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# **Blue River Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 498)**

## **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021**

The board of directors (the “**Board**”) of Blue River Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2021.

**RESULTS**  
**CONSOLIDATED INCOME STATEMENT**  
*For the year ended 31 March 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue			
Sales and services income	3	<b>229,141</b>	303,820
Interest income	3	<b>44,796</b>	54,471
Others	3	<b>3,350</b>	5,638
		<hr/> <b>277,287</b>	<hr/> 363,929
Cost of sales		<b>(155,700)</b>	(221,426)
		<hr/> <b>121,587</b>	<hr/> 142,503
Gross profit		<b>121,587</b>	142,503
Other income	5	<b>6,678</b>	5,921
Administrative expenses		<b>(114,492)</b>	(159,828)
Distribution and selling expenses		<b>(36,539)</b>	(45,372)
Other gains and losses	6	<b>38,756</b>	(25,592)
Fair value changes of financial assets measured at fair value through profit or loss (“FVPL”)	7	<b>959,445</b>	(223,766)
Other expenses		<b>(18,382)</b>	(28,745)
Impairment loss recognised on financial assets, net	8	<b>(252,472)</b>	(166,135)
Write-down of stock of properties	16	<b>(640,781)</b>	(18,233)
Finance costs	9	<b>(17,609)</b>	(24,005)
Gain on disposal of subsidiaries	20	<b>140,487</b>	88,573
Loss on winding up of subsidiaries	21	<b>(8,695)</b>	—
Fair value changes of investment properties	14	<b>(408,285)</b>	46,663
Share of results of associates		<b>65,377</b>	(94,166)
Share of results of joint ventures		<b>(7,776)</b>	(5,341)
		<hr/> <b>(172,701)</b>	<hr/> (507,523)
Loss before taxation	10	<b>(172,701)</b>	(507,523)
Taxation	11	<b>222,161</b>	(57,432)
		<hr/> <b>49,460</b>	<hr/> (564,955)
Profit (loss) for the year		<b>49,460</b>	(564,955)
		<hr/> <b>151,290</b>	<hr/> (572,268)
Profit (loss) for the year attributable to:			
Owners of the Company		<b>151,290</b>	(572,268)
Non-controlling interests		<b>(101,830)</b>	7,313
		<hr/> <b>49,460</b>	<hr/> (564,955)
		<b>HK cents</b>	<i>HK cents</i> <i>(restated)</i>
Earnings (loss) per share			
Basic and diluted	12	<b>13.7</b>	(51.8)
		<hr/> <b>13.7</b>	<hr/> (51.8)

## CONSOLIDATED INCOME STATEMENT

*For the year ended 31 March 2021*

*note:* The Board considers that the prior year's presentation of "Gross proceeds from securities trading of the Group" and "Share of revenue of associates and joint ventures" in the consolidated income statement caused confusion on the Group's consolidated revenue. Therefore, such information is not presented in the consolidated financial statements for the year.

In addition, write-down of stock of properties is presented in a separate line item in the consolidated income statement in view of its materiality in the current year. Accordingly, the write-down of stock of properties of about HK\$18,233,000 for the year ended 31 March 2020 is reclassified from the cost of sales to conform with the current year's presentation.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2021*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit (loss) for the year	<b>49,460</b>	(564,955)
OTHER COMPREHENSIVE INCOME (EXPENSE)		
<i>Item that will not be reclassified to profit or loss</i>		
Change in fair value of financial assets measured at fair value through other comprehensive income ("FVOCI")	<b>(81,061)</b>	(61,551)
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences arising from translation of foreign operations	<b>133,041</b>	(153,229)
Share of exchange differences of associates and joint ventures	<b>11,970</b>	(27,849)
Reclassification adjustment on disposal of subsidiaries	<b>36,854</b>	8,584
Other comprehensive income (expense) for the year	<b>100,804</b>	(234,045)
Total comprehensive income (expense) for the year	<b>150,264</b>	(799,000)
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	<b>221,035</b>	(768,235)
Non-controlling interests	<b>(70,771)</b>	(30,765)
	<b>150,264</b>	(799,000)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
***At 31 March 2021***

	<i>Notes</i>	<b>2021</b> <b><i>HK\$'000</i></b>	2020 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>318,147</b>	157,731
Right-of-use assets		<b>66,623</b>	64,904
Investment properties	<i>14</i>	<b>784,733</b>	1,109,706
Project under development		<b>177,919</b>	163,950
Intangible assets		<b>2,811</b>	2,832
Interests in associates		<b>564,898</b>	294,698
Interests in joint ventures		<b>108,837</b>	108,261
Financial assets measured at FVOCI			
- Investments in equity instruments		<b>239,905</b>	313,966
Loan receivables	<i>15</i>	<b>15,200</b>	—
		<hr/> <b>2,279,073</b> <hr/>	<hr/> 2,216,048 <hr/>
<b>CURRENT ASSETS</b>			
Stock of properties	<i>16</i>	<b>909,828</b>	1,522,775
Inventories of finished goods		<b>1,380</b>	2,835
Loan receivables	<i>15</i>	<b>56,520</b>	150,119
Amounts due from associates		—	68,552
Amount due from a joint venture		<b>1,196</b>	3,335
Amounts due from former subsidiaries in liquidation	<i>21</i>	<b>1,130,151</b>	—
Trade and other debtors, deposits and prepayments	<i>17</i>	<b>451,312</b>	154,160
Financial assets measured at FVPL			
- Investments in debt instruments held for trading		<b>223,896</b>	248,335
- Investments in equity instruments held for trading	<i>18</i>	<b>1,337,806</b>	191,668
Pledged bank deposits		<b>7,012</b>	11,528
Short-term bank deposits		<b>10,901</b>	48,959
Bank balances and cash		<b>171,370</b>	295,617
		<hr/> <b>4,301,372</b> <hr/>	<hr/> 2,697,883 <hr/>
Assets classified as held for sale		—	753,412
		<hr/> <b>4,301,372</b> <hr/>	<hr/> 3,451,295 <hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*At 31 March 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and other creditors and accrued expenses	<i>19</i>	<b>149,962</b>	124,180
Contract liabilities		<b>637</b>	47,472
Lease liabilities		<b>6,772</b>	7,778
Amounts due to former subsidiaries in liquidation	<i>21</i>	<b>1,130,151</b>	—
Amounts due to non-controlling interests		<b>103,565</b>	96,132
Taxation payable		<b>3,505</b>	2,305
Bank and other borrowings		<b>229,349</b>	190,781
		<b>1,623,941</b>	468,648
Liabilities associated with assets classified as held for sale		—	195,709
		<b>1,623,941</b>	664,357
<b>NET CURRENT ASSETS</b>		<b>2,677,431</b>	2,786,938
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,956,504</b>	5,002,986
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings		<b>171,361</b>	201,091
Lease liabilities		<b>12,476</b>	12,201
Deferred tax liabilities		<b>539,861</b>	736,905
		<b>723,698</b>	950,197
<b>NET ASSETS</b>		<b>4,232,806</b>	4,052,789
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>110,392</b>	551,958
Reserves		<b>3,788,502</b>	3,125,901
Equity attributable to owners of the Company		<b>3,898,894</b>	3,677,859
Non-controlling interests		<b>333,912</b>	374,930
<b>TOTAL EQUITY</b>		<b>4,232,806</b>	4,052,789

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
*For the year ended 31 March 2021*

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net cash used in operating activities	<b>(468,917)</b>	(119,621)
Net cash generated from investing activities	<b>236,524</b>	75,582
Net cash generated from (used in) financing activities	<b>4,398</b>	(76,840)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	<b>(227,995)</b>	(120,879)
Effect of foreign exchange rate changes	<b>22,481</b>	(9,464)
Cash and cash equivalents brought forward	<b>387,785</b>	518,128
	<hr/>	<hr/>
Cash and cash equivalents carried forward	<b>182,271</b>	387,785
	<hr/>	<hr/>
Analysis of the balances of cash and cash equivalents		
Short-term bank deposits	<b>10,901</b>	48,959
Bank balances and cash	<b>171,370</b>	295,617
Bank balances and cash included in assets classified as held for sale	<b>—</b>	43,209
	<hr/>	<hr/>
	<b>182,271</b>	387,785
	<hr/>	<hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

Blue River Holdings Limited (the “**Company**”) is an exempted company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

The Company and its subsidiaries (together the “**Group**”) principally engages in investment holdings, land and property development, investment in association with ports and infrastructure development, securities trading and investment, and provision of financial services.

## 2. PRINCIPAL ACCOUNTING POLICIES

### **Basis of preparation**

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

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

### **Adoption of new/revised HKFRSs**

The Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

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

### 3. REVENUE

Revenue is analysed as follows:

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Sales and services income:		
Sale of properties	<b>119,319</b>	25,621
Sale of LPG and CNG products	<b>88,176</b>	114,654
Income from port related services	<b>21,646</b>	163,545
	<hr/> <b>229,141</b> <hr/>	<hr/> 303,820 <hr/>
Interest income:		
Interest income from loan receivables	<b>21,160</b>	27,049
Interest income from financial assets measured at FVPL		
- investments in debt instruments held for trading	<b>23,636</b>	27,422
	<hr/> <b>44,796</b> <hr/>	<hr/> 54,471 <hr/>
Others:		
Property rental income	<b>982</b>	2,863
Dividend income from financial assets measured at FVPL		
- investments in equity instruments held for trading	<b>2,368</b>	2,775
	<hr/> <b>3,350</b> <hr/>	<hr/> 5,638 <hr/>
	<hr/> <b>277,287</b> <hr/>	<hr/> 363,929 <hr/>

Revenue from contracts with customers are derived from the People's Republic of China (the "PRC"), which includes (i) revenue from sale of properties under property segment and sale of liquefied petroleum gas ("LPG") and compressed natural gas ("CNG") products under ports and logistics segment that are recognised at a point in time and (ii) income from port related services under ports and logistics segment that is recognised over time.



