months ended 30 September 2021, there have been no significant transfers between Level 1, 2 and 3 (31 March 2020: Nil).

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the condensed consolidated financial statements approximate their fair values.

24. MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Compensation of key management personnel

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

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Salaries and other short-term benefits	5,462	5,690
Pension scheme contributions	276	276
	5,738	5,966

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24. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

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

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

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Shanghai Pengxin (note)	10,690	10,684

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

(c) Management fee paid to a related company

Management fee payable to a related company is as follow:

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Management fee		
Shanghai Chun Chuan Property Service Company Limited ("Shanghai Chun Chuan") (note)	1,784	860

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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25. COMMITMENT

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

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Contracted but not provided for		
— Capital contribution in a joint venture	6,024	—

26. EVENTS AFTER THE REPORTING PERIOD

- (a) On 31 October 2021, Interchina Tianjin and each of the purchasers including Shanghai Pengxin, Mr. Jiang and Mr. Jiang Lei (the "Purchasers") entered into an extension letter in relation to the disposal of 227,312,500 shares of Heilongjiang Interchina under the disposal agreements dated 27 May 2021 (the "Disposal Agreements"), pursuant to which all parties agreed to extend the long stop date from 31 October 2021 to 30 November 2021, or such later date as the parties may agree. Details of which are set out in the Company's announcement dated 1 November 2021.
- (b) On 29 November 2021, Interchina Tianjin and each of the Purchasers entered into a termination agreement, pursuant to which all parties agreed to terminate the disposal of 227,312,500 shares of Heilongjiang Interchina under the Disposal Agreements with immediate effect. Details of which are set out in the Company's announcement dated 29 November 2021.

27. APPROVAL AND AUTHORISATION FOR ISSUE OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the board of directors on 30 November 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

For the six months ended 30 September 2021, the Group's revenue amounted to approximately HK\$64,898,000 (six months ended 30 September 2020: HK\$55,014,000), representing an increase of approximately 18.0% as compared with the last corresponding period. Such increase was mainly due to the increase in revenue from agricultural operation by approximately HK\$8,134,000 as a result of the increase in average selling price of soybean as compared with the last corresponding period.

The Group recorded a loss of approximately HK\$18,090,000 for the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$54,906,000), representing a decrease of approximately 67.1% as compared with the last corresponding period, which was mainly due to the net effect of (i) no impairment loss on the Group's property, plant and equipment was recognised for the period (six months ended 30 September 2020: HK\$31,323,000); (ii) loss on changes in fair value of the Group's investment properties of approximately HK\$9,639,000 (six months ended 30 September 2020: HK\$23,596,000); (iii) loss on changes in fair value of financial assets at fair value through profit and loss of approximately HK\$2,738,000 (six months ended 30 September 2020: gain of approximately HK\$53,636,000); and (iv) finance costs decreased by approximately HK\$38,291,000 to approximately HK\$13,182,000 for the period as a result of decrease in finance cost arisen from other borrowings.

Loss for the period attributable to shareholders of the Company amounted to approximately HK\$18,078,000 (six months ended 30 September 2020: HK\$54,891,000). The basic and diluted loss per share amounted to HK0.248 cents (six months ended 30 September 2020: HK0.753 cents).

BUSINESS REVIEW

Property Investment Operation

The Group's property investment operation mainly comprise two investment properties located in the centre of Beijing and Shanghai (collectively referred to as the "Beijing Property" and "Shanghai Property") respectively. At 30 September 2021, the Beijing Property was valued at approximately HK\$615,662,000 (31 March 2021: HK\$615,663,000) and the Shanghai Property was valued at approximately HK\$556,627,000 (31 March 2021: HK\$566,265,000). Based on the independent valuation, loss on changes in fair value of investment properties of approximately HK\$9,639,000 was recorded for the period (six months ended 30 September 2020: HK\$23,596,000). The downward adjustment in the re-valuation was mainly derived from the decrease in fair value of the Shanghai Property due to the persistence of COVID-19 pandemic has adversely affected the fair value of investment properties.

