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, 2023

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, 2023 ("**Current Year**"), together with the comparative figures for the year ended 31st March, 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March, 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*3*		
Contracts with customers		**452,514**	882,232
Interest under effective interest method		**16**	2,259
Total revenue		**452,530**	884,491
Cost of sales		**(733,840)**	(838,310)
Gross (loss) profit		**(281,310)**	46,181
Other income and expenses, other gains and losses		**14,128**	345
Net gain (loss) on financial instruments	*4*	**39,542**	(77,446)
Impairment losses on goodwill	*5*	**(5,270)**	–
Selling and distribution expenses		**(2,980)**	(23,582)
Administrative expenses		**(101,321)**	(90,093)
Finance costs		**(23,192)**	(26,008)
Loss before taxation	*6*	**(360,403)**	(170,603)
Income tax expense	*7*	**(2)**	–
Loss for the year		**(360,405)**	(170,603)

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
For the year ended 31st March, 2023

	Note	**2023** **HK$'000**	2022 HK$'000
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(37,829)**	12,964
Reclassification adjustment of reserves released on deregistration of a subsidiary		**–**	(327)
Other comprehensive (expense) income for the year		**(37,829)**	12,637
Total comprehensive expenses for the year		**(398,234)**	(157,966)
Loss for the year attributable to:			
Owners of the Company		**(201,962)**	(158,417)
Non-controlling interests		**(158,443)**	(12,186)
		(360,405)	(170,603)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(224,357)**	(150,739)
Non-controlling interests		**(173,877)**	(7,227)
		(398,234)	(157,966)
		HK cents	*HK cents* (restated)
Loss per share:	*9*		
Basic		**(8.94)**	(7.01)
Diluted		**(8.94)**	(7.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**470,820**	726,791
Right-of-use assets		**246,763**	378,421
Goodwill	*10*	**–**	5,686
Financial assets at fair value through profit or loss	*11*	**160,945**	131,440
Loan receivables	*12*	**–**	19,123
		878,528	1,261,461
Current assets			
Inventories		**4,456**	22,173
Trade and other receivables	*13*	**64,630**	149,874
Derivative financial instruments		**–**	4,674
Equity investments held for trading		**8,797**	10,378
Loan receivables	*12*	**–**	2,949
Restricted bank balances		**3,181**	39,151
Cash and cash equivalents		**69,552**	109,590
		150,616	338,789
Current liabilities			
Trade and other payables	*14*	**135,435**	250,614
Derivative financial instruments		**–**	6,600
Contract liabilities		**1,520**	5,570
Borrowings – due within one year		**146,281**	42,376
Lease liabilities – due within one year		**403,475**	6,257
		686,711	311,417
Net current (liabilities) assets		**(536,095)**	27,372
Total assets less current liabilities		**342,433**	1,288,833

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 31st March, 2023

	2023	2022
	HK$'000	*HK$'000*
Non-current liabilities		
Borrowings – due after one year	–	122,914
Lease liabilities – due after one year	**24,429**	449,681
	24,429	572,595
Net assets	**318,004**	716,238
Capital and reserves		
Share capital	**20,183**	20,183
Share premium and reserves	**314,267**	538,624
Equity attributable to the owners of the Company	**334,450**	558,807
Non-controlling interests	**(16,446)**	157,431
Total equity	**318,004**	716,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2023

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 and by the Hong Kong Companies Ordinance.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

Going concern basis

The following conditions indicate the existence of material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

- The Group is subject to legal claims in relation to sale and leaseback arrangements and debt dispute (details set out in note 15) and such claims amounted to approximately Renminbi ("**RMB**") 553,641,000 (equivalent to HK$632,785,000) in aggregate as at 31st March, 2023. Under certain legal proceedings in relation to sale and leaseback arrangements and debt dispute, the Group has received property preservation orders to restrict the disposition of certain assets and the withdrawal of bank deposits (details set out in note 16) since August 2022.

- As at 31st March, 2023, the Group had an outstanding bank loan with a carrying amount of HK$121,012,000. Due to the property preservation orders received from the court, the Group has breached certain covenants of the bank loan thus the bank may request immediate repayment of the loan. On discovery of the breach, the Directors of the Company commenced negotiations of the terms of the loan with the relevant bank. Since those negotiations had not been concluded, the loan has been classified as a current liability as at 31st March, 2023.

- As at 31st March, 2023, the Group had outstanding lease liabilities arising from sale and leaseback arrangements of oil storage tanks with a carrying amount of HK$397,885,000. Due to the property preservation orders received from the court, the Group has breached certain terms of the sale and leaseback contracts thus the lessor may request immediate repayment of the remaining lease payments. In November 2022, a non-wholly owned subsidiary of the Company, Guangxi Guangming Warehouse Storage Limited* (廣西廣明碼頭倉儲有限公司) ("**Guangming**"), received a judgment from the Shanghai Financial Court in respect of the dispute over the sale and leaseback arrangements of two oil storage tanks that Guangming is liable to immediately pay remaining rent, penalty for breach of contracts, legal fees and other litigation cost (details set out in note 15). Accordingly, the lease liabilities have been classified as current liabilities as at 31st March, 2023.

- The Group recorded net current liabilities of HK$536,095,000 as at 31st March, 2023. The Group also reported a loss of approximately HK$360,405,000 and had a net operating cash outflow of HK$50,529,000 for the year ended 31st March, 2023.