#### 4. SEGMENT INFORMATION

The operating segments of the Group are determined based on information reported to executive directors, the Group's chief operating decision makers, for the purposes of resources allocation and performance assessment.

The information focuses more specifically on the strategic operation and development of each business unit and its performance is evaluated through organising business units with similar economic characteristics into an operating segment.

Upon the completion of the disposal of the subsidiaries (See Note 20 for details) in the current year, the Group restructured its internal organisations. The ports development, which was previously separate reported, is grouped as part of the ports and logistics segment, while "Treasury" segment is renamed as "Financial services". In addition, current management considers that Paul Y. Engineering Group Limited ("**Paul Y. Engineering**") is an associate of the Company and engineering is not the principal business of the Group, and the information reported by Paul Y. Engineering is not used for the purpose of resources allocation and performance assessment for the current year. Accordingly, the Group's share of Paul Y. Engineering's result and assets are not accounted as segment results and segment assets in the segment information for the current year. Subsequent to the reporting period, the Group obtains control of Paul Y. Engineering which becomes a non-wholly-owned subsidiary of the Group as detailed in Note 22. As a result, Paul Y. Engineering's results and assets will be accounted as segment results and segment assets in the segment information in the coming financial period/year.

The operating and reportable segments for the current year are changed as follows:

Ports and logistics	- Ports development, operation of ports, LPG, CNG and LNG distribution and logistics businesses
Property	- Development, investment, sale and leasing of real estate properties, developed land and land under development and projects under development
Securities	- Investment and trading of securities
Financial services	- Provision of loan financing, financial related services and cash management

In preparation of the consolidated financial statements, the segment information for the year ended 31 March 2020 has been restated to conform with the current year's presentation.

The Company assesses the performance of the operating segments based on a measure of earnings or loss before interest expense and tax ("**EBIT**" or "**LBIT**") and earnings or loss before interest expense, tax, depreciation and amortisation ("**EBITDA**" or "**LBITDA**").

#### 4. SEGMENT INFORMATION – CONTINUED

##### Segment revenue and results

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

For the year ended 31 March 2021

	Ports and logistics HK\$'000	Property HK\$'000	Securities HK\$'000	Financial services HK\$'000	Segment total and consolidated HK\$'000
Revenue	109,822	120,301	26,004	21,160	277,287
EBITDA (LBITDA)*	168,979	(1,041,401)	980,871	(232,664)	(124,215)
Depreciation and amortisation**	(27,946)	(3,267)	(347)	(347)	(31,907)
Segment results – EBIT (LBIT)	141,033	(1,044,668)	980,524	(233,011)	(156,122)
Share of results of Paul Y. Engineering Corporate and other expenses***					67,449
Net exchange gain					(114,744)
Finance costs					48,325
					(17,609)
Loss before taxation					(172,701)
Taxation					222,161
Profit for the year					49,460

For the year ended 31 March 2020

	Ports and logistics HK\$'000	Property HK\$'000	Securities HK\$'000	Financial services HK\$'000	Segment total and consolidated HK\$'000
Revenue	278,199	28,484	30,197	27,049	363,929
EBITDA (LBITDA)*	157,103	16,978	(196,387)	(137,602)	(159,908)
Depreciation and amortisation**	(43,276)	(2,231)	(594)	(594)	(46,695)
Segment results – EBIT (LBIT)	113,827	14,747	(196,981)	(138,196)	(206,603)
Share of results of Paul Y. Engineering Corporate and other expenses***					(106,934)
Net exchange loss					(144,404)
Finance costs					(25,577)
					(24,005)
Loss before taxation					(507,523)
Taxation					(57,432)
Loss for the year					(564,955)

\* Gain on disposal of subsidiaries of about HK\$140,487,000 (2020: HK\$88,573,000) has been recognised in the ports and logistics operating segment during the year ended 31 March 2021.

\*\* Includes depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets.

\*\*\* Represents mainly unallocated administrative expenses and includes unallocated depreciation of about HK\$9,180,000 (2020: HK\$5,471,000).

#### 4. SEGMENT INFORMATION – CONTINUED

##### Segment assets and liabilities

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

At 31 March 2021

	Ports and logistics <i>HK\$'000</i>	Property <i>HK\$'000</i>	Securities <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Segment total and consolidated <i>HK\$'000</i>
<b>ASSETS</b>					
Segment assets	501,189	2,426,286	1,793,521	313,883	5,034,879
Share of assets of Paul Y. Engineering					366,965
Unallocated assets*					1,178,601
Consolidated total assets					<u>6,580,445</u>
<b>LIABILITIES</b>					
Segment liabilities	66,651	984,953	103,374	41,726	1,196,704
Unallocated liabilities*					1,150,935
Consolidated total liabilities					<u>2,347,639</u>

At 31 March 2020

	Ports and logistics <i>HK\$'000</i>	Property <i>HK\$'000</i>	Securities <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Segment total and consolidated <i>HK\$'000</i>
<b>ASSETS</b>					
Segment assets	1,256,233	3,204,966	449,007	389,126	5,299,332
Share of assets of Paul Y. Engineering					294,698
Unallocated assets					73,313
Consolidated total assets					<u>5,667,343</u>
<b>LIABILITIES</b>					
Segment liabilities	247,894	1,298,271	487	37,130	1,583,782
Unallocated liabilities					30,772
Consolidated total liabilities					<u>1,614,554</u>

\* Unallocated assets include amounts due from former subsidiaries in liquidation of about HK\$1,130,151,000 (Note 21) (2020: Nil), while the unallocated liabilities include amounts due to former subsidiaries in liquidation of about HK\$1,130,151,000 (Note 21) (2020: Nil).

Segment assets and liabilities comprise assets and liabilities of the operating subsidiaries, as well as certain interests in associates, joint ventures and investments in equity instruments that are engaged in relevant segmental businesses. Accordingly, segment assets exclude share of Paul Y. Engineering's assets and corporate assets which are mainly certain bank balances and cash, interests in joint ventures, right-of-use assets and other receivables, and segment liabilities exclude corporate liabilities which are mainly certain other payables and lease liabilities.

For the purpose of resources allocation and assessment of segment performance, deferred tax liabilities are allocated to segment liabilities but the related deferred tax credit/charge are not reported as part of segment results.

#### 4. SEGMENT INFORMATION – CONTINUED

##### Geographical information

The Group's operations are mainly located in Hong Kong and the PRC.

The following is an analysis of the Group's revenue by geographical market based on location of customers, irrespective of the origin of the goods/services:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	47,164	56,062
The PRC	230,123	306,683
Others	—	1,184
	<hr/> 277,287	<hr/> 363,929
	<hr/> <hr/>	<hr/> <hr/>

#### 5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank and other interest income	3,417	3,191
Rental income from short term leasing of stock of properties	1,325	1,727
Dividend income from financial assets measured at FVOCI	1,180	—
Sundry income	756	1,003
	<hr/> 6,678	<hr/> 5,921
	<hr/> <hr/>	<hr/> <hr/>

#### 6. OTHER GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net exchange gain (loss)	48,325	(25,577)
Loss on disposal of property, plant and equipment	(407)	(15)
Impairment loss on property, plant and equipment	(1,280)	—
Impairment loss on right-of-use assets	(7,825)	—
Others	(57)	—
	<hr/> 38,756	<hr/> (25,592)
	<hr/> <hr/>	<hr/> <hr/>

## 7. FAIR VALUE CHANGES OF FINANCIAL ASSETS MEASURED AT FVPL

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gain (loss) on changes in fair value of investments in debt instruments held for trading	26,458	(58,384)
Gain (loss) on changes in fair value of investments in equity instruments held for trading	932,987	(165,382)
	<u>959,445</u>	<u>(223,766)</u>

## 8. IMPAIRMENT LOSS RECOGNISED ON FINANCIAL ASSETS, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Impairment loss recognised on loan receivables	130,399	124,003
Impairment loss recognised on trade and other receivables (including interest receivables)	48,621	34,782
Impairment loss recognised on amounts due from associates	73,452	7,350
	<u>252,472</u>	<u>166,135</u>

## 9. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Borrowing costs on:		
Bank borrowings	26,985	31,520
Amounts due to non-controlling interests	—	3,969
Imputed interest expense on other payables	—	193
Imputed interest expense on lease liabilities	961	590
Other borrowings	549	4,538
	<u>28,495</u>	<u>40,810</u>
Less: Amount capitalised in respect of construction in progress (included in property, plant and equipment)	(10,189)	(2,771)
Amount capitalised in respect of properties under development for sale (included in stock of properties)	(697)	(9,646)
Amount capitalised in respect of investment properties under development	—	(4,388)
	<u>17,609</u>	<u>24,005</u>

