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PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED

保 德 國 際 發 展 企 業 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31ST MARCH, 2022**

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of PT International Development Corporation Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31st March, 2022 (“**Current Year**”), together with the comparative figures for the year ended 31st March, 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March, 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3		
Contracts with customers		882,232	1,464,217
Interest under effective interest method		<u>2,259</u>	<u>4,000</u>
Total revenue		884,491	1,468,217
Cost of sales		<u>(838,310)</u>	<u>(1,435,456)</u>
Gross profit		46,181	32,761
Other income and expenses, other gains and losses		345	3,238
Net (loss) gain on financial instruments	4	(77,446)	37,140
Gain on disposal of an associate	5	–	163,480
Selling and distribution expenses		(23,582)	–
Administrative expenses		(90,093)	(69,013)
Finance costs		<u>(26,008)</u>	<u>(1,148)</u>
(Loss) profit before taxation	6	(170,603)	166,458
Income tax expense	7	<u>–</u>	<u>(5)</u>
(Loss) profit for the year		<u>(170,603)</u>	<u>166,453</u>

* For identification purposes only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2022

		2022	2021
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		726,791	29,849
Right-of-use assets		378,421	18,425
Goodwill	10	5,686	–
Debt instrument at amortised cost	11	–	200,000
Financial assets at fair value through profit or loss	12	131,440	197,704
Loan receivables	13	19,123	–
		<u>1,261,461</u>	<u>445,978</u>
Current assets			
Inventories		22,173	86,682
Trade and other receivables	14	149,874	9,053
Derivative financial instruments		4,674	6,106
Equity investments held for trading		10,378	1,893
Loan receivables	13	2,949	–
Restricted bank balances		39,151	–
Bank balances and cash		109,590	239,325
		<u>338,789</u>	<u>343,059</u>
Current liabilities			
Trade and other payables	15	250,614	6,205
Derivative financial instruments		6,600	3,145
Contract liabilities		5,570	57,686
Borrowings – due within one year		42,376	–
Lease liabilities – due within one year		6,257	5,344
		<u>311,417</u>	<u>72,380</u>
Net current assets		<u>27,372</u>	<u>270,679</u>
Total assets less current liabilities		<u>1,288,833</u>	<u>716,657</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31st March, 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities		
Borrowings – due after one year	122,914	–
Lease liabilities – due after one year	<u>449,681</u>	<u>1,509</u>
	<u>572,595</u>	<u>1,509</u>
Net assets	<u><u>716,238</u></u>	<u><u>715,148</u></u>
Capital and reserves		
Share capital	20,183	20,183
Share premium and reserves	<u>538,624</u>	<u>689,363</u>
Equity attributable to the owners of the Company	558,807	709,546
Non-controlling interests	<u>157,431</u>	<u>5,602</u>
Total equity	<u><u>716,238</u></u>	<u><u>715,148</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2022

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”).

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1st April, 2021 for the preparation of the consolidated financial statements:

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

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ¹

¹ Effective for annual periods beginning on or after 1st January, 2022

² Effective for annual periods beginning on or after 1st January, 2023

³ Effective for annual periods beginning on or after a date to be determined

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)”

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)” (Continued)

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group’s outstanding liabilities as at 31st March, 2022, the application of the amendments will not result in reclassification of the Group’s liabilities.

Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 “Income Taxes” (“**HKAS 12**”) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 3.2, for leasing transactions in which the tax deductions are attributable to the lease liabilities and provision for decommissioning and restoration in which the tax deductions are attributable to ultimate costs incurred, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

In addition, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the provisions for decommissioning and restoration and the corresponding amounts recognised as part of the cost of the related assets.

The amendments are effective for annual reporting periods beginning on or after 1st January, 2023, with early application permitted. As at 31st March, 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK\$328,719,000 and HK\$454,792,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of accumulated losses (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

3. REVENUE AND SEGMENT INFORMATION

Revenue

An analysis of the Group's revenue for the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers		
– Trading income	844,337	1,462,355
– Metal recycling income	1,742	–
– Port and port-related services income	34,990	–
– Insurance brokerage income	<u>1,163</u>	<u>1,862</u>
	<u>882,232</u>	<u>1,464,217</u>
Interest under effective interest method		
– Interest income from provision of finance	254	–
– Interest income from investment	<u>2,005</u>	<u>4,000</u>
	<u>2,259</u>	<u>4,000</u>
	<u><u>884,491</u></u>	<u><u>1,468,217</u></u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

Disaggregation of revenue from contracts with customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Types of goods or services		
Trading income		
– Metals	491,936	1,344,572
– Chemicals and energy	<u>352,401</u>	<u>117,783</u>
	844,337	1,462,355
Metal recycling income	1,742	–
Port and port-related services income	34,990	–
Insurance brokerage income	<u>1,163</u>	<u>1,862</u>
	<u><u>882,232</u></u>	<u><u>1,464,217</u></u>
Timing of revenue recognition		
A point in time	847,242	1,464,217
Overtime	<u>34,990</u>	<u>–</u>
	<u><u>882,232</u></u>	<u><u>1,464,217</u></u>
Geographical location (based on the locations of transactions conducted)		
Hong Kong	845,450	1,380,206
The People's Republic of China (the "PRC") excluding Hong Kong	35,040	84,011
The United Kingdom (the "UK")	<u>1,742</u>	<u>–</u>
	<u><u>882,232</u></u>	<u><u>1,464,217</u></u>

Trading of commodities

Revenue from trading of commodities is recognised at a point in time when the control of the goods is transferred to the customers upon delivery of the goods. Customers are either required to prepay in advance in full or are granted an average credit term of 90 days. Contracts with customers in relation to the trading of commodities are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts are not disclosed.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

Metal recycling income

Revenue from metal recycling is recognised at a point in time when control of the goods is transferred to the customers upon delivery of the goods. Customers are required to prepay in advance in full. Contracts with customers in relation to the trading of recycled metals are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts are not disclosed.

