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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHANDONG SHUNDONG PORT SERVICES COMPANY LIMITED TO THE BOARD OF DIRECTORS OF ENERGY INTERNATIONAL INVESTMENTS HOLDINGS LIMITED

INTRODUCTION

We report on the historical financial information of Shandong Shundong Port Services Company Limited* (山東順東港務有限公司) (“**Shundong Port**”) set out on pages II-5 to II-63, which comprises the statements of financial position of Shundong Port as at 31 March 2022, 2023 and 2024 and 31 October 2024, the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows of Shundong Port for each of the three years ended 31 March 2024 and the seven months ended 31 October 2024 (the “**Relevant Periods**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages II-5 to II-63 forms an integral part of this report, which has been prepared for inclusion in the circular of Energy International Investments Holdings Limited (the “**Company**”) (the Company and its subsidiaries are collectively referred to as the “**Group**”) dated 16 April 2025 (the “**Circular**”) in connection with the proposed acquisition of 29.83% of the equity interest held by ordinary shareholders of Shundong Port that confers voting right and ordinary dividend right (the “**Common Equity Interest**”) of Shundong Port by the Group.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of Shundong Port is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “*Accountants' Reports on Historical Financial Information in Investment Circulars*” issued by the Hong Kong Institute of Certified Public

Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Shundong Port, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of Shundong Port as at 31 March 2022, 2023 and 2024 and 31 October 2024, and of Shundong Port’s financial performance and cash flows for each of the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of Shundong Port which comprises the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the seven months ended 31 October 2023 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of Shundong Port are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividend have been paid by Shundong Port in respect of the Relevant Periods.

No historical financial statements of Shundong Port

As at the date of this report, no statutory financial statements have been prepared for Shundong Port for any period of three years ended on a date three months before the issue of the Circular.



Crowe (HK) CPA Limited
Certified Public Accountants

Hong Kong
16 April 2025

Chan Wing Fai
Practising Certificate Number P07327

* For identification purpose only.

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of Shundong Port for the Relevant Periods, on which the Historical Financial Information is based, were audited by Crowe (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

INCOME STATEMENTS

		Year ended 31 March			Seven months ended 31 October	
		2022	2023	2024	2023	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
					(unaudited)	
Revenue	8	520,568	366,757	242,234	170,909	86,070
Cost of sales and services rendered		<u>(355,566)</u>	<u>(204,489)</u>	<u>(83,823)</u>	<u>(80,045)</u>	<u>(6,760)</u>
Gross profit		165,002	162,268	158,411	90,864	79,310
Interest revenue	9	1,417	78	2,716	720	4,361
Other income and other gains/(losses), net	10	(37,494)	(23,494)	(10,937)	(24,540)	(9,668)
Selling and distribution expenses		(14,657)	(9,403)	(2,485)	(855)	(3,247)
Administrative expenses		(15,559)	(17,144)	(22,651)	(14,908)	(7,997)
Fair value gain on investment properties	18	8,986	12,964	17,038	9,399	13,748
Finance costs	11	<u>(25,176)</u>	<u>(23,882)</u>	<u>(18,252)</u>	<u>(10,760)</u>	<u>(9,448)</u>
Profit before income tax		82,519	101,387	123,840	49,920	67,059
Income tax expenses	12	<u>(27,750)</u>	<u>(26,889)</u>	<u>(27,393)</u>	<u>(14,103)</u>	<u>(16,747)</u>
Profit for the year/period	13	<u>54,769</u>	<u>74,498</u>	<u>96,447</u>	<u>35,817</u>	<u>50,312</u>

STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Profit for the year/period	54,769	74,498	96,447	35,817	50,312
Other comprehensive income/(expenses), net of tax					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange difference on translation of financial statements	<u>15,392</u>	<u>(29,999)</u>	<u>(23,550)</u>	<u>(49,466)</u>	<u>(14,888)</u>
Total comprehensive income/(expense) for the year/period	<u><u>70,161</u></u>	<u><u>44,499</u></u>	<u><u>72,897</u></u>	<u><u>(13,649)</u></u>	<u><u>35,424</u></u>

STATEMENTS OF FINANCIAL POSITION

		At 31 March		At 31 October	
		2022	2023	2024	2024
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Property, plant and equipment	17(a)	958	5,636	4,558	30,258
Right-of-use assets	17(b)	–	–	–	7,260
Investment properties	18	1,666,170	1,565,499	1,507,397	1,535,053
Other receivables	20	7,186	–	–	–
		<u>1,674,314</u>	<u>1,571,135</u>	<u>1,511,955</u>	<u>1,572,571</u>
Current assets					
Trade, bills and lease receivables	19	156,869	190,338	39,887	22,835
Prepayments, deposits and other receivables	20	106,623	80,055	2,110	6,015
Amount due from intermediate holding company	23(a)	–	–	–	43,040
Amount due from a fellow subsidiary	23(a)	–	1	1	2
Time deposits with original maturity over three months but not over one year	21(a)	–	–	–	349,344
Cash and cash equivalents	21(b)	55,670	81,712	564,822	3,161
		<u>319,162</u>	<u>352,106</u>	<u>606,820</u>	<u>424,397</u>
Current liabilities					
Trade and other payables	22	54,502	34,801	29,773	30,103
Bank borrowings	24	276,461	154,265	160,269	19,651
Lease liabilities	26	126	111	101	98
Amounts due to fellow subsidiaries	23(b)	233,368	292,308	347,555	355,834
Amount due to immediate holding company	23(c)	202,000	167,913	146,260	168,293
Amount due to intermediate holding company	23(a)	–	–	80,758	–
		<u>766,457</u>	<u>649,398</u>	<u>764,716</u>	<u>573,979</u>

		At 31 March		At
		2022	2023	31 October
		2022	2023	2024
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net current liabilities		<u>(447,295)</u>	<u>(297,292)</u>	<u>(157,896)</u>
				<u>(149,582)</u>
Total assets less current liabilities		<u>1,227,019</u>	<u>1,273,843</u>	<u>1,354,059</u>
				<u>1,422,989</u>
Non-current liabilities				
Other payable	22	–	–	10,396
Bank borrowings	24	22,216	20,569	–
Preferred shares	25	387,539	378,234	379,015
Lease liabilities	26	2,251	2,133	1,919
Deferred tax liabilities	27	181,494	194,889	211,814
		<u>593,500</u>	<u>595,825</u>	<u>603,144</u>
				<u>636,650</u>
NET ASSETS		<u>633,519</u>	<u>678,018</u>	<u>750,915</u>
				<u>786,339</u>
Capital and reserves				
Paid-up capital	28	261,671	261,671	261,671
Reserves	29	371,848	416,347	489,244
		<u>633,519</u>	<u>678,018</u>	<u>750,915</u>
TOTAL EQUITY		<u>633,519</u>	<u>678,018</u>	<u>786,339</u>

STATEMENTS OF CHANGES IN EQUITY

	Paid-up capital <i>HK\$'000</i>	Contributed surplus* <i>HK\$'000</i> <i>(Note 29(a))</i>	Exchange reserve* <i>HK\$'000</i> <i>(Note 29(b))</i>	Retained earnings* <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2021	261,671	69,030	11,896	220,761	563,358
Profit for the year	–	–	–	54,769	54,769
Other comprehensive income for the year	<u>–</u>	<u>–</u>	<u>15,392</u>	<u>–</u>	<u>15,392</u>
Total comprehensive income for the year	<u>–</u>	<u>–</u>	<u>15,392</u>	<u>54,769</u>	<u>70,161</u>
At 31 March 2022 and 1 April 2022	261,671	69,030	27,288	275,530	633,519
Profit for the year	–	–	–	74,498	74,498
Other comprehensive expense for the year	<u>–</u>	<u>–</u>	<u>(29,999)</u>	<u>–</u>	<u>(29,999)</u>
Total comprehensive (expense)/income for the year	<u>–</u>	<u>–</u>	<u>(29,999)</u>	<u>74,498</u>	<u>44,499</u>
At 31 March 2023 and 1 April 2023	261,671	69,030	(2,711)	350,028	678,018
Profit for the year	–	–	–	96,447	96,447
Other comprehensive expense for the year	<u>–</u>	<u>–</u>	<u>(23,550)</u>	<u>–</u>	<u>(23,550)</u>
Total comprehensive (expense)/income for the year	<u>–</u>	<u>–</u>	<u>(23,550)</u>	<u>96,447</u>	<u>72,897</u>

	Paid-up capital <i>HK\$'000</i>	Contributed surplus* <i>HK\$'000</i> <i>(Note 29(a))</i>	Exchange reserve* <i>HK\$'000</i> <i>(Note 29(b))</i>	Retained earnings* <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2024 and 1 April 2024	261,671	69,030	(26,261)	446,475	750,915
Profit for the period	–	–	–	50,312	50,312
Other comprehensive expense for the period	–	–	(14,888)	–	(14,888)
Total comprehensive (expense)/income for the period	–	–	(14,888)	50,312	35,424
At 31 October 2024	<u>261,671</u>	<u>69,030</u>	<u>(41,149)</u>	<u>496,787</u>	<u>786,339</u>
(UNAUDITED)					
At 1 April 2023	261,671	69,030	(2,711)	350,028	678,018
Profit for the period	–	–	–	35,817	35,817
Other comprehensive expense for the period	–	–	(49,466)	–	(49,466)
Total comprehensive (expense)/income for the period	–	–	(49,466)	35,817	(13,649)
At 31 October 2023	<u>261,671</u>	<u>69,030</u>	<u>(52,177)</u>	<u>385,845</u>	<u>664,369</u>

* These reserve accounts comprise the reserves of approximately HK\$371,848,000, HK\$416,347,000, HK\$489,244,000 and HK\$524,668,000 as at 31 March 2022, 2023 and 2024 and 31 October 2024, respectively, in the statements of financial position.