## 10. LOSS BEFORE TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging:		
Amortisation of intangible assets:		
Amount provided for the year	92	520
Less: Amount capitalised in respect of properties under development for sale (included in stock of properties)	—	(44)
	<u>92</u>	<u>476</u>
Cost of inventories recognised as an expense	59,334	81,126
Cost of stock of properties sold	84,177	18,527
Depreciation of property, plant and equipment:		
Amount provided for the year	29,385	41,475
Less: Amount capitalised in respect of properties under development for sale (included in stock of properties)	(10)	(14)
Amount capitalised in respect of construction in progress (included in property, plant and equipment)	(85)	(10)
Amount capitalised in respect of investment properties under development	(6)	(5)
	<u>29,284</u>	<u>41,446</u>
Depreciation of right-of-use assets:		
Amount provided for the year	11,711	10,452
Less: Amount capitalised in respect of construction in progress (included in property, plant and equipment)	—	(208)
	<u>11,711</u>	<u>10,244</u>

## 11. TAXATION

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Taxation charge (credit) comprises:		
Hong Kong Profits Tax:		
Current year	—	—
Overprovision in prior years	—	(15)
	<hr/>	<hr/>
	—	(15)
	<hr/>	<hr/>
Taxation arising in the PRC:		
Current year	<b>33,019</b>	32,680
(Over)underprovision in prior years	<b>(205)</b>	2,226
	<hr/>	<hr/>
	<b>32,814</b>	34,906
	<hr/>	<hr/>
Deferred taxation:		
Land Appreciation Tax (“LAT”)	<b>(194,778)</b>	13,684
Others	<b>(60,197)</b>	8,857
	<hr/>	<hr/>
	<b>(254,975)</b>	22,541
	<hr/>	<hr/>
Taxation attributable to the Company and its subsidiaries	<b>(222,161)</b>	57,432
	<hr/>	<hr/>

The Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at a tax rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate for the Group’s subsidiaries in the PRC is 25% for both years.

For the year ended 31 March 2021, the taxation arising in the PRC included an income tax charge of about HK\$29,811,000 (2020: HK\$28,065,000), which represented the PRC income tax charged on the gain on disposal of subsidiaries (See Note 20 for details). The capital gain derived from equity rights transfer by a non-resident enterprise, representing the difference between the consideration and the cost of equity rights, is subjected to a tax rate of 10%.

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995 as well, all income from the sale or transfer of land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as calculated according to the Provisional Regulations of the PRC on LAT and its Detailed Implementation Rules.

## 12. EARNINGS (LOSS) PER SHARE

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit (loss) for the year attributable to owners of the Company for the purpose of basic earnings (loss) per share	<b>151,290</b>	(572,268)
	<b>2021</b> <i>Number of shares</i>	2020 <i>Number of shares (restated)</i>
Number of ordinary shares for the purpose of basic earnings (loss) per share	<b>1,103,916,114</b>	1,103,916,114

The basic loss per share and number of ordinary shares for the year ended 31 March 2020 have been adjusted to reflect the impact of the share consolidated which was effective on 30 October 2020.

Diluted earnings (loss) per share is equal to the basic earnings (loss) per share as the Company does not have any dilutive potential ordinary shares outstanding for both years.

## 13. DISTRIBUTION

No dividend was recognised as distribution during both years.

The Board of the Company has resolved not to recommend for shareholders' approval the payment of any final dividend for the year ended 31 March 2021 (2020: Nil).

## 14. INVESTMENT PROPERTIES

	<b>Leasehold properties in the PRC</b> <i>HK\$'000</i>	<b>Developed land</b> <i>HK\$'000</i> (note a)	<b>Land under development</b> <i>HK\$'000</i> (note b)	<b>Total</b> <i>HK\$'000</i>
FAIR VALUE				
At 31 March 2020	69,139	449,836	590,731	1,109,706
Exchange realignment	5,234	34,439	41,425	81,098
Additions	—	—	2,214	2,214
Net decrease in fair value recognised in the consolidated income statement	(19,817)	(117,411)	(271,057)	(408,285)
At 31 March 2021	54,556	366,864	363,313	784,733



## 14. INVESTMENT PROPERTIES – CONTINUED

notes:

- (a) In prior years, the Group completed the reclamation of certain land area and obtained the certificate of completion of land reclamation (the “**Certificate**”) issued by qualified project engineering and construction manager in respect of certain land area (the “**Formed Land**”) in Jiangsu Province, the PRC. Upon obtaining the certificate, such Formed Land held for capital appreciation had been recognised as land held under operating lease and classified and accounted for as investment properties.
- (b) In connection with the reclamation of certain land area in Jiangsu Province, the PRC, the Group commenced, but not yet completed, the land leveling process (mainly representing the sand filling work to achieve leveling of the area) (the “**Land Being Formed**”). Upon the commencement of land leveling process, the Land Being Formed that held for rentals and/or capital appreciation as investment properties had been recognised as land under development and classified and accounted for as investment properties.

The fair values of the Group’s investment properties at 31 March 2021 and 31 March 2020 have been arrived at on the basis of valuations carried out as at those dates by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The management works closely with the external qualified professional valuer to establish the appropriate valuation and inputs for fair value measurement and reports to the board of directors from period to period.

In determining the fair value of leasehold properties in the PRC, the highest and best use of the properties is their current use. The comparison method is adopted under which comparison based on information of recent transacted prices of comparable properties is made. Comparable properties of similar size, characteristic and location are analysed in order to arrive at a fair comparison of capital values.

In determining the fair value of Formed Land, the highest and best use of the Formed Land is for tourist and resort use, which correlates to the zoning of the area for tourist resort by the government. The comparison method is adopted under which comparison based on information of recent transacted prices of comparable lands is made, in which the tourism industry and thus transactions of tourist lands have been negatively impacted due to COVID-19 pandemic public health measures and travel restrictions, and this resulted in the decrease in the fair value of investment properties. Comparable lands of similar size, characteristic and location are analysed in order to arrive at a fair comparison of capital values. Certain costs, including government levies and all necessary fees and expenses associated with the change of the Formed Land for tourist and resort use to be charged by the government, which are the best estimate based on the latest information available to the management of the Company, have been considered in arriving the fair value of the Formed Land. For the Formed Land, the Group may have to obtain certain appropriate certificates for the disposal. Based on past experience, the directors of the Company consider that there is no material impediment to obtain these certificates for the Group.

In determining the fair value of Land Being Formed, the same highest and best use and the same comparison method are adopted and valuation has been considered for further costs to be expended for the development of the Land Being Formed into Formed Land. Further costs for completing the land levelling process and other development works as at 31 March 2021 are estimated to be about HK\$480 million (2020: HK\$432 million).

One of the key inputs used in valuing the investment properties are the market price of comparable lands and properties, with an average comparable land price of RMB509 per square metre (2020: RMB658 per square metre) and average comparable property floor area prices ranged from RMB7,000 to RMB7,500 per square metre (2020: RMB9,700 to RMB10,300 per square metre), using direct comparison approach and taking into account of the difference in the nature, location and condition. The increase in the market price per square meter of comparable lands and properties would result in an increase in the fair value of the investment properties, and vice versa.

## 15. LOAN RECEIVABLES

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The amounts, net of allowance, include:		
Fixed-rate loan receivables (note a)	<b>71,720</b>	132,944
Floating-rate loan receivables (note b)	—	17,175
	<b>71,720</b>	150,119
Less: amounts due within one year or on demand shown under current assets	<b>(56,520)</b>	(150,119)
Amount due after one year	<b>15,200</b>	—

notes:

- (a) The gross amount of loan receivables of about HK\$189,800,000 (2020: HK\$213,800,000), before netting off cumulative loss allowances of about HK\$118,080,000 (2020: HK\$80,856,000), are unsecured and bear fixed interest rates from 10% to 12.5% (2020: 10% to 15%) per annum. Except for a carrying amount of about HK\$15,200,000 (2020: Nil) is repayable after one year but within two years, other loan receivables are repayable within one year.
- (b) As at 31 March 2020, the gross amount of loan receivables of about HK\$68,700,000, before netting off cumulative loss allowance of about HK\$51,525,000, were unsecured, bore variable interest rates from 5% to 6% per annum over the Best Lending Rate of Hong Kong Dollar as quoted by The Hongkong and Shanghai Banking Corporation Limited (i.e. 10% to 11% per annum) and were repayable on demand.

During the year, the Group provided about HK\$130,399,000 (2020: HK\$124,003,000) impairment allowance, in particular, specific loss allowances of about HK\$126,674,000 (2020: HK\$122,697,000) for loan receivables which have been in default and considered as credit-impaired.

As at 31 March 2021, gross amount of loan receivables of about HK\$144,700,000 held by former subsidiaries in liquidation has been fully impaired and deconsolidated from the Group. Impairment allowance of about HK\$88,450,000 (2020: HK\$52,072,000) has been recognised for the aforesaid loan receivables during the year.

## 16. STOCK OF PROPERTIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Properties under development for sale (note a)	<b>560,159</b>	998,953
Completed properties held for sale (note b)	<b>349,669</b>	523,822
	<b>909,828</b>	1,522,775

notes:

- (a) Properties under development for sale of about HK\$560,159,000 (2020: HK\$998,953,000) are situated in Hong Kong and Jiangsu province, the PRC. They comprise (1) Land Being Formed which is being developed for future sale and (2) Formed Land which is also developed for future sale in the ordinary course of business.

At 31 March 2021, properties under development for sale amounting to about HK\$315,727,000 (2020: HK\$345,778,000) are carried at net realisable value in which write-down of stock of properties of about HK\$500,748,000 (2020: Nil) has been recognised during the year.

At 31 March 2021, properties under development for sale include Formed Land of about HK\$296,077,000 (2020: HK\$669,673,000) for which the Group may have to obtain certain appropriate certificates for the disposal of the Formed Land. Based on the past experience, the directors of the Company consider that there is no material impediment to obtain these certificates for the Group.

