

# Annual Report 2022



**Directors**

Margaret Towers

Ian Hunter

Richard Morath (appointed 9 September 2021)

Jim Clegg (appointed 9 September 2021)

Malcolm Halstead (resigned 8 September 2021)

**Company Secretary**

Joanne Jefferies

**Investment Manager**

Platinum Investment Management Limited  
(trading as Platinum Asset Management®)

Platinum Investment Management Limited neither guarantees the repayment of capital nor the investment performance of Platinum Asia Investments Limited (the "Company")

**Shareholder Liaison**

Elizabeth Norman

**Registered Office**

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Sydney NSW 2000

Phone 1300 726 700 (Australia only)

Phone 0800 700 726 (New Zealand only)

Phone +61 2 9255 7500

**Share Registrar**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

Phone +61 1300 554 474

Fax +61 2 9287 0303

**Auditor and Taxation Advisor**

PricewaterhouseCoopers

**Securities Exchange Listing**

Platinum Asia Investments Limited shares are listed on the Australian Securities Exchange (ASX code: PAI)

**Website**

[www.platinumasia.com.au](http://www.platinumasia.com.au)

**Corporate Governance Statement**

[www.platinum.com.au/PlatinumSite/media/Find-a-form/pai\\_corp\\_gov.pdf](http://www.platinum.com.au/PlatinumSite/media/Find-a-form/pai_corp_gov.pdf)

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# Chairperson's Report 2022

## Summary

Platinum Asia Investments Limited (PAI or the Company) delivered an investment return of negative 14.4% for the year ended 30 June 2022, as measured by its pre-tax net tangible asset backing per share. The negative investment return should be considered in the context of Asian equity markets being down 18.1% for the year. The Company's net loss after tax was \$47.5 million (2021: profit \$75.9 million).

The Company has outperformed the MSCI All Country Asia ex Japan Net Index in A\$ terms over 1-year, 3-year and 5-year periods and since inception.

The Company determined a final dividend of 2.5 cents per share fully franked at a tax rate of 25%, bringing the total dividends determined for the 2022 financial year to 5 cents per share (2021: 10 cents per share franked at 30%). This represents a grossed up dividend yield of 8.0% based on the closing share price as at 30 June 2022 or 6.5% based on the pre-tax net tangible asset backing per share at 30 June 2022.

## Investment Performance

As mentioned, for the 12 months to 30 June 2022, the Company delivered a pre-tax net tangible asset return of negative 14.4%.<sup>1</sup> This is compared to the return for the MSCI All Country Asia ex Japan Net Index in A\$ terms (MSCI index), which delivered a return of negative 18.1% for the same period. The 3.7% relative outperformance during a year when global equity markets have fallen reflects the downside protection provided by the Company's investment strategy.

For the first three quarters of this financial year, poor investor sentiment towards China drove asset prices down. The MSCI index was negative 17.6% for this period and the portfolio was negative 17.3%.

This was initially due to slower production and regulatory changes, but as the year progressed, geopolitical reaction to China over the Russia/Ukraine conflict and continuing concerns regarding the potential de-listing of Chinese companies from the SEC perpetuated the slide in asset values.

The portfolio delivered a 3.4% return for the final quarter compared to the index which was negative 0.6%. This performance was driven by a change in market sentiment as China came out of COVID lockdowns and the government focused on stimulating the economy. The portfolio's performance was further enhanced by index shorts on India and South Korea.

Since inception (15 September 2015) to 30 June 2022, the Company's annualised compound return (measured by the Company's pre-tax NTA) was 7.9% per annum, compared with an annualised compound return of 7.1% per annum for the MSCI index for the same period.

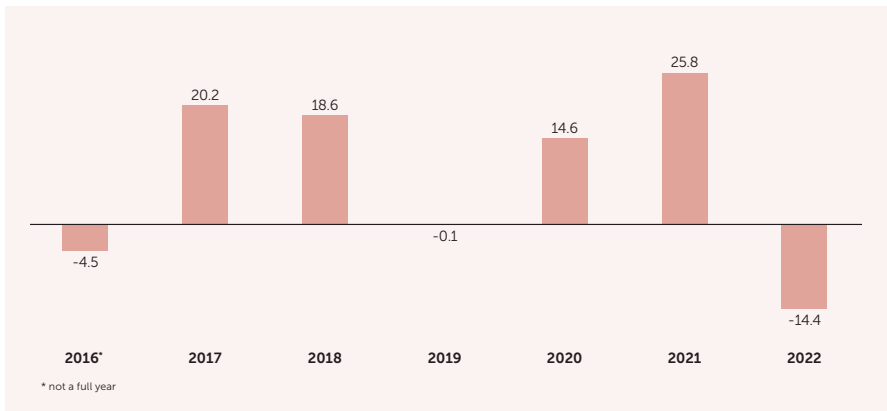
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1 Measured by its pre-tax net tangible assets ("pre-tax NTA"), which represents the combined capital and income return of the Company's investments after the deduction of fees and expenses, adjusted for corporate taxes paid and any capital flows and assuming the reinvestment of all dividends.

In the June 2022 quarterly report Platinum Investment Management Limited (Platinum), the investment manager, commented that: *“China’s markets and economy have been moving fairly independently of other markets. The domestic economy was already weak and had been slowing for a while, with labour slack in the system and not having had any real stimulus or quantitative easing over recent years in response to COVID. This setup is in stark contrast to the starting point for most developed markets. As such, after COVID lockdowns started easing in late May, the Chinese government began forcefully trying to re-invigorate the economy and stimulate activity. Hence Chinese markets, coming from low valuation levels, actually rose reasonably meaningfully throughout June, despite global headwinds.”*

A summary of the annual returns to 30 June since inception (15 September 2015), is shown in the graph below.

#### PAI’s Annual Pre-Tax Investment Returns Year to 30 June (%)



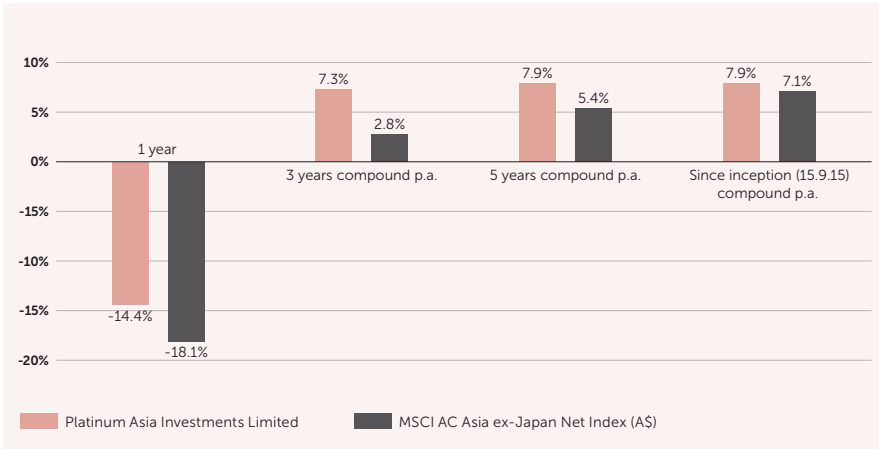
Source: Platinum Investment Management Limited (PAI returns). Returns have not been calculated using the Company’s share price. **Past performance is not a reliable indicator of future performance.**

# Chairperson’s Report 2022

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A summary of the compound returns as compared to the MSCI index over the 1-year, 3-year and 5-year periods and since inception, is shown in the graph below.

**PAI’s Pre-Tax Net Tangible Assets (NTA) Return (%) versus MSCI Index Return to 30 June 2022 (%)**



Source: Platinum Investment Management Limited (PAI returns) and FactSet Research Systems (MSCI Index returns). Returns have not been calculated using the Company’s share price. **Past performance is not a reliable indicator of future performance.**

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The Company's shares continue to trade at a discount to pre-tax NTA. The discount has increased during the financial year, resulting in the Total Shareholder Return, including franking credits, of negative 21.8% for the year ended 30 June 2022. It is noted that the discount has narrowed since 30 June 2022.

	1 YEAR (%)	3 YEARS (% P.A.)	5 YEARS (% P.A.)	SINCE INCEPTION (% P.A.)
Pre-tax NTA return	(14.4)	7.3	7.9	7.9
Total shareholder return (TSR)	(21.8)	1.4	4.9	3.8

Source: Platinum Investment Management Limited. Both returns assume the reinvestment of dividends. The Total Shareholder Return is calculated using share price movements and dividends paid assuming shareholders obtain the full benefit of franking credits. **Past performance is not a reliable indicator of future performance.**

The Directors consider it appropriate to include franking credits in the TSR when comparing TSR to pre-tax NTA returns.

### Statutory Accounts

For the financial year ended 30 June 2022, the Company made a statutory pre-tax operating loss of \$67.2 million and a post-tax operating loss of \$47.5 million.

The Board maintains that a more appropriate measure of the Company's performance is the percentage change in its pre-tax NTA. On this measure, the Company's return was negative 14.4% for the 12 months to 30 June 2022.

To keep shareholders fully informed, PAI releases weekly and monthly calculations of its net tangible asset backing per share to the ASX. Platinum publishes monthly investment performance updates and quarterly investment reports to shareholders.