STATEMENTS OF CASH FLOWS

		Year ended 31 March			Seven months ended 31 October	
		2022	2023	2024	2023	2024
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
OPERATING ACTIVITIES						
Profit before income tax		82,519	101,387	123,840	49,920	67,059
<i>Adjustment for:</i>						
Depreciation of property, plant and equipment	17(a)	590	480	1,581	929	882
Depreciation of right-of-use assets	13, 17(b)	80	–	–	–	–
Net impairment loss/(reversal of impairment loss) under expected credit loss (“ECL”) model on						
– trade and lease receivables, net	6(a), 10	8,632	3,911	(9,361)	12,914	(1,866)
– deposits and other receivables	6(a), 10	–	334	(335)	(320)	–
Loss on disposal of property, plant and equipment	13	–	–	7	–	152
Fair value gain on investment properties	18	(8,986)	(12,964)	(17,038)	(9,399)	(13,748)
Fair value gain on preferred shares	10	38,800	19,453	20,780	12,068	12,047
Loss on lease modification	10	269	–	–	–	–
Interest income	9	(1,417)	(78)	(2,716)	(720)	(4,361)
Written back of provision for expenses	10	(9,522)	–	–	–	–
Reversal of interest income from a fellow subsidiary	10	1,507	–	–	–	–
Finance costs	11	25,176	23,882	18,252	10,760	9,448
		137,648	136,405	135,010	76,152	69,613

	<i>Notes</i>	Year ended 31 March			Seven months ended 31 October	
		2022	2023	2024	2023	2024
		HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
(Increase)/decrease in trade, bills and lease receivables		(146,374)	(49,072)	151,268	8,322	19,298
Decrease/(increase) in prepayments, deposits and other receivables		7,454	25,016	74,825	9,576	(1,359)
(Decrease)/increase in trade and other payables		<u>(79,536)</u>	<u>(15,684)</u>	<u>7,261</u>	<u>6,328</u>	<u>89</u>
Net cash (used in)/generated from operating activities		<u>(80,808)</u>	<u>96,665</u>	<u>368,364</u>	<u>100,378</u>	<u>87,641</u>
INVESTING ACTIVITIES						
Purchase of property, plant and equipment	17(a)	(580)	(5,237)	(826)	(673)	(27,167)
Proceeds from disposal of property, plant and equipment		–	–	29	–	387
Addition to right-of-use assets	17(b)	–	–	–	–	(7,283)
Addition to investment properties	18	(15,264)	(9,922)	(7,023)	(1,472)	(1,707)
Placement of time deposits		–	–	–	–	(350,464)
Advance to a fellow subsidiary		–	(1)	–	–	(1)
Advance to intermediate holding company		–	–	–	–	(43,040)
Repayment of loans from an independent third party		24,250	–	–	–	–
Interest received		<u>1,417</u>	<u>78</u>	<u>2,716</u>	<u>720</u>	<u>1,823</u>
Net cash generated from/ (used in) investing activities		<u>9,823</u>	<u>(15,082)</u>	<u>(5,104)</u>	<u>(1,425)</u>	<u>(427,452)</u>

	Year ended 31 March			Seven months ended 31	
	2022	2023	2024	October	2024
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
FINANCING ACTIVITIES					
Advances from fellow subsidiaries	126,414	66,165	59,148	61,969	–
Advances from immediate holding company	78,085	–	–	6,780	–
Advances from intermediate holding company	–	–	81,563	81,815	–
Repayment to fellow subsidiaries	(27,281)	–	–	–	–
Repayment to immediate holding company	(20,799)	(2,064)	(4)	–	–
Repayment to intermediate holding company	–	–	–	–	(81,813)
Repayment to a non-controlling shareholder	(131,863)	–	–	–	–
New bank borrowings raised	169,750	–	–	–	19,714
Repayment of bank borrowings	(56,988)	(101,843)	(5,469)	(2,743)	(162,090)
Repayment of other borrowings	(9,264)	–	–	–	–
Repayment of principal portion of lease liabilities	(207)	(116)	(107)	(107)	(102)
Repayment of interest portion of lease liabilities	(7)	(16)	(20)	(20)	(24)
Interest paid	(10,511)	(13,554)	(8,192)	(4,837)	(3,647)
Net cash generated from/ (used in) financing activities	117,329	(51,428)	126,919	142,857	(227,962)

	<i>Notes</i>	Year ended 31 March			Seven months ended 31	
		2022	2023	2024	October	
		HK\$'000	HK\$'000	HK\$'000	2023	2024
					HK\$'000	HK\$'000
					(unaudited)	
Net increase/(decrease) in cash and cash equivalents		46,344	30,155	490,179	241,810	(567,773)
Effect of foreign exchange rate changes		1,105	(4,113)	(7,069)	(17,824)	6,112
Cash and cash equivalents at beginning of the year/period		<u>8,221</u>	<u>55,670</u>	<u>81,712</u>	<u>81,712</u>	<u>564,822</u>
Cash and cash equivalents at end of the year/period	21(b)	<u><u>55,670</u></u>	<u><u>81,712</u></u>	<u><u>564,822</u></u>	<u><u>305,698</u></u>	<u><u>3,161</u></u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shundong Port is established in the People's Republic of China (the "PRC") on 13 March 2013 with limited liability. Its registered office and principal place of business is Dongying Port Economic Development Zone, Shandong Province, the PRC. The directors of Shundong Port consider the immediate parent and ultimate holding company of Shundong Port to be Mid-Ocean Hong Kong Investment Limited and Cosmic Shine International Limited, which are incorporated with limited liability in Hong Kong and the British Virgin Islands respectively. These entities do not produce financial statements available for public use. The directors of Shundong Port also consider the intermediate holding company of Shundong Port to be the Company which is incorporated with limited liability in the Cayman Islands. The Company is a company with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

No audited financial statements have been prepared for Shundong Port for the Relevant Periods as Shundong Port was not subject to statutory audit requirements under the relevant rules and regulations in the PRC.

During the Relevant Periods, the principal activities of Shundong Port include:

- Oil and liquefied chemical terminal representing the business of leasing of oil and liquefied chemical terminal, together with its storage and logistics facilities (the "Port and Storage Facilities"), and provision of agency services and trading of oil and liquefied chemical products.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

(a) Basis of preparation

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Further details of the material accounting policy information adopted are set out in Note 4.

HKICPA has issued a number of new and amendments to HKFRSs. For the purpose of preparing this Historical Financial Information, all HKFRSs effective for the accounting period commencing from 1 April 2024, together with the relevant transitional provisions, have been early adopted by Shundong Port in the preparation of the Historical Financial Information for the Relevant Periods. The new and amendments to HKFRSs issued but not yet effective for the annual period beginning on 1 April 2024 are set out in Note 3.

The stub period comparative financial information of Shundong Port, which comprises the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the seven months ended 31 October 2023 and other explanatory information, has been prepared in accordance with the same basis of preparation adopted in respect of the Historical Financial Information.

Basis of measurement

The measure basis used in the preparation of the Historical Financial Information is the historical cost basis, except for investment properties and financial liabilities at fair value through profit or loss ("FVTPL") (i.e. preferred shares) which are stated at their fair values as explained in the accounting policies set out Note 4 below.

The Historical Financial Information is presented in HK\$, that is different from the functional currency of Shundong Port which is Renminbi ("RMB"). The directors of Shundong Port consider that HK\$ is the appropriate presentation currency of the Historical Financial Information for the inclusion in the circular of the Company in connection with the proposed acquisition of 29.83% of the Common Equity Interest in Shundong Port by the Group while the shares of the Company are listed on the Stock Exchange. All values are rounded to the nearest thousand (HK\$'000) except when otherwise stated.

Going concern basis

As at 31 March 2022, 2023 and 2024 and 31 October 2024, Shundong Port had net current liabilities of approximately HK\$447,295,000, HK\$297,292,000, HK\$157,896,000 and HK\$149,582,000 respectively, indicating the existence of uncertainty which may cast doubt on Shundong Port's ability to continue as a going concern. Therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Among its current liabilities as of 31 March 2022, 2023 and 2024 and 31 October 2024 were amounts due to fellow subsidiaries of approximately HK\$233,368,000, HK\$292,308,000, HK\$347,555,000 and HK\$355,834,000 respectively, and amount due to immediate holding company of approximately HK\$202,000,000, HK\$167,913,000, HK\$146,260,000 and HK\$168,293,000 respectively. All the abovementioned fellow subsidiaries and immediate holding company are controlled by the Company.

The directors of Shundong Port are of the opinion that Shundong Port will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 October 2024 after taking into consideration of the following:

- (i) The consideration of the proposed acquisition of 29.83% of the Common Equity Interest in Shundong Port is approximately HK\$300,000,000 (the "Consideration"). Shundong Port, which is currently an indirect non-wholly owned subsidiary of the Company, shall provide the necessary fund to its immediate holding company to complete the abovementioned acquisition. After taking into account the Consideration and based on the balance of amount due to immediate holding company as at 31 October 2024 of approximately HK\$168,293,000, the Group has an amount due from immediate holding company of approximately HK\$131,707,000;
- (ii) The fellow subsidiaries of Shundong Port undertake and agree not to demand repayment for the advances in an aggregate amount of approximately HK\$355,834,000 until Shundong Port has sufficient funds to repay the amounts and still be able to meet in full its financial obligations after the repayment; and
- (iii) Sufficient internal funds should be generated from Shundong Port's operations.

Accordingly, the directors of Shundong Port are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

Uses of estimates and judgements

The preparation of Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are disclosed in Note 5.

(b) Basis of presentation

Pursuant to the nominee arrangement (the “Yican Nominee Arrangement”) between Ms. Huang Yu Han (the “Vendor”) and Shandong Yican Port Co., Ltd.* (山東逸燦港務有限公司) (“Shandong Yican”), Shandong Yican agreed to transfer 29.83% of the Common Equity Interest in Shundong Port to Hongkong Yingx Co., Limited (“HK SPV”). The ultimate holding company of HK SPV is Faith Up Ventures Limited (the “Target Company”). The Vendor holds the entire issued share capital of the Target Company. The Vendor is a nominee of Shandong Yican pursuant to the Yican Nominee Arrangement and Shandong Yican remains to be the ultimate beneficial owner of the Common Equity Interest held by HK SPV in Shundong Port. HK SPV and the Target Company are incorporated with limited liability in Hong Kong and the British Virgin Islands respectively. Hence, the Target Company, HK SPV and its associate representing 29.83% of the Common Equity Interest in Shundong Port now comprising the “Target Group”.

The Target Company and HK SPV are investment holding companies and do not carry out any business since the dates of incorporation. The Target Group accounts for 29.83% of the Common Equity Interest in Shundong Port as an interest in an associate by equity method. As at the date of this report, the Group proposes to acquire 29.83% of the Common Equity Interest in Shundong Port by acquiring 100% equity interest of the Target Company. The Group’s Common Equity Interest in Shundong Port shall be increased from 55.17% to 85% upon the completion of this proposed acquisition. The associate, namely Shundong Port is the principal asset of the Target Group, and is also the underlying asset to be acquired by the Group. Accordingly, for the purpose of this report, the Historical Financial Information has been presented to reflect the financial results of Shundong Port throughout the Relevant Periods.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Shundong Port has not applied the following new and amendments to HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

HKFRS 18 and consequential amendments to other HKFRSs	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴
Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Annual Improvements to HKFRS Accounting Standards 2024	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The directors of Shundong Port are in the process of assessing the potential impacts from the new and amendments to HKFRSs that have been issued but not yet effective for the current year and will disclose further information once the reasonably estimated effect is available.