During the period, rental income generated from property investment operation slightly increased by 3.3% to approximately HK\$15,350,000 (six months ended 30 September 2020: HK\$14,858,000), which accounted for 23.7% of total revenue. As impacted by the epidemic of the COVID-19, the average occupancy rate of the Shanghai Property further reduced from 51% at 31 March 2021 to 43% at 30 September 2021. The average occupancy rate of the Beijing Property stay flat at approximately 99% as of 30 September 2021. The segment loss amounted to approximately HK\$451,000 (six months ended 30 September 2020: HK\$14,369,000). The decrease in loss was mainly attributable to decrease in the loss on changes in fair value of the Group's investment properties for the period.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Hotel Operation

At 30 September 2021, the sole hotel property held by the Group, is the Holiday Inn Express Shanghai Wujiaochang (the "Hotel") located in Yangpu District, Shanghai, the PRC, which is a 20-storey hotel with total gross floor area of approximately 15,900 sq. m., and 296 guest rooms.

The Hotel participates the medical observation program organised by the Health Commission of Yangpu District, Shanghai and becomes quarantine hotel by the end of March 2020. Visitor of Shanghai could stay in the Hotel during the medical observation period. It could procure a steady income stream and cash flow to the Hotel during this difficult time. As a result, the average occupancy rate of the Hotel was maintained at approximately the same level as the same period of last year i.e. 95%.

During the period, revenue generated from hotel operation increased by 7.4% to approximately HK\$18,305,000 (six months ended 30 September 2020: HK\$17,047,000), which accounted for 28.2% of total revenue. The segment loss amounted to approximately HK\$493,000 (six months ended 30 September 2020: HK\$3,826,000), representing a decrease by approximately 87.1% when compared with the same period of last year.

The COVID-19 pandemic has increased the investment risk to the Group's hotel operation. Timetable of full recovery remains uncertain. The Group will review its investment strategy for this segment. We will closely monitor the property market change and not eliminate the possibility of realising its investments to enhance the Group's working capital if necessary and when timing is appropriate.

Agricultural operation

The Group's agricultural operation engages in agricultural farming and cattle raising in Bolivia. As at 30 September 2021, the Group totally owns approximately 18,730 hectares of farmland in Bolivia with carrying value of approximately HK\$345,156,000 (31 March 2021: HK\$345,156,000).

During the period, revenue generated from agricultural operation increased by 35.2% to approximately HK\$31,243,000 (six months ended 30 September 2020: HK\$23,109,000), which account for 48.1% of total revenue. The major crops of the farm is soybean. During the period, approximately 4,100 hectares of soybeans was planted, the average yield was 2.2 ton per hectare with a grain production of approximately 9,000 tonnes. The average selling price of soybean was US\$390/MT, representing an increase of 30% as compared to the same period of last year. The segment profit amounted to approximately HK\$2,458,000 (six months ended 30 September 2020: loss of HK\$30,391,000). The turnaround to profit was mainly no impairment loss on the Group's property, plant and equipment was recognised for the period (six months ended 30 September 2020: HK\$31,323,000) and increase in revenue for the period.

In view of the global demand and supply of soybean have been rising, we are confident that this segment will continue to make stable contribution to the Group's revenue and cash-flow stream in the time ahead.

MANAGEMENT DISCUSSION AND ANALYSIS

Securities Investment and Financing Operation

During the period, the Group did not make any new securities investment nor grant any new loan. This segment did not contribute any revenue to the Group for the period (six months ended 30 September 2020: Nil). The segment profit amounted to approximately HK\$3,945,000 for the period (six months ended 30 September 2020: HK\$53,016,000). The decrease in profit was mainly due to the loss of HK\$2,738,000 arising on change in fair value of the financial assets at fair value through profit or loss recognised for the period (six months ended 30 September 2020: gain of HK\$53,636,000).