### Dividends

The Company determined a 2022 final dividend of 2.5 cents per share fully franked at a 25% tax rate, bringing the total dividends determined for the 2022 financial year to 5 cents per share (including the interim dividend of 2.5 cents per share franked at a 30% tax rate). This represented a grossed up dividend yield of 8.0% based on the 30 June 2022 closing share price.

The Company's final dividend will be fully franked at a tax rate of 25% (rather than the previous 30%) due to the Company meeting the criteria as a 'base rate entity' (turnover less than \$50 million) for its corporate tax rate to reduce from 30% to 25%. As a result, whilst the criteria continue to be met, the Company will pay less corporate tax and distribute a lower amount of franking credits with each cent of dividend. Lower corporate tax payments may also provide the opportunity to distribute larger cash dividends from after-tax profits.

The Board aims to deliver a consistent stream of fully-franked dividends to shareholders over time, through its policy of dividend smoothing, subject to future earnings, cash flows, franking credits and accounting profits. The ability to pay future fully-franked dividends will continue to depend on the Company's ability to generate realised profits and pay tax.

## Chairperson's Report 2022

CONTINUED

To the extent that any profits are not distributed as dividends, the Board may set aside some or all of the Company's undistributed profits to a separate dividend profit reserve to facilitate the payment of future fully-franked dividends, subject to the balance of the franking account. The ability to manage the level of fully-franked dividend payments over time is a key strength of the listed investment company structure.

The Company's Dividend Reinvestment Plan (DRP) provides shareholders with the option to receive some or all of their future dividends as ordinary shares in the Company instead of cash. Under the DRP, the DRP issue price will be the volume-weighted average share price of the Company's shares sold on the ASX over the five business days subsequent to the date on which the Company's shares cease to trade cum-dividend. No discount will be applied to the DRP issue price.

### Capital Management

The Company did not engage in any capital raising activities during the financial year.

On 8 April 2022, the Company extended the on-market share buy-back for up to 10 per cent of PAI's issued share capital for another 12 months. No shares have been bought back as at 30 June 2022.

The Directors continue to monitor the Company's share price relative to pre-tax NTA, which is currently at a discount that widened through the year consistent with the broader global equities listed investment company market. It is noted that the discount has narrowed since 30 June 2022.

### Environmental, Social and Governance Matters (ESG)

The Board acknowledges that ESG is a growing focus for investors. There is an implicit inclusion of ESG factors in Platinum's investment analysis and decision-making process. For Platinum, ESG is about understanding a company. Platinum emphasises a balanced approach; Platinum looks at what detracts and what contributes to a company's worth. To assess a company's true worth a nuanced consideration of the company's operations and operating environment is essential. The evaluation of material ESG issues and risks (including climate risks), just like traditional financial and operational factors, is an integral part of this exercise.

Where material ESG issues are identified, Platinum's approach is generally one of thoughtful engagement, where Platinum seeks to nudge these companies to move towards better ESG outcomes.

Specifically, in relation to climate risks, Platinum considers the implications of climate change in both its investment and operational decisions. When selecting investments for the Company's portfolio, environmental factors, including climate change risks and clean energy developments, are taken into consideration in Platinum's assessment of the competitiveness of the companies in question and their ability to generate returns for shareholders over the medium and long term.



The table below shows the carbon intensity of the Company:

	30 JUNE 2022	30 JUNE 2021
Carbon intensity (tCO <sub>2</sub> e/\$10k invested)	<b>0.66</b>	0.44

Refer to Platinum's website for more information: [www.platinum.com.au/ESG](http://www.platinum.com.au/ESG).

### Other Corporate Governance Matters

As Chairperson of this Company and Platinum's other listed investment company, Platinum Capital Limited (PMC), it became clear that PAI and PMC face many common issues, not least in relation to legal, risk and compliance matters. As such, there are many potential benefits to having a common board of directors across both companies.

Accordingly, with Malcolm Halstead's retirement effective 8 September 2021, the Board appointed Mr Richard Morath and Mr Jim Clegg (both non-executive directors of PMC) to the Company's Board as independent non-executive directors, effective 9 September 2021. Directors' fees in aggregate did not change as a result of this appointment.

The Board continued to monitor the performance of Platinum and its adherence to the investment management and administration agreements with the full and transparent co-operation of Platinum's management team. The Company's Audit, Risk and Compliance Committee (ARCC) reviewed and recommended to the Board the approval of the full-year and half-year statutory accounts and reports, continued to review the Company's risk management framework, and received regular reporting from Platinum's management team on compliance and risk management matters and the impact of changes to the legal and regulatory environment affecting the Company.

Accordingly, I am confident in the integrity and reporting of the Company's financial results to shareholders.

# Chairperson's Report 2022

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## Outlook for 2022-2023

*As highlighted recently by Platinum, "As always, it is near impossible to opine with any confidence about the future direction of broad markets. That said, for the moment at least, in many markets, inflation and interest rate rises appear set to remain for a little longer yet, and that's likely a challenging setup for global markets. Fortunately, it appears most countries across the Asian region are a little ahead of the curve compared to developed markets and so may fare better. Valuations obviously vary across the region by market, sector and company but largely remain reasonable, which portends well for our ability to continue finding attractive investment opportunities."*

## Annual General Meeting

My fellow Directors and Platinum are pleased to invite you to the Company's Annual General Meeting (AGM) on 27 October 2022.

Subject to public health orders, the Company's AGM will be held as a hybrid event whereby shareholders can either attend in person or otherwise join online.

The AGM notice, including details on how to join the meeting, will be dispatched to shareholders in the coming weeks.

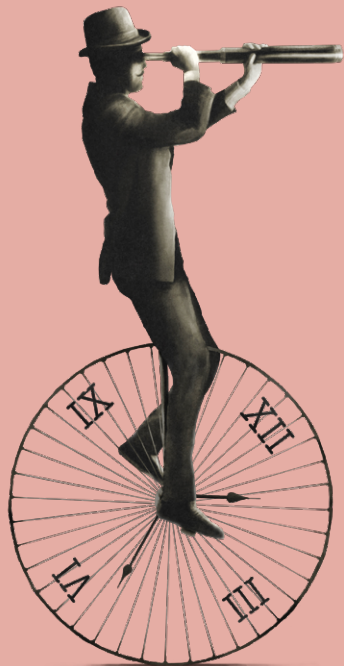
## Finally

On behalf of the Board, I wish to express our appreciation of the excellent work done by Andrew Clifford and Cameron Robertson and Platinum's investment team over the last year and I thank the broader team at Platinum.

On behalf of the Board, I thank shareholders for their support.

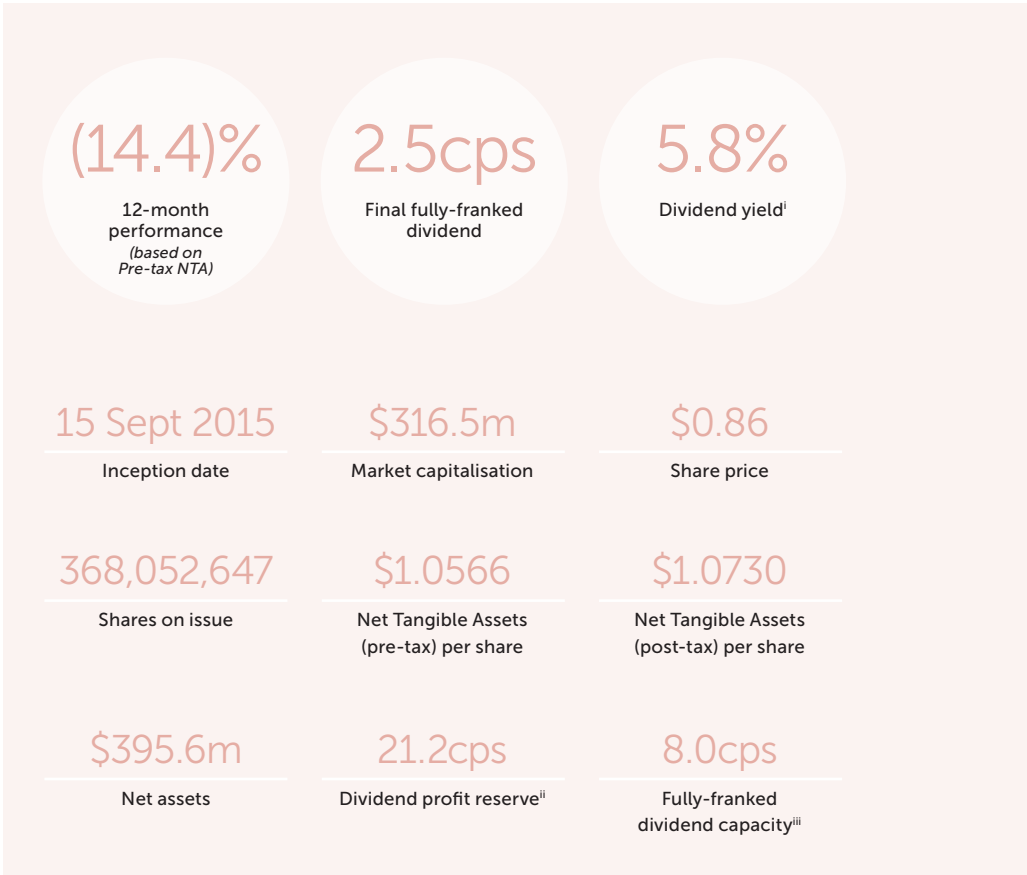
**Margaret Towers**  
Chairperson

18 August 2022



# Financial Information Summary

30 JUNE 2022



i Dividend yield is based on the 2022 interim dividend of 2.5 cents per share plus the 2022 final dividend of 2.5 cents per share and the share price as at 30 June 2022.

ii Dividend profit reserve is after providing for the 2022 final dividend of 2.5 cents per share.

iii This is the maximum fully-franked dividend that can be paid based on the franking credit balance as at 30 June 2022 after adjusting for the 2022 tax payable and the 2022 final dividend of 2.5 cents per share.