4. MATERIAL ACCOUNTING POLICIES

Investment properties

Investment property is initially measured at cost, and subsequently at fair value with changes therein recognised in profit or loss.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with the relevant accounting policies in Note 4.

Property, plant and equipment

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss, as follows:

– Buildings	The shorter of term of the lease and 25 years
– Furniture and office equipment	5 years
– Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Leased assets

At inception of a contract, Shundong Port assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), Shundong Port allocates non-lease components from lease component on the basis of the relative stand-alone price of the lease components and the aggregate stand-alone prices of the non-lease components.

At the lease commencement date, Shundong Port recognises a right-of-use asset and a lease liability.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

When a lease is capitalised, the right-of-use asset is recognised and is initially measured at cost. The cost of right-of-use asset comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use assets:

- right-of-use assets that meet the definition of investment property are carried at fair value; and
- right-of-use assets related to leasehold land and buildings where Shundong Port is the registered owner of the leasehold interest are carried at cost.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in Shundong Port's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether Shundong Port will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting date.

As a lessor

Shundong Port determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, Shundong Port allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 4.

Credit losses and impairment of assets

Credit losses from financial instruments and lease receivables

Shundong Port recognises a loss allowance for ECLs on:

- financial assets measured at amortised cost (including time deposits, bank balances, trade, bills and other receivables, amounts due from intermediate holding company and a fellow subsidiary); and
- lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate; and
- lease receivables: discount rate used in the measurement of the lease receivables.

The maximum period considered when estimating ECL is the maximum contractual period over which Shundong Port is exposed to credit risk.

ECL are measured on either of the following bases:

- 12-month ECL: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Shundong Port measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, Shundong Port considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Shundong Port's historical experience and informed credit assessment, that includes forward-looking information.

Shundong Port assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Shundong Port considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to Shundong Port in full, without recourse by Shundong Port to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

Shundong Port considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECL is remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. Shundong Port recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, Shundong Port assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by Shundong Port on terms that Shundong Port would not consider otherwise;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when Shundong Port determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Impairment of non-financial assets

At each reporting date, Shundong Port reviews the carrying amounts of its non-financial assets (other than investment properties) to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Trade and other receivables

A receivable is recognised when Shundong Port has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

Preferred shares

Preferred shares are classified as equity if it is non-redeemable, or redeemable only at Shundong Port's option, and any dividends are discretionary. Dividends on preferred shares classified as equity are recognised as distributions within equity.

Preferred shares are classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with Shundong Port's accounting policy for interest-bearing borrowings and accordingly dividends thereon are recognised on an accrual basis in profit or loss as part of finance costs.

Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the relevant accounting policy.

Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if Shundong Port has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

Termination benefits

Termination benefits are recognised at the earlier of when Shundong Port can no longer withdraw the offer of those benefits and when Shundong Port recognises costs for a restructuring.

Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income ("OCI").

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year/period and any adjustments to the tax payable or receivable in respect of previous years/periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Shundong Port recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of Shundong Port. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which Shundong Port expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to Shundong Port by the same taxation authority.

Provision and contingent liabilities

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Target Company recognises any impairment loss on the assets associated with that contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

Revenue and other income

Income is classified by Shundong Port as revenue when it arises from the sale of goods, the provision of services or the use by others of Shundong Port's assets under leases in the ordinary course of Shundong Port's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which Shundong Port is expected to be entitled, excluding those amounts collected on behalf of third parties.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to Shundong Port, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. Shundong Port takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of Shundong Port's revenue and other income recognition policies are as follows:

Revenue from contracts with customers

Shundong Port is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of oil and liquefied chemical products that are sourced externally. Shundong Port is also the agent for certain of its revenue transactions and recognised revenue on a net basis, including the agency income for the trading of oil and liquefied chemical products that are sourced externally. In determining whether Shundong Port acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to Shundong Port's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a good or service is transferred to the customer at the amount of promised consideration to which Shundong Port is expected to be entitled in exchange for those goods or services.

Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Interest income

Interest income is recognised using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Government grants

Government grants are recognised in the Historical Financial Information initially when there is reasonable assurance that they will be received and that Shundong Port will comply with the conditions attaching to them.

Grants that compensate Shundong Port for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate Shundong Port for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Translation of foreign currencies

Transactions in foreign currencies are translated into Shundong Port’s functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

For the purpose of presenting the Historical Financial Information in HK\$, the assets and liabilities of Shundong Port are translated into HK\$ at the exchange rates at the reporting dates. The income and expenses of Shundong Port are translated into HK\$ at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the OCI and accumulated in the exchange reserve.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Related parties

A person, or a close member of that person's family, is related to Shundong Port if that person:

- (i) has control or joint control over Shundong Port;
- (ii) has significant influence over Shundong Port; or
- (iii) is a member of the key management personnel of Shundong Port or of Shundong Port's parent.

An entity is related to Shundong Port if any of the following conditions applies:

- (i) The entity and Shundong Port are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either Shundong Port or an entity related to Shundong Port.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to Shundong Port or to Shundong Port's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. ACCOUNTING JUDGEMENT AND ESTIMATES

Critical accounting judgement

In the process of applying Shundong Port's accounting policies, the directors of Shundong Port has made the following accounting judgement:

(i) *Principal versus agent consideration (agent)*

Shundong Port engages in trading of oil and liquefied chemical products. Shundong Port concluded that Shundong Port acts as an agent for such transactions as it did not obtain the control over oil and liquefied chemical products before passing on to customers taking into consideration indicators such as Shundong Port is not primarily responsible for fulfilling the promise and not exposed to inventory risk. When Shundong Port satisfies the performance obligation, Shundong Port recognises an agency income in the amount it expects to be entitled as specified in the contracts.

During the years ended 31 March 2022, 2023 and 2024 and the seven months ended 31 October 2023 (unaudited) and 2024, Shundong Port recognised agency income relating to trading of oil and liquefied chemical products of approximately HK\$3,091,000, HK\$8,062,000, Nil, Nil and Nil respectively.

(ii) Principal versus agent consideration (principal)

Shundong Port is considered as a principal for its contracts with customers relating to the sales of oil and liquefied chemical products as Shundong Port controls the specified good before it is transferred to the customer after taking into consideration indicators such as Shundong Port is primarily responsible for fulfilling the promise to provide the goods. Shundong Port is also subject to inventory risk and has discretion in establishing the price of the goods. When Shundong Port satisfies the performance obligation, Shundong Port recognises trading revenue in the gross amount of consideration to which Shundong Port expects to be entitled as specified in the contracts.

During the years ended 31 March 2022, 2023 and 2024 and the seven months ended 31 October 2023 (unaudited) and 2024, Shundong Port recognised revenue relating to sale of oil and liquefied chemical products of approximately HK\$361,187,000, HK\$201,223,000, HK\$78,091,000, HK\$78,333,000 and Nil respectively.

Sources of estimation uncertainty

Note 7 contains information about the assumptions and their risk factors relating to valuations of investment properties and certain financial liabilities at FVTPL. Other significant sources of estimation uncertainty are as follows:

(i) Fair value of investment properties

Investment properties are carried in the Historical Financial Information at 31 March 2022, 2023 and 2024 and 31 October 2024 at their fair value of approximately HK\$1,666,170,000, HK\$1,565,499,000, HK\$1,507,397,000 and HK\$1,535,053,000 respectively. The fair value was based on valuations conducted by an independent qualified valuer using property valuation techniques which involve certain assumptions of market conditions including estimates of future rental income from investment properties using current market rentals and yields as inputs. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of Shundong Port's investment properties and corresponding adjustments to the amount of gain or loss reported in the Historical Financial Information. Details of the fair value measurements of investment properties are set out in Note 7.

(ii) Estimation of the fair value of financial liabilities

The preferred shares issued by Shundong Port are financial liabilities which are measured at fair value at the end of each reporting period as disclosed in Note 7.

The preferred shares issued by Shundong Port are not traded in an active market and the respective fair value is determined by using valuation techniques. Shundong Port applied the discounted cash flow method to determine the underlying equity value of Shundong Port and the fair value of the preferred shares. Key assumptions such as the timing of the declarations of dividends were based on Shundong Port's best estimation. Further details are included in Note 25.

(iii) ECL of receivables

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of receivables. Receivables are categorised by individual characteristics of each customer. Shundong Port estimates the loss allowance at an amount equal to lifetime ECL for receivables based on the ageing of overdue balances, repayment history of individual debtors, debtor creditworthiness, historical write-off experience, existing customer-specific and market conditions and forward-looking information.

Shundong Port considers the following indicators when assessing the credit risks, such as the changes in macroeconomic conditions, probabilities of default and internal or external credit ratings, or expected operating performance of the customer, etc. At the end of each reporting period, the historical

observed default rates are updated and changes in the forward-looking information are analysed. Such assessment involves a significant degree of judgement by the directors of Shundong Port.

Further details are included in Note 6(a).

(iv) *Income tax*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The directors of Shundong Port carefully evaluate tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically to take into account changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences and cumulative tax losses.

As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, The directors' judgement are required to assess the probability of future taxable profits. The director's assessment are constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

6. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Category of financial instruments

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets:				
Financial assets at amortised cost (including cash and cash equivalents)	237,247	277,468	604,753	421,398
Financial liabilities:				
Financial liabilities at FVTPL	387,539	378,234	379,015	394,104
Financial liabilities at amortised cost	786,958	668,424	771,298	577,812
	1,174,497	1,046,658	1,150,313	971,916

Financial risk management objectives and policies

Shundong Port has exposure to credit risk, liquidity risk and interest rate risk. The exposure to these risks and the financial risk management policies and practices used by Shundong Port to manage these risks are described below.

(a) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Shundong Port. Shundong Port's credit risk is primarily attributable to trade, bills and lease receivables, deposits and other receivables, amounts due from intermediate holding company and a fellow subsidiary, time deposits and bank balances. Shundong Port's exposure to credit risk arising from bills receivables, time deposits and bank balances are limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which Shundong Port considers to have low credit risk.