* *For identification purposes only*

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Going concern basis (Continued)

In view of such circumstances, the Directors of the Company have given careful consideration to the future liquidity and the financial position of the Group and the Group's available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Group has taken plans and measures to mitigate its liquidity pressure and improve its financial position, including:

(i) The Group has been actively negotiating with a bank for revising the loan covenants and not demanding immediate repayment of existing bank loan due to the breach of loan covenants as mentioned above and drawdown of bank borrowings from available banking facilities;

(ii) The Group has been actively negotiating with the lessor for extension of the sale and leaseback contracts of oil storage tanks;

(iii) The Group will continue to work with the People's Republic of China (the "**PRC**") legal advisers of the Group to gather evidence to defend itself against civil complaints filed by the civil litigants;

(iv) The Group will continue to seek other fund raising opportunities in the capital markets or additional loans of financing from banks or other financial institutions. Subsequent to the end of the reporting period, the Company issued 1,009,141,413 rights shares by way of rights issue, on the basis of one rights share for every two existing shares of the Company on the record date at the subscription price of HK$0.036 per rights share (the "**Rights Issue**") to raise a net proceeds of approximately HK$33,600,000. The Company intends to use the proceeds of Rights Issue to settle the payables in relation to the construction of port infrastructure from a construction company in the PRC under the settlement agreement; and

(v) The Group will continue to seek suitable opportunities to dispose of its investment in an unlisted fund in order to generate additional cash inflows.

The Directors of the Company have prepared the Group's cash flow projections which cover a period of not less than twelve months from 31st March, 2023. The Directors of the Company are of the opinion that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Going concern basis (Continued)

Notwithstanding the above, since the execution of the above plans and measures by the Group are in progress and no written contractual agreements are available to the Group as at the date of the approval for issuance of the consolidated financial statements, material uncertainties exist as to whether the management of the Group will be able to achieve its plans and measures as mentioned above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to mitigate its liquidity pressure and improve the financial position of the Group through the followings:

(i) Successful negotiation with a bank for revising the loan covenants and not demanding immediate repayment of existing bank loan due to the breach of loan covenants and drawdown of bank borrowings from available banking facilities;

(ii) Successful negotiation with the lessor for extension of the sale and leaseback contracts of oil storage tanks;

(iii) Successfully defending the Group against civil complaints filed by the civil litigants;

(iv) Successfully obtaining funds in the capital markets or additional loans of financing from banks or other financial institutions; and

(v) Successfully disposing of the Group's investment in an unlisted fund.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, or to recognise a liability for any contractual commitments that might have become onerous, where appropriate. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

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 Group's annual period beginning on 1st April, 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

Except as described below, 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)

Impacts on application of Amendments to HKAS 37 "Onerous Contracts − Cost of Fulfilling a Contract"

The Group has applied the amendments for the first time in the Current Year. The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37, the unavoidable costs under a contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

In accordance with the transitional provisions, the amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application, 1st April, 2022.

The application of the amendments in the Current Year has had no impact on the Group's financial positions and performance.

3. REVENUE AND SEGMENT INFORMATION

Revenue

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

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers		
− Trading income	**360,984**	844,337
− Metal recycling income	**41,228**	1,742
− Port and port-related services income	**50,001**	34,990
− Insurance brokerage income	**301**	1,163
	452,514	882,232
Interest under effective interest method		
− Interest income from provision of finance	**16**	254
− Interest income from investment	**–**	2,005
	16	2,259
	452,530	884,491

3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

Disaggregation of revenue from contracts with customers

	2023	2022
	HK$'000	*HK$'000*
Types of goods or services		
Trading income		
− Metals	**156,767**	491,936
− Chemicals and energy	**204,217**	352,401
	360,984	844,337
Metal recycling income	**41,228**	1,742
Port and port-related services income	**50,001**	34,990
Insurance brokerage income	**301**	1,163
	452,514	882,232
Timing of revenue recognition		
A point in time	**402,513**	847,242
Over time	**50,001**	34,990
	452,514	882,232
Geographical location (based on the locations of transactions conducted)		
Hong Kong	**358,275**	845,450
The PRC excluding Hong Kong	**52,923**	35,040
The United Kingdom (the "**UK**")	**41,228**	1,742
Mauritius	**88**	–
	452,514	882,232

Trading income

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 income

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 are not disclosed.

Insurance brokerage income

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 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.

3. **REVENUE AND SEGMENT INFORMATION (Continued)**

Revenue (Continued)

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

For the year ended 31st March, 2023

	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$'000	Total HK$'000
Trading income	360,984	–	–	–	–	–	–	360,984
Metal recycling income	–	41,228	–	–	–	–	–	41,228
Port and port-related services income	–	–	–	50,001	–	–	–	50,001
Insurance brokerage income	–	–	–	–	301	–	–	301
Revenue from contracts with customers	360,984	41,228	–	50,001	301	–	–	452,514
Interest income from provision of finance	–	–	–	–	–	16	–	16
Interest under effective interest method	–	–	–	–	–	16	–	16
Total revenue	360,984	41,228	–	50,001	301	16	–	452,530

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$'000	Total HK$'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	844,337	1,742	–	34,990	1,163	–	–	882,232
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	844,337	1,742	2,005	34,990	1,163	254	–	884,491

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 *(Note i)*
Long-term investment	–	investments including long-term debt instruments and equity investments
Petrochemical	–	storage, unloading and loading services for petrochemical products *(Note ii)*
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.