## PAI's pre-tax NTA return % versus MSCI AC Asia ex Japan Net Index

	1 year	3 years	5 years	Since inception
PAI	(14.4)%	7.3%	7.9%	7.9%
MSCI	(18.1)%	2.8%	5.4%	7.1%

5-year compound per annum pre-tax NTA returns since inception<sup>iv</sup>

	Total number of 5-year periods to 30 June 2022 <sup>v</sup>	Periods where return was positive (% of total)	Periods where return was negative (% of total)
PAI	22	100%	0%
MSCI	22	100%	0%

	Largest 5-year gain (% compound per annum)	Largest 5-year loss (% compound per annum)	Periods > +8% compound per annum (% of total)	Periods where PAI return was > MSCI (% of total)
PAI	17%	N/A%	86%	100%
MSCI	15%	N/A%	82%	N/A

iv The pre-tax NTA return is calculated after the deduction of fees and expenses, adjusted for corporate taxes paid, and any capital flows and assumes the reinvestment of dividends.

v Commencing each month since inception to 30 June 2022.

Source: Platinum Investment Management Limited (PAI returns) and FactSet (MSCI returns). Returns have not been calculated using the Company's share price. **Past performance is not a reliable indicator of future performance.**

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## Investment Structure, Objectives and Methodology

### Investment Structure

Platinum Asia Investments Limited (the “Company”) is a listed investment company, or “LIC”, whose shares are listed on the Australian Securities Exchange (“ASX”) and traded in the same way as other listed shares. Being a LIC, the Company:

- is closed-ended, which means that the underlying portfolio can be managed without concern for fluctuating cash flows;
- is taxed at source and can therefore distribute available profits to shareholders in the form of dividends, usually fully franked (depending on the availability of franking credits); and
- has established a dividend profit reserve, which creates the opportunity for the smoothing of dividends from year to year, at the discretion of the Board.

Shares in the Company can trade at a premium or discount to their net tangible asset backing per share (“NTA”), which is calculated and announced to the ASX weekly and monthly.

The Company delegates its investment management and administration functions to Platinum Investment Management Limited (trading as Platinum Asset Management) (the “Investment Manager”), which employs a team of experienced investment professionals and administration personnel to perform those services. The Company and the Investment Manager are separate legal entities.

### Investment Objective

The investment objective of the Company is to provide capital growth over the long term through investing primarily in undervalued listed securities of companies in the Asian Region ex Japan across sectors. In doing so, the Company aims to achieve net returns over a five-year plus investment horizon that are in excess of the MSCI All Country Asia ex Japan Net Index (in A\$).

### Investment Methodology

The Investment Manager’s index-agnostic investment approach has been well tested over many years through its management of the unlisted Platinum Trust® managed funds, which includes the Platinum Asia Fund. The Investment Manager seeks to invest in companies in the Asian Region ex Japan whose businesses and growth prospects are, in its view, inappropriately valued by the market. Just as optimism and pessimism ebb and flow in stock markets, similar sentiments also affect individual companies. This means that transitory events often have a disproportionate effect on the share prices of companies, be they positive or negative, and there is thus a tendency for share prices to deviate significantly from their inherent trend line. The Investment Manager’s investment methodology seeks to identify and take advantage of the opportunities created by the divergence between a company’s share price and its intrinsic value.

For a more detailed description of the Investment Manager’s methodology and processes, we encourage you to visit the Investment Manager’s website at [www.platinumasia.com.au](http://www.platinumasia.com.au).

### Managing Currency Exposures

Equity investments in the Asian Region ex Japan create an exposure to foreign currency fluctuations, which can change the value of the equity investments when measured in the reporting currency of the Company's portfolio, which is the Australian dollar. It is part of the Company's investment strategy to assess the potential returns and risks created by currency exposures and to seek to position the portfolio with the aim of capturing those returns while minimising those risks. Currency exposures in the portfolio are actively managed by the Investment Manager.

The Investment Manager may manage the currency exposures of the Company's portfolio using foreign currency forward contracts, currency swaps, non-deliverable forwards and currency options, as well as spot foreign exchange transactions.

### Strategies Aimed at Mitigating Losses and Delivering Solid Absolute Returns

While generating capital growth over the long term is the Company's primary objective, the Investment Manager also seeks to mitigate the risk of capital losses and employs a variety of strategies with the aim of achieving this.

Strategies aimed at mitigating capital losses include adjusting cash levels, deploying funds from overvalued to undervalued stocks and short selling (usually through equity derivatives in respect to individual stocks or indices).

Timing the implementation of these strategies is always challenging and, though the rewards can be gratifying, patience is often required. The nature of markets means it can take some time for inappropriately valued regions, industry sectors or individual stocks to become more widely recognised and to revert to prices close to their inherent values.

## Our Journal

You can find a range of thought-provoking articles and videos on our website, [www.platinum.com.au](http://www.platinum.com.au). For ad hoc commentary on the latest market trends and investment themes, look up The Journal under Insights & Tools.

If you find yourself short on time to read our in-depth reports and articles, have a listen to our audio podcasts or watch brief market updates in video format.



### Market Update: Inflation Takes its Toll on Markets

CEO and co-CIO Andrew Clifford talks with Investment Specialist Julian McCormack on the impact of inflation, rising interest rates, the Russia-Ukraine conflict and the re-emergence of Covid in China on global equity markets. Against this market backdrop, Andrew discusses Platinum's investment approach, drivers of recent returns and where the team is investing....



By Andrew Clifford  
13 April 2022

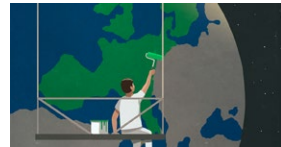


### The Beautiful Game

There is an apparent paradox of investing in shares; price is everything yet it is also nothing. There is no contradiction in this paradox because the reality lies in the very essence of what share selection is really about. If one starts from the naive stance of saying you want to own really fine companies that will be bigger and hopefully better in the coming few years...



By Kerr Neilson  
04 February 2022



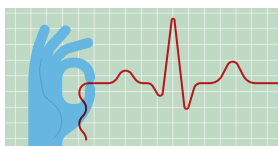
### Investing for a Better Tomorrow

The world economy emits around 50 billion tonnes of CO2-equivalent greenhouse gases (GHGs) every year, of which 36 billion tonnes is derived from the burning of fossil fuels. It is now widely accepted the increasing amount of GHGs in the atmosphere is warming our planet and the current level of emissions needs to reduce...



By Liam Farlow & Jodie Bannan  
05 May 2022





## Biotech, Down but Absolutely Not Out

It has been a difficult 12 months or so for biotech, but portfolio manager Dr Bianca Ogden believes the sector is “absolutely not broken” – far from it. Innovation continues and balance sheets are stronger than ever with a lot of cash sitting on the sidelines, paving the way for industry consolidation and ongoing investment in next-generation technologies and drug discovery...



By Dr Bianca Ogden  
22 June 2022



## Defensive Stocks Not So Defensive After All?

US consumer stocks have taken a hit this year. Rate rises, geopolitical issues, withdrawal of fiscal stimulus and excess inventory are all taking their toll on company sales and profit margins. Portfolio manager Jamie Halse sat down with investment specialist Julian McCormack in early June to discuss his thoughts...



By James Halse  
28 June 2022



## Readying for a Market Leadership Change

Every bubble has two main ingredients: a great idea and easy money. This time, technological disruption is the great idea, propelled by a decade of near-zero interest rates. With inflation now at 30-year highs and rates rising, the bubble is unravelling and market leadership is changing. Who will be next decade’s winners?



By Clay Smolinski  
23 June 2022



# Financial Statements 2022

Platinum Asia Investments Limited

## **General Information**

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 18 August 2022. The Directors have the power to amend and reissue the financial statements.

## Shareholder Information

The shareholder information set out below was applicable as at 10 August 2022.