- (b) Completed properties held for sale are situated in Jiangsu Province, the PRC. At 31 March 2021, completed properties held for sale amounting to about HK\$349,012,000 (2020: HK\$367,180,000) are carried at net realisable value which write-down of stock of properties of about HK\$140,033,000 (2020: HK\$18,233,000) has been recognised during the year.

The write-down of stock of properties in aggregate of about HK\$640,781,000 (2020: HK\$18,233,000) recognised during the year are mainly attributable to the decline in net realisable values of the Formed Land for resort property development and completed resort properties at Xiao Yangkou, Jiangsu province, the PRC, in which the tourist resort property market is negatively impacted by the tough economic condition and the government's property tightening measures.

The net realisable values of the properties under development for sale have been arrived on the basis of valuation carried out by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. In determining the net realisable values, the expected proceeds from the sales of properties are deducted by the anticipated costs, including government levies, construction cost and all necessary expenses associated with the completion of property development and applicable selling expenses, which have also taken into account the discount factor of the lengthened sales and development cycle under current regulatory and economic circumstances.

The net realisable value for the completed properties held for sale represents the sales proceeds estimated based on the comparable properties of similar size, characteristic and location under prevailing market condition, less applicable selling expenses.

## 17. TRADE AND OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

Included in trade and other debtors, deposits and prepayments are trade debtors of about HK\$66,924,000 (2020: HK\$25,295,000). The Group's credit terms for trade debtors normally range from 30 days to 90 days. The Group does not hold any collateral over the balances (2020: Nil). Their ageing analysis, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period is as follows:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 90 days	<b>10,855</b>	5,943
More than 90 days and within 180 days	<b>7,205</b>	13,526
More than 180 days	<b>48,864</b>	5,826
	<hr/> <b>66,924</b> <hr/>	<hr/> 25,295 <hr/>

## 18. FINANCIAL ASSETS MEASURED AT FVPL - INVESTMENTS IN EQUITY INSTRUMENTS HELD FOR TRADING

The balances represent listed equity securities at quoted market price in Hong Kong.

## 19. TRADE AND OTHER CREDITORS AND ACCRUED EXPENSES

Included in trade and other creditors and accrued expenses are trade creditors of about HK\$20,313,000 (2020: HK\$23,502,000) and their ageing analysis presented based on the invoice date at the end of the reporting period is as follows:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 90 days	<b>18,139</b>	21,707
More than 90 days and within 180 days	<b>—</b>	—
More than 180 days	<b>2,174</b>	1,795
	<hr/> <b>20,313</b> <hr/>	<hr/> 23,502 <hr/>

## 20. DISPOSAL OF SUBSIDIARIES

In July 2020, the Group completed the disposals of its entire investment of (i) 90% equity interest in Jiaxing International Container Feeder Port Limited (“**Jiaxing Port**”, a sino-foreign joint venture enterprise registered in the PRC and mainly engaged in the business of port operation in Jiaxing, Zhejiang Province, the PRC) at a consideration of about RMB374,334,000 (equivalent to about HK\$410,005,000) and (ii) 100% equity interest in Paul Y. Corporation Limited (“**Paul Y. Corp**”), an investment holding company incorporated in Hong Kong which held 40% equity interest in Jiangyin Sunan International Container Terminal Co., Ltd. (“**Jiangyin Sunan**”, a sino-foreign joint venture enterprise registered in the PRC and operates the container terminal in Jiangyin Port, Jiangsu Province, the PRC) at a consideration of about RMB294,181,000 (equivalent to about HK\$325,349,000). The disposals of Jiaxing Port and Paul Y. Corp resulted a gain on disposal before taxation of about HK\$83,344,000 and HK\$57,143,000 respectively. Upon and after the disposals, Jiaxing Port together with its subsidiaries and Paul Y. Corp ceased to be subsidiaries of the Group, while Jiangyin Sunan ceased to be an associate of the Group.

At the end of June 2019, the Group completed the disposal of its entire investment of 51% equity interest in Yichang Port Group Limited (“**Yichang Port Group**”), which was a sino-foreign joint venture enterprise registered in the PRC and mainly engaged in operation of ports, at a consideration of about RMB381,220,000 (equivalent to about HK\$433,697,000). Yichang Port Group and its subsidiaries ceased to be subsidiaries of the Group upon and after the disposal.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net assets disposed of:		
Property, plant and equipment	<b>339,603</b>	791,144
Right-of-use assets	<b>108,265</b>	134,556
Investment properties	—	187,217
Intangible assets	—	3,431
Interest in an associate	<b>247,375</b>	—
Financial assets measured at FVOCI		
- Investments in equity instruments	—	321
Other non-current assets	—	81,946
Trade and other debtors, deposits and prepayments	<b>19,150</b>	116,141
Bank balances and cash	<b>39,356</b>	177,502
Trade and other creditors and accrued expenses	<b>(17,362)</b>	(111,141)
Contract liabilities	—	(7,494)
Amounts due to non-controlling interests	—	(2,275)
Taxation payable	—	(7,241)
Bank and other borrowings	<b>(164,294)</b>	(428,852)
Deferred tax liabilities	<b>(2,408)</b>	(41,676)
Deferred income	—	(73,882)
Other payables	—	(18,137)
	<hr/>	<hr/>
Total net assets	<b>569,685</b>	801,560
Less: non-controlling interests	<b>(32,471)</b>	(484,995)
	<hr/>	<hr/>
	<b>537,214</b>	316,565
	<hr/>	<hr/>

## 20. DISPOSAL OF SUBSIDIARIES – CONTINUED

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gain on disposal of subsidiaries:		
Cash consideration	735,354	433,697
Directly attributable costs and levies	(20,799)	(19,975)
Net assets disposed of	(569,685)	(801,560)
Non-controlling interests	32,471	484,995
	<hr/>	<hr/>
Gain on disposal before taxation and release of attributable reserve	177,341	97,157
Cumulative exchange differences in respect of the net assets of subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	(36,854)	(8,584)
	<hr/>	<hr/>
Gain on disposal before taxation	140,487	88,573
Less: taxation (Note 11)	(29,811)	(28,065)
	<hr/>	<hr/>
Gain on disposal after taxation	110,676	60,508
	<hr/>	<hr/>
Net cash inflow arising on disposal:		
Cash consideration	735,354	433,697
Less: unreceived cash consideration classified as other receivable	(63,207)	—
Less: income tax, directly attributable costs and levies	(50,610)	(48,040)
	<hr/>	<hr/>
Net cash consideration received	621,537	385,657
Less: bank balances and cash disposed of	(39,356)	(177,502)
	<hr/>	<hr/>
	582,181	208,155
	<hr/>	<hr/>

Jiaxing Port contributed approximately HK\$20 million to the revenue of the Group and about HK\$6 million to the net profit attributable to owners of the Company for the year ended 31 March 2021. The revenue of the Group and net profit attributable to owners of the Company contributed by Paul Y. Corp for the year ended 31 March 2021 were not significant.

Yichang Port Group contributed about HK\$88.6 million to the revenue of the Group and about HK\$4.3 million to the net profit attributable to owners of the Company for the year ended 31 March 2020.

Other reserves in relation to the above subsidiaries amounting to approximately HK\$32,323,000 (2020: HK\$11,546,000) has been credited to the retained profits upon the disposal.

## 21. LOSS ON WINDING UP OF SUBSIDIARIES

During the year, the Group resolved to voluntarily wind up three wholly-owned subsidiaries namely PYI Management Limited, Excellent Prospect Holdings Limited and Merchant Treasure Limited (collectively “**former subsidiaries**”), in the course of restructuring its loss making business. As a result of the liquidation and appointment of liquidators, the Group lost control over these companies and they were ceased to be subsidiaries of the Company with effect from 31 March 2021.

A loss on winding up of subsidiaries of about HK\$8,695,000 was recognised in the consolidated profit or loss for the year ended 31 March 2021. Set out below are the net carrying amounts of the assets and liabilities of the former subsidiaries at the date of derecognition:

	<b>2021</b> <b>HK\$'000</b>
Net assets at the date of derecognition:	
Interest in an associate	9,795
Bank balances and cash	8,597
Trade and other creditors and accrued expenses	(1,797)
Lease liabilities	(7,900)
Total net assets	<u>8,695</u>
Loss on winding up of subsidiaries:	
Amounts due from former subsidiaries in liquidation	1,130,151
Amounts due to former subsidiaries in liquidation	<u>(1,130,151)</u>
	—
Net assets at the date of derecognition	<u>(8,695)</u>
Loss on winding up of subsidiaries	<u>(8,695)</u>

As at 31 March 2021, the amounts due from/to former subsidiaries in liquidation were classified as current assets and current liabilities respectively as the Group does not have a legally enforceable right to set off these amounts. The amounts due to former subsidiaries in liquidation are expected to be assigned to the Company upon the completion of the liquidation process to set off with the amounts due from former subsidiaries in liquidation. Accordingly, loss allowances were made to reduce the carrying amounts of the amounts due from former subsidiaries in liquidation equals to the amounts due to the former subsidiaries in liquidation, being the gross amount of amounts due from former subsidiaries in liquidation of about HK\$2,733,832,000 less cumulative loss allowances of about HK\$1,603,681,000. No future cash outflow is expected from the set off of the amounts due from former subsidiaries in liquidation against the amounts due to the former subsidiaries in liquidation upon completion of the liquidation process. Any distribution from liquidators in future will be recognised as other income of the Group.