Port and port-related services

The Group's port and port-related services mainly consist of (i) unloading petrochemicals owned by the Group's customers from incoming vessels at the berth of the Group's port to the Group's oil tanks and related facilities; (ii) storage of petrochemicals owned by the Group's customers at the Group's oil tanks and related facilities; and (iii) loading petrochemicals of the Group's customers onto outgoing vessels, trains and oil trucks from the Group's oil tanks and facilities. The Group provides a bundle of service including the unloading, storage and loading services, and are thus one single performance obligation as identified within the contract. Customers are allowed an average credit period of 5 days upon issuance of invoice.

Revenue from port and port-related services is recognised over time using the output method. The Group applied the practical expedient to recognise the revenue in an amount to which the Group has the right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Insurance brokerage services

Revenue from provision of insurance brokerage services is recognised at a point in time when (i) the terms of the insurance policy have been contractually agreed by the insurer and policyholder; and (ii) the insurer has received or has a present right to payment from the policyholder. With respect to recognition of insurance brokerage service income, the Group assessed whether it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur once the uncertainty related to the variable consideration is subsequently resolved. The directors of the Company consider that the likelihood and the magnitude of the reversal of insurance brokerage income recognised are not significant. As permitted under HKFRS 15, the transaction price allocated to this unsatisfied contract is not disclosed.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

Set out below is the reconciliation of revenue from contracts with customers with amounts disclosed in the segment information.

For the year ended 31st March, 2022

	Trading	Metal recycling	Long-term investment	Petrochemical	Financial institute business	Finance	Other investment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trading income	844,337	-	-	-	-	-	-	844,337
Metal recycling income	-	1,742	-	-	-	-	-	1,742
Port and port-related services income	-	-	-	34,990	-	-	-	34,990
Insurance brokerage income	-	-	-	-	1,163	-	-	1,163
Revenue from contracts with customers	<u>844,337</u>	<u>1,742</u>	<u>-</u>	<u>34,990</u>	<u>1,163</u>	<u>-</u>	<u>-</u>	<u>882,232</u>
Interest income from provision of finance	-	-	-	-	-	254	-	254
Interest income from investment	-	-	2,005	-	-	-	-	2,005
Interest under effective interest method	-	-	2,005	-	-	254	-	2,259
Total revenue	<u>844,337</u>	<u>1,742</u>	<u>2,005</u>	<u>34,990</u>	<u>1,163</u>	<u>254</u>	<u>-</u>	<u>884,491</u>

For the year ended 31st March, 2021

	Trading	Long-term investment	Petrochemical	Financial institute business	Finance	Other investment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trading income	1,462,355	-	-	-	-	-	1,462,355
Insurance brokerage income	-	-	-	1,862	-	-	1,862
Revenue from contracts with customers	<u>1,462,355</u>	<u>-</u>	<u>-</u>	<u>1,862</u>	<u>-</u>	<u>-</u>	<u>1,464,217</u>
Interest under effective interest method	-	-	-	-	-	-	-
- interest income from investment	-	4,000	-	-	-	-	4,000
Total revenue	<u>1,462,355</u>	<u>4,000</u>	<u>-</u>	<u>1,862</u>	<u>-</u>	<u>-</u>	<u>1,468,217</u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information

The Group's operating segments, based on information reported to the chief operating decision maker ("CODM"), being the executive directors of the Company, for the purposes of resources allocation and performance assessment are as follows:

Trading	–	trading of commodities
Metal recycling	–	recycling and trading of metals (<i>Note i</i>)
Long-term investment	–	investments including long-term debt instruments and equity investments
Petrochemical	–	storage, unloading and loading services for petrochemical products (<i>Note ii</i>)
Financial institute business	–	provision of asset management, insurance brokerage and related services
Finance	–	loan financing services
Other investment	–	investment in trading of securities

Notes:

- (i) During the year ended 31st March, 2022, the Group subscribed 90% equity interests in Cupral Group Ltd. ("**Cupral**"). The principal activity of Cupral is the recycling, upgrading and sale of copper granules and high grade aluminium scraps.
- (ii) During the year ended 31st March, 2022, the Group completed its subscription of 65% of equity interests in Thousand Vantage Investment Limited ("**Thousand Vantage**"). The management services agreement entered into previously with Thousand Vantage (the "**Management Agreement**") was terminated upon the subscription. Therefore, the Group reorganised its internal reporting structure and prior year segment disclosures have been represented to conform with the current year's presentation.

Information regarding the above operating segments, which are also reportable segments of the Group, is reported below.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment revenue and results

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

For the year ended 31st March, 2022

	Trading HK\$'000	Metal recycling HK\$'000	Long-term investment HK\$'000	Petrochemical HK\$'000	Financial institute business HK\$'000	Finance HK\$'000	Other investment HK\$'000	Adjustments and eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE									
External sales	844,337	1,742	2,005	34,990	1,163	254	-	-	884,491
Inter-segment sales	-	41,738	-	-	-	-	-	(41,738)	-
	<u>844,337</u>	<u>43,480</u>	<u>2,005</u>	<u>34,990</u>	<u>1,163</u>	<u>254</u>	<u>-</u>	<u>(41,738)</u>	<u>884,491</u>
RESULTS									
Segment results	<u>(7,388)</u>	<u>(25,588)</u>	<u>(67,179)</u>	<u>(21,404)</u>	<u>(6,933)</u>	<u>241</u>	<u>1,831</u>	<u>(260)</u>	(126,680)
Central administration costs									(44,691)
Other income and expenses, other gains and losses									940
Finance costs									<u>(172)</u>
Loss before taxation									<u>(170,603)</u>

For the year ended 31st March, 2021

	Trading HK\$'000	Long-term investment HK\$'000	Petrochemical HK\$'000	Financial institute business HK\$'000	Finance HK\$'000	Other investment HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE							
External sales	<u>1,462,355</u>	<u>4,000</u>	<u>-</u>	<u>1,862</u>	<u>-</u>	<u>-</u>	<u>1,468,217</u>
RESULTS							
Segment results	<u>3,418</u>	<u>44,804</u>	<u>(2,871)</u>	<u>(6,503)</u>	<u>-</u>	<u>1,428</u>	40,276
Central administration costs							(38,111)
Other income and expenses, other gains and losses							1,961
Gain on disposal of an associate							163,480
Finance costs							<u>(1,148)</u>
Profit before taxation							<u>166,458</u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment revenue and results (Continued)

Segment result represents the result of each segment without allocation of central administration costs, including directors' salaries, certain other income and expenses, other gains and losses, certain finance costs and gain on disposal of an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market prices.