Trade receivables arising from contracts with customers and lease receivables

Shundong Port has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables arising from contracts with customers and lease receivables are normally due within 90 days from the date of billing. Debtors with balances that are more than 90 days past due are requested to settle all outstanding balances before any further credit is granted. Normally, Shundong Port does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when Shundong Port has significant exposure to individual customers. At 31 March 2022, 2023 and 2024 and 31 October 2024, 98.9%, 53.4%, 99.6% and 91.8% of the total trade receivables arising from contracts with customers, bills receivables and lease receivables respectively were due from Shundong Port's single largest customer.

Shundong Port measures loss allowances for trade receivables arising from contracts with customers and lease receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. As Shundong Port's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between Shundong Port's different customer bases.

The following table provides information about Shundong Port's exposure to credit risk and ECL for trade receivables arising from contracts with customers and lease receivables:

At 31 March 2022

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
PRC			
-- Trade receivables from contracts with customers	5.3	<u>164,421</u>	<u>8,786</u>

At 31 March 2023

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
PRC			
-- Trade receivables from contracts with customers	6.0	173,810	10,373
-- Lease receivables	5.8	<u>28,568</u>	<u>1,667</u>
		<u>202,378</u>	<u>12,040</u>

At 31 March 2024

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
PRC			
– Trade receivables from contracts with customers	65.4	430	281
– Lease receivables	4.4	41,583	1,845
		<u>42,013</u>	<u>2,126</u>

At 31 October 2024

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
PRC			
– Trade receivables from contracts with customers	65.4	433	283
– Lease receivables	–	22,685	–
		<u>23,118</u>	<u>283</u>

Expected loss rates are based on actual loss experience over the past 24 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and Shundong Port's view of economic conditions over the expected lives of the receivables.

Movements in the loss allowance account in respect of trade receivables arising from contracts with customers and lease receivables during the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024 are as follows:

	Trade receivables from contracts with customers HK\$'000	Lease receivables HK\$'000	Total HK\$'000
Balance at 1 April 2021	–	–	–
Impairment loss recognised	8,632	–	8,632
Exchange differences	154	–	154
Balance at 31 March 2022	<u>8,786</u>	<u>–</u>	<u>8,786</u>
Balance at 1 April 2022	8,786	–	8,786
Impairment loss recognised	10,388	1,669	12,057
Impairment loss reversed	(8,146)	–	(8,146)
	2,242	1,669	3,911
Exchange differences	(655)	(2)	(657)
Balance at 31 March 2023	<u>10,373</u>	<u>1,667</u>	<u>12,040</u>
Balance at 1 April 2023	10,373	1,667	12,040
Impairment loss recognised	284	1,863	2,147
Impairment loss reversed	(9,913)	(1,595)	(11,508)
	(9,629)	268	(9,361)
Exchange differences	(463)	(90)	(553)
Balance at 31 March 2024	<u>281</u>	<u>1,845</u>	<u>2,126</u>
Balance at 1 April 2024	281	1,845	2,126
Impairment loss reversed	–	(1,866)	(1,866)
Exchange differences	2	21	23
Balance at 31 October 2024	<u>283</u>	<u>–</u>	<u>283</u>
(UNAUDITED)			
Balance at 1 April 2023	10,373	1,667	12,040
Impairment loss recognised	4,279	20,195	24,474
Impairment loss reversed	(9,959)	(1,601)	(11,560)
	(5,680)	18,594	12,914
Exchange differences	(506)	(498)	(1,004)
Balance at 31 October 2023	<u>4,187</u>	<u>19,763</u>	<u>23,950</u>

The origination of new trade receivables arising from contracts with customers net of those settled resulted in an increase/(a decrease) in loss allowance of approximately HK\$8,632,000, HK\$2,242,000, HK\$(9,629,000), HK\$(5,680,000) and Nil for the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024 respectively and contributed to the increase/(decrease) in the loss allowance.

The origination of new lease receivables net of those settled resulted in an increase/(a decrease) in loss allowance of approximately Nil, HK\$1,669,000, HK\$268,000, HK\$18,594,000 and HK\$(1,866,000) for the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024 respectively and contributed to the increase/(decrease) in the loss allowance.

Deposits and other receivables and amounts due from intermediate holding company and a fellow subsidiary

For deposits and other receivables and amounts due from intermediate holding company and a fellow subsidiary, the directors of Shundong Port make periodic individual assessment on the recoverability of deposits and other receivables and amounts due from intermediate holding company and a fellow subsidiary based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of Shundong Port believe that there are no significant increase in credit risk of these amounts since initial recognition and Shundong Port provided impairment based on 12-months ECL.

The following table provides information about Shundong Port's exposure to credit risk and ECL for deposits and other receivables and amounts due from intermediate holding company and a fellow subsidiary as at 31 March 2022, 2023 and 2024 and 31 October 2024:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other receivables	6,195	5,751	43	3,016
Deposits	18,513	–	–	–
Amount due from intermediate holding company	–	–	–	43,040
Amount due from a fellow subsidiary	–	1	1	2
	<u>–</u>	<u>1</u>	<u>1</u>	<u>2</u>

Movement in the loss allowance account in respect of other receivables during the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024 is as follows:

	Other receivables HK\$'000
Balance at 1 April 2021, 31 March 2022 and 1 April 2022	–
Impairment loss recognised	334
	<hr/>
Balance at 31 March 2023	334
	<hr/> <hr/>
Balance at 1 April 2023	334
Impairment loss reversed	(335)
Exchange differences	1
	<hr/>
Balance at 31 March 2024, 1 April 2024 and 31 October 2024	–
	<hr/> <hr/>
(UNAUDITED)	
Balance at 1 April 2023	334
Impairment loss recognised	(320)
Exchange differences	(14)
	<hr/>
Balance at 31 October 2023	–
	<hr/> <hr/>

No loss allowance on deposits, amounts due from intermediate holding company and a fellow subsidiary was recognised during the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024 as the directors of Shundong Port considered that the credit risk exposure on these balances are minimal.

(b) Liquidity risk

Shundong Port is responsible for its own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the parent company's board approval. Shundong Port's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table sets out the remaining contractual maturities at the end of the reporting period of Shundong Port's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Shundong Port can be required to pay.

	Weighted average interest rate %	Within 6 months or on demand HK\$'000	Over 6 months but within 12 months HK\$'000	Over 1 year but within 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
At 31 March 2022							
Financial liabilities included in							
trade and other payables	-	50,536	-	-	-	50,536	50,536
Bank borrowings	4.8	276,988	528	23,711	-	301,227	298,677
Lease liabilities	4.4	71	72	571	5,564	6,278	2,377
Amounts due to fellow subsidiaries							
- interest-free	-	58,785	-	-	-	58,785	58,785
- fixed-rate	5.7	174,583	-	-	-	174,583	174,583
Amount due to immediate holding company							
- interest-free	-	201,506	-	-	-	201,506	201,506
- fixed-rate	5.0	494	-	-	-	494	494
Preferred shares (note)	-	-	-	-	-	-	387,539
		<u>762,963</u>	<u>600</u>	<u>24,282</u>	<u>5,564</u>	<u>793,409</u>	<u>1,174,497</u>
At 31 March 2023							
Financial liabilities included in							
trade and other payables	-	31,125	-	-	-	31,125	31,125
Bank borrowings	4.8	154,753	489	20,976	-	176,218	174,834
Lease liabilities	4.4	66	66	528	5,020	5,680	2,244
Amounts due to fellow subsidiaries							
- interest-free	-	117,503	-	-	-	117,503	117,503
- fixed-rate	4.7	174,805	-	-	-	174,805	174,805
Amount due to immediate holding company							
- interest-free	-	167,456	-	-	-	167,456	167,456
- fixed-rate	5.0	457	-	-	-	457	457
Preferred shares (note)	-	-	-	-	-	-	378,234
		<u>646,165</u>	<u>555</u>	<u>21,504</u>	<u>5,020</u>	<u>673,244</u>	<u>1,046,658</u>

	Weighted average interest rate %	Within 6 months or on demand HK\$'000	Over 6 months but within 12 months HK\$'000	Over 1 year but within 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
At 31 March 2024							
Financial liabilities included in							
trade and other payables	-	24,040	-	10,396	-	34,436	34,436
Bank borrowings	4.8	160,655	-	-	-	160,655	160,269
Lease liabilities	4.4	62	63	500	4,631	5,256	2,020
Amounts due to fellow subsidiaries							
- interest-free	-	169,918	-	-	-	169,918	169,918
- fixed-rate	5.6	177,637	-	-	-	177,637	177,637
Amount due to immediate holding company							
- interest-free	-	145,827	-	-	-	145,827	145,827
- fixed-rate	5.0	433	-	-	-	433	433
Amount due to intermediate holding company	-	80,758	-	-	-	80,758	80,758
Preferred shares (note)	-	-	-	-	-	-	379,015
		<u>759,330</u>	<u>63</u>	<u>10,896</u>	<u>4,631</u>	<u>774,920</u>	<u>1,150,313</u>
At 31 October 2024							
Financial liabilities included in							
trade and other payables	-	21,618	-	10,480	-	32,098	32,098
Bank borrowings	8.0	20,124	-	-	-	20,124	19,651
Lease liabilities	4.4	63	63	505	4,543	5,174	1,936
Amounts due to fellow subsidiaries							
- interest-free	-	171,299	-	-	-	171,299	171,299
- fixed-rate	5.6	184,535	-	-	-	184,535	184,535
Amount due to immediate holding company							
- interest-free	-	167,856	-	-	-	167,856	167,856
- fixed-rate	5.0	437	-	-	-	437	437
Preferred shares (note)	-	-	-	-	-	-	394,104
		<u>565,932</u>	<u>63</u>	<u>10,985</u>	<u>4,543</u>	<u>581,523</u>	<u>971,916</u>

Note: The directors of Shundong Port estimated that there is no special dividend to be declared by Shundong Port in the coming 4 years, 3 years, 2 years and 1.4 years as at 31 March 2022, 2023 and 2024 and 31 October 2024 respectively.

As at 31 March 2022, 2023 and 2024 and 31 October 2024, the preferred shares, of which the principal amount was RMB270,000,000 (equivalent to approximately HK\$333,234,000), RMB270,000,000 (equivalent to approximately HK\$308,529,000), RMB270,000,000 (equivalent to approximately HK\$292,383,000) and RMB270,000,000 (equivalent to approximately HK\$294,759,000) respectively, have no contractual maturity.