As at 30 September 2021, total securities investment, which was booked under financial assets at fair value through profit and loss amounted to approximately HK\$717,541,000 (31 March 2021: HK\$720,279,000), representing 35.9% (31 March 2021: 35.8%) of the Group's net assets of HK\$2,000,655,000 (31 March 2021: HK\$2,014,463,000) and total loan receivable under financing operation amounted to approximately HK\$13,860,000 (31 March 2021: HK\$41,488,000).

As at 30 September 2021, the Group through Interchina (Tianjin) Water Treatment Company Limited ("Interchina Tianjin"), a wholly-owned subsidiary of the Company solely held 227,312,500 shares of Heilongjiang Interchina Water Treatment Company Limited ("Heilongjiang Interchina", whose shares are listed on Shanghai Stock Exchange, stock code: 600187), representing 13.74% Heilongjiang Interchina's total issued shares. The cost of investment in Heilongjiang Interchina's share was approximately RMB1.1059 at 30 September 2021 (31 March 2021: RMB1.1059). The Group recorded an unrealised loss of investment at fair value through profit or loss of HK\$2,738,000 for the investment in Heilongjiang Interchina for the period.

Heilongjiang Interchina and its subsidiaries are principally engaged in the provision of sewage water treatment, water supply and the provision of environmental technology services. As disclosed in the latest interim report of Heilongjiang Interchina for the six months ended 30 June 2021, Heilongjiang Interchina recorded revenue of approximately RMB165,336,000 (equivalent to approximately HK\$199,200,000), profit for the period of approximately RMB1,797,000 (equivalent to approximately HK\$2,165,000) and net assets of approximately RMB3,493,080,000 (equivalent to approximately HK\$4,208,530,000). Heilongjiang Interchina currently operates eight sewage and water supply projects with aggregate daily processing capacity of approximately 513,400 tonnes and a clean energy project in the PRC.

On 27 May 2021, Interchina Tianjin entered into disposal agreements (the "Disposal Agreements") with Shanghai Pengxin (Group) Company Limited ("Shanghai Pengxin"), a company owned as to 99% by Mr. Jiang Zhaobai ("Mr. Jiang"), an executive Director, the Chairman and a substantial shareholder of the Company, Mr. Jiang and Mr. Jiang Lei, the brother of Mr. Jiang, pursuant to which Interchina Tianjin has conditionally agreed to sell and Shanghai Pengxin, Mr. Jiang and Mr. Jiang Lei have conditionally agreed to purchase total 227,312,500 shares in Heilongjiang Interchina at an aggregate consideration of RMB534,184,375 (equivalent to approximately HK\$643,596,000) (the "Disposal"). The transaction constitutes a major and connected transaction of the Company under the Listing Rules. Details of the transaction were set out in the Company's announcement dated 27 May 2021. The transaction was approved by the shareholders of the Company at the general meeting held on 3 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

As one of the conditions precedent to the Disposal (being confirmation from the Shanghai Stock Exchange in relation to the signing of the Disposal Agreements) cannot be fulfilled, Interchina Tianjin and each of the Purchasers including Shanghai Pengxin, Mr. Jiang and Mr. Jiang Lei therefore entered into termination agreements (the "Termination Agreements") on 29 November 2021 to terminate the Disposal under the Disposal Agreements with immediate effect. Pursuant to the Termination Agreements all rights and obligations of Interchina Tianjin and each of the Purchasers under the Disposal Agreements shall cease to have effect, and neither party shall make any claims against the other party in connection with the Disposal.

The investment in Heilongjiang Interchina will continue to be financial assets at fair value through profit or loss of the Group.