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, 2023

	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	**360,984**	**41,228**	**–**	**50,001**	**301**	**16**	**–**	**–**	**452,530**
Inter-segment sales	**–**	**60,346**	**–**	**–**	**–**	**–**	**–**	**(60,346)**	**–**
	360,984	**101,574**	**–**	**50,001**	**301**	**16**	**–**	**(60,346)**	**452,530**
RESULTS									
Segment results	**3,055**	**(36,512)**	**24,469**	**(303,932)**	**(6,670)**	**3**	**(1,613)**	**14**	**(321,186)**
Central administration costs									**(37,950)**
Other income and expenses, other gains and losses									**(1,029)**
Finance costs									**(238)**
Loss before taxation									**(360,403)**

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)	–
	844,337	43,480	2,005	34,990	1,163	254	–	(41,738)	884,491
RESULTS									
Segment results	(7,388)	(25,588)	(67,179)	(21,404)	(6,933)	241	1,831	(260)	(126,680)
Central administration costs									(44,691)
Other income and expenses, other gains and losses									940
Finance costs									(172)
Loss before taxation									(170,603)

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 and certain finance costs. 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 (2022: Hong Kong, the PRC, the UK and Mauritius).

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

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**358,291**	847,709
The PRC, excluding Hong Kong	**52,923**	35,040
The UK	**41,228**	1,742
Mauritius	**88**	–
	452,530	884,491

4. NET GAIN (LOSS) ON FINANCIAL INSTRUMENTS

	2023	2022
	HK$'000	*HK$'000*
Increase (decrease) in fair values of financial assets at fair value through profit or loss ("**FVTPL**")	**29,505**	(66,264)
(Decrease) increase in fair value of equity investments held for trading	**(1,613)**	1,831
Increase (decrease) in fair value of derivative financial instruments	**11,650**	(13,013)
	39,542	(77,446)

5. IMPAIRMENT TESTING ON GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

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 Thousand Vantage and its subsidiaries (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 calculations. These calculations use cash flow projections based on financial budgets of the cash-generating unit approved by management covering a 5-year period, and pre-tax discount rate of 11.7% (2022: 13.6%). Cash flows beyond the 5-year period are extrapolated using a steady growth rate of 2.6% (2022: 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.

As at 31st March, 2023, the carrying amounts of property, plant and equipment, right-of-use assets and goodwill of the cash-generating unit for the provision of port and port-related services in the petrochemical segment were HK$387,283,000, HK$207,720,000 and Nil (2022: HK$633,635,000, HK$340,793,000 and HK$5,686,000) respectively, of which the impairment losses of property, plant and equipment of HK$171,768,000 (2022: Nil), impairment losses of right-of-use assets of HK$92,128,000 (2022: Nil) and impairment losses of goodwill of HK$5,270,000 (2022: Nil) were recognised for the year then ended.

As at 31st March, 2023, if the discount rate was increased by 1%, while other parameters remain constant, the recoverable amount would be reduced to HK$538,893,000 and a further impairment of HK$50,645,000 would be recognised. If the budgeted revenue covering 5-year period were reduced by 5%, while other parameters remain constant, the recoverable amount would be reduced to HK$552,151,000 and a further impairment of HK$37,387,000 would be recognised.

6. **LOSS BEFORE TAXATION**

	2023	2022
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments:		
Salaries and other benefits	**40,947**	48,913
Retirement benefit scheme contributions	**1,961**	1,179
Total staff costs	**42,908**	50,092
Capitalised in inventories	**(6,471)**	(3,885)
	36,437	46,207
Impairment losses on property, plant and equipment included in cost of sales	**171,768**	–
Impairment losses on right-of-use assets included in cost of sales	**92,128**	–
Depreciation of property, plant and equipment	**40,208**	25,576
Depreciation of right-of-use assets	**23,243**	17,035
Total depreciation	**63,451**	42,611
Capitalised in inventories	**(7,308)**	(2,851)
	56,143	39,760
Auditor's remuneration – audit services	**3,200**	2,878
Cost of inventories recognised as an expense	**451,260**	836,757

7. **INCOME TAX EXPENSE**

	2023	2022
	HK$'000	*HK$'000*
Taxation attributable to the Company and its subsidiaries:		
PRC Enterprise Income Tax ("**EIT**") – current year	**2**	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax has been made for the years ended 31st March, 2023 and 2022 as the Group's assessable profits for the both years are absorbed by tax losses carried forward.

7. INCOME TAX EXPENSE (Continued)

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 the year ended 31st March, 2022.

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 subsidiary had no assessable profits arising in the UK 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, 2023 (2022: Nil).

9. LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of calculation of basic and diluted loss per share	**(201,962)**	(158,417)

	Number of shares	
	2023	2022
		(restated)
Weighted average number of ordinary shares for the purpose of calculation of basic and diluted loss per share	**2,259,908,236**	2,259,908,236

For the year ended 31st March, 2023 and 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.

The weighted average number of ordinary shares for the purpose of calculation of basic and diluted loss per share for the year ended 31st March, 2023 and 2022 have been adjusted for the Rights Issue as set out in the Events After The Reporting Period section.

10. GOODWILL

	HK$'000
COST	
At 1st April, 2021	–
Arising on acquisition of subsidiaries	5,552
Exchange realignment	134
At 31st March, 2022	5,686
Impairment losses	(5,270)
Exchange realignment	(416)
At 31st March, 2023	–

Goodwill arises from the acquisition of Thousand Vantage Group during the year ended 31st March, 2022.

An impairment loss of HK$5,270,000 (2022: nil) is recognised during the year ended 31st March, 2023.

11. 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% (2022: 29.71%) of the issued share capital of the Fund as at 31st March, 2023.

