



**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)

*\* For identification purpose only*

# 2023

## INTERIM REPORT



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## Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

“Board”	Board of Directors of the Company
“Bye-laws”	Bye-laws of the Company
“Company”	PT International Development Corporation Limited
“Current Period”	the six months ended 30th September, 2023
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“HK\$” and “HK cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“%”	per cent.

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ching Man Chun, Louis  
*(Chairman and Managing Director)*  
Mr. Heinrich Grabner *(Deputy Chairman)*  
Mr. Yeung Kim Ting

### Non-executive Director

Ms. Wong Man Ming, Melinda  
*(appointed on 13th October, 2023)*

### Independent Non-executive Directors

Mr. Yam Kwong Chun  
Mr. Wong Yee Shuen, Wilson  
Mr. Lam Yik Tung

### AUDIT COMMITTEE

Mr. Wong Yee Shuen, Wilson *(Chairman)*  
Mr. Yam Kwong Chun  
Mr. Lam Yik Tung

### REMUNERATION COMMITTEE

Mr. Lam Yik Tung *(Chairman)*  
Mr. Yam Kwong Chun  
Mr. Wong Yee Shuen, Wilson

### NOMINATION COMMITTEE

Mr. Yam Kwong Chun *(Chairman)*  
Mr. Wong Yee Shuen, Wilson  
Mr. Lam Yik Tung

### CORPORATE GOVERNANCE COMMITTEE

Mr. Ching Man Chun, Louis *(Chairman)*  
Mr. Yam Kwong Chun  
Mr. Wong Yee Shuen, Wilson  
Mr. Lam Yik Tung

### COMPANY SECRETARY

Ms. Lo Yuen Mei

### AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

### LEGAL ADVISORS

Michael Li & Co.  
Conyers Dill & Pearman (Bermuda)

## PRINCIPAL BANKERS

DBS Bank (HK) Limited  
Industrial and Commercial Bank of China  
(Asia) Limited  
Nonghyup Bank  
The Hong Kong and Shanghai Banking  
Corporation Limited

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11th Floor  
Centre Point  
181-185 Gloucester Road  
Wanchai, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited  
17th Floor, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## WEBSITE

[www.ptcorp.com.hk](http://www.ptcorp.com.hk)

## STOCK CODE

Hong Kong Stock Exchange 372

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th September, 2023

		(Unaudited) Six months ended 30th September,	
	NOTES	2023 HK\$'000	2022 HK\$'000
Revenue	3		
Contracts with customers		39,290	367,364
Interest under effective interest method		-	16
Total revenue		39,290	367,380
Cost of sales		(38,619)	(371,908)
Gross profit (loss)		671	(4,528)
Other income and expenses, other gains and losses	4	(3,553)	5,911
Net gains (losses) on financial instruments	5	401,851	(33,478)
Selling and distribution expenses		-	(2,879)
Administrative expenses		(48,930)	(48,861)
Finance costs	6	(9,644)	(12,965)
Profit (loss) before taxation	7	340,395	(96,800)
Income tax expense	8	-	-
Profit (loss) for the period		340,395	(96,800)
<b>Other comprehensive expense:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(2,476)	(48,415)
Released on derecognition of a subsidiary		(2)	-
Total comprehensive income (expenses) for the period		337,917	(145,215)
Profit (loss) for the period attributable to:			
Owners of the Company		352,189	(90,343)
Non-controlling interests		(11,794)	(6,457)
		340,395	(96,800)
Total comprehensive income (expenses) for the period attributable to:			
Owners of the Company		349,802	(117,348)
Non-controlling interests		(11,885)	(27,867)
		337,917	(145,215)
		<b>HK cents</b>	<b>HK cents (restated)</b>
Earnings (loss) per share	10		
Basic		12.82	(4.00)
Diluted		12.82	(4.00)

# Condensed Consolidated Statement of Financial Position

At 30th September, 2023

	NOTES	(Unaudited) At 30th September, 2023 HK\$'000	(Audited) At 31st March, 2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	434,290	470,820
Right-of-use assets	11	219,242	246,763
Financial assets at fair value through profit or loss	12	500,770	160,945
		<b>1,154,302</b>	<b>878,528</b>
<b>Current assets</b>			
Inventories		7,481	4,456
Trade and other receivables	13	68,623	64,630
Equity investments held for trading		8,831	8,797
Restricted bank balances		3,205	3,181
Bank balances and cash		129,890	69,552
		<b>218,030</b>	<b>150,616</b>
<b>Current liabilities</b>			
Trade and other payables	14	142,653	135,435
Contract liabilities		1,281	1,520
Borrowings – due within one year	15	140,635	146,281
Lease liabilities – due within one year	16	379,010	403,475
		<b>663,579</b>	<b>686,711</b>
<b>Net current liabilities</b>		<b>(445,549)</b>	<b>(536,095)</b>
<b>Total assets less current liabilities</b>		<b>708,753</b>	<b>342,433</b>
<b>Non-current liabilities</b>			
Borrowings – due after one year	15	–	–
Lease liabilities – due after one year	16	16,503	24,429
		<b>16,503</b>	<b>24,429</b>
<b>Net assets</b>		<b>692,250</b>	<b>318,004</b>
<b>Capital and reserves</b>			
Share capital	17	30,274	20,183
Share premium and reserves		690,307	314,267
Equity attributable to the owners of the Company		720,581	334,450
Non-controlling interests		(28,331)	(16,446)
<b>Total equity</b>		<b>692,250</b>	<b>318,004</b>

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2023

	Attributable to the owners of the Company					Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			
At 1st April, 2023 (audited)	20,183	959,550	908	(11,292)	(634,899)	334,450	(16,446)	318,004
Profit (loss) for the period	-	-	-	-	352,189	352,189	(11,794)	340,395
Exchange differences arising on translation of foreign operations	-	-	-	(2,385)	-	(2,385)	(91)	(2,476)
Released on derecognition of a subsidiary	-	-	-	(2)	-	(2)	-	(2)
Total comprehensive expenses for the period	-	-	-	(2,387)	352,189	349,802	(11,885)	337,917
Rights issue (Note 17)	10,091	26,238	-	-	-	36,329	-	36,329
At 30th September, 2023 (unaudited)	30,274	985,788	908	(13,679)	(282,710)	720,581	(28,331)	692,250
At 1st April, 2022 (audited)	20,183	959,550	908	11,103	(432,937)	558,807	157,431	716,238
Loss for the period	-	-	-	-	(90,343)	(90,343)	(6,457)	(96,800)
Exchange differences arising on translation of foreign operations	-	-	-	(27,005)	-	(27,005)	(21,410)	(48,415)
Total comprehensive expenses for the period	-	-	-	(27,005)	(90,343)	(117,348)	(27,867)	(145,215)
At 30th September, 2022 (unaudited)	20,183	959,550	908	(15,902)	(523,280)	441,459	129,564	571,023