## 22. EVENTS AFTER THE REPORTING PERIOD

On 13 April 2021, the Group subscribed convertible bonds issued by Imagi Brokerage Limited in the principal amount of HK\$100,000,000 which bears interest at the rate of 5.5% per annum. Further details of the subscription were disclosed in the Company's announcement dated 13 April 2021.

On 21 April 2021, the Group subscribed convertible bonds issued by Co-Lead Holdings Limited in the principal amount of HK\$100,000,000 which bears interest at the rate of 6% per annum. Further details of the subscription were disclosed in the Company's announcements dated 21 April 2021 and 4 June 2021.

On 1 June 2021, the Group has received an irrevocable and unconditional assignment of the voting rights of a block of about 10% shareholding (the "**Voting Rights**") in Paul Y. Engineering from an independent third party at nil consideration. As at 31 March 2021, the Group held about 48.23% of the entire issued shares of Paul Y. Engineering and Paul Y. Engineering was accounted for as interest in associates of the Group. Upon accepting the assignment of the Voting Rights, the Group is entitled to exercise a total of about 58.23% voting rights at any general meetings of Paul Y. Engineering's shareholders and thus obtained control of Paul Y. Engineering without transferring consideration. Accordingly, Paul Y. Engineering becomes a non-wholly-owned subsidiary of the Group. The acquisition method of accounting would be adopted and the financial statements of Paul Y. Engineering would be consolidated into the consolidated financial statements of the Group starting from 1 June 2021. Because the acquisition of Paul Y. Engineering was effected shortly before the date of approval of financial statements, it is not practicable to disclose further financial impact on the acquisition. Further details of the voting right assignment were disclosed in the Company's announcement dated 1 June 2021.



## FINAL DIVIDEND

The Board of the Company has resolved not to recommend payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

## CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed during the period from Tuesday, 31 August 2021 to Friday, 3 September 2021, both dates inclusive, during which period no transfer of share(s) of the Company will be registered for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2021 Annual General Meeting (the "2021 AGM") to be held on Friday, 3 September 2021. In order to be eligible to attend and vote at the 2021 AGM, all transfer document(s), accompanied by the relevant share certificate(s), must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 30 August 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF FINANCIAL PERFORMANCE AND POSITION

For the year ended 31 March 2021, the Group recorded a consolidated revenue of about HK\$277 million (2020: HK\$364 million), representing a decrease of about 24% from last year, mainly due to decrease in income from the port related services after the disposals of Jiaxing Port and Yichang Port Group in the current year and last year respectively, despite the increase in revenue from the sale of properties during the year. The Group's gross profit decreased by 15% from last year to about HK\$122 million (2020: HK\$143 million), which represented a gross margin of 44% (2020: 39%) of the consolidated revenue.

During the year, the Group recorded a loss before taxation of about HK\$173 million (2020: HK\$507 million), which was composed of:

- (i) net gain of about HK\$141 million (2020: HK\$114 million) in ports and logistics business;
- (ii) net loss of about HK\$1,045 million (2020: gain of about HK\$15 million) in property business;
- (iii) net gain of about HK\$981 million (2020: loss of about HK\$197 million) in securities business;
- (iv) net loss of about HK\$233 million (2020: HK\$138 million) in financial services business;
- (v) share of profit of Paul Y. Engineering Group Limited ("Paul Y. Engineering") of about HK\$67 million (2020: loss of about HK\$107 million);
- (vi) net corporate and other expenses of about HK\$114 million (2020: HK\$144 million);
- (vii) net exchange gain of about HK\$48 million (2020: loss of about HK\$26 million); and
- (viii) finance costs of about HK\$18 million (2020: HK\$24 million).

After taking into account the tax credit of about HK\$222 million (2020: tax charge of about HK\$58 million), the Group recorded profit for the year of about HK\$49 million (2020: loss of about HK\$565 million).

Net profit for the year attributable to the owners of the Company was about HK\$151 million (2020: net loss of about HK\$572 million) and basic earnings per share was HK13.7 cents (2020: basic loss per share of HK51.8 cents). The net profit was mainly attributable to (a) gain on changes in fair value of investments in debt and equity instruments held for trading of about HK\$856 million (2020: loss of about HK\$224 million), after netting off relevant deferred tax charge of HK\$103 million (2020: Nil); (b) write-down of stock of properties of about HK\$421 million (2020: HK\$18 million) after netting off relevant deferred tax credit of about HK\$168 million (2020: Nil) and share of loss by non-controlling interest of about HK\$52 million (2020: Nil); (c) loss on fair value changes of investment properties of about HK\$173 million (2020: gain of HK\$18 million), after netting off relevant deferred tax credit of about HK\$184 million (2020: charge of HK\$22 million) and share of loss by non-controlling interest of about HK\$51 million (2020: share of profit of HK\$7 million); (d) impairment loss on financial assets of about HK\$252 million (2020: HK\$166 million); (e) a net gain after taxation on disposals of subsidiaries of about HK\$111 million (2020: HK\$61 million); and (f) net profit of associates shared by the Company of about HK\$65 million (2020: loss of HK\$94 million).

When compared with the Group's financial position as at 31 March 2020, total assets increased by 16% to about HK\$6,580 million (2020: HK\$5,667 million). As at 31 March 2021, net current assets amounted to about HK\$2,677 million (2020: HK\$2,787 million), whereas current ratio deriving from the ratio of current assets to current liabilities decreased to 2.65 times (2020: 5.19 times). After taking into account (a) the net profit of about HK\$151 million; (b) the post-tax impact for the decrease in carrying amount of financial assets measured at fair value through other comprehensive income of about HK\$81 million recognised in the investment revaluation reserve; (c) the Renminbi exchange surplus of about HK\$114 million arising from translation of foreign operations; and (d) the reclassification of exchange deficits to profit or loss upon disposal of Jiaxing Port and Jiangyin Sunan of about HK\$37 million, equity attributable to owners of the Company increased by 6% to about HK\$3,899 million (2020: HK\$3,678 million), representing HK\$3.53 (2020: HK\$3.33) per share as at 31 March 2021.

Net cash outflow from operating activities was about HK\$469 million (2020: HK\$120 million) mainly attributable to the enlargement of the trading securities portfolio. Net cash inflow from investing activities was about HK\$237 million (2020: HK\$76 million) and net cash inflow from financing activities was about HK\$4 million (2020: outflow of about HK\$77 million). Consequently, there was a net decrease in available cash and cash equivalents of about HK\$228 million (2020: HK\$121 million) during the year.

## **REVIEW OF OPERATIONS AND BUSINESS DEVELOPMENT**

### ***Ports and Logistics***

In light of current government policies directives which assert particular emphasis on more efficient utilisation of port assets and elimination of ill-fated competition in the Yangtze River region by way of consolidation of ownership and operations, the Company successfully captured the divestment opportunities on the traditional container and dry bulk terminals in recent years. Following completion of disposals of Jiangyin Sunan and Jiaxing Port in July 2020, the Company will focus its port and logistic business on other bulk commodities terminals and infrastructures with higher growth potential, in particular liquefied natural gas (“LNG”).

#### **Jiangyin Sunan Container Terminal (40% owned before the disposal in July 2020)**

On 16 December 2019, a conditional agreement was entered into for the disposal of the Group’s entire 40% equity interest in Jiangyin Sunan (through disposal of its investment holding company Paul Y. Corporation Limited). The disposal of Jiangyin Sunan was completed in July 2020. Consideration of about RMB294 million (equivalent to about HK\$325 million) has been fully received in cash in Hong Kong.

Jiangyin Sunan contributed about HK\$57 million to the segment profit for the year, which represented the gain on disposal of Jiangyin Sunan (2020: HK\$12 million, represented share of operating result of Jiangyin Sunan). A tax charge of about HK\$15 million (2020: Nil) in relation to the disposal was recognised in the consolidated income statement for the year.

Jiangyin Sunan Container Terminal is situated at New Harbour District of New Harbour City in Jiangyin City and occupies a land area of 0.49 sq km, shorelines of 589 m long at outer port and 1,090 m long at inner port with 11 berths. It is principally engaged in containers loading and discharging as well as the storage, maintenance, washing and leasing of containers.

#### **Jiaxing International Feeder Port (90% owned before the disposal in July 2020)**

On 16 December 2019, a conditional agreement was entered into for the disposal of the Group’s entire 90% equity interest in Jiaxing Port. The disposal of Jiaxing Port was completed in July 2020. Consideration, net of tax, of about RMB360 million (equivalent to about HK\$395 million) has been fully received in cash in Hong Kong up to the date of this announcement.

Jiaxing Port contributed about HK\$93 million (2020: HK\$9 million) to the segment profit for the year, which comprised the gain on disposal of Jiaxing Port of about HK\$84 million (2020: Nil) and Jiaxing Port’s operating profit of HK\$9 million (2020: HK\$9 million). A tax charge of about HK\$15 million (2020: Nil) in relation to the disposal was recognised in the consolidated income statement for the year.

Jiaxing International Feeder Port is situated at Nanhu District of Jiaxing City and occupies a shoreline of 570 m and a land mass of 326,000 sq m. The port has 10 berths which are principally engaged in loading, discharging and storage of containers. The port also features a range of integrated logistics supporting services such as examination, quarantine, storage and information services etc.