The Fund is accounted for as a financial asset at FVTPL. As at 31st March, 2023, the fair value of the Fund is HK$160,945,000 (2022: HK$131,440,000). During the year ended 31st March, 2023, fair value gain of HK$29,505,000 (2022: fair value loss of HK$66,264,000) was recognised in profit or loss.

12. LOAN RECEIVABLES

	2022
	HK$'000
Loans to non-controlling shareholders of Cupral	2,949
Loans to third parties	19,123
	22,072

Analysed as reporting purposes as:

Current assets	2,949
Non-current assets	19,123
	22,072

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.

Both loans were repaid in full during the year ended 31st March, 2023.

13. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables from contracts with customers	**7,127**	74,333
Value-added tax ("**VAT**") and other taxes recoverable	**5,200**	14,033
Amount due from a non-controlling shareholder of a subsidiary *(Note)*	**6,597**	6,597
Prepayments	**28,466**	38,885
Rental, utility and other deposits	**826**	2,496
Other receivables	**16,414**	13,530
	57,503	75,541
	64,630	149,874

Note: As at 31st March, 2023 and 2022, the amount due from a non-controlling shareholder of a subsidiary is unsecured, interest-free, non-trade related and repayable on demand.

13. TRADE AND OTHER RECEIVABLES (Continued)

As at 1st April, 2021, 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:

	2023	2022
	HK$'000	*HK$'000*
Trade receivables		
0 – 30 days	**6,713**	73,979
31 – 60 days	**257**	354
61 – 90 days	**14**	–
Over 90 days	**143**	–
	7,127	74,333

As at 31st March, 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$2,101,000 (2022: HK$354,000) which are past due as at the reporting date. Out of the past due balances, nil balance has been past due 90 days or more and is not considered as in default.

14. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**774**	67,222
Payables for acquisition of property, plant and equipment *(Note)*	**93,907**	142,228
Other payables	**17,367**	27,044
Accrued expenses	**23,387**	14,120
	135,435	250,614

Note: As at 31st March, 2023, the Group has payables for acquisition of property, plant and equipment amounting to HK$93,907,000, among which HK$68,382,000 is related to a legal action involving the outstanding construction payable. In May 2021, Guangming became a defendant in a legal action involving the outstanding payment in relation to the fee for construction of port infrastructure from a construction company in the PRC. The case was settled under a civil mediation in May 2022 and Guangming is liable to pay construction fees of RMB90,504,000 (equivalent to HK$103,442,000), where RMB30,675,000 (equivalent to HK$34,898,000) has been settled during the year ended 31st March, 2023. In August 2022, the court has issued an enforcement order to Guangming on settling the remaining amount of the construction fee. In March 2023, the Group has entered a settlement agreement with the construction company, pursuant to which the enforcement order previously issued by the court was set aside as agreed upon by both parties to the proceedings. Repayments of RMB30,000,000 (equivalent to HK$34,289,000) will be due on or before 30th June, 2023 and the remaining balance of RMB29,829,000 (equivalent to HK$34,092,000) together with the corresponding interest will be due on or before 31st December, 2023.

14. TRADE AND OTHER PAYABLES (Continued)

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

	2023	2022
	HK$'000	*HK$'000*
Trade payables		
0 – 30 days	**171**	65,675
31 – 60 days	**142**	923
61 – 90 days	**331**	320
Over 90 days	**130**	304
	774	67,222

15. LITIGATIONS

As at 31st March, 2023, the material litigations that the Group has been involved are listed below.

Litigations in relation to sale and leaseback arrangements

The Group received civil complaints filed by Lianwei (Shanghai) Finance Lease Limited* (聯蔚(上海)融資租賃有限公司) ("**Lianwei**") in respect of disputes over the sale and leaseback arrangements entered into with Lianwei.

(i) In February 2022, Guangming received a civil complaint filed by 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 Guangming to pay the due and unpaid rent of RMB673,000 (equivalent to HK$769,000) and the full amount of remaining rent for the remaining lease period of RMB106,273,000 (equivalent to HK$121,465,000), late default payments thereon of RMB17,324,000 (equivalent to HK$19,801,000) and other related litigation costs of RMB685,000 (equivalent to HK$783,000). Guangming has already paid the abovementioned due and unpaid rent of RMB673,000 (equivalent to HK$769,000) in February 2022. Details are disclosed in the Company's Announcement dated 28th February, 2022.

* *For identification purposes only*

15. LITIGATIONS (Continued)

Litigations in relation to sale and leaseback arrangements (Continued)

On 29th November, 2022, the Company received a judgment from the Shanghai Financial Court dated 17th November, 2022 that Guangming is liable to:

(1) pay the full amount of remaining rent for the remaining lease period of RMB106,273,000 (equivalent to HK$121,465,000);

(2) pay the penalty for breach of contracts of approximately RMB3,000 (equivalent to HK$3,000), late default payments of RMB10,202,000 (equivalent to HK$11,660,000) up to 17th November, 2022 (being the date of court judgment) and the late default payment accrued thereon from 18th November, 2022 until the date of payment;

(3) bear the costs of Lianwei's legal fees being RMB100,000 (equivalent to HK$114,000);

(4) bear the other litigation cost of RMB582,000 (equivalent to HK$665,000).