Geographical information

The Group's operations are located in Hong Kong, the PRC, the UK and Mauritius (2021: Hong Kong, the PRC and Mauritius).

Information about the Group's revenue from external customers is presented based on the locations of transactions conducted.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	847,709	1,384,206
The PRC, excluding Hong Kong	35,040	84,011
The UK	1,742	–
	<u>884,491</u>	<u>1,468,217</u>

4. NET (LOSS) GAIN ON FINANCIAL INSTRUMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Decrease) increase in fair values of financial assets at fair value through profit or loss (“FVTPL”)	(66,264)	45,262
Increase in fair value of equity investments held for trading	1,831	1,428
Decrease in fair value of derivative financial instruments	(13,013)	(9,550)
	<u>(77,446)</u>	<u>37,140</u>

5. DISPOSAL OF INTEREST IN AN ASSOCIATE

On 7th April, 2020, the Group entered into a conditional agreement with an independent third party for the disposal of its 19.57% equity interests in Blue River Holding Limited (“**Blue River**”), the Group’s then associate, at a consideration of HK\$181,440,000, subject to adjustments (the “**Disposal**”). As a conditional precedent to the Disposal, the Group agreed to place the remaining 4.08% equity interests in Blue River to independent third parties by way of placing before completion of the Disposal (the “**Placing**”), after which the Group and the Company will no longer hold any shares of Blue River after the Placing and the Disposal.

The Placing and the Disposal was completed on 24th June, 2020 and 6th July, 2020, respectively. The Group received net proceeds from the Placing and the Disposal amounting to HK\$15,337,000 and HK\$181,350,000, respectively and recognised a total gain on disposal of interest in the associate of HK\$163,480,000 in profit or loss, calculated as follows:

	<i>HK\$’000</i>
Net proceeds received from the Placing and the Disposal	196,687
Less: Carrying amount of 23.65% equity interests in Blue River	(19,780)
Reclassification of cumulative share of translation reserve of the associate upon disposal of the associate	<u>(13,427)</u>
Gain on disposal of an associate recognised in profit or loss	<u><u>163,480</u></u>

6. (LOSS) PROFIT BEFORE TAXATION

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
(Loss) profit before taxation has been arrived at after charging:		
Staff costs, including directors’ emoluments:		
Salaries and other benefits	48,913	28,146
Retirement benefit scheme contributions	<u>1,179</u>	<u>459</u>
Total staff costs	50,092	28,605
Capitalised in inventories	<u>(3,885)</u>	<u>–</u>
	<u>46,207</u>	<u>28,605</u>
Depreciation of property, plant and equipment	25,576	2,153
Depreciation of right-of-use assets	<u>17,035</u>	<u>8,168</u>
Total depreciation	42,611	10,321
Capitalised in inventories	<u>(2,851)</u>	<u>–</u>
	<u>39,760</u>	<u>10,321</u>
Auditor’s remuneration – audit services	2,878	1,592
Cost of inventories recognised as an expense	<u>836,757</u>	<u>1,433,997</u>

7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Underprovision in prior years in respect of Hong Kong Profits Tax	<u>–</u>	<u>5</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made for the years ended 31st March, 2022 and 2021 as the Group's assessable profits for the year are absorbed by tax losses carried forward.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, PRC EIT is calculated at 25% of the assessable profits for the subsidiaries in the PRC. No provision for EIT has been made as the relevant subsidiaries had no assessable profits arising in the PRC for both years.

United Kingdom Corporation Tax is calculated at 19% of the assessable profits for the subsidiary in the UK. No provision for United Kingdom Corporation tax has been made as the Group had no assessable profits arising in the United Kingdom for both years.

8. DISTRIBUTIONS

The directors of the Company have resolved not to recommend the payment of a final dividend for the year ended 31st March, 2022 (2021: Nil).

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted loss per share (2021: basic earnings per share) attributable to owners of the Company is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss) profit for the year attributable to owners of the Company for the purpose of basic and diluted loss per share (2021: basic earnings per share)	<u>(158,417)</u>	<u>167,056</u>
	Number of shares	
	2022	2021
Number of shares for the purpose of basic and diluted loss per share (2021: basic earnings per share)	<u>2,018,282,827</u>	<u>2,018,282,827</u>

9. (LOSS) EARNINGS PER SHARE (Continued)

For the year ended 31st March, 2022, the computation of diluted loss per share does not assume the exercise of the call options granted to the non-controlling shareholders of Cupral since their assumed exercise would result in a decrease in loss per share.

For the year ended 31st March, 2021, no diluted earnings per share is presented as the Company had no potential ordinary shares in issue.

10. GOODWILL

HK\$'000

COST	
At 1st April, 2021	–
Arising on acquisition of subsidiaries	5,552
Exchange realignment	<u>134</u>
At 31st March, 2022	<u><u>5,686</u></u>

Goodwill arises from the acquisition of Thousand Vantage and its subsidiaries (the “**Thousand Vantage Group**”) during the year ended 31st March, 2022.

For the purposes of impairment testing, goodwill has been allocated to the cash-generating unit for the provision of port and port-related services in the petrochemical segment, which is represented by the Thousand Vantage Group. In addition to goodwill, property, plant and equipment and right-of-use assets that generate cash flows together with the related goodwill are also included in the cash-generating unit for the purpose of impairment assessment.

The recoverable amount of the cash-generating unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 13.6%. Cash flows beyond the 5-year period are extrapolated using a steady growth rate of 2.6% which is based on the long-term average growth rate in the PRC. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue and related costs based on past performance and management’s expectation for business and market developments.

During the year ended 31st March, 2022, management of the Group determines that there is no impairment on the cash-generating unit.

11. DEBT INSTRUMENT AT AMORTISED COST

In April 2018, the Group entered into a subscription agreement with Thousand Vantage pursuant to which the Group as a subscriber agreed to subscribe and Thousand Vantage, as issuer, agreed to allot and issue 100 preference shares at a total subscription price of HK\$200,000,000. The preference shares conferred the Group the right to receive cumulative fixed preferential dividend at the rate of 2% per annum of the subscription price up to the redemption date of 16th April, 2020. The preference shares were guaranteed by the then sole shareholder of Thousand Vantage (the “**Guarantor**”) who executed a share charge in favour of the Group relating to all shares of Thousand Vantage (the “**Share Charge**”).