### **LPG, CNG and LNG Distribution and Logistics (100% owned)**

Affected by the COVID-19 pandemic, the liquefied petroleum gas (“LPG”) and compressed natural gas (“CNG”) distribution and logistics businesses of Minsheng Gas in Wuhan recorded an operating loss of about HK\$10 million (2020: HK\$12 million) during the year. During the year, the public health measures in Wuhan City were relieved in stages upon the alleviation of the COVID-19 pandemic, while the public transportation system and people’s daily activities gradually returned to normal. The sales volume of Minsheng Gas has substantially returned to the level before the outbreak of the COVID-19 pandemic.

Sales of LPG decreased by 20% to about 3,700 tonnes (2020: 4,600 tonnes) and the sales of CNG decreased by 21% to about 15.5 million m<sup>3</sup> (2020: 19.5 million m<sup>3</sup>) for the year ended 31 March 2021.

Currently, Minsheng Gas owns and operates the largest LPG storage-tank farm and a river terminal in Hubei Province, and has four LPG and four CNG automotive fueling stations in Wuhan City.

Since 2013 and in line with the policy of Wuhan municipal government to promote more CNG-powered vehicles in Wuhan City, Minsheng Gas has established a diversification strategy to transform its LPG fueling stations into CNG stations to improve sale and profitability. Several LPG automotive fueling stations had been transformed into CNG stations. In view of the keen competition of CNG fueling stations in Wuhan City, Minsheng Gas will continue to look for transformation opportunities.

Meanwhile, the PRC Government has made a strong commitment to reduce the carbon emission at the 2015 United Nations Climate Change Conference in Paris and has issued policies to speed up the development of clean energy such as LNG. Given that LNG is more efficient in terms of storage and long-distance transportation as compared to piped natural gas, there is tremendous growth potential for LNG storage and infrastructure development. In consideration of the LNG growth potential, Minsheng Gas intends to seize the opportunity to further expand its business by initiating a two-phase development plan to construct new LNG storage tanks and LNG berths catering to domestic transportation and industrial demands. Under the development plan, the LNG storage facilities of Minsheng Gas will be designated as a regional storage and trans-shipment hub for LNG in Hubei Province.

As of 31 March 2021, the pre-construction works for the LNG project had substantially been completed. Given the impact of COVID-19 on the general trading conditions, Minsheng Gas is considering its options on the commencement of the first phase of LNG project, with a budgeted cost of about RMB500 million. Under the first phase of the development plan, a new LNG storage tank with a storage capacity of 30,000 cubic metres will be built, with connecting pipelines to the municipal natural gas distribution network. In addition, a new LNG berth will be built next to the existing LPG berth.

### **Yangkou Port (9.9% owned)**

The Group's 9.9% equity interest in Jiangsu Yangkou Port Development and Investment Co. Ltd. ("**Yangkou Port Co**") contributed dividend income of about HK\$1 million to the segment's profit for the year (2020: Nil).

Yangkou Port Co is principally engaged in the business of development of port and related infrastructures at Yangkou Port, an offshore type deep-sea harbour along the South East Coast of Jiangsu Province, the PRC. Strategically located near the mouth of the Yangtze River, Yangkou Port is ideally situated to become one of China's largest trans-shipment hubs for dry and liquid bulk cargoes.

Following our several staged divestments over the years from 75% to the current 9.9% interest, the residue investment is intended to be held for long-term purpose and is classified as financial assets measured at fair value through other comprehensive income. As at 31 March 2021, the investment in Yangkou Port Co was stated at fair value of about HK\$237 million (2020: HK\$310 million), equivalent to about 3.6% (2020: 5.5%) of the Group's total assets. The unrealised decrease in fair value of about HK\$73 million (2020: HK\$51 million) for the year was recognised in other comprehensive expense.

Given the lack of a stable and attractive dividend policy established in Yangkou Port Co, the Group is assessing its options on this investment based on its value accretion potential.

### **Property**

The property business recorded an operating loss of about HK\$1,045 million (2020: profit of HK\$15 million) for the year which was mainly attributable to (a) loss on fair value changes of investment properties of about HK\$408 million (2020: gain of HK\$47 million), before the relevant deferred tax credit of about HK\$184 million (2020: deferred tax charge of HK\$22 million) and (b) write-down of the stock of properties of about HK\$641 million (2020: HK\$18 million), before the relevant deferred tax credit of about HK\$168 million (2020: Nil), which were mostly attributable to the Group's properties at Xiao Yangkou.

The Group has 11.42 sq km (2020: 11.5 sq km) land bank situated at Xiao Yangkou, which is under development as a regional tourism site of national standard with hot spring and recreational facilities. As at 31 March 2021, about 6.81 sq km (2020: 6.89 sq km) out of the 11.42 sq km (2020: 11.5 sq km) land bank had reached the developing stage or the developed and serviced stage. The development status of the 11.42 sq km land bank was summarised as follows:

Area (sq km)	Stage of development	Intended purpose	Classification
0.88	Developed land	Rental/Capital appreciation	Investment properties
2.00	Land under development	Rental/Capital appreciation	Investment properties
2.01	Developed land	Sale	Stock of properties
1.89	Land under development	Sale	Stock of properties
0.03	Developed land	Self-use	Right-of-use assets
4.61	Pending development	Undetermined	Project under development
<u>11.42</u>			

The COVID-19 pandemic has affected the tourism industry with stringent public health measures and travel restrictions. Such negative impact has been reflected with higher impact on tourist land than urban residential and commercial land in terms of selling prices and transaction volume. In determining the fair values of the developed land and land under development situated at Xiao Yangkou which are zoned for tourist and resort use, the valuer has consistently adopted market approach with reference to the actual land transaction prices of the emerging tourist and resort use land within the vicinity. Details of the valuation technique and inputs of Xiao Yangkou's investment properties are disclosed in Note 14 to the consolidated financial statements. As at 31 March 2021, the investment properties of about 2.88 sq km were measured at fair value of about HK\$730 million (2020: HK\$1,041 million) and recorded a loss on revaluation (before tax and non-controlling interest) of about HK\$388 million (2020: gain of HK\$50 million) for the year.

Similarly, land and properties at Xiao Yangkou classified as stock of properties also suffered from the decline in market value of high-end resort properties during the year. In addition, the central government has rolled out new measures to clamp down on the over-concentration of capital in the property market and has rigorously tightened the financing criteria in the property sector in August 2020. Further tightening measures are expected to be introduced by the provincial and local governments to make sure the property control measures of the central government are being closely followed, which posed further negative impact on the property market. In evaluating the net realisable value of the property project, the valuer has taken into account the changes on selling prices, the estimated development costs and the extended sales and development cycle of high-end resort property project caused by the pandemic and the market uncertainty. As at 31 March 2021, the Group's certain stock of properties at Xiao Yangkou were written down to their net realisable value of about HK\$563 million (corresponding carrying amount in 2020: HK\$1,015 million) and recorded a write-down (before tax and non-controlling interest) of about HK\$542 million (2020: Nil) for the year. Details of the stock of properties and its net realisable value assessment are disclosed in Note 16 to the consolidated financial statements. During the year, the Group has realised developed land and properties with an aggregate land area of about 0.08 sq km in about HK\$80 million (2020: Nil).

As at 31 March 2021, a gross floor area of about 6,000 sq m of "Nantong International Trade Center", a commercial and office building in the central business district of Nantong City, was rented out for hotel operation and classified as investment properties. The investment properties recorded a loss on fair value change of about HK\$20 million (2020: HK\$3 million) for the year. The Group also holds a gross floor area of about 7,400 sq m (2020: 11,000 sq m) of "Nantong International Trade Center" for sale while a write-down of about HK\$38 million (2020: HK\$18 million) was made during the year mainly attributable to the price drop in commercial properties and underground car parking spaces. During the year, the building contributed revenue from sales of properties of about HK\$27 million to the Group (2020: HK\$26 million).

In the Hangzhou Hi-Tech Industry Development Zone of Bingjiang, Hangzhou City, the Group holds, as joint venture with Paul Y. Engineering, an office building known as "Pioneer Technology Building", which has a gross floor area of about 20,000 sq m. The building recorded a loss on fair value change of about HK\$16 million (2020: HK\$9 million) and generated rental income of about HK\$12 million (2020: HK\$11 million) during the year. Its occupancy reached about 96% as at 31 March 2021.

## *Securities*

Despite the unsettled China-US tension and COVID-19 pandemic continued to pose negative impacts on the global economy and financial markets including Hong Kong, the panic on the securities market has gradually stabilised during the year. The Group adopted a cautious and disciplined approach in managing the Group's securities portfolio and recorded an operating gain of about HK\$981 million (2020: loss of HK\$197 million), before the relevant deferred tax charge of about HK\$103 million (2020: Nil), for the year which was mainly attributable to the net fair value gain of investments in debt and equity instruments held for trading of about HK\$959 million (2020: loss of HK\$224 million).

As at 31 March 2021, the Group's portfolio in securities business mainly consisted of (a) investments in equity instruments held for trading amounted to about HK\$1,338 million (2020: HK\$192 million), equivalent to about 20% (2020: 3%) of the Group's total assets and (b) investments in debt instruments held for trading amounted to about HK\$224 million (2020: HK\$248 million), equivalent to about 3% (2020: 4%) of the Group's total assets.