### Distribution of Ordinary Shares

Analysis of number of ordinary shareholders by size of holding:

	NUMBER OF HOLDERS OF ORDINARY SHARES
1 to 1,000	342
1,001 to 5,000	1,171
5,001 to 10,000	1,258
10,001 to 100,000	4,608
100,001 and over	478
Total	7,857
Holding less than a marketable parcel (of \$500)	229

### Twenty Largest Shareholders

The names of the twenty largest shareholders of the Company are listed below:

	ORDINARY SHARES NUMBER HELD	% OF TOTAL SHARES ISSUED
Platinum Investment Management Limited	30,000,000	8.15
HSBC Custody Nominees (Australia) Limited	26,241,223	7.13
Sysha Pty Limited	17,270,000	4.69
Moya Pty Limited	5,000,000	1.36
BNP Paribas Nominees Pty Limited		
HUB24 Custodial Serv Limited	3,721,884	1.01
Invia Custodian Pty Limited	2,872,085	0.78
Lekk Pty Limited	2,200,000	0.60
Citicorp Nominees Pty Limited	2,031,640	0.55
Mrs Kathryn Helen Zaccaria	1,913,950	0.52
HSBC Custody Nominees (Australia) Limited - A/C 2	1,885,482	0.51
Ra Saywell Investments Pty Limited	1,825,000	0.50
J P Morgan Nominees Australia Pty Limited	1,401,474	0.38
BNP Paribas Nominees Pty Limited	1,028,203	0.28
Wilclaire Investments Pty Limited	1,020,000	0.28
Netwealth Investments Limited	1,009,872	0.27
Jorlyn Pty Limited	1,000,000	0.27
Mr Raymond Ireson	896,771	0.24
Nulis Nominees (Australia) Limited	846,920	0.23
Ms Fiona Rowena Williams	825,921	0.22
Netwealth Investments Limited	789,384	0.21
	103,779,809	28.18

## Shareholder Information

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### Substantial Shareholders

The substantial shareholders in the Company's register of substantial shareholders at 10 August 2022 are listed below:

	ORDINARY SHARES NUMBER HELD	% OF TOTAL SHARES ISSUED
Platinum Investment Management Limited	30,000,000	8.35%^

^ As at the date of the last substantial shareholder notice lodged with the ASX on 14 December 2017.

### Voting Rights

#### Ordinary shares

Every member is entitled to one vote and upon a poll, each share shall have one vote.

#### Distribution of Annual Report to Shareholders

The law allows for an "opt in" regime through which shareholders will receive a printed hard copy version of the Annual Report only if they request one. The Directors have decided to only mail out an Annual Report to those shareholders who have "opted in".

### Financial Calendar

Ordinary shares trade ex-dividend	25 August 2022
Record date (books close) for dividend	26 August 2022
Dividend payment date	15 September 2022

These dates are indicative and are subject to change.

### Notice of Annual General Meeting (AGM)

The Annual General Meeting of Platinum Asia Investments Limited will be held on Thursday, 27 October 2022. Details of how to join the meeting will be included in the AGM notice.

### Questions for the AGM

If you would like to submit a question prior to the AGM to be addressed at the AGM, you may email your question to [invest@platinum.com.au](mailto:invest@platinum.com.au).

## Directors' Report

In respect of the year ended 30 June 2022, the Directors of Platinum Asia Investments Limited (the "Company") submit the following report prepared in accordance with a resolution of the Directors.

### Directors

The following persons were Directors of the Company during the financial year and up to the date of this report, unless otherwise stated:

Margaret Towers – Chairperson and Independent Non-Executive Director

Ian Hunter – Independent Non-Executive Director

Richard Morath – Independent Non-Executive Director (appointed 9 September 2021)

Jim Clegg – Independent Non-Executive Director (appointed 9 September 2021)

Malcolm Halstead – Independent Non-Executive Director (resigned 8 September 2021)

### Principal Activities

The Company is a listed investment company established to provide capital growth over the long term by investing in companies in the Asian Region ex Japan which the Investment Manager perceives to be undervalued by the market.

### Operating and Financial Review

For the 12 months to 30 June 2022, the net loss before income tax was \$67,204,000 (2021: profit of \$107,728,000) and net loss after income tax was \$47,454,000 (2021: profit of \$75,927,000).

For the 12 months to 30 June 2022, the Company delivered a return of negative 14.4%<sup>1</sup> (measured by its pre-tax NTA) compared to a return of negative 18.1% for the benchmark, the MSCI All Country Asia ex Japan Net Index ("MSCI") in A\$ terms<sup>2</sup>.

The Directors consider that the pre-tax net tangible asset backing per share, after the deduction of fees and expenses, adjusted for corporate taxes paid and any capital flows, and assuming the reinvestment of dividends ("pre-tax NTA"), is a better measure of performance of the Company than its reported profits or losses. This is because the pre-tax NTA per share is the most accurate way to assess the investment performance of the Company's investment portfolio. For the 12 months to 30 June 2022, the Company's pre-tax NTA per share decreased from \$1.36 to \$1.06. The decrease includes 8.5 cents per share in dividends and the equivalent of 4 cents per share in taxes paid during the financial year.

1 Source: Platinum Investment Management Limited (the Company's returns) and FactSet Research Systems (MSCI returns). Returns have not been calculated using the Company's share price. **Past performance is not a reliable indicator of future performance.**

2 MSCI Disclaimer: The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com)).

## Directors' Report

CONTINUED

In the June 2022 quarterly report, the Investment Manager commented that: *"Valuations vary across the region by market, sector and company but largely remain reasonable, which portends well for finding attractive investment opportunities."*

The Investment Manager currently believes it is prudent to hold a reasonable level of net cash to take advantage of opportunities that may arise in the event of a significant market downturn.

The Company became a base rate entity for the year ended 30 June 2022 resulting in a change to the corporate tax rate from 30% to 25%. The 25% tax rate now applies when calculating income tax payable by the Company and also to franking credits distributed on any dividends determined by the Company. The change in tax rate increased the Company's post-tax NTA by 0.1 cents per share.

For more information and the Company's most recent results please refer to: [www.platinumasia.com.au](http://www.platinumasia.com.au).

COVID-19 has not had a direct impact on the ability of the Company or the Investment Manager to perform business activities. The Company has not received any COVID-19-related financial assistance or support.

### Capital Management

The Directors continue to monitor the Company's share price relative to pre-tax NTA, which is currently at a discount, consistent with the broader global equities listed investment company market. At this stage, the Directors do not see the need to commence an on-market share buy-back. It is noted that the discount has narrowed since 30 June 2022.

Another objective of the Company's capital management policy is to smooth dividends over time and, where possible, retain a reasonable level of franking credits to enable payment of fully-franked dividends in the future. The Company does not believe that it is in the Company's or shareholders' interests to pay unfranked dividends, resulting in a tax liability in the shareholders' hands and reduced investment capacity for the Company to generate future returns.

### Dividends

The Directors determined a 2022 fully-franked final dividend of 2.5 cents per share (\$9,201,000), with a record date of 26 August 2022 and payable to shareholders on 15 September 2022, out of the dividend profit reserve. The dividend will be fully-franked at a tax rate of 25%. Together with the 2022 interim dividend of 2.5 cents per share, this represents a fully-franked dividend yield of 5.8% based on the 30 June 2022 closing share price. At 30 June 2022, the available franking credit balance after providing for the 2022 final dividend would enable the payment of a dividend up to 8.0 cents per share, fully-franked at a tax rate of 25%.

The Dividend Reinvestment Plan ("DRP") is in operation. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be the volume-weighted average share price of the Company's shares sold on the ASX over the five business days subsequent to the date on which the Company's shares cease to trade cum-dividend. No DRP discount will apply to the dividend.



### Matters Subsequent to the End of the Financial Year

Apart from the dividend determined, no matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

### Likely Developments and Expected Results of Operations

The Company will continue to pursue its investment objective, which is to provide capital growth over the long term through investing primarily in undervalued listed securities of companies in the Asian Region ex Japan across sectors. The methods of operating the Company are not expected to change in the foreseeable future.

### Environmental, Social & Governance ("ESG") Reporting

Shareholders are encouraged to read the Investment Manager's Corporate Responsibility and Sustainability Report, which is available at [www.platinum.com.au/About-Platinum/ptm-shareholders](http://www.platinum.com.au/About-Platinum/ptm-shareholders).

For further information on the Investment Manager's approach to ESG refer to the website at [www.platinum.com.au/ESG](http://www.platinum.com.au/ESG).

It is noted that the Company is not subject to any significant environmental regulation under Commonwealth, State or Territory laws.

### Managing Tax Risk

The Board is committed to acting with integrity and transparency in all tax matters. The Company aims to meet all of its obligations under the law and pay the correct amount of tax to the relevant authorities. The Company has established a Tax Risk Management and Governance Policy, which ensures an adequate framework is in place to allow for the effective management of tax risks in an appropriate and consistent manner. The policy describes the Company's approach to managing tax risk including key responsibilities, key controls and reporting mechanisms.

### Information on Directors

#### **Margaret Towers** CA, GAICD

Ms Margaret Towers was appointed as an Independent Non-Executive Director on 31 March 2018. Ms Towers is the Board Chair and also serves as a member of the Audit, Risk and Compliance Committee.

Ms Towers has over 35 years' experience operating at board and senior management levels, within the wealth management and investment banking sectors of the Australian financial services industry.

Ms Towers is a Non-Executive Director of Platinum Capital Limited. Ms Towers was previously a Non-Executive Director of Platinum Asset Management Limited, serving on its Audit, Risk and Compliance Committee and Nomination and Remuneration Committee and IMB Limited, serving as Chair and member of IMB's Risk Committee, Audit Committee and Financial Planning Committee.

## Directors' Report

CONTINUED

### **Ian Hunter** BA, LLB, MBA

Mr Ian Hunter was appointed as an Independent Non-Executive Director on 24 June 2015 and was elected Chair of the Audit, Risk and Compliance Committee.