The preference shares were held within a business model whose objective was to hold the preference shares in order to collect contractual cash flows, and the contractual terms of the preference shares gave rise on specified dates to cash flows that were solely payments of principal and interest on the principal amount outstanding. Accordingly, the preference shares subscribed were accounted for as a debt instrument measured at amortised cost.

On 9th November, 2020, the Group entered into a supplemental agreement with Thousand Vantage and the Guarantor pursuant to which the parties conditionally agreed to extend the redemption date of the preference shares from the original redemption date of 16th April, 2020 to the new redemption date of 16th April, 2022 (the “**Extension**”). Save for the Extension, other principal terms of the preference shares remained the same.

The Group completed its subscription of 65% equity interests in Thousand Vantage on 11th October, 2021. The subscription price was settled by way of offsetting the subscription price of the preference shares and all the accrued and unpaid dividends on the preference shares up to the date of completion. All preference shares were fully redeemed upon completion of the subscription.

Dividends arising on the preference shares are accrued up to the date of completion of the Group’s subscription of interests in Thousand Vantage. For the year ended 31st March, 2022, dividends amounting to HK\$2,005,000 (2021: HK\$4,000,000) are recognised in profit or loss as interest income from investments (included in revenue).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL mainly represent the Group's investment in an unlisted fund.

On 21st June, 2018, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for shares of a private equity fund established in Korea (the "Fund"), as a limited partner, for an aggregate consideration of United States Dollar ("US\$") 20,000,000 (equivalent to HK\$156,000,000) in cash. The Fund principally invests in shares of companies listed on the Korea Exchange. The Fund is managed by a fund manager, while limited partners of the Fund do not have rights to engage in the management of the Fund. The Group, as a limited partner in the Fund, does not have the power to participate in the financial and operating policy decisions of the Fund. As such, the Group does not have significant influence over the Fund and the Fund is not accounted for as an associate. The shares of the Fund held by the Group represent approximately 29.71% (2021: 29.71%) of the issued share capital of the Fund as at 31st March, 2022.

The Fund is accounted for as a financial asset at FVTPL. As at 31st March, 2022, the fair value of the Fund is HK\$131,440,000 (2021: HK\$197,704,000). During the year ended 31st March, 2022, fair value loss of HK\$66,264,000 (2021: fair value gain of HK\$56,935,000) was recognised in profit or loss. In the opinion of the directors of the Company, the Fund is held for long-term strategic investment purposes and as such, the investment is classified as non-current.

13. LOAN RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loans to non-controlling shareholders of Cupral	2,949	–
Loans to third parties	<u>19,123</u>	<u>–</u>
	<u><u>22,072</u></u>	<u><u>–</u></u>
Analysed as reporting purposes as:		
Current assets	2,949	–
Non-current assets	<u>19,123</u>	<u>–</u>
	<u><u>22,072</u></u>	<u><u>–</u></u>

Loans to third parties are mainly secured, interest-bearing at 7% per annum and have a maturity date in June 2023. The loans are secured by a convertible bond issued by a company listed in the Korea Exchange with face value of 10,000,000,000 South Korean Won (equivalent to HK\$62,530,000) and maturity in 2050.

14. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables		
– interest	–	3,825
– contracts with customers	<u>74,333</u>	<u>–</u>
	<u>74,333</u>	<u>3,825</u>
Value-added tax (“VAT”) and other taxes recoverable	14,033	–
Amount due from a non-controlling shareholder (<i>Note</i>)	6,597	–
Prepayments	38,885	1,251
Rental, utility and other deposits	2,496	1,687
Other receivables	<u>13,530</u>	<u>2,290</u>
	<u>75,541</u>	<u>5,228</u>
	<u><u>149,874</u></u>	<u><u>9,053</u></u>

Note: As at 31st March, 2022, the amount due from a non-controlling shareholder of a subsidiary is unsecured, interest-free, non-trade related and repayable on demand.

As at 1st April, 2020, there were no trade receivables arising from contracts with customers.

The following is an aged analysis of trade receivables presented based on the date of revenue recognition at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables		
0 – 30 days	73,979	340
31 – 60 days	354	307
61 – 90 days	–	340
Over 90 days	<u>–</u>	<u>2,838</u>
	<u>74,333</u>	<u>3,825</u>

15. TRADE AND OTHER PAYABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	67,222	–
Payables for acquisition of property, plant and equipment	142,228	–
Other payables	27,044	5,183
Accrued expenses	14,120	1,022
	<u>250,614</u>	<u>6,205</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables		
0 – 30 days	65,675	–
31 – 60 days	923	–
61 – 90 days	320	–
Over 90 days	304	–
	<u>67,222</u>	<u>–</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Review of Financial Performance

During the year ended 31st March, 2022 (the “**Current Year**”), the Group, pursuant to its long-term strategy of exploring potential investments and enhancing the value of its strategic investments by active participation in or close liaisons with the management of the Group’s invested companies, continued to strategically invest or hold significant interests, both directly or indirectly, in a portfolio of listed companies in Hong Kong, United States and Korea and also high-potential private companies and funds, through equity instruments and debt financing, financial assets and securities, and engaged in trading of commodities, metal recycling, petrochemical storage business, port and port-related services, provision of management services, financial institute business and loan financing services.

For the Current Year, the Group reported a loss of HK\$158,417,000 attributable to the owners of the Company (2021: profit of HK\$167,056,000) and basic loss per share of HK7.85 cents (2021: basic earnings per share of HK8.28 cents). The current year loss was mainly due to the fair value loss of financial instruments, in particular, the Group’s investment in AFC Mercury Fund.

Commodities Trading

During the Current Year, the Group, through its subsidiaries, continued its trading business which focuses on the trading of commodities including metals, chemical and energy products. The business generated a segment revenue of HK\$844,337,000 (2021: HK\$1,462,355,000) and a segment loss of HK\$7,388,000 (2021: segment profit of HK\$3,418,000). The loss was mainly due to decrease in fair values of derivative financial instruments, freight and storage charges incurred for uncompleted trades. The decrease in revenue was mainly due to the supply chains issues including delays in warehouse loadout, vessels delayed, high freight cost and longer than expected shipping days. The management has been monitoring the situation and the credit exposures in commodities markets via a conservative approach to allow additional tolerance in freight cost, shipment schedule, delivery time, etc.