The below table summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the facilities agreements with banks. The amounts include interest payments computed using contractual rates. Taking into account Shundong Port's financial

position, the directors of Shundong Port do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment and believe that these borrowings will be repaid in accordance with the scheduled repayment dates.

	Within 1 year HK\$'000	Over 1 year but within 2 years HK\$'000	Over 2 years but within 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
At 31 March 2022	22,266	117,061	189,565	328,892	298,677
At 31 March 2023	14,109	175,511	–	189,620	174,834
At 31 March 2024	166,326	–	–	166,326	160,269
At 31 October 2024	20,124	–	–	20,124	19,651

(c) Interest rate risk

Shundong Port is exposed to fair value interest rate risk in relation to fixed-rate time deposits (Note 21), fixed-rate bank borrowings (Note 24), lease liabilities (Note 26) and amounts due to fellow subsidiaries and immediate holding company (Note 23). Shundong Port is also exposed to cash flow interest rate risk on bank balances (Note 21).

Shundong Port monitors the level of its fixed rate borrowings and manages the contractual terms of the interest-bearing financial liabilities.

In the opinion of the directors of Shundong Port, the expected change in interest rates will not have a significant impact on the interest income or bank balances and hence sensitivity analysis is not presented.

(d) Fair values

The carrying amounts of Shundong Port's financial assets and financial liabilities as reflected in the Historical Financial Information approximate their respective fair values.

7. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following table presents the fair value of Shundong Port's financial instruments and Shundong Port's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, "*Fair Value Measurement*". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Certain assets and liabilities of Shundong Port are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, Shundong Port uses market-observable data to the extent it is available. Where Level 1 inputs are not available, Shundong Port engages third party qualified valuers to perform the valuation. At the end of each reporting period, Shundong Port works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. Shundong Port will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, Shundong Port will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets and liabilities, the causes of the fluctuations will be reported to the directors of Shundong Port.

Fair value measurement as at 31 March 2022 categorised into				
	Fair value	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement				
<i>Non-financial assets</i>				
– Investment properties	<u>1,666,170</u>	<u>–</u>	<u>–</u>	<u>1,666,170</u>
<i>Financial liabilities</i>				
– Preferred shares	<u>387,539</u>	<u>–</u>	<u>–</u>	<u>387,539</u>
Fair value measurement as at 31 March 2023 categorised into				
	Fair value	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement				
<i>Non-financial assets</i>				
– Investment properties	<u>1,565,499</u>	<u>–</u>	<u>–</u>	<u>1,565,499</u>
<i>Financial liabilities</i>				
– Preferred shares	<u>378,234</u>	<u>–</u>	<u>–</u>	<u>378,234</u>
Fair value measurement as at 31 March 2024 categorised into				
	Fair value	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement				
<i>Non-financial assets</i>				
– Investment properties	<u>1,507,397</u>	<u>–</u>	<u>–</u>	<u>1,507,397</u>
<i>Financial liabilities</i>				
– Preferred shares	<u>379,015</u>	<u>–</u>	<u>–</u>	<u>379,015</u>

Fair value measurement as at 31 October 2024 categorised into				
	Fair value	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement				
<i>Non-financial assets</i>				
– Investment properties	1,535,053	–	–	1,535,053
<i>Financial liabilities</i>				
– Preferred shares	394,104	–	–	394,104

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Target Company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

Assets/liabilities	Valuation techniques	Significant unobservable inputs	Range			
			As at 31 March		As at 31 October	
			2022	2023	2024	2024
Investment properties	Income approach	Rental growth rate per annum	3%	3%	3%	3%
		Discount rate	8%	8%	7%	8%
		Capitalisation rate	5%	5%	4%	5%
Preferred shares	Discounted cash flows	Discount rate	5.5%	5.5%	5.5%	5.5%

Investment properties

The fair value of investment properties located in the PRC is determined using income approach by reference to rental growth rate per annum and capitalisation rate. The fair value measurement is positively correlated to the rent growth rate per annum and negatively correlated to the discount rate and capitalisation rate.

Preferred shares

The fair value of preferred shares is determined using discount cash flow adjusted for discount rate. The fair value measurement is negatively correlated to the discount rate. The discount rate adopted was the sum of the yield of the 30-year China Government Bonds and the average credit spread of comparable bonds that are similar to that of the relevant entity of the valuation. In addition to the assumptions adopted above, Shundong Port's projections of future performance were also factored into the determination of the fair value of the preferred shares on the valuation date. As at 31 March 2022, 2023 and 2024 and 31 October 2024, it is estimated that with all other variables held constant, a decrease in discount rate by 1% would have decreased Shundong Port's profit after income tax by approximately HK\$106,141,000, HK\$99,415,000, HK\$93,129,000 and HK\$95,282,000 respectively, while an increase in discount rate by 1% would have increased Shundong Port's profit after income tax by approximately HK\$71,584,000, HK\$67,419,000, HK\$64,974,000 and HK\$65,712,000 respectively.

The movements during the Relevant Periods in the balances of these Level 3 fair value measurements are as follows:

	Financial liabilities <i>Preferred shares HK\$'000</i>	Non-financial assets <i>Investment properties HK\$'000</i>
At 1 April 2021	(333,832)	1,574,454
Additions	–	15,264
Fair value changes (<i>note</i>)	(38,800)	8,986
Exchange differences included in “exchange reserve” in OCI	(14,907)	67,466
At 31 March 2022	<u>(387,539)</u>	<u>1,666,170</u>
At 1 April 2022	(387,539)	1,666,170
Additions	–	9,922
Fair value changes (<i>note</i>)	(19,453)	12,964
Exchange differences included in “exchange reserve” in OCI	28,758	(123,557)
At 31 March 2023	<u>(378,234)</u>	<u>1,565,499</u>
At 1 April 2023	(378,234)	1,565,499
Additions	–	7,023
Fair value changes (<i>note</i>)	(20,780)	17,038
Exchange differences included in “exchange reserve” in OCI	19,999	(82,163)
At 31 March 2024	<u>(379,015)</u>	<u>1,507,397</u>
At 1 April 2024	(379,015)	1,507,397
Additions	–	1,707
Fair value changes (<i>note</i>)	(12,047)	13,748
Exchange differences included in “exchange reserve” in OCI	(3,042)	12,201
At 31 October 2024	<u>(394,104)</u>	<u>1,535,053</u>

Note: Fair value changes include unrealised gains on investment properties and preferred shares recognised in profit or loss attributable to balances held at the end of the reporting period as follows:

	Year ended 31 March			Seven months ended 31 October
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unrealised gain on investment properties	8,986	12,964	17,038	13,748
Unrealised gain on preferred shares	(38,800)	(19,453)	(20,780)	(12,047)
	<u>(29,814)</u>	<u>(6,489)</u>	<u>(3,742)</u>	<u>1,701</u>

8. REVENUE

The principal activities of Shundong Port are set out in Note 1.

Disaggregation of revenue from (i) contracts with customers by major products or service lines; and (ii) other sources is as follows:

	Year ended 31 March			Seven months ended 31 October	
	2022	2023	2024	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Revenue from contracts with customers within the scope of HKFRS 15					
<i>Disaggregated by major products or services lines</i>					
– Agency income from trading of oil and liquefied chemical products	3,091	8,062	–	–	–
– Sale of oil and liquefied chemical products	<u>361,187</u>	<u>201,223</u>	<u>78,091</u>	<u>78,333</u>	<u>–</u>
	364,278	209,285	78,091	78,333	–
Revenue from other sources					
– Rental income from oil and liquefied chemical terminal	<u>156,290</u>	<u>157,472</u>	<u>164,143</u>	<u>92,576</u>	<u>86,070</u>
Total revenue	<u>520,568</u>	<u>366,757</u>	<u>242,234</u>	<u>170,909</u>	<u>86,070</u>
Geographical market					
The PRC	<u>520,568</u>	<u>366,757</u>	<u>242,234</u>	<u>170,909</u>	<u>86,070</u>

Agency income from trading of oil and liquefied chemical products is recognised when Shundong Port satisfies its promise to arrange for the oil and liquefied chemical products to be provided by the suppliers to the customers and in the amount of any fee or commission to which Shundong Port is entitled for arranging the oil and liquefied chemical products to be provided to the end customers. Performance obligations are satisfied at a point in time once control of goods has been transferred to customers. The invoice is due upon the delivery of goods.

Sales of oil and liquefied chemical products is recognised at a point in time when the control of oil and liquefied chemical products has transferred, being when the oil and liquefied chemical products have been delivered to customers' specific location. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the oil and liquefied chemical products, has the primary responsibility when on selling the oil and liquefied chemical products and bears the risks of obsolescence and loss in relation to the oil and liquefied chemical products. The normal credit term is up to 90 days.

Contracts with customers with unsatisfied performance obligations on the abovementioned revenue, have original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

9. INTEREST REVENUE

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Bank interest income	44	78	2,716	720	4,361
Loan interest income (<i>note</i>)	<u>1,373</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>1,417</u>	<u>78</u>	<u>2,716</u>	<u>720</u>	<u>4,361</u>

Note: As at 1 April 2021, loan receivables from an independent third party amounted to approximately HK\$23,676,000 which was unsecured, interest-bearing of 6% per annum and repayable within one year. During the year ended 31 March 2022, the counterparty fully settled the balances and Shundong Port recognised loan interest income of approximately HK\$1,373,000.

10. OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Fair value gain on preferred shares	(38,800)	(19,453)	(20,780)	(12,068)	(12,047)
(Impairment loss)/reversal of impairment loss under ECL model on:					
– Trade and lease receivables	(8,632)	(3,911)	9,361	(12,914)	1,866
– Deposits and other receivables	–	(334)	335	320	–
Service income	1,760	–	–	–	–
Written back of provision for expenses (note)	9,522	–	–	–	–
Reversal of interest income from a fellow subsidiary	(1,507)	–	–	–	–
Loss on termination of lease	(269)	–	–	–	–
Sundry income	432	204	147	122	513
	<u>(37,494)</u>	<u>(23,494)</u>	<u>(10,937)</u>	<u>(24,540)</u>	<u>(9,668)</u>

Note: During the year ended 31 March 2022, the written back of provision of expenses included a reversal of accrued salaries of approximately HK\$8,867,000, which was made based on the assessment of the likelihood of such payment by the directors of Shundong Port.