Mr Hunter has over 40 years' experience in finance and the investment industry having held several roles in Corporate Finance and Equity Capital Markets at international banks, most latterly Bankers Trust Australia.

Mr Hunter is a Non-Executive Director of Platinum Capital Limited and Ironbark Capital Limited and was previously a Non-Executive Director of several listed companies.

### **Richard Morath** BA, FIAA

Mr Richard Morath was appointed as an Independent, Non-Executive Director on 9 September 2021. He serves as a member of the Audit, Risk and Compliance Committee.

Mr Morath has over 40 years' experience in life insurance, funds management, banking and financial planning.

Mr Morath is a Non-Executive Director of Platinum Capital Limited, JANA Investment Advisors Limited, BNZ Life, BNZ Insurance and National Wealth Management Holdings New Zealand.

### **Jim Clegg** BRURSC (HONS), DIPAGEC

Mr Jim Clegg was appointed as an Independent, Non-Executive Director on 9 September 2021. He serves as a member of the Audit, Risk and Compliance Committee.

Mr Clegg has over 40 years' experience in the financial services industry.

Mr Clegg is a Non-Executive Director of Platinum Capital Limited and was the founding Managing Director of Pembroke Financial Planners and has been a Non-Executive Director of Godfrey Pembroke, Berkley Group and Centric Wealth and a trustee of The Walter and Eliza Hall Trust.

### Information on Company Secretary

#### **Joanne Jefferies** BCOM, LLB

Ms Joanne Jefferies was appointed Platinum's General Counsel and Group Company Secretary on 17 October 2016. Ms Jefferies serves as the Company Secretary for Platinum, a number of its subsidiary entities and ASX Listed investment company, Platinum Capital Limited.

Ms Jefferies is an English law qualified solicitor with more than 25 years' experience in financial services law and corporate governance specialising in asset management and banking, in England and across Asia Pacific.

Ms Jefferies previously worked for BNP Paribas Securities Services, where she was Head of Legal, Asia Pacific and Company Secretary of all Australian subsidiaries. Prior to this Ms Jefferies held senior legal positions with Russell Investments, Morley Funds Management (Aviva Investors) and Lord Abbett. She also served as the General Counsel for the UK's funds management industry association, the Investment Association.

Ms Jefferies is a Non-Executive Director of Australian Pain Management Association Limited.

### Meetings of Directors

The number of meetings of the Company's Board of Directors (the "Board") and Audit, Risk and Compliance Committee held during the year ended 30 June 2022, and the number of meetings attended by each Director/Committee member were:

	BOARD MEETINGS ATTENDED/HELD	AUDIT, RISK AND COMPLIANCE COMMITTEE MEETINGS ATTENDED/HELD
Margaret Towers	8/8	7/7
Ian Hunter	8/8	7/7
Richard Morath*	7/7	5/5
Jim Clegg**	7/7	5/5
Malcolm Halstead***	1/1	2/2

\* Richard Morath was appointed as a non-executive director on 9 September 2021 and was only eligible to attend meetings since his appointment date.

\*\* Jim Clegg was appointed as a non-executive director on 9 September 2021 and was only eligible to attend meetings since his appointment date.

\*\*\* Malcolm Halstead resigned as a non-executive director on 8 September 2021 and was only eligible to attend meetings prior to his resignation date.

The Audit, Risk and Compliance Committee meet at least one week prior to the formal adoption of the annual and interim financial statements, in order to carry out a detailed review of the financial statements.

Directors' remuneration is detailed further in the Remuneration Report.

### Indemnity and Insurance of Directors or Officers

During the year, the Company incurred a premium in respect of a contract for indemnity insurance for the Directors and officers of the Company named in this report.

### Indemnity and Insurance of Auditor

The Company has not, during or since the end of the year, indemnified or agreed to indemnify the auditor of the Company against a liability incurred by the auditor. During the year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company.

# Directors' Report

CONTINUED

## Non-Audit Services

Details of the amounts paid or payable to the auditor for audit and other (non-audit) services provided during the year by the auditor are outlined in Note 17 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in Note 17 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board.

## Rounding of Amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with this Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 31.

## Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



**Margaret Towers**  
Chairperson



**Richard Morath**  
Director

18 August 2022  
Sydney

## Remuneration Report (audited)

### Executive Summary

- The Company had five key management personnel (“KMP”) during the financial year, being the Directors of the Company.
- The aggregate annual remuneration paid by the Company to the Chairperson during the financial year was \$57,070 (including superannuation).
- During the year there was a resignation of one Non-Executive Director and appointment of two Non-Executive Directors. The aggregate directors’ fees paid by the shareholders of the Company remain unchanged (excluding superannuation) due to a reduction in Director fees.
- The Company does not pay bonuses to any of its Directors.

### Introduction

The Directors of Platinum Asia Investments Limited present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the year ended 30 June 2022.

The information provided in this Remuneration Report forms part of the Directors’ Report and has been audited by the Company’s auditor, PricewaterhouseCoopers, as required by section 308 of the *Corporations Act 2001*.

### Key Management Personnel

For the purposes of this report, the KMP of the Company in office during the financial year were:

NAME	POSITION
Margaret Towers	Chairperson and Independent Non-Executive Director
Ian Hunter	Independent Non-Executive Director
Richard Morath*	Independent Non-Executive Director
Jim Clegg*	Independent Non-Executive Director
Malcolm Halstead**	Independent Non-Executive Director

\* Appointed 9 September 2021.

\*\* Resigned 8 September 2021.

### Shareholders’ Approval of the 2021 Remuneration Report

A 25% or higher “no” vote on the remuneration report at an AGM triggers a reporting obligation on a listed company to explain in its next annual report how concerns are being addressed.

The Company received 96.81% of “yes” votes on its remuneration report for the 2021 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

## Directors' Report

CONTINUED

### **Principles, Policy and Components of non-executive Directors' Remuneration**

Remuneration paid to the Directors is designed to ensure that the Company can attract and retain suitably qualified and experienced directors.

It is the policy of the Board to remunerate at market rates commensurate with the responsibilities borne by the Directors.

Directors received a fixed fee and mandatory superannuation.

Directors do not receive performance-based or earnings-based remuneration and are not eligible to participate in any equity-based incentive plans.

The remuneration of the Directors is reviewed annually by the Board and is set at market rates commensurate with the responsibilities borne by the Directors. Independent professional advice may be sought. No other retirement benefits (other than mandatory superannuation) are provided to the Directors.

There are no termination payments payable on the cessation of office and any Director may retire or resign from the Board, or be removed by a resolution of shareholders.

In recognition of the benefits and efficiencies of a common board of directors across both the Company and Platinum Capital Limited, the Company's current directors' fees were reduced from 9 September 2021, such that following Mr Morath's and Mr Clegg's respective appointments to the Company's Board, the aggregate directors' fees paid by the shareholders of the Company remain substantially unchanged.

The maximum aggregate remuneration that can be paid to the Non-Executive Directors is \$186,150 per annum (inclusive of superannuation). This amount was stated in the Company's prospectus dated 5 August 2015 and is based on the aggregate total remuneration of the Non-Executive Directors on the Board at the time of listing (i.e. total directors' fees of \$170,000 plus superannuation of 9.5% i.e. \$16,150). Following Mr Halstead's resignation from the Board, Mr Morath and Mr Clegg were both appointed to the Board with effect from 9 September 2021, taking the number of Non-Executive Directors on the Board from three to four. Notwithstanding this, the Non-Executive Directors' total remuneration in aggregate remained unchanged. However, with effect from 1 July 2021 a 0.5% increase to the superannuation guarantee rate was legislated, increasing the rate from 9.5% to 10%. This inadvertently resulted in the Non-Executive Directors' aggregate total remuneration exceeding the maximum amount by \$920 for the year ended 30 June 2022. To remedy this, the Non-Executive Directors will reduce their maximum total remuneration in aggregate by an equivalent amount for the financial year ended 30 June 2023. Given that the superannuation guarantee rate has been legislated to progressively increase to 12% by 1 July 2025, the Company will also take a resolution to the forthcoming annual general meeting to seek shareholder approval to increase the maximum aggregate total remuneration to \$200,000.

## Remuneration for Directors

The table below presents amounts received by the Directors.

NAME	CASH SALARY <sup>1</sup> \$	SUPER- ANNUATION \$	SHORT-TERM INCENTIVES \$	LONG-TERM INCENTIVES \$	TOTALS \$
<b>Margaret Towers</b>					
FY 2022	51,882	5,188	–	–	57,070
FY 2021	60,000	5,700	–	–	65,700
<b>Ian Hunter</b>					
FY 2022	42,827	4,283	–	–	47,110
FY 2021	55,000	5,225	–	–	60,225
<b>Richard Morath</b>					
FY 2022	32,459	3,246	–	–	35,705
FY 2021	–	–	–	–	–
<b>Jim Clegg</b>					
FY 2022	32,459	3,246	–	–	35,705
FY 2021	–	–	–	–	–
<b>Malcolm Halstead</b>					
FY 2022	10,436	1,044	–	–	11,480
FY 2021	55,000	5,225	–	–	60,225
<b>Total remuneration</b>					
FY 2022	170,063	17,007	–	–	187,070
FY 2021	170,000	16,150	–	–	186,150

1 The annual salary for the Directors effective 9 September 2021 is as follows; Margaret Towers \$50,000, Ian Hunter \$40,000, Richard Morath \$40,000 and Jim Clegg \$40,000. The total of the Directors annual salaries effective 9 September 2021 is \$170,000.