Other operation

On 23 September 2021, the Company entered into the JV Agreement with Pengxin International Mining Co., Ltd (the "Pengxin Mining") in relation to the formation of the joint venture company ("JV Company"), which will be owned as to 12.5% by the Company and as to 87.5% by the JV partner. The formation of the JV Company enables the Group to leverage on Pengxin Mining's capital and capabilities in principally geological survey and subsequently, if appropriate, operating and management of mining assets owned by the Group. In long run, the project can generate economic benefit to the Group. The transaction constitutes a connected transaction of the Company under the Listing Rules. Details of the transaction were set out in the Company's announcement dated 23 September 2021.

OUTLOOK

Looking ahead, the business outlook will face enormous challenges. The Group will pay close attention to the development of the COVID-19 and continue to evaluate its impact on the financial position and operating results of the Group. At same time, we will constantly review, reinforce and, in appropriate circumstance, restructure its existing business segments to maintain the sustainable long-term growth of the Group.

In the meanwhile, the Group will grasp investment opportunities to diversify the Group's business with an aim to improving its profitability, increasing shareholder returns, and laying a solid foundation for its future development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 September 2021, the equity reached approximately HK\$2,000,655,000 (31 March 2021: approximately HK\$2,014,463,000). At 30 September 2021, the Group's cash on hand and deposits in bank was approximately HK\$90,496,000 (31 March 2021: approximately HK\$33,413,000), mainly denominated in Renminbi ("RMB") and Hong Kong dollars. At 30 September 2021, the Group's net current assets were approximately HK\$120,461,000 (31 March 2021: approximately HK\$79,247,000). The current ratio of the Group as at 30 September 2021 was 1.15 (31 March 2021: 1.10). The gearing ratio (total outstanding borrowings including the amount due to a related company over total assets) of the Group as of 30 September 2021 was 30.5% (31 March 2021: 30.1%).

The Group had no particular seasonal pattern of borrowing. At 30 September 2021, the Group's total borrowings including the amount due to a related company of approximately HK\$957,065,000 (31 March 2021: approximately HK\$945,149,000), which mainly comprised secured bank borrowings of approximately HK\$4,181,000 (31 March 2021: approximately HK\$6,998,000), secured other borrowings of approximately HK\$167,000,000 (31 March 2021: approximately HK\$17,000,000) and unsecured other borrowings of approximately HK\$16,000,000 (31 March 2021: approximately HK\$16,000,000). As at 30 September 2021, the Group's borrowings were denominated in RMB, HKD and USD, amounting to approximately RMB639,004,000 (31 March 2021: approximately RMB751,275,000), approximately HK\$183,000,000 (31 March 2021: approximately HK\$33,000,000) and approximately US\$536,000 (31 March 2021: approximately US\$897,000) respectively.

There has been no change in the share capital of the Company during the period. As at 1 April 2021 and 30 September 2021, the number of issued shares of the Company was 7,294,369,363.

Pledged of Assets

At 30 September 2021, the Group's bank and other borrowings were secured by charges on (i) the Group's property, plant and equipment with carrying amounts of approximately HK\$25,100,000 (31 March 2021: Nil); (ii) the Group's freehold land with carrying amounts of approximately HK\$152,473,000 (31 March 2021: approximately HK\$152,473,000); and (iii) certain subsidiaries of the Group with carrying amounts of approximately HK\$269,246,000 (31 March 2021: Nil).

Material Acquisition and Disposal

Save for the information disclosed in other parts of this section, the Group did not have any material acquisition or disposal of subsidiaries during the six months ended 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liability

As at 30 September 2021, the Group had no material contingent liabilities (31 March 2021: Nil).

Capital Commitment

As at 30 September 2021, the Group had approximately HK\$6,024,000 (31 March 2021: Nil) capital commitment in respect of capital contribution to a joint venture.

Foreign Exchange Exposure

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

Financial Risks Management

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

The Group set out in its 2021 annual report and financial statements the principal risks that could impact its performance; these have remained unchanged since the annual report was published. The main risks arising from the Group's financial instruments are equity securities price risk, credit risk, liquidity risk and interest rate risk. The Group reviews and monitors each of these risks closely at all times.