The metal business remains one of the main sources of income for the Group. Our trading profile enhanced with increasing sales to end users in Asia. Revenue from chemical and energy business increased and now accounts for 42% of total trading revenue in the Current Year. However, the supply shortage, vessels shortage, long delivery lead time and expensive freight cost are the main operational concern for the trading business.

Metal Recycling

On 16th April, 2021, several independent third-party individuals and the Group entered into an investment and shareholders' agreement in relation to the subscription of 24,999,050 ordinary shares in aggregate in Cupral at a total subscription amount of British Pound Sterling (“**GBP**”) 2,500,000 (equivalent to approximately HK\$27.0 million) (the “**Cupral Subscription**”). During the Current Year, the Cupral Subscription was completed, the Group has been allotted 22,500,000 ordinary shares in Cupral with an aggregate subscription price of GBP2,250,000 (equivalent to approximately HK\$24.3 million), which represents 90% of the enlarged issued share capital of Cupral.

During the Current Year, the Group's Metal Recycling business recorded a revenue of HK\$43,480,000 (including inter-segment sales) and a segment loss of HK\$25,588,000.

The Group is working to develop the green metals market for the end users to help in reducing their carbon emissions. The Group invested in a recycling plant in the UK, which is managed by a highly experienced team in the UK, and is designed to upgrade both copper and aluminium scraps to high purity for the export to Asia and China.

The business segment commenced operations in January 2022 and produced over 500 metric tonnes (“**MT**”) of copper granules during the Current Year.

The plant has been tested and is capable of working at the nameplate capacity output rate of 2MT per hour of copper granules for up to 2 shifts per day.

Gross margins achieved have been compressed since the plant started versus the expected margins at the time of investment, due to the change in market dynamics, primarily in the supply chain. This has increased the level of throughput necessary to reach a breakeven position compared with initial expectation.

The management team in the UK have also explored opportunities in the scrap aluminium sector and invested in some equipment to allow upgrading of scrap to a small extent. Further research and development is required to increase potential returns from aluminium upgrading and the UK management team are working with a consortium of industry participants to develop this opportunity.

Long-term Strategic Investments

During the Current Year, the Group's long-term investment recorded a revenue of HK\$2,005,000 (2021: HK\$4,000,000) and a segment loss of HK\$67,179,000 (2021: segment profit of HK\$44,804,000). The segment revenue and the segment loss for the Current Year was mainly attributed to the preference shares dividend from Thousand Vantage and the unrealised loss from the AFC Mercury Fund, respectively.

Thousand Vantage

Thousand Vantage is an investment holding company. Its subsidiaries are principally engaged in the provision of petrochemical port and storage services as well as port-related services through operation of a terminal at Yingling Terminal Operation Area of Qinzhou Port, in Guangxi, the PRC.

In April 2018, the Group, through its subsidiary, entered into a subscription agreement with Thousand Vantage pursuant to which the Group as a subscriber, agreed to subscribe and Thousand Vantage as an issuer, agreed to allot and issue 100 preference shares at a total subscription price of HK\$200,000,000. The preference shares confer the Group the right to receive cumulative fixed preferential dividend at a rate of 2% per annum of the subscription price up to the redemption date of 16th April, 2020. The preference shares are guaranteed by the then sole shareholder of Thousand Vantage who has executed a share charge in favour of the Group relating to all shares of Thousand Vantage.

During the Current Year, dividends arising on the preference shares amounting to HK\$2,005,000 (2021: HK\$4,000,000) are recognised in profit or loss as interest income from investments (included in revenue).

Pursuant to such subscription agreement entered into in April 2018, Thousand Vantage shall redeem the preference shares on 16th April, 2020 and at an aggregate sum of subscription price and all accrued and unpaid dividends through and including the date of payment (“**Redemption Price**”). The Guarantor granted to the Group an exclusive right during the period commencing from the date of the issue of the preference shares up to the full payment of the Redemption Price, as may be extended by agreement between the parties from time to time to purchase all or part of the issued ordinary shares of and all or part of shareholder's loan due by Thousand Vantage or to subscribe for new ordinary shares in Thousand Vantage.

On 9th November, 2020, the Group entered into a supplemental agreement with Thousand Vantage and the Guarantor pursuant to which the parties conditionally agreed to extend the redemption date of the preference shares from the original redemption date of 16th April, 2020 to the new redemption date of 16th April, 2022. Save for this, other principal terms of the preference shares remain the same.

As part of the Group's management role in Thousand Vantage Group and with an aim to strengthening its overall business performance, the Group has been conducting a detailed review on the business operation and financial position of Thousand Vantage Group so as to formulate business and financing plans and strategies for Thousand Vantage Group's future business development. Since the subscription of preference shares, the Group assigned three senior officers to 廣西廣明碼頭倉儲有限公司 Guangxi Guangming Warehouse Storage Limited*, a PRC company in which Thousand Vantage has a 75% equity interest (the "**PRC Subsidiary**"), whom took up the positions of legal representative, general manager and head of finance department respectively and participated in the business operation of the PRC Subsidiary. Moreover, the Group was able to formalise our management role in Thousand Vantage Group pursuant to the Management Agreement entered into between the Group and Thousand Vantage on 9th November, 2020, under which Thousand Vantage agreed to appoint the Group on an exclusive basis to provide advisory, management and administrative services to Thousand Vantage and its subsidiaries. Through this appointment, the Group is entitled to management fee remuneration, subject to earlier termination as stipulated in the Management Agreement.

On 29th March, 2021, the Group entered into a subscription agreement with Thousand Vantage and the Guarantor (the "**Subscription**") to subscribe for 668,571,429 new ordinary shares (the "**Subscription Shares**") of Thousand Vantage at a subscription price (the "**Subscription Price**"), being the redemption amount (the "**Redemption Amount**") which is the aggregate sum of the subscription price for the preference shares of HK\$200,000,000 and all the accrued and unpaid dividends on the preference shares up to the date of completion.