## Employment Arrangements of KMP

The key aspects of the KMP contracts are as follows:

- Remuneration and other terms of employment for Directors are formalised in letters of appointment that all Directors have signed.
- All contracts with Directors include the components of remuneration that are to be paid to KMP and provide for annual review, but do not prescribe how remuneration levels are to be modified from year to year.
- The tenure of the Directors is subject to approval by shareholders at every third AGM or other general meeting convened for the purposes of election of Directors.
- In the event of termination, all KMP are only entitled to receive their statutory entitlements.
- Directors may resign by written notice to the Chairperson and where circumstances permit, it is desirable that reasonable notice of an intention to resign is given to assist the Board in succession planning.

## Directors' Report

CONTINUED

### Link between the Remuneration of the Directors and Company Performance

	2022	2021	2020	2019	2018
Total net investment income/(loss) (\$'000)	<b>(60,053)</b>	115,040	63,942	6,284	79,884
Expenses (\$'000)	<b>(7,151)</b>	(7,312)	(8,664)	(6,552)	(6,940)
Net profit/(loss) after tax (\$'000)	<b>(47,454)</b>	75,927	38,608	(158)	51,478
Earnings per share (cents per share)	<b>(12.93)</b>	20.82	10.63	(0.04)	14.32
Dividends (cents per share)	<b>5.0</b>	10.0	5.0	4.0	10.0
Net Tangible Asset backing (pre-tax) (30 June) (\$ per share)	<b>1.0566</b>	1.3625	1.1713	1.0836	1.1960
Closing share price (30 June) (\$)	<b>0.86</b>	1.23	1.01	1.03	1.26
Total remuneration (salary and superannuation) paid (\$)	<b>187,070</b>	186,150	186,150	186,150	186,150

The remuneration of the Directors is not linked to the performance of the Company.

### Interests of Directors in Shares

The relevant interest in ordinary shares of the Company that each Director held at balance date was:

	OPENING BALANCE	ACQUISITIONS	DISPOSALS	CLOSING BALANCE
Margaret Towers	50,000	–	–	50,000
Ian Hunter	200,001	–	–	200,001
Richard Morath*	–	25,000	–	25,000
Jim Clegg*	–	40,000	16,000	24,000
Malcolm Halstead**	1	–	1**	–

\* Appointed 9 September 2021.

\*\* Resigned 8 September 2021.



## Auditor's Independence Declaration



As lead auditor for the audit of Platinum Asia Investments Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'CJ Cummins', with a horizontal line extending to the right.

**CJ Cummins**

Partner

PricewaterhouseCoopers

18 August 2022

Sydney

**PricewaterhouseCoopers, ABN 52 780 433 757**

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## Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 \$'000	2021 \$'000
<b>Investment income</b>			
Dividends		6,845	5,867
Interest income		16	–
Net gains/(losses) on equities, convertible notes, foreign currency forward contracts and other derivatives		(72,701)	111,101
Net foreign exchange gains/(losses) on overseas bank accounts		5,787	(1,928)
Total investment income		(60,053)	115,040
<b>Expenses</b>			
Management fees	18	(4,712)	(5,367)
Performance fees		(911)	–
Custody		(302)	(366)
Share registry		(94)	(113)
Continuous reporting disclosure		(233)	(230)
Directors' fees	18	(187)	(186)
Auditor's remuneration and other services	17	(96)	(90)
Interest expense		(9)	(3)
Brokerage costs		(181)	(355)
Transaction costs		(47)	(237)
Insurance		(295)	(314)
Other expenses		(84)	(51)
Total expenses		(7,151)	(7,312)
<b>Profit/(loss) before income tax expense/benefit</b>			
		(67,204)	107,728
Income tax (expense)/benefit	3(a)	19,750	(31,801)
<b>Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Platinum Asia Investments Limited</b>			
		(47,454)	75,927
Other comprehensive income for the year, net of tax		–	–
<b>Total comprehensive income/(loss) for the year attributable to the owners of Platinum Asia Investments Limited</b>			
		(47,454)	75,927
Basic earnings per share (cents per share)	10	(12.93)	20.82
Diluted earnings per share (cents per share)	10	(12.93)	20.82

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Statement of Financial Position

AS AT 30 JUNE 2022

	NOTE	2022 \$'000	2021 \$'000
<b>Assets</b>			
Cash at bank	11(a)	7	8
Cash on deposit held within the portfolio	11(a)	64,701	95,510
Receivables	5	1,102	1,281
Financial assets at fair value through profit or loss	4, 13	324,606	401,862
Income tax receivable	3(b)	1,038	–
Deferred tax asset	3(c)	5,709	–
<b>Total assets</b>		<b>397,163</b>	498,661
<b>Liabilities</b>			
Payables	6	1,491	648
Financial liabilities at fair value through profit or loss	4, 13	31	–
Income tax payable	3(b)	–	8,924
Deferred tax liability	3(c)	–	17,698
<b>Total liabilities</b>		<b>1,522</b>	27,270
<b>Net assets</b>		<b>395,641</b>	471,391
<b>Equity</b>			
Issued capital	7	357,108	354,293
Accumulated losses		(56,661)	(9,207)
Capital reserve	8(a)	7,934	7,934
Dividend profit reserve	8(b)	87,260	118,371
<b>Total equity</b>		<b>395,641</b>	471,391

The above statement of financial position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	ISSUED CAPITAL \$'000	ACCUMULATED LOSSES \$'000	RESERVES \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2020		352,110	(9,207)	75,875	418,778
Profit after income tax expense for the half to 31 December 2020		–	58,199	–	58,199
Profit after income tax expense for the half to 30 June 2021		–	17,728	–	17,728
Other comprehensive income/(loss) for the year, net of tax		–	–	–	–
Total comprehensive income/(loss) for the year		–	75,927	–	75,927
Transfer of profit after income tax for the half to 31 December 2020, to the dividend profit reserve	8(b)	–	(58,199)	58,199	–
Transfer of profit after income tax for the half to 31 December 2020, to the dividend profit reserve	8(b)	–	(17,728)	17,728	–
<i>Transactions with owners in their capacity as owners:</i>					
Proceeds from the issue of shares associated with the dividend reinvestment plan and unclaimed dividends	7	2,183	–	–	2,183
Dividends paid	9	–	–	(25,497)	(25,497)
<b>Balance at 30 June 2021</b>		<b>354,293</b>	<b>(9,207)</b>	<b>126,305</b>	<b>471,391</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	NOTE	ISSUED CAPITAL \$'000	ACCUMULATED LOSSES \$'000	RESERVES \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2021		354,293	(9,207)	126,305	471,391
(Loss) after income tax expense for the half to 31 December 2021		–	(23,395)	–	(23,395)
(Loss) after income tax expense for the half to 30 June 2022		–	(24,059)	–	(24,059)
Other comprehensive income/(loss) for the year, net of tax		–	–	–	–
Total comprehensive income/(loss) for the year		–	(47,454)	–	(47,454)
<i>Transactions with owners in their capacity as owners:</i>					
Proceeds from the issue of shares associated with the dividend reinvestment plan and unclaimed dividends	7	2,815	–	–	2,815
Dividends paid	9	–	–	(31,111)	(31,111)
<b>Balance at 30 June 2022</b>		<b>357,108</b>	<b>(56,661)</b>	<b>95,194</b>	<b>395,641</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Payments for purchase of financial assets		(108,341)	(382,199)
Proceeds from sale of financial assets		113,426	495,386
Dividends received		6,027	4,629
Interest received/(paid)		5	(3)
Management fees paid		(4,812)	(5,302)
Performance fees paid		–	(1,827)
Other expenses paid		(1,667)	(2,010)
Income tax refund received		–	1,974
Income tax paid		(12,939)	(13,841)
<b>Net cash (used in)/from operating activities</b>	11(b)	<b>(8,301)</b>	96,807
<b>Cash flows from financing activities</b>			
Dividends paid – net of dividend reinvestment plan	7, 9	(28,480)	(23,407)
Proceeds from issue of shares in relation to unclaimed dividends	7	184	93
<b>Net cash used in financing activities</b>		<b>(28,296)</b>	(23,314)
Net increase/(decrease) in cash and cash equivalents		(36,597)	73,493
Cash and cash equivalents at the beginning of the year		95,518	23,953
Effects of exchange rate changes on cash and cash equivalents		5,787	(1,928)
<b>Cash and cash equivalents at the end of the year</b>	11(a)	<b>64,708</b>	95,518
Non-cash financing activities:			
dividend re-investment plan	7		

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

## Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below or in the relevant note to which the policy relates. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

The statement of financial position is presented on a liquidity basis. Specifically, assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current assets and liabilities. The majority of receivables and payables are expected to be recovered or settled within 12 months, whereas tax and investment balances may be recovered after 12 months.

### New and amended accounting standards and interpretations

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

### New standards, amendments and interpretations effective after 1 July 2022 and have not been early adopted

A number of new standards, amendments and interpretations are effective for annual reporting periods beginning on or after 1 July 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statement of the Company.

### Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. Areas of judgement include:

- Fair value measurement (refer to Note 15);
- Deferred tax (refer to Note 3(c)); and
- Financial assets/liabilities at fair value through profit or loss (refer to Note 4).

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

## Note 1. Summary of significant accounting policies – continued

### Functional currency

Items included in the Company's financial statements are measured using the Australian Dollar, which is the currency of the primary economic environment in which it operates (the "functional currency") and reflects the currency of the country in which the Company is incorporated, and the currency in which capital is raised and dividends are paid. However, most of the Company's assets and revenues are not denominated in Australian Dollars. The Australian dollar is also the Company's presentation currency.

### Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss and other comprehensive income.

### Investment income

#### *Interest income*

Interest income from financial assets at amortised cost is recognised on a time proportionate basis using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate.

#### *Dividend income*

Dividend income is brought to account on the applicable ex-dividend date.

### Directors' entitlements

Liabilities for Directors' entitlements to fees are accrued at nominal amounts calculated on the basis of current fee rates. Contributions to Directors' superannuation plans are charged as an expense as they are paid or become payable.

### Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.



## Note 1. Summary of significant accounting policies – continued

### Due from/due to brokers for unsettled trades

Amounts due from/due to brokers represent receivables for proceeds from the sale of financial assets (as disclosed in Note 6) and payables on purchase of financial assets/liabilities (as disclosed in Note 7) that have been traded, but not yet settled at reporting date. Proceeds from sale of financial assets are usually received between two and five days after trade date. Payables on purchase of financial assets/liabilities are usually paid between two and five days after trade date.

### Expenses

All expenses, including management fees and performance fees (if any), are recognised in the statement of profit or loss and other comprehensive income on an accrual basis.

### Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in these financial statements have been rounded off in accordance with this Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## Note 2. Operating segments

An operating segment is a distinguishable component of the Company that is engaged in business activity from which the Company earns revenues and incurs expenses, whose operating results are regularly reviewed by the Company's Investment Manager in order to make decisions about the allocation of resources to the segment and assess its performance, and for which discrete financial information is available.

The Company is organised into one main operating segment with only one key function, being the investment of the Company's funds in the Asia Region ex Japan. It operates predominantly in Australia and in the securities industry. It earns revenue from dividend income and other returns from the investment portfolio. The Company continues to have foreign exposures as it invests in companies which operate internationally. The Company invests in different types of securities, as detailed in Note 13.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

### Note 3. Income tax

#### (a) Income tax (expense)/benefit

The income tax expense or benefit for the period is the tax payable or receivable on that period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. Withholding tax expense on foreign dividends has been included as part of income tax expense.

The income tax (expense)/benefit attributable to the profit/(loss) comprises:

	2022 \$'000	2021 \$'000
Current income tax provision	(2,971)	(22,765)
Movement in deferred tax	23,407	(8,462)
Withholding tax on foreign dividends	(680)	(574)
Under provision of prior period tax	(6)	–
<b>Income tax (expense)/benefit</b>	<b>19,750</b>	<b>(31,801)</b>

The income tax (expense)/benefit attributable to the financial year differs from the prima facie amount payable on the profit/(loss). The difference is reconciled as follows:

	2022 \$'000	2021 \$'000
Profit/(loss) before income tax (expense)/benefit	(67,204)	107,728
Prima facie income tax at a tax rate of 25% (2021: 30%)	16,801	(32,318)
Reduce tax payable:		
Tax impact of foreign tax credits	5	517
Under provision of prior period tax	(6)	–
Prior year deferred tax revaluation from 30% to 25%	2,950	–
<b>Income tax (expense)/benefit</b>	<b>19,750</b>	<b>(31,801)</b>

#### (b) Income tax (payable)/receivable

The income tax (payable)/receivable as disclosed in the statement of financial position is comprised of:

	2022 \$'000	2021 \$'000
Current income tax provision (before foreign tax credits)	(3,662)	(24,097)
Foreign tax credits utilised	691	1,332
Current income tax provision	(2,971)	(22,765)
Income tax instalments paid	4,009	13,841
<b>Income tax (payable)/receivable</b>	<b>1,038</b>	<b>(8,924)</b>

**Note 3. Income tax – continued****(c) Deferred tax asset/(liability)**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

The deferred tax asset/(liability) figure in the statement of financial position is comprised of:

	2022 \$'000	2021 \$'000
Unrealised (gains)/losses on investments	5,901	(17,407)
Dividends accrued	(189)	(319)
Expense accruals	(3)	28
Deferred tax asset/(liability)	5,709	(17,698)

The realised tax balance will depend on the actual gains or losses generated as and when the investments are sold.

**Note 4. Financial assets and liabilities at fair value through profit or loss**

	2022 \$'000	2021 \$'000
<i>Financial assets</i>		
Equity securities	324,056	401,416
Derivative financial instruments	550	446
	<b>324,606</b>	401,862
<i>Financial liabilities</i>		
Derivative financial instruments	31	–
	<b>31</b>	–

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

### Note 4. Financial assets and liabilities at fair value through profit or loss – continued

#### Recognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement and recognises changes in the fair value of financial assets or financial liabilities from this date. Investments are derecognised when the contractual right to receive cash flows from the investments have expired or have been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

#### Measurement

The contractual cash flows of equity securities, derivatives and foreign currency forward contracts held by the Company are not comprised of principal and interest. Consequently, these financial assets and financial liabilities are measured at fair value through profit or loss.

At initial recognition, the Company measures financial assets and financial liabilities at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss and other comprehensive income.

Subsequent to initial recognition, gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of profit and loss and comprehensive income within "net gains/(losses) in equities, foreign currency forward contracts and other derivatives at fair value through profit or loss" in the period in which they arise.

#### Fair value

AASB 13: *Fair Value Measurement* defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The standard prescribes that the most representative price within the bid-ask spread should be used for valuation purposes. With respect to the Company, the exit or "last" price is the most representative price within the bid-ask spread, because it represents the price that the security last changed hands from seller to buyer. The Company has applied last-sale pricing as the fair value measurement basis for equities and derivatives it holds.

The fair value of financial assets and liabilities traded in active markets uses quoted market prices at reporting date without any deduction for estimated future selling costs.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, discounted cash flow techniques or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions. Options are valued with reference to the quoted price of the underlying index or share. If there is no liquid market available, options are valued based on option prices provided by an arm's length broker. These valuations are based on option pricing models.

**Note 4. Financial assets and liabilities at fair value through profit or loss – continued****Fair value – continued**

Participatory notes are sometimes used as a convenient means of investing in local securities by a foreign investor. Participatory notes are generally traded over-the-counter, as they are issued by a counterparty to provide the investor with exposure to an individual equity, basket of equities or an index, in markets where liquidity, custody or other issues make ownership of the local securities sub-optimal. The valuation of participatory notes depends on the level of trading. If the participatory notes are actively traded, then the market price is used. If the participatory notes are not actively traded, counterparties provide a daily valuation that is based on the intrinsic value of the individual security.

**Note 5. Receivables**

Receivables include proceeds from the sale of financial assets, dividends, GST, Indian Capital Gains Tax and interest receivables where settlement has not occurred at the end of the reporting period. Receivables are usually received within 30 days of being recognised as a receivable.

	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Dividends receivable	<b>853</b>	1,054
Other receivables	<b>249</b>	227
	<b>1,102</b>	1,281

**Note 6. Payables**

These amounts represent liabilities for services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Payables on purchase of financial assets	–	8
Other payables	<b>1,491</b>	640
	<b>1,491</b>	648

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

### Note 7. Issued capital

	2022 SHARES	2021 SHARES	2022 \$'000	2021 \$'000
Ordinary shares – fully paid	<b>368,052,647</b>	<b>365,522,941</b>	357,108	354,293
<hr/>				
DETAILS		DATE	SHARES	\$'000
Balance		30 June 2020	363,750,978	352,110
Dividend reinvestment plan		16 September 2020	820,449	920
Reinvestment of unclaimed dividends <sup>(a)</sup>		8 October 2020	35,229	39
Dividend reinvestment plan		18 March 2021	875,192	1,170
Reinvestment of unclaimed dividends <sup>(a)</sup>		1 April 2021	41,093	54
Closing balance		30 June 2021	365,522,941	354,293
<hr/>				
Dividend reinvestment plan		16 September 2021	1,609,382	1,870
Reinvestment of unclaimed dividends <sup>(a)</sup>		8 October 2021	53,293	59
Dividend reinvestment plan		18 March 2022	737,558	761
Reinvestment of unclaimed dividends <sup>(a)</sup>		1 April 2022	129,473	125
Closing balance		30 June 2022	368,052,647	357,108

(a) Dividends that remain unclaimed after 6 months from payment date are automatically reinvested into additional shares in the Company.

### Ordinary shares

Ordinary shares are classified as equity. Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. Every member is entitled to one vote and upon a poll, each share shall have one vote. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### Rights issue or share buy-back

There is no rights issue currently in place. On 8 April 2022, the Company announced a 12-month extension to the on-market share buy-back program, in which shares will be bought-back, should the Board consider that such is in the interest of shareholders as a whole. No shares have been bought-back as at 30 June 2022.