(ii) In June 2022, Guangming received a civil complaint filed by Lianwei in respect of a dispute over the sale and leaseback arrangement of one oil storage tank. Under the civil complaint, Lianwei requested the court to order Guangming to pay the due and unpaid rent of RMB35,500,000 (equivalent to HK$40,575,000), default payments thereon of RMB8,539,000 (equivalent to HK$9,760,000) and other related litigation costs of RMB544,000 (equivalent to HK$622,000). Details are disclosed in the Company's announcement dated 28th June, 2022.

(iii) In October 2022, Guangming received a civil complaint filed by Lianwei in respect of a dispute over the sale and leaseback arrangement of one oil storage tank. Under the civil complaint, Lianwei requested the court to order Guangming to pay the full amount of remaining rent for the remaining lease period of RMB52,800,000 (equivalent to HK$60,348,000), default payments thereon of RMB10,402,000 (equivalent to HK$11,888,000) and other related litigation costs of RMB1,059,000 (equivalent to HK$1,210,000). Details are disclosed in the Company's announcement dated 28th October, 2022.

(iv) In May 2023, Guangming received three civil complaints filed by Lianwei in respect of disputes over the sale and leaseback arrangements of three oil storage tanks. Under the civil complaints, Lianwei requested the court to order Guangming to pay the full amount of remaining rent for the remaining lease period of RMB158,750,000 (equivalent to HK$181,443,000), default payments thereon of RMB28,642,000 (equivalent to HK$32,736,000) and other related litigation costs of RMB2,907,000 (equivalent to HK$3,323,000). Details are disclosed in the Company's announcement dated 5th May, 2023.

In view of the civil complaints, the relevant lease liabilities are classified as current liabilities as at 31st March, 2023. However, based on the advice from the PRC legal advisers, the Directors of the Company consider that the Group is not probable to be legally liable to immediately pay the remaining lease payments of HK$403,831,000 as a result of the enforcement order and property preservation orders issued by the court.

15. LITIGATIONS (Continued)

Litigation in relation to a debt dispute

In July 2022, Guangming and three of its subsidiaries in the PRC (the "**Guangming Subsidiaries**"), and an individual (the "**Individual**"), received a civil complaint filed by a civil litigant (the "**Civil Litigant**") in respect of the dispute over loans provided to the Individual. Under the civil complaint, the Civil Litigant has requested the court to order Guangming and the Individual jointly to pay to the Civil Litigant the principal debt amount of RMB110,658,000 (equivalent to HK$126,477,000), late default payment thereon of RMB19,558,000 (equivalent to HK$22,354,000) and other related litigation costs. Details are disclosed in the Company's announcement dated 28th October, 2022.

The Directors of the Company consider that the Civil Litigant had only entered into loan agreements with the Individual and had only provided loans to the Individual and not to Guangming. The Individual is not a director nor the legal representative of Guangming or the Guangming Subsidiaries, and no evidence has been provided by the Civil Litigant to show that such loan amounts were used in the production operations of Guangming. Based on the advice from the PRC legal advisers, the Directors of the Company consider that it is not probable that the Group will be legally liable to aforesaid loans principal, late default payment and the other related litigation costs.

16. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

The Group's borrowings and sale and leaseback arrangement had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	2023	2022
	HK$'000	*HK$'000*
Property, plant and equipment	**20,374**	25,720
Right-of-use assets	**207,720**	340,792
	228,094	366,512

Restrictions on assets

(i) During the year ended 31st March, 2023, the Group received property preservation orders from the court in the PRC as a result of litigations of Guangming together with Guangming Subsidiaries. Details of the litigation are disclosed in note 15. As at 31st March, 2023, the Group's property, plant and equipment of HK$178,000, right-of-use assets of HK$22,479,000 and bank balances of HK$3,181,000 are restricted as a result of the property preservation orders.

(ii) As at 31st March, 2022, bank balances of HK$39,151,000 located in bank accounts in the PRC were restricted due to a litigation of Guangming with a construction company in the PRC involving the outstanding payment in relation to the fee for construction of port infrastructure as disclosed in note 14. The restriction was released upon settlement of the legal case under a civil mediation in May 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Review of Financial Performance

During the year ended 31st March, 2023 (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 through 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 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$201,962,000 attributable to the owners of the Company (2022: HK$158,417,000) and basic loss per share of HK8.94 cents (2022: HK7.01 cents). The Current Year loss was mainly due to an impairment loss on goodwill, property, plant and equipment and right-of-use assets related to the provision of port and port-related services in the petrochemical segment, partly offset by the fair value gain 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$360,984,000 (2022: HK$844,337,000) and a segment profit of HK$3,055,000 (2022: segment loss of HK$7,388,000). The profit was mainly due to demand of metals and chemical products increased. Since Russian Ukraine war early this year, follow with the subsequent curtailment of gas flows to Europe, this has pushed the energy price to new highs affecting the supply and production in Europe. In metal, with the cutback in production and the sanction in Russian Metals import to Europe, the premium in European market has pushed up substantially in the second quarter. The relatively high premium in Europe provided the premium arbitrage opportunity to move metals from Asian to European market in profit. The decrease in revenue was mainly due to the supply chains issues including delays in warehouse loadout, vessels delayed, high freight cost, longer than expected shipping days and higher US$ interest rate.

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 trading of commodities business remains one of the main sources of income for the Group. Proportionally, revenue from chemical and energy business increased and now accounts for 57% of total trading revenue in the Current Year. However, the supply shortage, vessels shortage, long delivery lead time, expensive freight cost and higher US$ interest rate are the main operational concerns 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$26,955,000) (the "**Cupral Subscription**"). On completion of the Cupral Subscription, 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$24,260,000), 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$101,574,000 (2022: HK$43,480,000) (including inter-segment sales) and a segment loss of HK$36,512,000 (2022: 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 domestic market and export market to Asia and China.