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2023

		(Unaudited) Six months ended 30th September,	
	NOTE	2023 HK\$'000	2022 HK\$'000
Net cash used in operating activities			
Profit (loss) before taxation		349,395	(96,800)
Adjustments for:			
Net unrealised (gains) losses on financial instruments		(401,851)	42,814
(Increase) decrease in inventories		(2,876)	18,476
(Increase) decrease in trade and other receivables		(5,761)	68,435
Increase in equity investments held for trading		(4,040)	(76)
Decrease in loan receivables		-	2,949
Increase (decrease) in trade and other payables		12,750	(137,903)
Decrease in contract liabilities		(170)	(3,860)
Other operating activities		25,171	43,839
		<b>(27,382)</b>	<b>(62,126)</b>
Net cash from investing activities			
Capital distribution from financial asset at fair value through profit or loss		66,032	-
Interest received		141	622
Proceeds from disposal of property, plant and equipment		90	1,268
Placement of restricted deposit		(222)	(1,887)
Acquisition of property, plant and equipment	11	(3,071)	(4,868)
Withdrawal of restricted deposit		-	35,591
Repayment of loans to third parties		-	6,950
		<b>62,970</b>	<b>37,676</b>
Net cash from (used in) financing activities			
Proceeds from the Rights Issue		36,329	-
Repayment of lease liabilities		(7,896)	(2,965)
Interest paid		(9,644)	(11,716)
Repayment of borrowings		-	(36,943)
Borrowings raised		-	27,550
		<b>18,789</b>	<b>(24,074)</b>
Net increase (decrease) in cash and cash equivalents		<b>54,377</b>	<b>(48,524)</b>
Cash and cash equivalents at beginning of the period		<b>69,552</b>	109,590
Effect of foreign exchange rate changes		<b>5,961</b>	32,519
Cash and cash equivalents at end of the period, represented by bank balances and cash		<b>129,890</b>	93,585

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

### Going concern assessment

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 Litigation section) and such claims amounted to approximately Renminbi (“**RMB**”)587,356,000 (equivalent to HK\$630,761,000) in aggregate as at 30th September, 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 Pledge of assets section) since August 2022.
- As at 30th September, 2023, the Group has an outstanding bank loan with a carrying amount of HK\$113,140,000. Due to the property preservation orders 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 lender. As at 30th September, 2023, since those negotiations had not been concluded, the loan has been classified as a current liability as at 30th September, 2023.
- As at 30th September, 2023, the Group has outstanding lease liabilities arising from sale and leaseback arrangements with a carrying amount of HK\$373,665,000. Due to the enforcement order and 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. Accordingly, the lease liabilities have been classified as current liabilities as at 30th September, 2023.
- The Group recorded net current liabilities of HK\$445,549,000 as at 30th September, 2023.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 1. BASIS OF PREPARATION (continued)

### Going concern assessment (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 revise 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 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 lessor and civil litigants;
- (iii) 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 has passed an ordinary resolution through a special general meeting dated 27th November, 2023 to offer 8,228,571,432 new shares of Thousand Vantage Investment Limited ("**Thousand Vantage**"), a non-wholly owned subsidiary of the Company, on the basis of eight rights share for every one existing shares of Thousand Vantage on the record date at the subscription price of HK\$0.0062 per share to raise gross proceeds of approximately HK\$51,000,000. The Company intends to use the proceeds to settle the payables in relation to the construction of port infrastructure from a construction company in the PRC under the settlement agreement; and
- (iv) The Group will continue to seek suitable opportunities to dispose of its investment in an unlisted fund in order to generate additional cash inflows.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 1. BASIS OF PREPARATION (continued)

### Going concern assessment (continued)

The directors of the Company have prepared the Group's cash flow projections which cover a period of not less than twelve months from 30th September, 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 condensed consolidated financial statements have been prepared on a going concern basis.

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 condensed 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 following:

1. Successful negotiation with a bank for not demanding immediate repayment of existing bank loan due to the breach of covenants as mentioned above and drawdown of bank borrowings from available credit facilities;
2. Successfully defending the Group against civil complaints filed by the lessor and civil litigants;
3. Successfully obtaining funds in the capital markets or additional loans of financing from banks or other financial institutions; and
4. 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 condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th September, 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31st March, 2023.

### Application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied the amendments to HKFRS issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1st April, 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related of Assets and Liabilities arising from a Single Transaction

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 3. REVENUE AND SEGMENT INFORMATION

### Revenue

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

	Six months ended 30th September,	
	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers		
– Trading income	–	330,320
– Metal recycling income	19,329	9,368
– Port and port-related services income	19,507	27,440
– Equity brokerage income and insurance brokerage income	454	236
	<b>39,290</b>	<b>367,364</b>
Interest under effective interest method		
– Interest income from provision of finance	–	16
	<b>39,290</b>	<b>367,380</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 3. REVENUE AND SEGMENT INFORMATION (continued)

### Revenue (continued)

#### Disaggregation of revenue from contracts with customers

	Six months ended 30th September,	
	2023 HK\$'000	2022 HK\$'000
<b>Types of goods or services</b>		
Trading income		
– Metals	–	129,025
– Chemicals and energy	–	201,295
	–	330,320
Metal recycling income	<b>19,329</b>	9,368
Port and port-related services income	<b>19,507</b>	27,440
Equity brokerage income and insurance brokerage income	<b>454</b>	236
	<b>39,290</b>	<b>367,364</b>
<b>Timing of revenue recognition</b>		
A point in time	<b>19,783</b>	339,924
Over time	<b>19,507</b>	27,440
	<b>39,290</b>	<b>367,364</b>
<b>Geographical location (based on the locations of transactions conducted)</b>		
Hong Kong	<b>51</b>	330,553
The PRC, excluding Hong Kong	<b>19,507</b>	27,443
The United Kingdom (the “UK”)	<b>19,329</b>	9,368
Mauritius	<b>403</b>	–
	<b>39,290</b>	<b>367,364</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 3. REVENUE AND SEGMENT INFORMATION (continued)

### Revenue (continued)

#### Disaggregation of revenue from contracts with customers (continued)

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

Six months ended 30th September, 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	-	-	-	-	-	-	-	-
Metal recycling income	-	19,329	-	-	-	-	-	19,329
Port and port-related services Income	-	-	-	19,507	-	-	-	19,507
Equity brokerage income and insurance brokerage income	-	-	-	-	454	-	-	454
Revenue from contracts with customers	-	19,329	-	19,507	454	-	-	39,290
Total revenue	-	19,329	-	19,507	454	-	-	39,290