As at 31 March 2021, the Group's investments in equity instruments held for trading included an investment in 18,290,000 ordinary listed shares of China Evergrande New Energy Vehicle Group Limited ("**Evergrande Vehicle**", stock code: 0708.HK), which represented about 0.19% of its issued share capital with a fair value of about HK\$1,057 million). The investment in Evergrande Vehicle equivalent to about 16% of the Group's total assets and about 79% of the Group's investments in equity instruments held for trading portfolio. The Group invested in Evergrande Vehicle in 2019 with an acquisition cost of about HK\$207 million. The Group's investment in Evergrande Vehicle recorded an unrealised fair value gain of about HK\$954 million during the year, while the cumulative unrealised gain of this investment amounted to about HK\$850 million as at 31 March 2021. No acquisition or disposal of the investment in Evergrande Vehicle was made nor any dividend was received from Evergrande Vehicle during the year.

Evergrande Vehicle is principally engaged in technology research and development, manufacturing and sales services in respect of new energy vehicles, as well as health management businesses including "Internet+" community health management, international hospitals, elderly care and rehabilitation. Evergrande Vehicle strives to become the world's largest and most powerful new energy vehicle enterprise, with a goal of achieving annual production and sales volume of over 1 million vehicles by 2025 and 5 million vehicles by 2035, respectively. The Group is optimistic about the prospect of Evergrande Vehicle, with the believes that the development of the new energy automobile industry will continue to improve in the future. The Group's investment in Evergrande Vehicle is for trading purpose and aims to realise the gain in the future subject to market conditions.

The Group will continue to monitor its portfolio of investments in diversified securities products to improve performance in the coming year.



### ***Financial services***

The financial services business of the Group recorded an operating loss of about HK\$233 million (2020: HK\$138 million) for the year which was mainly attributable to the expected credit loss provision (“**ECL Provision**”) of about HK\$250 million (2020: HK\$165 million) mainly on the loans and related interest receivables which have been in default and considered as credit-impaired, offset by interest income of about HK\$21 million (2020: HK\$27 million) derived from loans receivable.

As at 31 March 2021, carrying amounts of the Group’s portfolio of high-yield loans receivable amounted to about HK\$72 million (being the loan principal of about HK\$190 million less cumulative ECL Provision of about HK\$118 million) (2020: HK\$150 million, being the loan principal of about HK\$282 million less cumulative ECL Provision of about HK\$132 million), equivalent to about 1% (2020: 3%) of the Group’s total assets.

The ECL Provision is determined by reference to the independent professional valuer’s assessment in accordance with HKFRS 9 by adopting its independently selected parameters which contain credit rating portfolio similar to the respective borrowers, also taking into account the historical market default records and forward-looking factors.

Included in the ECL Provision of about HK\$250 million (2020: HK\$165 million) recognised during the year, there were about HK\$202 million (2020: HK\$88 million) arisen from the credit-impaired loans and receivable portfolios held by the Group’s former subsidiaries in liquidation, in which management encountered huge difficulties in the recovery of debts in default. In the course of restructuring of the Group’s loss-making business, these former subsidiaries were put into liquidation with effect from 31 March 2021. Accordingly, the portfolio (included the gross amount of loans receivables of about HK\$145 million, other receivables of about HK\$72 million and amounts due from associates of about HK\$82 million) were fully impaired during the year, resulted in the impairment losses recognised on loan receivables, other receivables and amounts due from associates of about HK\$88 million, HK\$41 million and HK\$73 million respectively. Upon liquidation, the aforesaid portfolios were deconsolidated from the Group. Any receivables eventually recover by the liquidator will be distributed to the Group, as being the major creditor of the former subsidiaries in liquidation, in accordance with the relevant insolvency laws and regulations.

The Group provided loan financing services through the operation of treasury business. However, given the difference in terms of risk level and nature in loan financing services and customary treasury activities, management considered that inclusion of the loan financing business within the treasury business cannot provide a clear delineation of different business units of the Group. The Group’s strategy in attaining the objective of treasury management through the provision of loan financing is proved to be undesirable. As such, management has taken steps in restructuring the business segments, of which the liquidation of aforesaid loss-making former subsidiaries also forms part. Management will remain cautious in monitoring the risks and collectability of the existing loan portfolio.

The Group is confident that the financial market will be one of the cornerstones of economy in Hong Kong and shall continue to serve as one of the world's leading fund-raising platforms. Despite significant loss has been recorded in the loan financing business, given the prospect of the Hong Kong stock market, the management considers that the financial services, including provision of loan financing services and financial related services, will in future provide consistent and significant returns to the Group.

**Galaxy Vantage Limited (27.29% owned)**

In February 2021, the Group subscribed 27.29% of the enlarged share capital of Galaxy Vantage Limited (“**Galaxy Vantage**”), at a consideration of HK\$100 million. Galaxy Vantage is an indirect 61% owned subsidiary of Touyun Biotech Group Limited (stock code: 1332.HK) and principally engaged in the provision of one-stop integrated financial services, including securities brokerage, money lending, asset management, financial services and securities trading businesses. Its indirect wholly-owned subsidiary, Hope Securities Limited, is a licensed corporation under the Securities and Futures Ordinance to carry out regulated activities Type 1 “Dealing in Securities”, Type 2 “Dealing in Futures Contracts”, Type 4 “Advising on Securities”, Type 5 “Advising on Futures Contracts” and Type 9 “Asset Management”.

The management considers that Galaxy Vantage will be able to take advantage of the growth potential of the Hong Kong stock market and the acquisition will provide an opportunity for the Group to diversify its business portfolio to participate in the integrated financial services sector and related business. In addition, the acquisition represents a milestone of the Group to tap into integrated financial services business in Hong Kong and to gain knowledge, expertise and network in the field.

**Maxlord Enterprises Limited (33.33% owned)**

In March 2021, the Group subscribed one-third of the enlarged share capital of Maxlord Enterprises Limited (“**Maxlord**”), a licensed money lender carrying out money lending business in Hong Kong, at a consideration of HK\$100 million. Maxlord is an indirect 66.67% owned subsidiary of Planetree International Development Limited (stock code: 0613.HK).

The Group intends to capitalise on the expertise and competitive strength of Maxlord, which demonstrated profit-making financial track record in its money lending operation, so as to improve, develop and expand the Group's loan financing business. The management believes that the investment and partnership with Maxlord may create various benefits to the Group, such as (i) enabling the Group to benefit from the expanding customers network and clientele of Maxlord; (ii) share and exchange of business information and management expertise between the parties; (iii) referring to each other potential business opportunities; and (iv) if considered appropriate, joint participation in loan transaction for risk allocation and profit sharing.

### ***Investment in Paul Y. Engineering (48.23% owned)***

Paul Y. Engineering contributed profit of about HK\$67 million (2020: loss of HK\$107 million) to the Group for the year ended 31 March 2021, after adjustment for the alignment of accounting policy on ECL Provision of the Group regarding certain non-trade receivables of Paul Y. Engineering. The increase in profit was mainly attributable to government grants received for the year.

Headquartered in Hong Kong, Paul Y. Engineering is dedicated to providing full-fledged engineering and property services, with operations in Hong Kong, the Mainland, Macau, Singapore and Malaysia. For over 70 years, Paul Y. Engineering has been at the heart of some of the most challenging and impactful construction projects that have shaped the iconic skylines of Hong Kong and many other cities. Its projects include commercial and residential buildings, institutional facilities, highways, airport runways, railways, tunnels, port works, water and sewage treatment facilities etc.

Subsequent to the reporting period, Paul Y. Engineering has become a subsidiary of the Group. For further details, please refer to the section headed “Events After the Reporting Period”.

### **SIGNIFICANT INVESTMENTS**

Except for the investment in the equity interest of Evergrande Vehicle held for trading set out in the Securities sub-section under the Review of Operations and Business Development section, the Group did not hold any significant investments in any investee company with a value of above 5% of the Group’s total assets as at 31 March 2021.

### **MATERIAL ACQUISITION AND DISPOSAL**

In July 2020, the Group completed the disposals of its entire investments of (i) 90% equity interest in Jiaxing International Container Feeder Port Limited and (ii) 100% equity interest in Paul Y. Corporation Limited, which held 40% equity interest in Jiangyin Sunan International Container Terminal Co., Ltd., at an aggregate consideration of about RMB669 million (equivalent to about HK\$735 million). Upon and after the disposals, Jiaxing International Container Feeder Port Limited together with its subsidiaries and Paul Y. Corporation Limited ceased to be subsidiaries of the Group, while Jiangyin Sunan International Container Terminal Co., Ltd ceased to be an associate of the Group.

In February 2021, the Group subscribed 27.29% of the enlarged share capital of Galaxy Vantage Limited, at a consideration of HK\$100 million.

In March 2021, the Group subscribed one-third of the enlarged share capital of Maxlord Enterprises Limited, a licensed money lender carrying out money lending business in Hong Kong, at a consideration of HK\$100 million.

Apart from the above, the Group did not have material acquisition and disposal of subsidiaries, associates and joint ventures during the year.

## **EVENTS AFTER THE REPORTING PERIOD**

On 13 April 2021, the Group subscribed convertible bonds issued by Imagi Brokerage Limited in the principal amount of HK\$100,000,000 which bears interest at the rate of 5.5% per annum. Further details of the subscription were disclosed in the Company's announcement dated 13 April 2021.

On 21 April 2021, the Group subscribed convertible bonds issued by Co-Lead Holdings Limited in the principal amount of HK\$100,000,000 which bears interest at the rate of 6% per annum. Further details of the subscription were disclosed in the Company's announcements dated 21 April 2021 and 4 June 2021.