HUMAN RESOURCES

As at 30 September 2021, the Group employed approximately 153 employees (31 March 2021: approximately 153). The Group maintains a policy of paying competitive remuneration packages and employees are also rewarded on performance related basis including salary and bonus.

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

OTHER INFORMATION

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

As at 30 September 2021, the relevant interests or short positions of the Directors and chief executive of the Company in the ordinary shares and underlying shares of the Company or its associated corporations (with the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO"), which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares

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

Note: As at 30 September 2021, of the 1,742,300,000 shares, 1,033,300,000 shares are held by Rich Monitor Limited and 709,000,000 shares are held by Pengxin Holdings Company Limited, all of which are wholly and beneficially owned by Mr. Jiang Zhaobai ("Mr. Jiang"). Therefore, Mr. Jiang is deemed to be interested in 1,742,300,000 shares of the Company under the SFO.

Save as disclosed above, none of the Directors or chief executive had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 September 2021.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2021, to the best knowledge of the Directors of the Company, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the ordinary shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in shares

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

Note:

- (1): Each of these corporations are wholly and beneficially owned by Mr. Jiang. The interests of Mr. Jiang in the Company is stated under the section headed "Directors' and Chief Executive's interests and short positions in shares" above.
- (2): Ansheng Holdings Company Limited is wholly and beneficially owned by Mr. Tong Yung Ling. Therefore, he is deemed to be interested in 641,135,000 shares of the Company under the SFO.

Save as disclosed above, as at 30 September 2021, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the ordinary shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company's share option scheme (the "Old Scheme") was expired on 12 August 2021. Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 September 2021, the New Share Option Scheme (the "New Scheme") was approved and adopted by the Company.

As at 30 September 2021, the total number of ordinary shares available for issue pursuant to the grant of share options under the New Scheme was 729,436,936, representing approximately 10% of the ordinary shares in issue as at 30 September 2021 and date of this Interim Report.

For the six months ended 30 September 2021, no share options were granted or agreed to be granted under the Old Scheme or the New Scheme by the Company. As at 30 September 2021, there are no outstanding options.

OTHER INFORMATION

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

During the six months ended 30 September 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE CODE

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

- (i) The CG Code stipulates that non-executive directors should be appointed for a specific term. Currently, all Directors (including independent non-executive Directors) was not appointed for a specific term but all Directors are subject to retirement by rotation and re-election at the annual general meeting ("AGM") in accordance with the Articles of Association ("Articles"). Moreover, according to the Articles, all Directors newly appointed to fill a casual vacancy are subject to election at the next following general meeting following their appointments. Code provision D.1.4 of the CG Code stipulates that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. All Directors, except independent non-executive Directors, have formal letters of appointment. The independent non-executive Directors have followed the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. The independent non-executive Directors clearly understand role and responsibilities of independent non-executive Directors. The Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those prescribed by code provisions A.4.1 and D.1.4 of the CG Code and therefore does not intend to take any steps in this regard at the moment.
- (ii) The Code Provision E.2.1 of the CG Code stipulates that the chairman of the Board should attend the AGM to answer questions at the AGM. Mr. Jiang Zhaobai, the chairman of the Board did not attend the 2021 AGM due to other business engagements. Mr. Lam Cheung Shing, Richard, being the executive director of the Company who took the chair of the AGM, together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM and had answered questions at the AGM competently.
- (iii) The code provision A.6.7 of the CG Code stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Ho Yiu Yue, Louis, being an independent non-executive Director was unable to attend the AGM and the general meeting of the Company held on 3 September 2021, due to sickness. Considering that all other independent non-executive Directors attended the meetings, the Board is of the view that the Board gained and developed a balanced understanding of the views of the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the Company's code of conduct regarding securities transactions by its Directors. Specific enquiry has been made to all directors, who have confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2021.

OTHER INFORMATION

AUDIT COMMITTEE

The Company's audit committee has reviewed this interim report for the six months ended 30 September 2021.

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

Hong Kong, 30 November 2021