The Subscription Price shall be paid on completion by way of offsetting against the Redemption Amount payable by Thousand Vantage for redemption of the preference shares issued by Thousand Vantage to the Group on 16th April, 2018. Upon completion of the Subscription, the Group will hold approximately 65% of all the issued shares of Thousand Vantage as enlarged by the Subscription Shares, and all preference shares issued by Thousand Vantage shall have been fully redeemed.

The Subscription was completed on 11th October, 2021. Upon completion of the Subscription, the Group obtained control over the Thousand Vantage Group through its 65% equity interests in Thousand Vantage and the Management Agreement was terminated. Details of the Subscription are disclosed in the Company's Announcement dated 29th March, 2021, the Company's Circular dated 17th September, 2021 and the Company's Announcement dated 11th October, 2021.

The Subscription has been accounted for as acquisition of business using the acquisition method.

* *For identification purposes only*

AFC Mercury Fund

AFC Mercury Fund principally invests in shares of companies listed on the Korea Exchange, principally STX Corporation Limited. STX Corporation Limited (stock code: 011810) is primarily engaged in the business of energy trading, commodity trading, machinery and engine trading, and shipping and logistics. The shares of the AFC Mercury Fund held by the Group represent approximately 29.71% of the issued share capital of the AFC Mercury Fund as at 31st March, 2022.

In June 2018, the Group, through its subsidiary, entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for shares in AFC Mercury Fund, as a limited partner, at an aggregate consideration of US\$20,000,000 (equivalent to approximately HK\$156,000,000).

During the Current Year, an unrealised fair value loss of HK\$66,264,000 (2021: fair value gain of HK\$56,935,000) was made.

CEC Asia Media

CEC Asia Media Group L.P. (“**CEC Fund**”) was organised primarily to invest, directly or indirectly, in Global K Centre Limited and Lionheart Entertainment Asia Limited and other strategic investment in relation to media, artist and beauty training academy based in South Korea. The shares of the CEC Fund held by the Group represent 20% of the issued share capital of the CEC Fund.

In December 2018, the Group, through its subsidiary, entered into a subscription agreement with the CEC Fund pursuant to which the Group agreed to subscribe for shares in CEC Fund, as a limited partner, at an aggregate consideration of US\$2,000,000 (equivalent to approximately HK\$15,600,000).

Fair value loss of nil (2021: HK\$11,673,000) was recognised in profit or loss. CEC Fund has nil fair value as at 31st March, 2022 (2021: nil) as the directors of the Company determine that such investment is unable to generate future cash flows to the Group due to significant financial difficulties of CEC Fund in recent months causing suspension of business operations and even possible cessation of business in the foreseeable future.

Petrochemical

Jiangsu Hong Mao (江蘇宏貿倉儲) (owned as to 90% by the Group)

The Group invested in Yangtze Prosperity Development (HK) Limited (“**YPD (HK)**”) through the capitalisation of a loan in 2019. YPD (HK) is incorporated in Hong Kong as an investment holding company which in turn owns the entire equity interest in 江蘇宏貿倉儲有限公司, which has been granted a sea area use right in respect of a parcel of reclaimed land constructed on the relevant sea plot in Yangkou Port, Nantong, the PRC and is in the course of constructing infrastructure for operating petrochemical storage and related facilities thereon.

Such investment reinforces the Group’s commitment towards sustainable development and it will broaden the income stream of the Group in the near future. This business segment has not commenced operation as at 31st March, 2022.

Thousand Vantage (owned as to 65% by the Group)

For the period from the acquisition date of 11th October 2021 to 31st March 2022, Thousand Vantage Group contributed a revenue of HK\$34,990,000 and a loss of HK\$18,248,000.

Financial Institute Business

For the Current Year, the Group’s financial institute business reported a segment revenue of HK\$1,163,000 (2021: HK\$1,862,000) and a segment loss of HK\$6,933,000 (2021: HK\$6,503,000).

The Group established Helios Asset Management (HK) Limited (“**Helios**”), which is principally engaged in assets management and advisory business in Hong Kong and is licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) Type 4 licence (Advising on Securities) and Type 9 licence (Asset Management) from the Securities and Futures Commission. To further develop its financial institute business, the Group extended its reach to different facets of the financial services sector in order to develop an all-rounded business.

Later on, the Group acquired an insurance brokerage firm, PT Insurance Brokers Company Limited, which is a member of the Hong Kong Confederation of Insurance Brokers and allowed to carry out insurance brokerage business in the long term (including linked) insurance in Hong Kong.

Muhabura Capital Limited (“**MCL**”), a subsidiary of the Company incorporated in Mauritius, was granted an investment banking licence by Financial Services Commission of Mauritius (“**FSC**”).

The business goals of the financial institute business of the Group are to build an international financial platform that capitalises on cross-border investments between Asia and Africa. Considering the One Belt One Road initiative, the Group expects to see increasing business flows between the two continents once the COVID-19 pandemic subsides. The Group takes the view that by operating licensed entities in both Hong Kong and Africa, it will give confidence in institutional, corporate and retail customers when working with the Group.

Mauritius, where MCL is located, saw record numbers of COVID-19 cases in the reporting period. Although the Mauritius government began opening up the border, the high COVID-19 cases saw most employees work from home and kept business activities at a minimum. This is the second year that MCL front-line staff were unable to travel overseas or even to the African continent for client acquisition thus making the original launch plan impossible. MCL have therefore refocused much of its initial business launch towards online brokerage, where client acquisition without travel is possible. We will continue to focus on the brokerage business until business travel is resumed.

Helios's African-focused fund is further delayed due to travel restrictions both in HK and many of the African regions.

Loan Financing Services

For the Current Year, the Group's loan financing operation reported a segment profit of HK\$241,000 (2021: nil). As at 31st March, 2022, the loan portfolio held by the Group was HK\$2,949,000 (2021: nil).

Other Investment

During the Current Year, the Group's other investment contributed nil segment revenue (2021: nil) and a segment profit of HK\$1,831,000 (2021: HK\$1,428,000).