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 3. REVENUE AND SEGMENT INFORMATION (continued)

### Revenue (continued)

#### Disaggregation of revenue from contracts with customers (continued)

Six months ended 30th September, 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	330,320	-	-	-	-	-	-	330,320
Metal recycling income	-	9,368	-	-	-	-	-	9,368
Port and port- related services income	-	-	-	27,440	-	-	-	27,440
Equity brokerage income and insurance brokerage income	-	-	-	-	236	-	-	236
Revenue from contracts with customers	330,320	9,368	-	27,440	236	-	-	367,364
Interest under effective interest method - interest income from provision of finance	-	-	-	-	-	16	-	16
Total revenue	330,320	9,368	-	27,440	236	16	-	367,380

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 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
Long-term investment	–	investments including long-term debt instruments and equity investments
Petrochemical	–	storage, unloading and loading services for petrochemical products
Financial institute business	–	provision of asset management, equity brokerage, insurance brokerage and related services
Finance	–	loan financing services
Other investment	–	investment in trading of securities

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

### Segment revenue and results

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

Six months ended 30th September, 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
<b>SEGMENT REVENUE</b>									
External sales	-	19,329	-	19,507	454	-	-	-	39,290
<b>RESULTS</b>									
Segment results	(210)	(13,194)	403,478	(21,394)	(2,841)	(10)	(4,006)	(1,068)	360,755
Central administration costs									(20,151)
Other income and expenses, other gains and losses									(113)
Finance costs									(96)
Profit before taxation									340,395

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 3. REVENUE AND SEGMENT INFORMATION (continued)

### Segment information (continued)

#### Segment revenue and results (continued)

Six months ended 30th September, 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
<b>SEGMENT REVENUE</b>									
External sales	330,320	9,368	-	27,440	236	16	-	-	367,380
Inter-segment sales	-	63,331	-	-	-	-	-	(63,331)	-
	<u>330,320</u>	<u>72,699</u>	<u>-</u>	<u>27,440</u>	<u>236</u>	<u>16</u>	<u>-</u>	<u>(63,331)</u>	<u>367,380</u>
<b>RESULTS</b>									
Segment results	<u>3,101</u>	<u>(25,818)</u>	<u>(44,278)</u>	<u>(6,431)</u>	<u>(3,389)</u>	<u>3</u>	<u>(1,241)</u>	<u>(204)</u>	<u>(78,257)</u>
Central administration costs									(17,202)
Other income and expenses, other gains and losses									(1,222)
Finance costs									<u>(119)</u>
Loss before taxation									<u>(96,800)</u>

Segment results represent 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.

Inter-segment sales are charged at prevailing market prices.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

### 4. OTHER INCOME AND EXPENSES, OTHER GAINS AND LOSSES

	Six months ended 30th September,	
	2023 HK\$'000	2022 HK\$'000
Refund of value-added tax ("VAT") (Note)	-	10,797
Government grants	650	795
Interest income on loan to a third party	48	551
Bank interest income	93	71
Loss on disposal of property, plant and equipment	(8)	(373)
Late repayment charge on construction payables	(3,389)	(1,859)
Net foreign exchange losses	(1,974)	(5,203)
Others	1,027	1,132
	<b>(3,553)</b>	<b>5,911</b>

Note: The amount represents VAT refund from the tax authority of PRC under a new policy endorsed by the Ministry of Finance of PRC regarding reimbursements of VAT recoverable in 2022.

### 5. NET GAINS (LOSSES) ON FINANCIAL INSTRUMENTS

	Six months ended 30th September,	
	2023 HK\$'000	2022 HK\$'000
Increase (decrease) in fair value of financial assets at fair value through profit or loss	405,857	(41,201)
Decrease in fair value of equity investments held for trading	(4,006)	(1,241)
Increase in fair values of derivative financial instruments	-	8,964
	<b>401,851</b>	<b>(33,478)</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 6. FINANCE COSTS

	Six months ended 30th September,	
	2023 HK\$'000	2022 HK\$'000
Interest on lease liabilities	5,776	6,272
Interest on discounted bills without recourse	–	2,544
Interest on borrowings	5,056	5,444
Total borrowing costs	10,832	14,260
Amounts capitalised in the cost of qualifying assets	(1,188)	(1,295)
	<b>9,644</b>	<b>12,965</b>

Borrowing costs capitalised during the period ended 30th September, 2023 that arose on the general borrowing pool are calculated by applying a capitalisation rate of 2.62% (six months ended 30th September, 2022: 2.57%) per annum to expenditures on qualifying assets.

## 7. PROFIT (LOSS) BEFORE TAXATION

	Six months ended 30th September,	
	2023 HK\$'000	2022 HK\$'000
Profit (loss) before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	14,879	23,255
Depreciation of right-of-use assets	9,653	12,955
Total depreciation	24,532	36,210
Capitalised in inventories	(3,273)	(3,217)
	<b>21,259</b>	<b>32,993</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for both periods.

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 Group had no assessable profits arising in the PRC for both periods.

United Kingdom Corporation tax is calculated at 25% (six months ended 30th September, 2022: 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 UK for both periods.

## 9. DISTRIBUTIONS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

## 10. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30th September,	
	2023 HK\$'000	2022 HK\$'000
Profit (loss) for the period attributable to the owners of the Company for the purpose of calculation of basic and diluted earnings (loss) per share	<b>352,189</b>	(90,343)

	Number of shares Six months ended 30th September,	
	2023	2022 (restated)
Weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings (loss) per share	<b>2,746,421,113</b>	2,259,908,236

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 10. EARNINGS (LOSS) PER SHARE (continued)

For the six months ended 30th September, 2023 and 2022, the computation of diluted earnings (loss) per share does not assume the exercise of the call options granted to the non-controlling shareholders of a non-wholly owned subsidiary of the Company since their assumed exercise would result in an increase in earnings per share (2022: a decrease in loss per share).

The weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings (loss) per share for the period ended 30th September, 2023 and 2022 have been adjusted for the Company's rights issue completed in June 2023.

## 11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30th September, 2023, the Group acquired property, plant and equipment of HK\$3,071,000. In addition, the Group recognised right-of-use assets of HK\$382,000 and lease liabilities of HK\$382,000 on lease commencement.