11. FINANCE COSTS

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Interest on bank borrowings	8,465	13,554	8,192	4,837	3,647
Interest on other borrowings (note (a))	444	–	–	–	–
Interest on amount due to a non-controlling shareholder (note (b))	8,400	–	–	–	–
Interest on amount due to a fellow subsidiary	7,791	10,289	10,018	5,890	5,764
Interest on amount due to immediate holding company	69	23	22	13	13
Interest on lease liabilities	7	16	20	20	24
Interest expenses on financial liabilities not at fair value through profit or loss	<u>25,176</u>	<u>23,882</u>	<u>18,252</u>	<u>10,760</u>	<u>9,448</u>

Notes:

- (a) As at 1 April 2021, other borrowings amounted to approximately HK\$10,610,000 which were unsecured, interest-bearing ranging from 10% to 24% per annum and repayable within one year. During the year ended 31 March 2022, Shundong Port fully settled the balances and Shundong Port recognised interest on other borrowings of approximately HK\$444,000.
- (b) As at 1 April 2021, amount due to a non-controlling shareholder comprised of (i) approximately HK\$90,206,000 which was unsecured, interest-bearing up to 8% per annum and repayable within one year; and (ii) approximately HK\$30,335,000 which was unsecured, interest-free and repayable within one year. During the year ended 31 March 2022, Shundong Port fully settled the balances and Shundong Port recognised interest on amount due to a non-controlling shareholder of approximately HK\$8,400,000.

12. INCOME TAX EXPENSES

	Year ended 31 March			Seven months ended 31 October	
	2022	2023	2024	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Current tax					
– PRC Enterprise Income Tax (“EIT”)	–	–	–	–	–
Deferred tax					
– Current year/period (<i>Note 27</i>)	27,750	26,889	27,393	14,103	16,747
	<u>27,750</u>	<u>26,889</u>	<u>27,393</u>	<u>14,103</u>	<u>16,747</u>

Under the EIT Law of the PRC and Regulation Implementation of the EIT Law, the tax rate of Shundong Port is 25% for the Relevant Periods.

The reconciliation between the income tax expenses and profit before income tax is as follows:

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Profit before income tax	82,519	101,387	123,840	49,920	67,059
PRC EIT at 25%	20,630	25,347	30,960	12,479	16,765
Tax effect of income that is not taxable	(377)	(718)	–	–	(608)
Tax effect of expenses that is not deductible	5,309	3,820	3,828	5,121	1,539
Tax effect of deductible temporary differences not recognised	(84)	(17)	–	–	–
Tax effect of unrecognised tax losses	2,272	–	–	–	–
Tax effect of utilisation of tax losses brought forward	–	(1,543)	(7,395)	(3,497)	(949)
Income tax expenses	27,750	26,889	27,393	14,103	16,747

13. PROFIT FOR THE YEAR/PERIOD

Shundong Port's profit for the year/period is stated after charging/(crediting) the following:

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Auditor's remuneration (note (i))	–	–	–	–	–
Carrying amount of inventory sold	353,328	200,779	77,463	77,703	–
Depreciation of property, plant and equipment	590	480	1,581	929	882
Depreciation of right-of-use assets (note (ii))	80	–	–	–	–
Gross rental income from investment properties	(156,290)	(157,472)	(164,143)	(92,576)	(86,070)
Direct operating expenses arising from investment properties that generated rental income	3,540	2,137	5,735	1,507	8,310
Loss on disposal of property, plant and equipment	–	–	7	–	152
Expenses relating to short-term leases	334	–	–	–	–
Staff costs (including directors' remuneration)					
– Salaries, bonus and allowances	8,805	8,503	8,950	4,922	4,340
– Retirement benefit scheme contributions	405	456	548	314	410
	9,210	8,959	9,498	5,236	4,750

Notes:

- (i) During the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024, the auditor's remuneration was borne by the Company.
- (ii) As at 1 April 2021, right-of-use assets amounted to approximately HK\$545,000 representing motor vehicles of Shundong Port. During the year ended 31 March 2022, Shundong Port recognised depreciation of right-of-use assets of approximately HK\$80,000 and loss of termination of the relevant leases of approximately HK\$269,000 (see Note 10).

Shundong Port had no forfeited contributions under its retirement benefits schemes in the PRC which may be used to reduce the existing level of contributions during the Relevant Periods. There were also no forfeited contributions available to reduce future contributions at the end of each reporting period of the Relevant Periods.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. Shundong Port is required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits.

The only obligation of Shundong Port with respect to the retirement benefit schemes is to make the required contributions under the schemes.

At the end of each reporting periods of the Relevant Periods, Shundong Port had no significant obligation apart from the contribution as stated above.

14. DIVIDENDS

No dividend was paid or proposed for the Relevant Periods, nor has any dividend been proposed since the end of the reporting period.

15. DIRECTORS' EMOLUMENTS

Directors' emoluments during the years ended 31 March 2022, 2023 and 2024 and the seven months ended 31 October 2023 (unaudited) and 2024 are as follows:

	Year ended 31 March 2022			
	Fees	Salaries, allowances and benefits in kind	Contributions to retirement benefit schemes	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Chen Bin	–	481	–	481
Yu Zhiyong	–	–	–	–
Sui Zhaokang	–	174	16	190
	–	655	16	671

Year ended 31 March 2023				
		Salaries, allowances and benefits in kind	Contributions to retirement benefit schemes	Total
Notes	Fees HK\$'000	HK\$'000	HK\$'000	HK\$'000
Chen Bin	—	—	—	—
Liu Yong	(i)	—	43	1,155
Yu Zhiyong	(ii)	—	—	—
Sui Zhaokang	—	165	15	180
	—	1,277	58	1,335

Year ended 31 March 2024				
		Salaries, allowances and benefits in kind	Contributions to retirement benefit schemes	Total
Notes	Fees HK\$'000	HK\$'000	HK\$'000	HK\$'000
Chen Bin	(iii)	—	—	—
Liu Yong	—	1,312	46	1,358
Sui Zhaokang	—	159	15	174
Sun Gangjun	(iv)	215	11	226
	—	1,686	72	1,758

Seven months ended 31 October 2024				
		Salaries, allowances and benefits in kind	Contributions to retirement benefit schemes	Total
	Fees HK\$'000	HK\$'000	HK\$'000	HK\$'000
Liu Yong	—	767	26	793
Sui Zhaokang	—	94	8	102
Sun Gangjun	—	163	8	171
	—	1,024	42	1,066

Seven months ended 31 October 2023 (unaudited)					
			Salaries, allowances and benefits in kind	Contributions to retirement benefit schemes	Total
	Notes	Fees HK\$'000	HK\$'000	HK\$'000	HK\$'000
Chen Bin	(iii)	--	—	—	—
Liu Yong		—	768	27	795
Sui Zhaokang		—	93	9	102
Sun Gangjun	(iv)	—	99	5	104
		—	960	41	1,001

Notes:

- (i) Appointed on 18 April 2022.
- (ii) Resigned on 18 April 2022.
- (iii) Resigned on 26 June 2023.
- (iv) Appointed on 26 June 2023.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant periods.

During the Relevant Periods and the period covered by the Stub Period Comparative Financial Information, no remuneration was paid by Shundong Port to the directors of Shundong Port as an inducement to join or upon joining Shundong Port or as compensation for loss of office.

16. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024, one, one, two, two and two directors were included in the five individuals with the highest emoluments respectively, and their emoluments are disclosed in Note 15. The aggregate of the emoluments in respect of the remaining four, four, three, three and three individuals were as follows:

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Salaries, allowances and benefits in kind	3,117	2,210	1,908	1,117	500
Contribution to retirement benefit scheme	56	48	64	37	19
	3,173	2,258	1,972	1,154	519

During the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024, the emoluments of four, four, three, three and three individuals with the highest emoluments respectively are within the following bands:

	Number of employees				
	Year ended 31 March		Seven months ended 31 October		
	2022	2023	2024	2023 (unaudited)	2024
Below HK\$1,000,000	2	3	2	3	3
HK\$1,000,001 to HK\$1,500,000	2	1	1	–	–
	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>3</u>

During the three years ended 31 March 2024 and the seven months ended 31 October 2023 (unaudited) and 2024, no emoluments were paid by Shundong Port to the five highest paid individuals as an inducement to join or upon joining Shundong Port, or as compensation for loss of office.

17. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

(a) Property, plant and equipment

	Buildings HK\$'000	Furniture, office equipment and motor vehicles HK\$'000	Total HK\$'000
At 1 April 2021			
Cost	–	3,123	3,123
Accumulated depreciation	–	(2,255)	(2,255)
Carrying amount	<u>–</u>	<u>868</u>	<u>868</u>
At 1 April 2021, net of accumulated depreciation	–	868	868
Additions	–	580	580
Exchange differences	–	100	100
Depreciation	–	(590)	(590)
At 31 March 2022, net of accumulated depreciation	<u>–</u>	<u>958</u>	<u>958</u>
At 31 March 2022			
Cost	–	4,242	4,242
Accumulated depreciation	–	(3,284)	(3,284)
Carrying amount	<u>–</u>	<u>958</u>	<u>958</u>

	Buildings <i>HK\$'000</i>	Furniture, office equipment and motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2022, net of accumulated depreciation	–	958	958
Additions	–	5,237	5,237
Exchange differences	–	(79)	(79)
Depreciation	–	(480)	(480)
At 31 March 2023, net of accumulated depreciation	<u>–</u>	<u>5,636</u>	<u>5,636</u>
At 31 March 2023			
Cost	–	9,157	9,157
Accumulated depreciation	–	(3,521)	(3,521)
Carrying amount	<u>–</u>	<u>5,636</u>	<u>5,636</u>
At 1 April 2023, net of accumulated depreciation	–	5,636	5,636
Additions	–	826	826
Exchange differences	–	(287)	(287)
Depreciation	–	(1,581)	(1,581)
Disposal	–	(36)	(36)
At 31 March 2024, net of accumulated depreciation	<u>–</u>	<u>4,558</u>	<u>4,558</u>
At 31 March 2024			
Cost	–	9,258	9,258
Accumulated depreciation	–	(4,700)	(4,700)
Carrying amount	<u>–</u>	<u>4,558</u>	<u>4,558</u>
At 1 April 2024, net of accumulated depreciation	–	4,558	4,558
Additions	26,285	882	27,167
Exchange differences	(85)	39	(46)
Depreciation	–	(882)	(882)
Disposal	–	(539)	(539)
At 31 October 2024, net of accumulated depreciation	<u>26,200</u>	<u>4,058</u>	<u>30,258</u>

	Buildings HK\$'000	Furniture, office equipment and motor vehicles HK\$'000	Total HK\$'000
At 31 October 2024			
Cost	26,200	9,469	35,669
Accumulated depreciation	–	(5,411)	(5,411)
Carrying amount	<u>26,200</u>	<u>4,058</u>	<u>30,258</u>

(b) Right-of-use assets

	At 31 March			At 31 October
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Carrying value				
– Leasehold land	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,260</u>
Depreciation charge				
– Motor vehicles	<u>80</u>	<u>–</u>	<u>–</u>	<u>–</u>
				Seven months ended
	Year ended 31 March			31 October
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total cash outflow for leases (note)	548	132	127	126
Additions to right-of-use assets	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,283</u>

Note: Amount includes payments of principal and interest portion of lease liabilities, short-term leases and payments of lease payments on or before lease commencement date. These amounts was presented in operating or financing cash flows.