PROSPECTS

The COVID-19 pandemic is running into its third year. Within the reporting period many parts of the world opened up to tourism and business travellers only to be met with a fourth wave of COVID-19 rising in many countries in the West. In Asia, in the first half of the reporting period, only Singapore began to open up in the summer of 2021, most other countries remain closed and business travel and interactions continued to be difficult. All businesses units of the Group continued to be negatively affected. With travel restrictions implemented globally, especially the continued quarantine measures by the HKSAR government, many of the Group's business initiatives have seen a much slower rollout. Most of the Group's business activities and international meetings moved to virtual platforms, which is not ideal.

The reopening of some of the economies brought about a massive logistics and shipping shortage which continued to cause massive disruptions to the Group's operations. China's COVID-19 outbreak which forced the shutdown of Shanghai and many other areas put our Chinese business to almost a standstill at the end of the reporting period. With all these headwinds the management will continue to monitor the situation and the credit exposures in commodities markets.

Having completed the acquisition of Thousand Vantage, it is now one of the new revenue contributors to the Group. The Group continues to believe the energy sector will continue to be an important sector for the Chinese economy as evident by recent high price of oil. As China emerges out of the COVID-19 pandemic and economic activities recovers, the stable supply of energy, especially in the petroleum space, will continue to be paramount for the PRC. The Group looks forward to becoming a bigger player in oil terminal and storage sector in Southern China.

Cupral, the Group's new subsidiary in the UK, first saw several months' delay in the commissioning of its metal recycling plant, mainly due to transport issues of plant equipment around Europe. After commissioning, the plant began productions of copper granules with only one shift, while the staff familiarised themselves with the machines and plant, we began scaling up towards the end of the reporting period. However, due to the sharp rise of demand in the copper market, copper scraps began hard to secure, and payment terms and margins have begun to become less favourable. We began to take orders for our high grade processed copper granules even selling them to top-tier Chinese names which is a strong testament for our brand-new business. However, the constant delay in shipping between the UK and China, coupled with high copper materials prices have all but completely eroded our profit margins. Having installed a state-of-the-art metals recycling plant and committed to ESG, the Group believes that Cupral will see better prospects should pricing, demand and logistics begins to normalise.

With a disappointing start to 2022, the Group is looking to take an even more conservative approach in the coming year. Considering the difficulties in travel and logistics, and uncertainties due to inflation and interest cost, the Group will refocus its main efforts towards its projects in China where it is easier to manage and control.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31st March, 2022, the Group has total assets of HK\$1,600,250,000 (2021: HK\$789,037,000) represented an increase of HK\$811,213,000 or 103% when compared with the last year. The increase was mainly due to the acquisition of a subsidiary, Thousand Vantage, during the year.

As at 31st March, 2022, equity attributable to owners of the Company amounted to HK\$558,807,000 (2021: HK\$709,546,000), representing a decrease of HK\$150,739,000 or 21% as compared to 31st March, 2021. The decrease was mainly due to the fair value loss of financial instruments, in particular, the Group's investment in AFC Mercury Fund.

The Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and capture investment opportunities as and when they become available.

As at 31st March, 2022, current assets and current liabilities of the Group were HK\$338,789,000 (2021: HK\$343,059,000) and HK\$311,417,000 (2021: HK\$72,380,000) respectively. Accordingly, the Group's current ratio was about 1.1 (2021: 4.7).

Gearing Ratio

As at 31st March, 2022, the Group had bank balances and cash of HK\$109,590,000 (2021: HK\$239,325,000) and bank and other borrowings of HK\$165,290,000 (2021: nil). The Group's gearing ratio was 10% at 31st March, 2022 (2021: zero). The gearing ratio is calculated on the basis of net borrowings over the equity attributable to owners of the Company. Net borrowings are arrived at by deducting bank balances and cash from bank borrowings.

Material Acquisitions or Disposals and Future Plans for Material Investment

On 29th March, 2021, the Group entered into a subscription agreement with Thousand Vantage and the Guarantor (the “**Subscription**”) to subscribe for 668,571,429 new ordinary shares (the “**Subscription Shares**”) of Thousand Vantage at a subscription price (the “**Subscription Price**”), being the redemption amount (the “**Redemption Amount**”) which is the aggregate sum of the subscription price for the preference shares of HK\$200,000,000 and all the accrued and unpaid dividends on the preference shares up to the date of completion. The Subscription Price shall be paid on completion by way of offsetting against the Redemption Amount payable by Thousand Vantage for redemption of the preference shares issued by Thousand Vantage to the Group on 16th April, 2018. Upon completion of the Subscription, the Group will hold approximately 65% of all the issued shares of Thousand Vantage as enlarged by the Subscription Shares, and all preference shares issued by Thousand Vantage shall have been fully redeemed.

The Subscription was completed on 11th October, 2021. Upon completion of the Subscription, the Group obtained control over the Thousand Vantage Group through its 65% equity interests in Thousand Vantage and the Management Agreement was terminated. Details of the Subscription are disclosed in the Company’s Announcement dated 29th March, 2021, the Company’s Circular dated 17th September, 2021 and the Company’s Announcement dated 11th October, 2021.

The Subscription has been accounted for as acquisition of business using the acquisition method.

Save for those disclosed above in this announcement, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Current Year nor were there material investments authorised by the Board at the date of this announcement.

Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in Hong Kong dollars, Korean Won, Renminbi, United States dollars and British pound sterling. During the Current Year, the Group entered into a number of foreign currency forward contracts and currency swaps for hedging purposes. Appropriate measures would be undertaken by the Group when exchange rate fluctuations become significant.

Litigation

In February 2022, PRC Subsidiary received a civil complaint filed by Lianwei (Shanghai) Finance Lease Limited* (聯蔚(上海)融資租賃有限公司) (“**Lianwei**”) in respect of a dispute over the sale and leaseback arrangements of two oil storage tanks. Under the civil complaint, Lianwei requested the court to order PRC Subsidiary to pay the due and unpaid rent of RMB673,000 (equivalent to HK\$830,000) and the full amount of remaining rent for the remaining lease period of RMB106,273,000 (equivalent to HK\$131,056,000), late default payments thereon and other related litigation costs. PRC Subsidiary has already paid the abovementioned due and unpaid rent of RMB673,000 (equivalent to HK\$830,000) in February 2022. Details are disclosed in the Company’s Announcement dated 28th February, 2022. In June 2022, PRC Subsidiary received another civil complaint filed by Lianwei in respect of a dispute over the sale and leaseback arrangement of another oil storage tank. Under the civil complaint, Lianwei requested the court to order PRC Subsidiary to pay the due and unpaid rent of RMB35,500,000 (equivalent to HK\$43,779,000), default payments thereon and other related the litigation costs. Details are disclosed in the Company’s Announcement dated 28th June, 2022.