During the six months ended 30th September, 2022, the Group acquired property, plant and equipment of HK\$6,163,000. In addition, the Group entered into a new lease agreement in relation to its office premises in Hong Kong and plant and machinery in the UK. On date of lease commencement, the Group recognised right-of-use assets of HK\$10,792,000 and lease liabilities of HK\$10,110,000.

The Group is required to make fixed monthly payments. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss 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 approximately 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% (31st March, 2023: 29.71%) of the issued share capital of the Fund as at 30th September, 2023.

The Fund is accounted for as a financial asset at fair value through profit or loss. As at 30th September, 2023, the fair value of the Fund is HK\$500,770,000 (31st March, 2023: HK\$160,945,000). During the six months ended 30th September, 2023, fair value gain of HK\$405,857,000 (six months ended 30th September, 2022, fair value loss: HK\$41,201,000) was recognised in profit or loss and a capital distribution of Korean Won 11,203,217,000 (equivalent to approximately HK\$66,032,000) was received from the Fund. Details of the fair value measurements of the Fund are disclosed in note 20. 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 13. TRADE AND OTHER RECEIVABLES

	At 30th September, 2023 HK\$'000	At 31st March, 2023 HK\$'000
Trade receivables from contracts with customers	4,950	7,127
VAT and other taxes recoverable	4,929	5,200
Amount due from a non-controlling shareholder of a subsidiary (Note)	6,597	6,597
Prepayments	29,803	28,466
Rental, utility and other deposits	843	826
Other receivables	21,501	16,414
	<b>68,623</b>	<b>64,630</b>

Note: The amount due from a non-controlling shareholder of a subsidiary is unsecured, interest-free, non-trade related and repayable on demand.

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

	At 30th September, 2023 HK\$'000	At 31st March, 2023 HK\$'000
Trade receivables		
0 – 30 days	2,208	6,713
31 – 60 days	1,057	257
61 – 90 days	40	14
Over 90 days	1,645	143
	<b>4,950</b>	<b>7,127</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 14. TRADE AND OTHER PAYABLES

	At 30th September, 2023 HK\$'000	At 31st March, 2023 HK\$'000
Trade payables	5,332	774
Payables for acquisition of property, plant and equipment (Note)	88,122	93,907
Other payables	22,007	17,367
Accrued expenses	27,192	23,387
	<b>142,653</b>	<b>135,435</b>

*Note:* As at 30th September, 2023, the Group has payables for acquisition of property, plant and equipment amounting to HK\$88,122,000, among which HK\$64,250,000 is related to a legal action involving the outstanding construction payable. In May 2021, Guangxi Guangming Warehouse Storage Limited\* (廣西廣明碼頭倉儲有限公司) (“**Guangming**”), a non-wholly owned subsidiary of the Company, 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\$97,192,000), where RMB30,675,000 (equivalent to HK\$32,942,000) 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. Under the settlement agreement, repayments of RMB30,000,000 (equivalent to HK\$32,217,000) were due on or before 30th June, 2023 (the “**First Tranche**”) and the remaining balance of RMB29,829,000 (equivalent to HK\$32,033,000) together with the corresponding interest will be due on or before 31st December, 2023. The revised deadline of the First Tranche recently conveyed by the construction company fell due in mid-November 2023.

The First Tranche has not been settled up to the date of approval for issuance of the condensed consolidated financial statements. At the special general meeting of the Company held on 27th November, 2023, the Independent Shareholders (as defined in the circular (the “**Circular**”) of the Company dated 9th November, 2023) approved the Acceptance and Subscription (as defined in the Circular), and the Group intends to apply RMB30,000,000 of the net proceeds from the TV Offer (as defined in the Circular) to settle the First Tranche.

\* For identification purposes only

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 14. TRADE AND OTHER PAYABLES (continued)

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

	At 30th September, 2023 <i>HK\$'000</i>	At 31st March, 2023 <i>HK\$'000</i>
Trade payables		
0 – 30 days	2,739	171
31 – 60 days	128	142
61 – 90 days	210	331
Over 90 days	2,255	130
	<b>5,332</b>	<b>774</b>

## 15. BORROWINGS

	At 30th September, 2023 <i>HK\$'000</i>	At 31st March, 2023 <i>HK\$'000</i>
Bank borrowings	113,140	121,012
Loan from a third party	27,495	25,269
	<b>140,635</b>	<b>146,281</b>
Secured	139,956	145,456
Unsecured	679	825
	<b>140,635</b>	<b>146,281</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

### 15. BORROWINGS (continued)

The carrying amounts of the above borrowings are repayable:

	At 30th September, 2023 <i>HK\$'000</i>	At 31st March, 2023 <i>HK\$'000</i>
Within one year	59,197	47,225
Within a period of more than one year but not exceeding two years	23,268	24,764
Within a period of more than two years but not exceeding five years	58,170	74,292
	<b>140,635</b>	146,281
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(27,495)</b>	(25,269)
Less: Amount that is repayable on demand due to breach of loan covenants	<b>(113,140)</b>	(121,012)
Amount due for settlement after 12 months (shown under non-current liabilities)	-	-

The Group's borrowings that are denominated in a currency other than the functional currency of the relevant group entities are set out below:

	At 30th September, 2023 <i>HK\$'000</i>	At 31st March, 2023 <i>HK\$'000</i>
US\$	<b>25,663</b>	24,444

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 15. BORROWINGS (continued)

### Bank borrowings

As at 30th September, 2023, the bank borrowings are secured by right-of-use assets amounting to HK\$20,041,000 (31st March, 2023: HK\$22,479,000) and are guaranteed by a non-controlling shareholder of a subsidiary. The Group's bank borrowings carry interests at variable rates of 6.41% (31st March, 2023: 6.51%) per annum as at 30th September, 2023 with reference to the Benchmark Interest Rates for Deposits and Loans of Financial Institutions quoted by the People's Bank of China.

As at 30th September, 2023, the Group has an outstanding bank loan with a carrying amount of HK\$113,140,000 (31st March, 2023: HK\$121,012,000). Due to the property preservation orders received from the courts, the Group has breached certain covenants of the bank loan thus the bank may request immediate repayment of the loan. Please refer to Litigation section for more details of the litigation cases.