During the seven months ended 31 October 2024, Shundong Port acquired a commercial unit in the PRC as its office premise at a net cost of approximately HK\$33,568,000. The addition of right-of-use assets of approximately HK\$7,283,000 represented the leasehold land portion of the abovementioned commercial unit. The remaining lease term of the leasehold land is 25.7 years.

18. INVESTMENT PROPERTIES

	Year ended 31 March			Seven months ended
	2022	2023	2024	31 October
	HK\$'000	HK\$'000	HK\$'000	2024
				HK\$'000
FAIR VALUE				
At beginning of year/period	1,574,454	1,666,170	1,565,499	1,507,397
Additions	15,264	9,922	7,023	1,707
Fair value adjustment	8,986	12,964	17,038	13,748
Exchange adjustments	67,466	(123,557)	(82,163)	12,201
	<u>1,666,170</u>	<u>1,565,499</u>	<u>1,507,397</u>	<u>1,535,053</u>

The investment properties held by Shundong Port represents the oil and liquefied chemical terminal located in Shandong Province, the PRC.

Shundong Port leases out investment properties under operating leases. The leases typically run for an initial period of 2.38 years, 2.38 years, 0.58 to 5 years and 0.58 to 5 years during the three years ended 31 March 2024 and the seven months ended 31 October 2024. All leases are on a fixed rental basis and do not include variable lease payments.

The investment properties were pledged to secure bank borrowings (Note 24) as at 31 March 2022, 2023 and 2024. During the seven months ended 31 October 2024, the pledge was released upon the settlement of the relevant bank borrowings by Shundong Port.

The details of fair value measurement of investment properties are set out in Note 7.

19. TRADE, BILLS AND LEASE RECEIVABLES

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
From independent third parties, net of loss allowance				
Trade receivables from contracts with customers	155,635	163,437	149	150
Bills receivables	1,234	–	–	–
Lease receivables	–	26,901	39,738	22,685
	<u>156,869</u>	<u>190,338</u>	<u>39,887</u>	<u>22,835</u>

As at 1 April 2021, trade receivables from contracts with customers net of allowance for credit losses amounted to Nil.

Shundong Port normally allows a credit period up to 90 days to its established customers. Each customer has a maximum credit limit. For certain customers with good past repayment history, a longer credit period may be granted. Trade receivables are non-interest bearing. All of the trade receivables are expected to be recovered within one year.

As at the end of the reporting period, the ageing analysis of trade, bills and lease receivables based on the invoice date and net of loss allowance, is as follow:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0–90 days	104,078	164,538	31,187	22,685
91–180 days	52,791	25,605	8,551	–
181–365 days	–	195	–	–
Over 365 days	–	–	149	150
	<u>156,869</u>	<u>190,338</u>	<u>39,887</u>	<u>22,835</u>

As at the end of the reporting period, the analysis of trade, bills and lease receivables that were past due but not impaired, based on past due date, are as follows:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0–30 days past due	52,791	25,605	8,551	–
Over 90 days past due	–	195	149	150
	<u>52,791</u>	<u>25,800</u>	<u>8,700</u>	<u>150</u>

As at 31 March 2022, 2023 and 2024 and 31 October 2024, Shundong Port did not hold any collateral over these balances. Details of Shundong Port's credit policy and impairment assessment on trade, bills and lease receivables for the Relevant Periods are set out in Note 6(a).

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current				
Prepayments for repair and maintenance (note ii)	–	57,135	–	–
Prepayments to suppliers	55,539	–	–	–
Sundry prepayments	13,419	4,861	1,977	785
Deposits	18,513	–	–	–
Advances to staff	–	–	1	–
Value-added tax (“VAT”) receivables (note i)	12,957	12,642	90	2,214
Interest receivable on time deposits	–	–	–	2,530
Other receivables	6,195	5,417	42	486
	<u>106,623</u>	<u>80,055</u>	<u>2,110</u>	<u>6,015</u>
Non-current				
VAT receivables (note i)	7,186	–	–	–

Notes:

- (i) As at 31 March 2022, 2023 and 2024 and 31 October 2024, other receivables comprises VAT receivables of approximately HK\$20,143,000, HK\$12,642,000, HK\$90,000 and HK\$2,214,000, of which an amount of approximately HK\$12,957,000, HK\$12,642,000, HK\$90,000 and HK\$2,214,000 will be used to offset output VAT within one year and hence is accounted for as a current asset whereas the remaining VAT receivables of HK\$7,186,000, Nil, Nil and Nil is classified as a non-current asset.
- (ii) As at 31 March 2023, the prepayment of approximately HK\$57,135,000 was made to an independent third party for the purpose of repair and maintenance of Shundong Port's investment properties in the PRC. During the year ended 31 March 2024, upon entering a long-term lease agreement with the present operator of the Port and Storage Facilities, the repair and maintenance work was ceased, and the said prepayment was fully refunded by the counterparty.

Details of impairment assessment on deposits and other receivables are set out in Note 6(a).

21. TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS BUT NOT OVER ONE YEAR/CASH AND CASH EQUIVALENTS

(a) Time deposits with original maturity over three months but not over one year

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Time deposits with original maturity over three months but not over one year	–	–	–	349,344

At 31 October 2024, time deposits with original maturity over three months but not over one year from the date of acquisition carried interest at prevailing market rate of 1.8% per annum.

At 31 March 2022, 2023 and 2024 and 31 October 2024, the balances that were placed with banks in the PRC and included in the time deposits above amounted to approximately Nil, Nil, Nil and HK\$349,344,000 respectively. Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

(b) Cash and cash equivalents

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Time deposits with original maturity not over three months	–	–	465,647	–
Cash at banks and on hand	55,670	81,712	99,175	3,161
	55,670	81,712	564,822	3,161

At 31 March 2024, time deposits with original maturity not over three months from the date of acquisition carried interest at prevailing market rate of 1.3% per annum.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 March 2022, 2023 and 2024 and 31 October 2024, the balances that were placed with banks in the PRC and included in the cash and cash equivalents above amounted to approximately HK\$55,670,000, HK\$81,712,000, HK\$564,822,000 and HK\$3,161,000 respectively. Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

22. TRADE AND OTHER PAYABLES

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current				
Trade payables	12,773	–	–	–
Construction cost payables	35,882	27,741	19,244	18,758
Other tax payables	3,966	3,676	4,556	4,391
Receipts in advance on rental income	–	–	1,177	4,094
Rental deposits received	–	–	1,083	1,092
Accruals	1,079	999	2,585	916
Other payables	802	2,385	1,128	852
	<u>54,502</u>	<u>34,801</u>	<u>29,773</u>	<u>30,103</u>
Non-current				
Rental deposit received	<u>–</u>	<u>–</u>	<u>10,396</u>	<u>10,480</u>

All current portion of other payables are expected to be settled or recognised as income within one year or are repayable on demand.

An aged analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
0 to 90 days	<u>12,773</u>	<u>–</u>	<u>–</u>	<u>–</u>

The carrying amounts of Shundong Port's trade payables are denominated in RMB.

23. AMOUNTS DUE FROM/(TO) GROUP COMPANIES

			At 31 March		At 31 October
		2022	2023	2024	2024
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Due from:					
– intermediate holding company	(a)	–	–	–	43,040
– a fellow subsidiary	(a)	–	1	1	2
		<u>–</u>	<u>1</u>	<u>1</u>	<u>43,042</u>
Due to:					
– fellow subsidiaries	(b)	233,368	292,308	347,555	355,834
– immediate holding company	(c)	202,000	167,913	146,260	168,293
– intermediate holding company	(a)	–	–	80,758	–
		<u>435,368</u>	<u>460,221</u>	<u>574,573</u>	<u>524,127</u>

Notes:

- (a) The amounts are unsecured, interest-free and repayable on demand.
- (b) The amounts are unsecured and repayable on demand. As at 31 March 2022, 2023 and 2024 and 31 October 2024, except for amounts of approximately HK\$174,583,000, HK\$174,805,000, HK\$177,637,000 and HK\$184,535,000 respectively which are interest bearing at fixed interest rates ranging from 5% to 8% per annum, the remaining balances of approximately HK\$58,785,000, HK\$117,503,000, HK\$169,918,000 and HK\$171,299,000 respectively are interest-free.
- (c) The amounts are unsecured and repayable on demand. As at 31 March 2022, 2023 and 2024 and 31 October 2024, except for amounts of approximately HK\$494,000, HK\$457,000, HK\$433,000 and HK\$437,000 respectively which are interest bearing at fixed interest rate of 5% per annum, the remaining balances of approximately HK\$201,506,000, HK\$167,456,000, HK\$145,827,000 and HK\$167,856,000 respectively are interest-free.

24. BANK BORROWINGS

Shundong Port's bank borrowings are analysed as follows:

		At 31 March		At 31 October
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fixed rate bank borrowings:				
– Secured	172,788	154,265	140,777	–
– Unsecured and guaranteed by independent third parties	<u>125,889</u>	<u>20,569</u>	<u>19,492</u>	<u>19,651</u>
	<u>298,677</u>	<u>174,834</u>	<u>160,269</u>	<u>19,651</u>

Shundong Port's bank borrowings are analysed as follows:

	2022	At 31 March 2023	2024	At 31 October 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Carrying amount repayable:*				
– Within one year	–	–	19,492	19,651
– After one year but within two years	–	20,569	–	–
– After two years but within five years	22,216	–	–	–
	22,216	20,569	19,492	19,651
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities)	276,461	154,265	140,777	–
	298,677	174,834	160,269	19,651
Less: Amounts due within one year and shown under current liabilities	(276,461)	(154,265)	(160,269)	(19,651)
Amount shown under non-current liabilities	22,216	20,569	–	–
Interest rate	4.8%–4.9%	4.8%–4.9%	4.8%–4.9%	8%

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

At the end of each reporting periods, all of the non-current portion of bank borrowings were carried at amortised cost. None of the non-current portion of bank borrowings was expected to be settled within one year.