Based on the advice from the PRC legal advisers, the directors of the Company consider that PRC Subsidiary is not in breach of the relevant terms in the sale and leaseback agreements and the remaining amounts are not immediately repayable. Accordingly, the outstanding amounts due to Lianwei in respect of the sale and leaseback arrangements amounting to HK\$165,448,000 has been included in lease liabilities under current liabilities as to HK\$271,000 and non-current liabilities as to HK\$165,177,000 as at 31st March, 2022 in accordance with the scheduled repayment dates in the sale and leaseback agreements and relevant renewal agreements.

Pledge of Assets

As at 31st March, 2022, HK\$366,512,000 of the Group’s assets were pledged to secure any of its bank loans (2021: nil).

* For identification purposes only

Contingent Liabilities

As at 31st March, 2022, the Group had no significant contingent liabilities (2021: nil).

Capital Commitments

As at 31st March, 2022, the capital commitments of the Group were HK\$67,878,000 (2021: HK\$60,603,000) in respect of construction contracts entered into for the construction of petrochemical storage and related facilities in order to operate the petrochemical storage business located in China.

Securities in Issue

As at 31st March, 2022, there were 2,018,282,827 shares in issue. There was no change in the capital structure of the Company during the Current Year. The share capital of the Company only comprises of ordinary shares.

Final Dividend

The Board has resolved not to recommend the payment of a final dividend for the year ended 31st March, 2022 (2021: nil).

SIGNIFICANT INVESTMENTS

Description of investment	Notes	Carrying amount as at 1st April, 2021 HK\$'000	Fair value loss recognised in profit and loss HK\$'000	Carrying amount as at 31st March, 2022 HK\$'000	Percentage to the Group's audited total assets as at 31st March, 2022
Unlisted investment, at amortised cost					
– Preference shares of Thousand Vantage	(a)	200,000	–	–	0%
Unlisted investment, at fair value					
– Investment in AFC Mercury Fund	(b)	<u>197,704</u>	<u>(66,264)</u>	<u>131,440</u>	<u>8.2%</u>
Total		<u>397,704</u>	<u>(66,264)</u>	<u>131,440</u>	<u>8.2%</u>

- (a) This unlisted investment represents 100 preference shares issued by Thousand Vantage at a subscription price of HK\$200,000,000. The details of which are disclosed in the Company's announcement dated 17th April, 2018.

On 29th March, 2021, the Group entered into a subscription agreement with Thousand Vantage and the Guarantor to subscribe for 668,571,429 new ordinary shares of Thousand Vantage at a subscription price, being the redemption amount, which is the aggregate sum of the subscription price for the preference shares of HK\$200,000,000 and all the accrued and unpaid dividends on the preference shares up to the date of completion. The subscription was completed on 11th October, 2021. For details, please refer to "Material Acquisitions or Disposals and Future Plans for Material Investment".

- (b) This unlisted investment at fair value represents 29.71% of the issued share capital of the AFC Mercury Fund, which principally invests in shares of companies listed on the Korea Exchange, principally STX Corporation Limited. STX Corporation Limited (stock code: 011810) is primarily engaged in the business of energy trading, commodity trading, machinery and engine trading, and shipping and logistics.

During the Current Year, an unrealised fair value loss of HK\$66,264,000 was recognised and the Group intends to hold the investment for long-term strategic purposes.

EMPLOYEES AND REMUNERATION POLICY

As at 31st March, 2022, the Group had a total of 207 employees (including Directors) (2021: 45 employees (including Directors)). The Group's remuneration policy is to ensure that the Group's remuneration structure is appropriate and aligns with the Group's goals and objectives. The employees' remuneration is based on the employees' skills, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company. The Group also offers benefits to employees including discretionary bonus, training and provident funds. The share option scheme of the Company is established for the eligible participants (including employees). No share options were granted during the Current Year and there were no outstanding share options as at 31st March, 2022 and as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed under the Litigation section, there are no significant subsequent events.

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

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

CORPORATE GOVERNANCE

The Company has, throughout the year ended 31st March, 2022, complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules except for the following deviations with reason as explained:

Code Provision A.2.1 – Chairman and Chief Executive

Under this code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Deviation

Mr. Ching Man Chun, Louis, an Executive Director of the Company, has taken up the positions of the Chairman of the Board and the Managing Director of the Company with effect from 30th September, 2017. The Board considers that vesting the roles of chairman and chief executive in the same person enables more effective and efficient planning and implementation of business plans, the Board also believes that the balance of power and authority is adequately ensured.

Except as stated above, the Company has continued to comply with the applicable code provisions of the CG Code. The Board will continue to monitor and review the Company’s corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has continued to adopt the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transactions by the Directors of the Company. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the Current Year.

REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee reviewed, with the external auditor of the Company, the audited consolidated financial statements of the Group for the year ended 31st March, 2022. Based on this review and discussions with the management of the Company, the Audit Committee was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the year ended 31st March, 2022.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st March, 2022 included in this preliminary results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu ("**Deloitte**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte 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 Deloitte on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Listed Company Information" and on the website of the Company at www.ptcorp.com.hk under "Investor Relations". The annual report will be despatched to the shareholders of the Company and will also be available for viewing on the aforesaid websites in due course.

APPRECIATION

The Board would like to take this opportunity to express gratitude to all of our shareholders and business associates for their continuous support and to all our staff for their dedication and contribution to the Group.

By Order of the Board
PT International Development Corporation Limited
Ching Man Chun, Louis
Chairman and Managing Director

Hong Kong, 29th June, 2022

As at the date of this announcement, the Board comprises four Executive Directors, namely, Mr. Ching Man Chun, Louis (Chairman and Managing Director), Ms. Xu Wei, Mr. Yeung Kim Ting and Mr. Heinrich Grabner; and three Independent Non-executive Directors, namely, Mr. Yam Kwong Chun, Mr. Wong Yee Shuen, Wilson and Mr. Lam Yik Tung.