### Loan from a third party

As at 30th September, 2023, the loan from a third party is secured by a pledge of plant and machinery amounting to HK\$18,927,000 (31st March, 2023: HK\$20,374,000), interest-bearing at 10% (31st March, 2023: 10%) per annum and the original maturity date was in October 2023. Subsequent to the reporting period, an extension agreement has been entered and the maturity date of the loan has been extended to October 2024.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

### 16. LEASE LIABILITIES

	At 30th September, 2023 HK\$'000	At 31st March, 2023 HK\$'000
Lease liabilities payable:		
Within one year	8,223	8,643
Within a period of more than one year but not more than two years	4,203	8,800
Within a period of more than two years but not exceeding five years	373,455	282,647
Within a period of more than five years	<u>9,632</u>	<u>127,814</u>
	<b>395,513</b>	427,904
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(5,345)</b>	(5,590)
Less: Amount that is repayable on demand due to breach of lease contracts terms	<u><b>(373,665)</b></u>	<u>(397,885)</u>
Amount due for settlement after 12 months (shown under non-current liabilities)	<u><b>16,503</b></u>	<u>24,429</u>

The borrowing rates applied to lease liabilities range from 2.54% to 7.10% (31st March, 2023: 2.61% to 7.10%) per annum.

As at 30th September, 2023, the Group has outstanding lease liabilities arising from sale and leaseback arrangements with carrying amounts of HK\$395,513,000, including HK\$8,223,000 repayable within 12 months and HK\$387,290,000 repayable after 12 months according to the repayment schedules. During the six months ended 30th September, 2023, due to the enforcement order and 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. Accordingly, the lease liabilities have been classified as current liabilities as at 30th September, 2023.

Lease liabilities arising from sale and leaseback arrangements are pledged by the relevant right-of-use assets as disclosed in note 19.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 17. SHARE CAPITAL

	Number of shares		Value	
	2023	2022	2023 HK\$'000	2022 HK\$'000
Ordinary shares of HK\$0.01 each				
<b>Authorised:</b>				
At 1st April and 30th September	<b>102,800,000,000</b>	102,800,000,000	<b>1,028,000</b>	1,028,000
<b>Issued and fully paid:</b>				
At 1st April	<b>2,018,282,827</b>	2,018,282,827	<b>20,183</b>	20,183
Issue of right shares (Note)	<b>1,009,141,413</b>	–	<b>10,091</b>	–
At 30th September	<b>3,027,424,240</b>	2,018,282,827	<b>30,274</b>	20,183

Note:

During June 2023, PT International Development Corporation Limited (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 net proceeds of approximately HK\$33,600,000.

## 18. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Group has the following transactions with related parties:

### Compensation of key management personnel

	Six months ended 30th September,	
	2023 HK\$'000	2022 HK\$'000
Fees	<b>225</b>	228
Salaries and other emoluments	<b>4,989</b>	5,848
	<b>5,214</b>	6,076

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 19. PLEDGE OF ASSETS AND RESTRICTIONS ON ASSETS

### Pledge of assets

The Group's borrowings and sales 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:

	At 30th September, 2023 <i>HK\$'000</i>	At 31st March, 2023 <i>HK\$'000</i>
Property, plant and equipment	18,927	20,374
Right-of-use-assets	192,237	207,720
	<b>211,164</b>	<b>228,094</b>

### Restrictions on assets

Details of the Group's restrictions on assets are as follows:

- (i) 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.
- (ii) During the year ended 31st March, 2023, the Group received property preservation orders from a court in the PRC as a result of a litigation of Guangming together with three of its subsidiaries in the PRC (the "**Guangming Subsidiaries**"). Details of the litigation are disclosed in note 22. As at 30th September, 2023, the Group's property, plant and equipment of HK\$146,000, right-of-use assets of HK\$20,041,000 and bank balances of HK\$3,205,000 are restricted as a result of the property preservation orders.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair value measurements and valuation processes

In estimating the fair value, the Group uses market-observable data to the extent it is available. In estimating the fair value of the financial instrument under Level 2, the Group uses discounted cash flow and net asset values of funds where the main inputs include commodities prices, exchange rates and listed share prices which are observable from active markets.

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

### Fair value measurements and valuation processes (continued)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30th September, 2023 HK\$'000	31st March, 2023 HK\$'000		
Equity investments				
– Listed equity securities	8,831	8,797	Level 1	Quoted bid prices in an active market.
Derivative financial instruments				
– Commodities forward contracts				
Assets	–	–	Level 2	Discounted cash flow. Future cash flows are estimated based on future commodities prices and contracted commodities prices, discounted at a rate that reflects the credit risk of various counterparties.
Liabilities	–	–		
– Currency forward contracts				
Assets	–	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Liabilities	–	–		
Financial assets at fair value through profit or loss				
– Unlisted fund	500,770	160,945	Level 2	Based on the net asset values of the fund determined with reference to observable quoted prices in an active market of the underlying investment portfolio, mainly listed shares.

There were no transfers between Levels 1, 2 and 3 during the current and prior periods.

For financial instruments that are recorded at amortised cost, fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis. The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values at the end of the reporting period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 21. CAPITAL COMMITMENT

At the end of the reporting period, the Group had the following capital commitments:

	At 30th September, 2023 HK\$'000	At 31st March, 2023 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u>83,578</u>	<u>79,126</u>
Consideration in respect of investment in an associate contracted for but not provided in the consolidated financial statements	<u>1,525</u>	<u>1,623</u>

## 22. LITIGATIONS

As at 30th September, 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\$723,000) and the full amount of remaining rent for the remaining lease period of RMB106,273,000 (equivalent to HK\$114,127,000), late default payments thereon of RMB17,324,000 (equivalent to HK\$18,604,000) and other related litigation costs of RMB685,000 (equivalent to HK\$736,000). Guangming has already paid the abovementioned due and unpaid rent of RMB673,000 (equivalent to HK\$723,000) in February 2022. Details are disclosed in the Company’s announcement dated 28th February, 2022.

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\$114,127,000);

\* For identification purposes only

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 22. LITIGATIONS (continued)

### Litigations in relation to sale and leaseback arrangements (continued)

- (i) (continued)
  - (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\$10,956,000) 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\$107,000);
  - (4) bear the other litigation cost of RMB582,000 (equivalent to HK\$625,000).
- (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\$38,123,000), default payments thereon of RMB8,539,000 (equivalent to HK\$9,170,000) and other related litigation costs of RMB544,000 (equivalent to HK\$584,000). 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\$56,702,000), default payments thereon of RMB10,402,000 (equivalent to HK\$11,171,000) and other related litigation costs of RMB1,059,000 (equivalent to HK\$1,137,000). 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\$170,482,000), default payments thereon of RMB28,642,000 (equivalent to HK\$30,759,000) and other related litigation costs of RMB2,907,000 (equivalent to HK\$3,122,000). Details are disclosed in the Company's announcement dated 5th May, 2023.