The following assets and their respective carrying values as at the end of the reporting period are pledged to secure Shundong Port's bank borrowings:

	2022	At 31 March 2023	2024	At 31 October 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investment properties	1,666,170	1,565,499	1,507,397	–

25. PREFERRED SHARES

	2022	At 31 March 2023	2024	At 31 October 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Preferred shares	387,539	378,234	379,015	394,104

In prior years, Shundong Port issued a series of preferred shares ("Preferred Shares") to two independent third parties. They are accounted for as financial liabilities at FVTPL.

The key terms of the Preferred Shares are summarised as follows:

Dividend rights

The holders of the Preferred Shares are entitled to special dividend based on 8% of the issuance price when the following conditions are satisfied in a particular year: (i) Shundong Port made a distributable profit which is more than the special dividend for the year; and (ii) Shundong Port has accumulated distributable profit which is more than the special dividend for the year. Both profit for the year and accumulated distributable profit are determined in accordance with the PRC accounting standards.

Liquidation preferences

- (i) If the assets and funds available for distribution are less than the total contributions from preferred shareholders and ordinary shareholders of Shundong Port, the entire assets and funds legally available for distribution shall be distributed ratably among the preferred shareholders and ordinary shareholders in proportion to the contribution amount each such holder contributed to Shundong Port; and
- (ii) If the assets and funds available for distribution are in excess as compared to the total contributions from preferred shareholders and ordinary shareholders of Shundong Port, the distributions to preferred shareholders would be limited to the contributions made by the preferred shareholders to Shundong Port, plus the amount of dividends entitled by the preferred shareholders but not yet paid. The remaining assets and funds shall be distributed ratably among holders of ordinary shares of Shundong Port.

Other features

The Preferred Shares do not have any redemption feature or conversion feature.

Shundong Port applied the discounted cash flow method to determine its underlying equity value to determine the fair value of the Preferred Shares. The directors of Shundong Port considered that fair value changes of the Preferred Shares that are attributable to changes of credit risk of these instruments are not material. The details of the fair value measurement of Preferred Shares are set out in Note 7.

26. LEASE LIABILITIES

Shundong Port's lease payments are analysed as follows:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	143	132	125	126
After one year but within two years	143	132	125	126
After two years but within five years	428	396	375	379
After five years	5,564	5,020	4,631	4,543
	<u>6,135</u>	<u>5,548</u>	<u>5,131</u>	<u>5,048</u>
	6,278	5,680	5,256	5,174
Less: Future finance charges	<u>(3,901)</u>	<u>(3,436)</u>	<u>(3,236)</u>	<u>(3,238)</u>
Present value of lease liabilities	<u>2,377</u>	<u>2,244</u>	<u>2,020</u>	<u>1,936</u>

Shundong Port's present value of lease payments are analysed as follows:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	126	111	101	98
After one year but within two years	126	107	97	94
After two years but within five years	326	294	267	258
After five years	1,799	1,732	1,555	1,486
	<u>2,251</u>	<u>2,133</u>	<u>1,919</u>	<u>1,838</u>
	2,377	2,244	2,020	1,936
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(126)</u>	<u>(111)</u>	<u>(101)</u>	<u>(98)</u>
Amount due for settlement after 12 months	<u><u>2,251</u></u>	<u><u>2,133</u></u>	<u><u>1,919</u></u>	<u><u>1,838</u></u>

27. DEFERRED TAX LIABILITIES

	Fair value adjustment on investment properties		
	Year ended 31 March		Seven months ended 31 October
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
At beginning of year/period	146,989	181,494	194,889
Charged to profit or loss (Note 12)	27,750	26,889	27,393
Exchange difference	<u>6,755</u>	<u>(13,494)</u>	<u>(10,468)</u>
At end of year/period	<u><u>181,494</u></u>	<u><u>194,889</u></u>	<u><u>211,814</u></u>

In accordance with the accounting policy set out in Note 4, Shundong Port has not recognised deferred tax assets in respect of unused tax losses of approximately HK\$99,489,000, HK\$85,954,000, HK\$22,420,000 and HK\$22,793,000 as at 31 March 2022, 2023 and 2024 and 31 October 2024 respectively as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant tax jurisdiction and Shundong Port, and which will be expired by 2027, 2028, 2029 and 2029 respectively under current tax legislation. The unused tax losses of Shundong Port have not yet been agreed by the local authority.

28. PAID-UP CAPITAL

	At 31 March		At 31 October	
	2022	2023	2024	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Paid-up capital	223,040	223,040	223,040	223,040
<i>Shown in the Historical Financial Information as:</i>				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At the end of reporting period	261,671	261,671	261,671	261,671

29. RESERVES

Nature and purpose of reserves

(a) Contributed surplus

The contributed surplus of Shundong Port represented the share premium contributed by the shareholders prior to the Relevant Periods.

(b) Exchange reserve

Exchange differences arising from the translation of the net assets of Shundong Port from its functional currency (i.e. RMB) to the Company's presentation currency (i.e. HK\$) are recognised directly in OCI and accumulated in exchange reserve. The reserve is dealt with in accordance with the accounting policy of foreign currencies set out in Note 4.

30. CAPITAL RISK MANAGEMENT

Shundong Port manages its capital to ensure Shundong Port will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. Shundong Port's overall strategy remains unchanged during the Relevant Periods.

The capital structure of Shundong Port consists of debts, which include amounts due to fellow subsidiaries, immediate holding company and intermediate holding company (Note 23), bank borrowings (Note 24), preferred shares (Note 25) and equity attributable to owners of Shundong Port, comprising issued share capital, reserves and retained earnings.

The directors of Shundong Port review the capital structure on a regular basis. As part of this review, the directors of Shundong Port consider the cost of capital and the risks associated with the capital. The directors of Shundong Port balance its overall capital structure through payment of dividends, issuance of new shares and share buy-backs as well as the raising of new debts, if required.

31. OPERATING LEASE ARRANGEMENTS

As lessor

As at 31 March 2022, 2023 and 2024 and 31 October 2024, the investment properties held by Shundong Port for rental purposes have committed leases for the next 1.13 years, 0.13 year, 4.33 years and 3.75 years respectively.

Undiscounted lease payments receivable on the lease are as follows:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	169,844	21,290	114,450	115,380
After one year but within two years	22,995	–	114,450	115,380
After two years but within five years	–	–	267,049	201,914
	<u>192,839</u>	<u>21,290</u>	<u>495,949</u>	<u>432,674</u>

32. CAPITAL COMMITMENTS

Shundong Port's capital commitments at the end of the reporting period are as follows:

	At 31 March		At 31 October	
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital commitments in respect of:				
– construction of oil and liquefied chemical terminal	<u>3,548</u>	<u>113,199</u>	<u>8,966</u>	<u>11,504</u>

33. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the Historical Financial Information, Shundong Port has the following transactions with its related parties during the Relevant Periods.

Key management personnel remuneration

Remuneration for key management personnel of Shundong Port, including amounts paid to the directors of Shundong Port as disclosed in Note 15, is as follows:

	Year ended 31 March			Seven months ended 31 October	
	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (unaudited)	2024 HK\$'000
Short-term benefits	655	1,277	1,686	960	1,024
Post-employment benefits	16	58	72	41	42
	<u>671</u>	<u>1,335</u>	<u>1,758</u>	<u>1,001</u>	<u>1,066</u>

The remuneration of directors of Shundong Port and key executives is determined by reference to the performance of individuals and market trends.

34. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Shundong Port's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flows will be, classified in Shundong Port's statement of cash flows from financing activities.

	Amount due to a non-controlling shareholder HK\$'000	Amounts due to group companies HK\$'000	Other borrowings HK\$'000	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Preferred shares HK\$'000	Total HK\$'000
At 1 April 2021	120,541	246,554	10,610	176,387	2,687	333,832	890,611
<i>Changes in financing cash flows</i>	(131,863)	156,419	(11,310)	104,297	(214)	–	117,329
Non-cash changes							
Modification of leases	–	–	–	–	(209)	–	(209)
Fair value gain on preferred shares	–	–	–	–	–	38,800	38,800
Interest expenses	8,400	7,860	444	8,465	7	–	25,176
Reversal of interest income from a fellow subsidiary	–	1,507	–	–	–	–	1,507
Exchange differences	2,922	23,028	256	9,528	106	14,907	50,747
At 31 March 2022	–	435,368	–	298,677	2,377	387,539	1,123,961
At 1 April 2022	–	435,368	–	298,677	2,377	387,539	1,123,961
<i>Changes in financing cash flows</i>	–	64,101	–	(115,397)	(132)	–	(51,428)
Non-cash changes	–	–	–	–	–	–	–
Fair value gain on preferred shares	–	–	–	–	–	19,453	19,453
Interest expenses	–	10,312	–	13,554	16	–	23,882
Exchange differences	–	(49,560)	–	(22,000)	(17)	(28,758)	(100,335)
At 31 March 2023	–	460,221	–	174,834	2,244	378,234	1,015,533
At 1 April 2023	–	460,221	–	174,834	2,244	378,234	1,015,533
<i>Changes in financing cash flows</i>	–	140,707	–	(13,661)	(127)	–	126,919
Non-cash changes	–	–	–	–	–	–	–
Fair value gain on preferred shares	–	–	–	–	–	20,780	20,780
Interest expenses	–	10,040	–	8,192	20	–	18,252
Exchange differences	–	(36,395)	–	(9,096)	(117)	(19,999)	(65,607)
At 31 March 2024	–	574,573	–	160,269	2,020	379,015	1,115,877
At 1 April 2024	–	574,573	–	160,269	2,020	379,015	1,115,877
<i>Changes in financing cash flows</i>	–	(81,813)	–	(146,023)	(126)	–	(227,962)
Non-cash changes	–	–	–	–	–	–	–
Fair value gain on preferred shares	–	–	–	–	–	12,047	12,047
Interest expenses	–	5,777	–	3,647	24	–	9,448
Exchange differences	–	25,590	–	1,758	18	3,042	30,408
At 31 October 2024	–	524,127	–	19,651	1,936	394,104	939,818

35. EVENT AFTER REPORTING DATE

Save as elsewhere disclosed in this Historical Financial Information, there are no other material subsequent events undertaken by Shundong Port after 31 October 2024 and up to the date of issuance of this Historical Financial Information.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Shundong Port in respect of any period subsequent to 31 October 2024.