The business segment commenced operations in January 2022. The plant has been tested and is capable of working at the nameplate capacity output rate of 2 metric tonnes per hour of copper granules for up to 3 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 and energy cost. 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 nil (2022: HK$2,005,000) and a segment gain of HK$24,469,000 (2022: segment loss of HK$67,179,000). The segment gain for the Current Year was mainly attributed to the unrealised fair value gain of financial instruments from the Group's investment in AFC Mercury Fund.

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.

The assets held by the Thousand Vantage Group mainly include right-of-use assets (representing land and sea areas use right) and property, plant and equipment thereon (representing mainly port infrastructure, oil tanks and related facilities, plant and machinery and construction in progress).

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.

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.

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.

During the Current Year, no dividends arising on the preference shares (2022: HK$2,005,000) are recognised in profit or loss as interest income from investments (included in revenue).

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, 2023.

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 gain of HK$29,505,000 (2022: fair value loss of HK$66,264,000) 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 strategical 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).

During the Current Year, no fair value changes (2022: nil) was recognised in profit or loss. CEC Fund has zero fair value as at 31st March, 2023 (2022: 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 causing cessation of business.

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 future. This business segment has not commenced operation as at 31st March, 2023.

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

During the Current Year, Thousand Vantage Group contributed a revenue of HK$50,001,000 (2022: HK$34,990,000) and a loss of HK$307,066,000 (2022: HK$21,404,000). The loss in the Current Year was mainly due to an impairment loss on goodwill, property, plant and equipment and right-of-use assets.

Thousand Vantage has become a subsidiary of the Group upon the completion of the Subscription on 11th October 2021. 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.

Financial Institute Business

For the Current Year, the Group's financial institute business reported a segment revenue of HK$301,000 (2022: HK$1,163,000) and a segment loss of HK$6,670,000 (2022: HK$6,933,000).

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.

Loan Financing Services

For the Current Year, the Group's loan financing operation reported a segment revenue of HK$16,000 (2022: HK$254,000) and a segment profit of HK$3,000 (2022: HK$241,000). As at 31st March, 2023, the loan portfolio held by the Group was nil (2022: HK$2,949,000).

Other Investment

During the Current Year, the Group's other investment contributed nil segment revenue (2022: nil) and a segment loss of HK$1,613,000 (2022: segment profit of HK$1,831,000).

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by Messrs. Deloitte Touche Tohmatsu ("**Deloitte**"), the independent auditor of the Company, regarding the Group's consolidated financial statements for the year ended 31st March, 2023:

"Disclaimer of opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, we have not been able to form an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

As set out in note 3.1 to the consolidated financial statements, the Group is subject to legal claims in relation to sale and leaseback arrangements and debt dispute and such claims amounted to approximately Renminbi ("**RMB**") 553,641,000 (equivalent to HK$632,785,000) in aggregate as at 31st March, 2023. Under certain legal proceedings in relation to sale and leaseback arrangements and debt dispute, the Group has received property preservation orders to restrict the disposition of certain assets and the withdrawal of bank deposits since August 2022.

As at 31st March, 2023, the Group had an outstanding bank loan with a carrying amount of HK$121,012,000 and outstanding lease liabilities arising from sale and leaseback arrangements of oil storage tanks with a carrying amount of HK$397,885,000. Due to the property preservation orders received from the court, the Group has breached certain covenants of the bank loan and certain terms of the sale and leaseback contracts, thus the bank may request immediate repayment of the loan and the lessor may request immediate repayment of the remaining lease payments. Accordingly, the corresponding loan and lease liabilities have been classified as current liabilities as at 31st March, 2023.

The Group recorded net current liabilities of HK$536,095,000 as at 31st March, 2023. The Group also reported a loss of approximately HK$360,405,000 and had a net operating cash outflow of HK$50,529,000 for the year ended 31st March, 2023.

These conditions, together with other matters disclosed in note 3.1 to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group has taken plans and measures to mitigate its liquidity pressure and improve its financial position, which are set out in note 3.1 to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including: (i) successful negotiation with a bank for revising the loan covenants and not demanding immediate repayment of existing bank loan due to the breach of loan covenants as mentioned above and drawdown of bank borrowings from available banking facilities; (ii) successful negotiation with the lessor for extension of the sale and leaseback contracts of oil storage tanks; (iii) successfully defending the Group against civil complaints filed by the civil litigants; (iv) successfully obtaining funds in the capital markets or additional loans of financing from banks or other financial institutions; and (v) successfully disposing of the Group's investment in an unlisted fund.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, or to recognise a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements.

Given the execution of the above plans and measures by the Group are in progress and no written contractual agreements are available to the Group as at the date of the approval for issuance of the consolidated financial statements with details as set out in note 3.1 to the consolidated financial statements, and in view of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements, we are unable to form an opinion as to whether the going concern basis of preparation of the consolidated financial statements of the Group is appropriate and we disclaim our opinion on the consolidated financial statements of the Group in respect of year ended 31st March, 2023."

The information included in note 3.1 to the consolidated financial statements mentioned above is set out in note 1 above in this announcement.