As disclosed in note 16, in view of the civil complaints, the relevant lease liabilities are classified as current liabilities as at 30th September, 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\$379,434,000 (31st March, 2023: HK\$403,831,000) as a result of the enforcement order and property preservation orders issued by the court.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2023

## 22. LITIGATIONS (continued)

### Litigation in relation to debt dispute

In July 2022, Guangming and 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\$118,836,000), default payment thereon of RMB19,558,000 (equivalent to HK\$21,003,000) 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.

# Management Discussion and Analysis

## BUSINESS REVIEW

### Review of Financial Performance

During the Current Period, 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 Period, the Group reported a gain of HK\$352,189,000 attributable to the owners of the Company (2022: loss of HK\$90,343,000) and basic earnings per share of HK\$12.82 cents (2022: loss per share of HK\$4.00 cents (restated)). The Current Period gain was mainly due to the unrealised fair value gain of financial instruments, in particular, the Group's investment in AFC Mercury Fund.

### Commodities Trading

During the Current Period, the Group, through its subsidiaries, continued to reduce credit exposures in the commodities markets in its trading business which in previous years focuses on the trading of commodities including metals, chemical and energy products. The business generated a segment revenue of nil (2022: HK\$330,320,000) and a segment loss of HK\$210,000 (2022: segment profit of HK\$3,101,000). The management has taken a more prudent approach to control the risk of this segment, where margins have been volatile due to external factors such as the Russian/Ukraine war, while cost of capital brought on by the increase of interest rates rose significantly. Moving forward the management will closely monitor the global economic and interest rates outlook before increasing exposure towards 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 Period, the Group's Metal Recycling business recorded a revenue of HK\$19,329,000 (2022: HK\$9,368,000) (excluding inter-segment sales) and a segment loss of HK\$13,194,000 (2022: HK\$25,818,000).

## Management Discussion and Analysis

The Group continues to develop the green metals market for the end users to help in reducing their carbon emissions. The recycling plant in the UK managed by a highly experienced team in the UK is designed to upgrade copper scraps to high purity granules 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.

During the Current Period we have seen continued improvements in revenue as the efficiency of the plant improves; bringing the plant closer to peak capacity. With higher throughput along with further cost reduction, we expect this segment may further improve.

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 Period, the Group's long-term investment recorded a revenue of nil (2022: nil) and a segment gain of HK\$403,478,000 (2022: segment loss of HK\$44,278,000). The segment gain for the Current Period 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.

## Management Discussion and Analysis

The assets held by the Thousand Vantage and its subsidiaries (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.

## Management Discussion and Analysis

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 holds 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.

# Management Discussion and Analysis

## 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 30th September, 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 Period, an unrealised fair value gain of HK\$405,857,000 (2022: fair value loss of HK\$41,201,000) was made and capital distribution of Korean Won 11,203,217,000 (equivalent to approximately HK\$66,032,000) was received from the Fund.

## 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).

During the Current Period, no fair value changes (2022: nil) was recognised in profit or loss. CEC Fund has nil fair value as at 30th September, 2023 (31st March, 2023: 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 30th September, 2023.

## Management Discussion and Analysis

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

During the Current Period, Thousand Vantage Group contributed a revenue of HK\$19,507,000 (2022: HK\$27,440,000) and a loss of HK\$20,791,000 (2022: HK\$6,040,000). The increase in loss in the Current Period was mainly due to the absence of VAT refund of HK\$10,797,000 which was recorded in the previous period.

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

During the Current Period, the Group's financial institute business reported a segment revenue of HK\$454,000 (2022: HK\$236,000) and a segment loss of HK\$2,841,000 (2022: HK\$3,389,000).

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 a gradual increase in revenue in this segment. 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.

# Management Discussion and Analysis

## Loan Financing Services

For the Current Period, the Group's loan financing operation reported a segment revenue of nil (2022: HK\$16,000) and a segment loss of HK\$10,000 (2022: profit of HK\$3,000). As at 30th September, 2023, the loan portfolio held by the Group was nil (31st March, 2023: nil).

## Other Investment

During the Current Period, the Group's other investment contributed nil segment revenue (2022: nil) and a segment loss of HK\$4,006,000 (2022: HK\$1,241,000).

## FINANCIAL REVIEW

### Liquidity and Financial Resources

As at 30th September, 2023, the Group's total assets of HK\$1,372,332,000 (31st March, 2023: HK\$1,029,144,000) represented an increase of approximately 33.3% when compared to 31st March, 2023.

As at 30th September, 2023, equity attributable to owners of the Company amounted to HK\$720,581,000 (31st March, 2023: HK\$334,450,000), representing an increase of HK\$386,131,000 or 115.5% as compared to 31st March, 2023. The increase was mainly due to the unrealised fair value gain 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 30th September, 2023, current assets and current liabilities of the Group were HK\$218,030,000 (31st March, 2023: HK\$150,616,000) and HK\$663,579,000 (31st March, 2023: HK\$686,711,000) respectively. Accordingly, the Group's current ratio was about 0.33 (31st March, 2023: 0.22).

### Gearing Ratio

As at 30th September, 2023, the Group had bank balances and cash of HK\$129,890,000 (31st March, 2023: HK\$69,552,000) and bank and other borrowings of HK\$140,635,000 (31st March, 2023: HK\$146,281,000). The Group's gearing ratio was 1.5% at 30th September, 2023 (31st March, 2023: 22.9%). 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 deposits, bank balances and cash from borrowings.

# Management Discussion and Analysis

## Material Acquisitions or Disposals

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Current Period 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 Sterling. Appropriate measures would be undertaken by the Group when exchange rate fluctuations become significant.

## Future Plan for Material Investment and Capital Assets

The Group did not have any plans for material investment or acquisition of capital assets as at the date of this announcement.

## Litigation

As at 30th September, 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\$723,000) and the full amount of remaining rent for the remaining lease period of RMB106,273,000 (equivalent to HK\$114,127,000), late default payments thereon of RMB17,324,000 (equivalent to HK\$18,604,000) and other related litigation costs of RMB685,000 (equivalent to HK\$736,000). Guangming has already paid the abovementioned due and unpaid rent of RMB673,000 (equivalent to HK\$723,000) in February 2022. Details are disclosed in the Company’s announcement dated 28th February, 2022.

\* For identification purposes only

## Management Discussion and Analysis

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\$114,127,000);
  - (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\$10,956,000) 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\$107,000);
  - (4) bear the other litigation cost of RMB582,000 (equivalent to HK\$625,000).
- (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\$38,123,000), default payments thereon of RMB8,539,000 (equivalent to HK\$9,170,000) and other related litigation costs of RMB544,000 (equivalent to HK\$584,000). 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\$56,702,000), default payments thereon of RMB10,402,000 (equivalent to HK\$11,171,000) and other related litigation costs of RMB1,059,000 (equivalent to HK\$1,137,000). 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\$170,482,000), default payments thereon of RMB28,642,000 (equivalent to HK\$30,759,000) and other related litigation costs of RMB2,907,000 (equivalent to HK\$3,122,000). 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 30th September, 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\$379,434,000 (31st March, 2023: HK\$403,831,000) as a result of the enforcement order and property preservation orders issued by the court.