On 1 June 2021, the Group has received an irrevocable and unconditional assignment of the voting rights of a block of about 10% shareholding (the "**Voting Rights**") in Paul Y. Engineering Group Limited from an independent third party at nil consideration. As the date of this announcement, the Group holds approximately 48.23% of the entire issued shares of Paul Y. Engineering. Upon accepting the assignment of the Voting Rights, the Group is entitled to exercise a total of about 58.23% voting rights at any general meetings of Paul Y. Engineering's shareholders and thus obtained control of Paul Y. Engineering. Further details of the voting right assignment were disclosed in the Company's announcement dated 1 June 2021.

Apart from the above, there were no major subsequent events occurred since the end of the reporting period and up to the date of this announcement.

## **OUTLOOK**

The world faced unprecedented challenges during the year due to the outbreak of the COVID-19 pandemic, leading to heightened downside pressure on the global economy. Countries around the world including China have adopted lockdown and quarantine policies that have significantly reduced business activities worldwide. It is expected that the global economy will continue to be affected by the COVID-19 pandemic until the launch of vaccines can ease the pandemic. Although uncertainties may persist, the Company will continue to enhance the Group's business through review of its existing business portfolio from time to time and will continue looking for other investment opportunities in a cautious and pragmatic approach with a view to enhancing shareholders' value.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 31 March 2021, the Group had total assets of HK\$6,580 million (2020: HK\$5,667 million) which were financed by shareholders' funds and credit facilities. A variety of credit facilities were maintained to meet its working capital requirements and committed capital expenditure, which bore interest at market rates and had contracted terms of repayment ranging from on demand to nine years. The Group mainly generated revenue and incurred costs in Hong Kong dollar and Renminbi. During the year, no financial instruments had been used for hedging purpose and no foreign currency net investments are hedged by currency borrowings or other hedging instruments. The Group adopts a prudent funding and treasury policy and manages the fluctuation exposures of exchange rate and interest rate on specific transactions.

As at 31 March 2021, the Group's bank and other borrowings amounted to about HK\$401 million (2020: HK\$392 million) with about HK\$229 million (2020: HK\$191 million) repayable on demand or within one year and about HK\$172 million (2020: HK\$201 million) repayable after one year. Borrowings denominated in Hong Kong dollar of about HK\$40 million bore interest at fixed rate (2020: HK\$36 million bore interest at floating rate). Borrowings denominated in Renminbi of about HK\$361 million bore interest at fixed rate (2020: HK\$10 million bore interest at floating rate and HK\$346 million bore interest at fixed rate). The Group's gearing ratio was 0.10 (2020: 0.11), which was calculated based on the total borrowings of about HK\$401 million (2020: HK\$392 million) and the Group's shareholders' funds of about HK\$3,899 million (2020: HK\$3,678 million).

Cash, bank balances and deposits of the Group as at 31 March 2021 amounted to about HK\$189 million (2020: HK\$356 million), of which about HK\$146 million (2020: HK\$222 million) was denominated in Renminbi, about HK\$12 million (2020: HK\$82 million) was denominated in Hong Kong dollar and about HK\$31 million (2020: HK\$52 million) was denominated in other currencies mainly in United States Dollar. The balance of about HK\$7 million (2020: HK\$12 million) had been pledged to bank to secure general credit facilities granted to the Group. As at 31 March 2021, the Group had a net debt position (being bank borrowings net of cash, bank balances and deposits) of about HK\$212 million (2020: HK\$36 million).

## **CAPITAL STRUCTURE**

Pursuant to a special resolution for the capital reorganisation of the Company passed in the special general meeting on 28 October 2020, the Company undertook a capital reorganisation which comprised (a) the consolidation of every five issued and unissued existing shares in the authorised share capital of the Company of HK\$0.10 each into one consolidated share of HK\$0.50; (b) the reduction of the issued share capital of the Company by cancellation of the paid up capital of the Company to the extent of HK\$0.40 on each of the issued consolidated shares such that the par value of each issued consolidated share will be reduced from HK\$0.50 to HK\$0.10; and (c) the subdivision of every unissued consolidated share of HK\$0.50 in the authorised share capital of the Company into five adjusted shares of HK\$0.10 each. As at 31 March 2021, the total number of issued shares of the Company was 1,103,916,114 shares with a par value of HK\$0.1 each.

Upon the effective of the capital reorganisation on 30 October 2020, the reduced share capital of about HK\$441,566,000 has been transferred to the contributed surplus account of the Company.

### **EXPOSURE TO FLUCTUATION IN EXCHANGE RATE**

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollars and US dollars. The Group is mainly exposed to foreign exchange risk with respect to Renminbi which may affect the Group's performance. The Group regularly reviews the balances of assets and liabilities and the currencies in which the transactions are denominated so as to minimise the Group's exposure to foreign currency risk. During the year, no financial instruments had been used for hedging purpose and no foreign currency net investments are hedged by currency borrowings or other hedging instruments.

### **CONTINGENT LIABILITY**

As at 31 March 2021, the Group had no contingent liability (2020: Nil).

### **PLEDGE OF ASSETS**

As at 31 March 2021, certain property interests, property, plant and equipment and bank balances of the Group mainly in the PRC with an aggregate value of about HK\$537 million (2020: HK\$493 million) were pledged to banks and financial institutions to secure general credit facilities granted to the Group.

### **COMMITMENTS**

As at 31 March 2021, the Group had expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of certain property, plant and equipment and properties interests in a total amount of about HK\$31 million (2020: HK\$117 million).

### **NUMBER OF EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2021, the Group employed a total of 557 (2020: 566 which included 104 employees of Jiaxing Port) full time employees. Remuneration packages consisted of salary as well as performance-based bonus. Further, the Company has implemented share-related incentive schemes to provide alternative means to motivate employees and promote their loyalty in line with the Group's strategy. Such schemes benefited both the Group's staff in Hong Kong and the Mainland.

### **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

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

## **CORPORATE GOVERNANCE**

Throughout the year ended 31 March 2021, as well as for the year ended 31 March 2020, the Board has reviewed the corporate governance practices of the Company and continued to apply the principles of, and complied with, the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the “**CG Code**”) except for certain deviations as specified with considered reasons set below.

Code Provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive officer (“**CEO**”) should be separated and performed by different individuals. Following the retirement of Dr Chow Ming Kuen, Joseph on 16 September 2011, Mr Lau Tom Ko Yuen (“**Mr Lau**”), the managing director of the Company (the “**Managing Director**”) at the material time had been appointed as the chairman of the Company (the “**Chairman**”) and performed the roles of Chairman and CEO since 26 September 2011.

With effect from 18 January 2021, Mr Marc Tschirner was appointed as the executive director and Managing Director and Mr Lau stepped down from the role of Managing Director, as a result of which the Company complies with the requirement of separation of the roles of Chairman and CEO pursuant to Code Provision A.2.1 of the CG Code since then.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Mr Benny Kwong (“**Mr Kwong**”) (who is a non-executive director of the Company appointed on 9 February 2021 and subsequently appointed as the non-executive Chairman on 1 April 2021), Mr Ma Ka Ki (“**Mr Ma**”) and Mr William Giles (“**Mr Giles**”) (both being the independent non-executive directors of the Company appointed on 3 February 2021) had no fixed term of service with the Company, but are subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr Kwong, Mr Ma and Mr Giles, *inter alia*, have then entered into with a letter of appointment with the Company for a fixed term of 3 years effective retrospectively from the first date of their respective appointments.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code for dealing in the securities of the Company by the Company’s directors and the relevant employees of the Group. According to specific enquiries made by the Company, all the Company’s directors and relevant employees of the Group have confirmed their compliance with the required standard set out in the Model Code throughout the year ended 31 March 2021.

## **AUDIT COMMITTEE**

The Company has an audit committee (the “**Audit Committee**”) which has established in accordance with the requirement of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditor to consider the Company’s financial reporting process, the effectiveness of internal control, the audit process and risk management. As at the date this announcement, the Audit Committee comprises three independent non-executive directors of the Company, namely Mr Ma, Mr Giles and Mr Leung Chung Ki.

The annual results of the Group for the year ended 31 March 2021 have been reviewed by the Audit Committee.

## **SCOPE OF WORK OF CROWE (HK) CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, condensed consolidated statement of cash flows and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group’s auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by Crowe (HK) CPA Limited on this preliminary announcement.

## **APPRECIATION**

We would like to take this opportunity to express our gratitude to our shareholders, clients and partners for their continuous support and confidence to the Group and our appreciation to our executives and staff across the nation for their dedication and contribution during the past year.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the Company’s website at [www.blueriverholdings.com.hk](http://www.blueriverholdings.com.hk) under “Investor Relations” and the website of Hong Kong Exchanges and Clearing Limited (“**HKE**x”) at [www.hkexnews.hk](http://www.hkexnews.hk) under “Listed Company Information”. The 2021 Annual Report will be despatched to shareholders of the Company and posted on the aforesaid websites in July 2021.



## **ANNUAL GENERAL MEETING**

The 2021 AGM is scheduled to be held on Friday, 3 September 2021. Notice of the 2021 AGM will be published on the websites of both HKEx and the Company and despatched to the Company's shareholders in due course.

By Order of the Board

**Blue River Holdings Limited**

**Benny KWONG**

*Chairman*

Hong Kong, 29 June 2021

As at the date of this announcement, the Board comprises the following Directors:

*Non-Executive Chairman:*  
Benny KWONG

*Executive Directors:*  
AU Wai June  
Marc TSCHIRNER  
SAM Hing Cheong

*Independent Non-Executive  
Directors:*  
LEUNG Chung Ki  
MA Ka Ki  
William GILES