THE COMPANY AND THE AUDIT COMMITTEE'S VIEW AND THE PLAN TO ADDRESS THE DISCLAIMER OF AUDIT OPINION

The fundamental reason for the disclaimer of audit opinion (the "**Disclaimer**") made by the independent auditor for the Current Year is the potential interaction of the multiple uncertainties relating to going concern and there possible cumulative effect on the consolidated financial statements. Even though the Group has taken plans and measures to mitigate its liquidity pressure and improve its financial position, which are set out in note 1 to this preliminary announcement, whether the Group will be able to continue as a going concern would depend upon the Group's ability to mitigate its liquidity pressure and improve the financial position of the Group through the followings: (i) Successful negotiation with a bank for revising the loan covenants and not demanding immediate repayment of existing bank loan due to the breach of loan covenants and drawdown of bank borrowings from available banking facilities; (ii) Successful negotiation with the lessor for extension of the sale and leaseback contracts of oil storage tanks; (iii) Successfully defending the Group against civil complaints filed by the civil litigants; (iv) Successfully obtaining funds in the capital markets or additional loans of financing from banks or other financial institutions; and (v) Successfully disposing of the Group's investment in an unlisted fund. Given the execution of the plans and measures by the Group are in progress and no written contractual agreements are available to the Group as at the date of the approval for issuance of the consolidated financial statements, in view of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements, Deloitte is unable to form an opinion as to whether the going concern basis of preparation of the consolidated financial statements of the Group is appropriate and Deloitte disclaims its opinion on the consolidated financial statements of the Group in respect of year ended 31st March, 2023.

The audit committee of the Company (the "**Audit Committee**") has reviewed the Disclaimer for the Current Year and has well noted the basis thereof. The management has reviewed the impact of the Disclaimer on the Group and considers that it does not have significant impact on the Group's daily operation subject to successful outcome of the measures as set out in note 1.

There was no disagreement between the views of the Audit Committee and the management in respect of (i) the Disclaimer and (ii) the Company's plan to address the Disclaimer.

PROSPECTS

With the COVID-19 pandemic being brought under control, we are also confident that our business will begin to resume towards the pre-pandemic levels. The biggest risk of the Group's businesses is the impact of global inflation, slowing of the Chinese economy due to COVID-19 and the rising interest rates that have been used to bring inflation under control.

The recently acquired Thousand Vantage, saw a slow start to 2023, as Chinese industrial activities slowed due to China's strict COVID-19 restrictions. Having seen the rebound in industrial activities since the removal of these restrictions, the Directors have also seen a rebound of activities in the oil port and storage operations of the Group. Furthermore, due to the geographical characteristics of the port terminal operated by Guangming, further enhanced by our sizeable storage facilities and ancillary equipment, China Oil & Gas Pipeline Network Corporation* (國家石油天然氣管網集團) ("**PipeChina**") have entrusted us as their partner to expand its petroleum pipeline network in the Guangxi region. This collaboration enables our terminal to act as a vital hub between maritime transport and PipeChina's nation-wide inland petroleum network, and our terminal would become a key participant in China's petroleum transportation between costal cities, and most importantly, China's import/export industry. This is significant as it will enable our customers to transport petroleum products at a significantly lower cost, to destinations far away from coastal areas, thus enhancing the Group's customer reach. As of now, our port terminal is the only terminal of its kind to connect to PipeChina's pipeline network in the Guangxi region. The Group will begin the process of tendering the required construction with expectation of commission in the first half of 2024.

Cupral, the Group UK recycling business, which saw headwinds from rising energy cost from the Russian/Ukraine war has seen further cost cutting and an increase in efficiency in the plant, bringing the business closer to cashflow breakeven. The board remains a believer in the European circular economy story and is working with Cupral to seek alternative financing to boost its balance sheet which in turns should increase revenue and profitability going forward.

Business at the Group's investment bank in Mauritius is set to commence since the island state has also began resuming business activities post COVID-19. With new hires in both the brokerage department and wealth management department, the Group is expected to see revenue contribution build up over the next 12–18 months.

With the backdrop of hawkish central banks and expected slowdown of certain economic activities during this adjustment period, the metals trading market is expected to see more volatility and risk from potential economic slowdowns. The Group has decided to continue to slow its metals trading business and remain conservative until economic visibility is more certain.

* *for identification purpose only*

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31st March, 2023, the Group has total assets of HK$1,029,144,000 (2022: HK$1,600,250,000) represented a decrease of HK$571,106,000 or 35.7% when compared with the last year. The decrease was mainly due to the impairment of a cash-generating unit under a subsidiary, Thousand Vantage, during the year.

As at 31st March, 2023, equity attributable to owners of the Company amounted to HK$334,450,000 (2022: HK$558,807,000), representing a decrease of HK$224,357,000 or 40.2% as compared to 31st March, 2022. The decrease was mainly due to the impairment of a cash-generating unit during the year.

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, 2023, current assets and current liabilities of the Group were HK$150,616,000 (2022: HK$338,789,000) and HK$686,711,000 (2022: HK$311,417,000) respectively. Accordingly, the Group's current ratio was about 0.22 (2022: 1.1).

Gearing Ratio

As at 31st March, 2023, the Group had bank balances and cash of HK$69,552,000 (2022: HK$109,590,000) and bank and other borrowings of HK$146,281,000 (2022: HK$165,290,000). The Group's gearing ratio was 22.9% at 31st March, 2023 (2022: 10%). 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

During the Current Year, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures 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

Details of the litigation are set out in note 15.

Pledge of assets

Details of the pledge of assets are set out in note 16.