# Management Discussion and Analysis

## Litigation in relation to a debt dispute

In July 2022, Guangming and 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\$118,836,000), default payment thereon of RMB19,558,000 (equivalent to HK\$21,003,000) 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.

## Pledge of assets and restrictions on assets

### Pledge of assets

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

	At 30th September, 2023 HK\$'000	At 31st March, 2023 HK\$'000
Property, plant and equipment	18,927	20,374
Right-of-use assets	192,237	207,720
	<b>211,164</b>	<b>228,094</b>

# Management Discussion and Analysis

## Restrictions on assets

Details of the Group's restrictions on assets are as follows:

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 three of its subsidiaries in the PRC (the "**Guangming Subsidiaries**"). Details of the litigation are disclosed in Litigation section. As at 30th September, 2023, the Group's property, plant and equipment of HK\$146,000 (31st March, 2023: HK\$178,000), right-of-use assets of HK\$20,041,000 (31st March, 2023: HK\$22,479,000) and bank balances of HK\$3,205,000 (31st March, 2023: HK\$3,181,000) are restricted as a result of the property preservation orders.

## Contingent Liabilities

As at 30th September, 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\$379,434,000 (31st March, 2023: HK\$403,831,000), late charges for the outstanding payments, accrued interests and other litigation costs of approximately HK\$111,489,000 (31st March, 2023: 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 30th September, 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\$379,434,000 (31st March, 2023: HK\$403,831,000), late charges, accrued interests and other litigation costs of HK\$111,489,000 (31st March, 2023: HK\$80,123,000).

As at 30th September, 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\$118,836,000) (31st March, 2023: RMB110,658,000 (equivalent to HK\$126,477,000)), late default payment thereon of RMB\$19,558,000 (equivalent to HK\$21,003,000) (31st March, 2023: 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 and 30th September, 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 and 30th September, 2023, have any material outstanding guarantees or other contingent liabilities.

# Management Discussion and Analysis

## Capital Commitments

At the end of the reporting period, the Group had the following capital commitments:

	At 30th September, 2023 HK\$'000	At 31st March, 2023 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u>83,578</u>	<u>79,126</u>
Consideration in respect of investment in an associate contracted for but not provided in the consolidated financial statements	<u>1,525</u>	<u>1,623</u>

## Capital Structure

As at 30th September, 2023, the Company's issued share capital was HK\$30,274,000 (31st March, 2023: HK\$20,183,000) and the number of its issued ordinary shares was 3,027,424,240 (31st March, 2023: 2,018,282,827) of HK\$0.01 each.

## Fund Raising Activities and Use of Proceeds

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 RMB59,829,000 together with the corresponding interest in relation to the fee for the construction of port infrastructure owed by Guangming, a non-wholly owned subsidiary of the Company, 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, 9th June, 2023, 20th June, 2023, and the Company's prospectus dated 23rd May, 2023.

## Interim Dividend

The Board resolved not to recommend the payment of an interim dividend for the Current Period (2022: nil).

# Management Discussion and Analysis

## EMPLOYEES AND REMUNERATION POLICY

As at 30th September, 2023, the Group had a total of 195 employees (including executive Directors) (as at 31st March, 2023: 197 employees (including executive 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' skill, 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 option was granted during the Current Period and there was no outstanding share option as at 30th September, 2023 and as at the date of this announcement.

## EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company has passed an ordinary resolution through a special general meeting dated 27th November, 2023 to offer 8,228,571,432 new shares of Thousand Vantage, a non-wholly owned subsidiary of the Company, on the basis of eight rights share for every one existing shares of Thousand Vantage on the record date at the subscription price of HK\$0.0062 per share to raise gross proceeds of approximately HK\$51,000,000. The Company intends to use the proceeds to settle the payables in relation to the construction of port infrastructure from a construction company in the PRC under the settlement agreement.

## PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Group is exposed to various risks in the operations of the Group's business and the Group believes that risk management is important to the Group's success. A discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and indication of likely future developments in the Group's business, can be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 5 to 13 of the 2023 annual report of the Company.

# Management Discussion and Analysis

## PROSPECTS

During this period we have seen the uplift of COVID-19 restrictions in China and Hong Kong, however the anticipated strong economic recovery was underwhelming. The continued slowing of the Chinese economy along with hawkish central banks increasing interest rates keep most investors on the sidelines while increasing the cost of capital and dampening economic activities.

Thousand Vantage, saw stabilization in this period but China's industrial activities continued to be below pre-COVID-19. Having seen the rebound in industrial activities since the removal of restrictions, the Directors have also seen continued stable activities in the oil port and storage operations of the Group. As previously mentioned, due to the geographical characteristics of the port terminal operated by Guangming, 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, further enhancing our reach. 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 coastal 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 in 2022, have seen reduced losses due to cost cutting and further increase in efficiency in the plant. The Board remains a believer in the European circular economy story and is working with Cupral to look at further ways to enhance margins and efficiency of the plant.

Business at the Group's investment bank in Mauritius has seen an increase in revenue and business activities is also increasing on the island state. The new hires in both the brokerage department and wealth management department have begun to contribute the top line, the Group is expecting to see further revenue contribution build up over the next year.

With the continued backdrop of hawkish central banks and continued slowdown of certain economic activities during this period, the directors did not want to increase credit risk due to uncertainties in the metals trading market. The Group has decided to continue to slow its metals trading business and remain conservative until economic visibility is more certain.

The directors have noted the shift of global economic trends and is studying various opportunities that may benefit the Group and its shareholders.

\* For identification purposes only

## Supplementary Information

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or, as the case may be, the percentage in the equity interest and debentures of the Company or its associated corporations (within the meaning of the SFO), which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), (ii) pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

#### Long positions in shares, underlying shares and debentures of the Company

Name of Director	Capacity	Number of shares held	Approximate percentage of the issued share capital of the Company
Mr. Ching Man Chun, Louis ("Mr. Ching")	Beneficial owner	150,000,000	4.95%
	Interest of controlled corporation	732,000,000 (Note)	24.18%

Note:

Champion Choice Holdings Limited ("Champion Choice"), which is the registered holder of 732,000,000 shares of the Company, is wholly-owned by Mr. Ching. Accordingly, Mr. Ching is deemed to be interested in 732,000,000 shares of the Company directly held by Champion Choice under the SFO.

Save as disclosed above, as at 30th September, 2023, none of the Directors and chief executive of the Company or any of their close associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

### SHARE OPTION SCHEME

On 20th August, 2021, the Company has adopted a new share option scheme (the “**Share Option Scheme**”), which replaced an old share option scheme that expired on 18th August, 2021.

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contributions to, and continuing efforts to promote the interests of, the Company or any of its subsidiaries and/or any of its invested entities.

Pursuant to the Share Option Scheme, the Board may, on or before 19th August, 2031, in its absolute discretion, subject to the terms of the Share Option Scheme, offer to grant share options to, inter alia, (i) employees (whether full time or part time), executive or non-executive directors of the Company or any of its subsidiaries or any of its invested entities; (ii) any shareholders of the Company or any of its subsidiaries or any of its invested entities; (iii) any advisors (professional or otherwise), consultants, any person or entity who has contributed or will contribute to the growth and development of the Group; (iv) suppliers; (v) customers; (vi) any person or entity that provides research, development or other technological support to any member of the Group or any of its invested entities; and (vii) joint venture partners, business alliance partners or any person or entity who has contributed or may contribute by way of other business arrangement to the development and growth of the Group. The total number of shares which may be allotted and issued upon exercise of all options to be granted under this Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the shares in issue as at the date of approval of the limit.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) adopted by the Group shall not, in aggregate, exceed 30% of the share capital of the Company in issue from time to time.

The exercise price in respect of any options shall be at the discretion of the Board (subject to any adjustments made pursuant to the Share Option Scheme), provided that it shall not be lower than the nominal value of the shares of the Company and shall be the highest of (i) the closing price of the shares of the Company as stated in the Hong Kong Stock Exchange’s daily quotations sheet on the date of the offer, which must be a business day; and (ii) the average closing price of the shares of the Company as stated in the Hong Kong Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of the offer.

## Supplementary Information

The Board may in its absolute discretion determine the period in respect of any options, save that such period shall not be more than 10 years from the date of the grant of option, and the minimum period for which a share option must be held before it can be exercised. Unless otherwise determined by the Board and stated in the offer to a grantee, the Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the adoption date i.e. 20th August, 2021. The total number of shares issued and to be issued upon exercise of the share options granted to each participant except for independent non-executive directors and substantial shareholders of the Company (including exercised, cancelled and outstanding options) within any 12-month period under the Share Option Scheme and any other share option scheme(s) of the Company and/or any of its subsidiaries shall not exceed 1% of the number of shares in issue of the Company for the time being.

Any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled or outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the number of shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets on each relevant date on which the grant of such options is made to (and subject to acceptance by) such person under the relevant scheme, in excess of HK\$5 million, such further grant of share options shall be subject to prior approval by resolution of the shareholders of the Company (voting by way of poll).

An offer under the Share Option Scheme shall remain open for acceptance by the eligible participant concerned for 21 days from the date of the grant of option. A consideration of HK\$1.00 is payable on acceptance of the offer of the grant of share option.

No share option under the Share Option Scheme was granted, cancelled, exercised or lapsed during the Current Period nor outstanding as at 30th September, 2023.

## Supplementary Information

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

Save as disclosed below, as at 30th September, 2023, the Directors and chief executive of the Company are not aware of any person who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Substantial Shareholders	Capacity	Number of issued shares held	Approximate percentage of the issued shares of the Company
Mr. Ching	Beneficial owner	150,000,000	4.95%
	Interest of controlled corporation	732,000,000 (Note 1)	24.18%
Champion Choice	Beneficial owner	732,000,000 (Note 1)	24.18%
Mr. Zhu Bin	Beneficial owner	312,882,769 (Note 2)	10.33%
	Interest of controlled Corporation	2,340,000 (Note 2)	0.07%

*Note 1:* Champion Choice is the registered holder of 732,000,000 shares of the Company. Mr. Ching, a director of the Company, is also a director of Champion Choice, who owns the entire issued share capital of Champion Choice. Accordingly, Mr. Ching is deemed to be interested in 732,000,000 shares of the Company directly held by Champion Choice under the SFO.

*Note 2:* Based on the disclosure of interest filing of Mr. Zhu as at 18th August, 2023, Mr. Zhu owns 312,882,769 shares of the Company and owns the entire issued share capital of One Perfect Group Ltd ("**One Perfect**"), which holds 2,340,000 shares of the Company. Accordingly, Mr. Zhu is deemed to be interested in 2,340,000 shares of the Company held by One Perfect under the SFO.

## Supplementary Information

### EVENTS AFTER THE REPORTING PERIOD

Save as disclosed under the section headed “Litigation”, there was no significant subsequent event during the Current Period.

### INTERIM DIVIDEND

The Board resolved not to recommend the payment of an interim dividend for the Current Period (six months ended 30th September, 2022: nil).

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30th September, 2023, 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 six months ended 30th September, 2023, complied with the code provisions set out in part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of 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.

## Supplementary Information

### Deviation

Mr. Ching Man Chun, Louis, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 14th August, 2023 (the “**2023 AGM**”) due to other important business engagement. Mr. Heinrich Grabner, an executive Director, was appointed to chair the 2023 AGM in replying to questions raised by shareholders of the Company at the 2023 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. Wong Yee Shuen, Wilson, an independent non-executive director, was unable to attend the special general meeting held on 13th October, 2023 due to other business commitment. Other respective chairmen or members of the audit committee, remuneration committee and nomination committee of the Company were present at the special general meeting held on 13th October, 2023 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.

### CHANGES IN INFORMATION IN RESPECT OF DIRECTOR(S)

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of Directors subsequent to the date of the 2023 Annual Report of the Company are set out below:

With effect from the conclusion of the special general meeting of the Company held on 13th October, 2023, Ms. Wong Man Ming, Melinda has been appointed as a non-executive Director of the Company.

Save as disclosed above, there is no change in information of Directors that is required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

### COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has continued to adopt the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors 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 Period.

## Supplementary Information

### AUDIT COMMITTEE

The audit committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing financial controls, risk management and internal control systems of the Company. There were no disagreements from the audit committee on the accounting policies adopted by the Company.

The audit committee is comprised of three independent non-executive directors namely Mr. Wong Yee Shuen, Wilson (Chairman of the audit committee), Mr. Yam Kwong Chun and Mr. Lam Yik Tung. The audit committee has reviewed the unaudited interim results of the Company for the six months ended 30th September, 2023.

On behalf of the Board

**Ching Man Chun, Louis**

*Chairman and Managing Director*

Hong Kong, 29th November, 2023