Contingent Liabilities

As at 31st March, 2023, one of the Group's subsidiaries has become a defendant in a series of litigations in relation to the lease payments under finance leases from a lessor (the "**Plaintiff**"), in which the subsidiary of the Group is subject to claims of immediate payment of the outstanding lease payments of approximately HK$403,831,000, late charges for the outstanding payments, accrued interests and other litigation costs of approximately HK$80,123,000. The Group is currently seeking legal advice and intends to defend and contest the Plaintiff 's claims. In view of the civil complaints, the relevant lease liabilities are classified as current liabilities as at 31st March, 2023. However, based on the advice from the PRC legal advisers, the Directors of the Company consider that the Group is not probable to be legally liable to immediately repay the remaining lease payments of HK$403,831,000, late charges, accrued interests and other litigation costs of HK$80,123,000.

As at 31st March, 2023, certain subsidiaries of the Group, and an individual (the "**Individual**"), were defendants in a civil complaint filed by a civil litigant in respect of the dispute over loans provided to the Individual. Under the civil complaint, the civil litigant has requested the court to order the subsidiaries of the Group and the Individual jointly to pay to the civil litigant the principal debt amount of RMB110,658,000 (equivalent to HK$126,477,000), late default payment thereon of RMB19,558,000 (equivalent to HK$22,354,000) and other related litigation costs. The Group is currently seeking legal advice and intends to defend and contest the civil complaint. The Directors of the Company consider that it is not probable that the Group will be legally liable to aforesaid loans principal, late default payment and the other related litigation costs.

As at 31st March, 2023, the Group's certain property, plant and equipment, right-of-use assets and bank balances are restricted as a result of the property preservation orders from the court in the PRC.

Save as aforesaid, the Group did not, as at 31st March, 2023, have any material outstanding guarantees or other contingent liabilities.

As at 31st March, 2022, the Group had no significant contingent liabilities.

Capital Commitments

As at 31st March, 2023, the capital commitments of the Group were HK$79,126,000 (2022: HK$67,878,000) 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, 2023, there were 2,018,282,827 shares in issue. 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, 2023 (2022: nil).

SIGNIFICANT INVESTMENTS

Description of investment	*Notes*	**Carrying amount as at 1st April, 2022** *HK$'000*	**Fair value gain recognised in profit and loss** *HK$'000*	**Carrying amount as at 31st March, 2023** *HK$'000*	**Percentage to the Group's audited total assets as at 31st March, 2023**
Unlisted investment, at fair value – Investment in AFC Mercury Fund	*(a)*	131,440	29,505	160,945	15.6%

(a) 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 gain of HK$29,505,000 (2022: 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, 2023, the Group had a total of 197 employees (including Directors) (2022: 207 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, 2023 and as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

Change in Board lot Size

On 28th April, 2023, the Board proposed that the change in board lot size of the ordinary shares in the Company (the "**Shares**") for trading on the Hong Kong Stock Exchange from 2,000 Shares to 30,000 Shares and the change in board lot size became effective on 23rd May, 2023.

Details of which were set forth in the Company's announcements dated 28th April, 2023 and the Company's prospectus dated 23rd May, 2023.

Proposed Issuance of Securities by way of Rights Issue and Placing Agreement

On 28th April, 2023, the Board proposed to conduct the Rights Issue on the basis of one (1) rights shares ("**Rights Share(s)**") for every two (2) existing Shares held on the record date of 22nd May, 2023 at the subscription price of HK$0.036 per Rights Share, to raise gross proceeds of approximately HK$36,300,000 before expenses by way of issuing up to 1,009,141,413 Rights Shares. On 21st June, 2023, the Rights Issue was completed. The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK$33,600,000. The intended use of the net proceeds is for the settlement of the payables in relation to the acquisition of property, plant and equipment, involving the outstanding payment of balance of approximately RMB59,900,000 together with the corresponding interest in relation to the fee for the construction of port infrastructure owed by Guangming, through debt or equity financing to the non-wholly owned subsidiary and/or its intermediate holding company(ies).

Details of which were set forth in the Company's announcements dated 28th April, 2023 and 9th June, 2023 and 20th June, 2023 and the Company's prospectus dated 23rd May, 2023.

Save as disclosed under the section headed "Litigation", 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, 2023, complied with the code provisions set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules except for the following deviations with reasons as explained:

Code Provision C.2.1 of Part 2 of the CG Code

Under the code provision C.2.1 of Part 2 of the CG Code, it 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.

Code Provision F.2.2 of Part 2 of the CG Code

Under the code provision F.2.2 of Part 2 of the CG Code, it provides that the Chairman of the Board should attend the annual general meeting of the Company.

Deviation

Mr. Ching Man Chun, Louis, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 5th August, 2022 (the "**2022 AGM**") due to other important business engagement. Mr. Heinrich Grabner, an executive Director, was appointed to chair the 2022 AGM in replying to questions raised by shareholders of the Company at the 2022 AGM.

Code Provision C.1.6 of Part 2 of the CG Code

Under the code provision C.1.6 of Part 2 of the CG Code, it requires that independent non-executive directors and other non-executive directors shall attend general meetings to gain and develop a balanced understanding of the views of shareholders.

Deviation

Mr. Lam Yik Tung, an independent non-executive director, was unable to attend the 2022 AGM due to other business commitment. Other respective chairman or members of the audit committee, remuneration committee and nomination committee of the Company were present at the 2022 AGM to ensure effective communication with shareholders of the Company at such meeting.

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, 2023. 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, 2023.

SCOPE OF WORK OF MESSRS. 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, 2023 as set out in the preliminary announcement have been agreed by Deloitte to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 29th June, 2023. The work performed by Deloitte in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the 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, 2023

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