## Note 8. Reserves

	2022 \$'000	2021 \$'000
Capital reserve	7,934	7,934
Dividend profit reserve	87,260	118,371
	<b>95,194</b>	126,305

### (a) Capital reserve

A total of 226,697,672 options that were issued under the 2015 IPO expired on 15 May 2017 and the total fair value of unexercised options, which was \$7,934,419, was transferred to a separate capital reserve. The option fair value reserve entry was the number of unexercised options, which was 226,697,672 multiplied by 3.5 cents per option, which equals the amount that was transferred to the capital reserve.

### (b) Dividend profit reserve

The Company has created a dividend profit reserve. The Board considers transfers of profits to the dividend profit reserve on a semi-annual basis. Dividends are paid from this reserve and undistributed profits are available to be used for dividends in future periods to enable smoothing of dividends for its shareholders. The reserve is included when determining the overall equity of the Company for accounting purposes.

A summary of the movements in this account is shown below.

	2022 \$'000	2021 \$'000
Opening balance 1 July 2021 (1 July 2020)	118,371	67,941
Transfer of profit after income tax expense	–	75,927
Dividends paid	(31,111)	(25,497)
Closing balance	<b>87,260</b>	118,371

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

### Note 9. Dividends

A provision is recognised if the Directors declare or determine to pay a dividend on or before balance date that has not been paid at balance date. Dividends paid during the financial year were as follows:

	2022 \$'000	2021 \$'000
Final dividend paid for the 2021 financial year (6 cents per ordinary share)	<b>21,931</b>	–
Interim dividend paid for the 2022 financial year (2.5 cents per ordinary share)	<b>9,180</b>	–
Final dividend paid for the 2020 financial year (3 cents per ordinary share)	–	10,913
Interim dividend paid for the 2021 financial year (4 cents per ordinary share)	–	14,584
	<b>31,111</b>	25,497

#### *Dividends not recognised at year-end*

In addition to the above dividends paid during the period, on 18 August 2022, the Directors determined the payment of a 2022 final dividend of 2.5 cents per share, fully-franked at a tax rate of 25%. The aggregate amount of this dividend expected to be paid on 15 September 2022, but not recognised as a liability at year-end, is \$9,201,000. The dividend will be paid out of the dividend profit reserve.

#### **Franking credits**

	2022 \$'000	2021 \$'000
Franking credits available at the balance date based at a tax rate of 25% (2021: 30%)	<b>13,930</b>	14,398
Franking (debits)/credits that will arise from the tax (receivable)/payable at balance date based on a tax rate of 25% (2021: 30%)	<b>(1,038)</b>	8,924
Franking credits available for future dividends based on a tax rate of 25% (2021: 30%)	<b>12,892</b>	23,322
Franking debits that will be utilised from the payment of dividends determined subsequent to the balance date based on a tax rate of 25% (2021: 30%)	<b>(3,067)</b>	(9,399)
Net franking credits available based on a tax rate of 25% (2021: 30%)	<b>9,825</b>	13,923



**Note 9. Dividends – continued**

The available franking credits balance after providing for the 2022 final dividend would enable the payment of a dividend of up to 8.0 cents per share fully-franked at a tax rate of 25%.

The Company qualifies as a 'base rate entity' for the year ended 30 June 2022. The Australian 'base rate entity' tax rate of 25% will continue to apply unless the Company no longer qualifies as a 'base rate entity' in a financial year, which would mean that a 30% tax rate would apply for that year, or if the Company remains a 'base rate entity' and the 'base rate entity' tax rate changes.

**Note 10. Earnings per share**

Basic and diluted earnings per share are calculated by dividing the profit attributable to the owners of Platinum Asia Investments Limited, by the weighted average number of ordinary shares outstanding during the financial year.

	2022 \$'000	2021 \$'000
Profit/(loss) after income tax attributable to the owners of Platinum Asia Investments Limited	<b>(47,454)</b>	75,927
	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	<b>367,076,102</b>	364,690,774
	CENTS	CENTS
Basic earnings per share	(12.93)	20.82
Diluted earnings per share	(12.93)	20.82

**Note 11. Notes to the statement of cash flows**

For the purpose of the statement of cash flows, cash and cash equivalents includes cash at bank, deposits held at call with financial institutions, cash held as collateral in margin accounts by derivatives clearing houses and counterparties, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as "cash flows from operating activities" as realised and unrealised gains (and losses) on financial assets and liabilities represent the Company's main operating activity.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

### Note 11. Notes to the statement of cash flows– continued

#### (a) Components of cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash at bank	7	8
Cash on deposit held within the portfolio*	64,701	95,510
	<b>64,708</b>	95,518

\* Includes \$1,439,000 (2021: \$921,000) to 'cash cover' derivative contracts' deposits and margin calls. These amounts are transferred to the relevant derivatives clearing houses and counterparties as collateral. If losses are realised, the cash collateral is set off against those losses. If profits are realised on the close out of derivative contracts, the cash collateral is returned to the Company.

#### (b) Reconciliation of profit/(loss) after income tax to net cash from operating activities

	2022 \$'000	2021 \$'000
Profit/(loss) after income tax expense for the year	(47,454)	75,927
Adjustments for non-operating and non-cash items:		
Foreign exchange (gains)/losses	(5,787)	1,928
Change in operating assets and liabilities:		
Movement in investment securities and foreign currency forward contracts	77,287	2,731
Movement in deferred tax asset	(5,709)	–
Movement in deferred tax liability	(17,698)	8,462
Movement in receivables	179	(705)
Movement in payables	843	(2,434)
Movement in income tax payable/receivable	(9,962)	10,898
Net cash from/(used in) operating activities	<b>(8,301)</b>	96,807

### Note 12. Statement of post-tax Net Tangible Asset backing (NTA)

Reconciling Net Tangible Asset backing (post-tax) in the statement of financial position to that reported to the ASX:

	2022 \$'000	2021 \$'000
Post-tax Net Tangible Asset backing per statement of financial position	395,641	471,391
Adjustments*	(732)	–
Post-tax Net Tangible Asset backing as reported to the ASX	<b>394,909</b>	471,391

\* Primarily relates to decreasing tax payable for the year ended 30 June 2022 due to a change in tax rate from 30% to 25%.

### Note 13. Investments

All investments below are ordinary shares, unless stated otherwise.

SECURITY	INVESTMENT TYPE	COUNTRY	VALUES \$'000
Taiwan Semiconductor Manufacturing Co Ltd	Common Stock	Taiwan	17,779
Tencent Holdings Ltd	Common Stock	China	15,863
Vietnam Enterprise Investments Ltd	Common Stock	Vietnam	15,747
Ping An Insurance Group Co of China Ltd	Common Stock	China	15,578
ZTO Express Inc	American Depository Receipt	China	14,815
Samsung Electronics Co Ltd	Common Stock	South Korea	14,339
InterGlobe Aviation Ltd	Common Stock	India	13,544
China Resources Land Ltd	Common Stock	China	12,427
SK Hynix Inc	Common Stock	South Korea	10,486
Macrotech Developers Ltd	Common Stock	India	10,339
Trip.com Group Ltd	American Depository Receipt	China	10,016
Midea Group Co Ltd	Common Stock	China	9,928
Weichai Power Co Ltd	Common Stock	China	9,868
Kingsoft Corp Ltd	Common Stock	China	8,112
Hang Lung Properties Ltd	Common Stock	Hong Kong	7,976
Huazhu Group	American Depository Receipt	China	7,524
Alibaba Group	American Depository Receipt	China	7,520
China Overseas Land & Investment Ltd	Common Stock	China	6,672
LG Chem Ltd	Common Stock	South Korea	6,487
Alibaba Group Holding Ltd	Common Stock	China	6,149
Ping An Bank Co Ltd	Common Stock	China	6,107
China Vanke	Common Stock	China	6,068
JD.com Inc	Common Stock	China	5,989
Ayala Land Inc	Common Stock	Philippines	5,769
Inner Mongolia Yili Industrial Group Co Ltd	Common Stock	China	5,737
Galaxy Entertainment Group Ltd	Common Stock	Macao	5,616
Maruti Suzuki India Ltd	Common Stock	India	5,445
ICICI Bank Ltd	Common Stock	India	4,986
JD.com Inc	American Depository Receipt	China	4,601
Noah Holdings	American Depository Receipt	China	4,585

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

### Note 13. Investments – continued

SECURITY	INVESTMENT TYPE	COUNTRY	VALUES \$'000
Jardine Cycle & Carriage Ltd	Common Stock	Singapore	3,967
China Merchants Bank Co Ltd	Common Stock	China	3,934
Nine Dragons Paper Holdings	Common Stock	Hong Kong	3,585
AIA Group Ltd	Common Stock	Hong Kong	3,253
Yuan Longping High-tech Agriculture Co Ltd	Common Stock	China	3,212
Vietnam Dairy PN4 J 14/02/2023	Participatory Note	Vietnam	3,098
Anta Sports Products Ltd	Common Stock	China	2,411
DingDong Cayman	American Depository Receipt	China	2,032
Avia Avian Tbk PT	Common Stock	Indonesia	1,940
TI Cloud Inc	Common Stock	China	1,902
Nien Made Enterprise Co Ltd	Common Stock	Taiwan	1,898
Estun Automation Co Ltd - A Share	Common Stock	China	1,567
BOC Aviation Ltd	Common Stock	Singapore	1,549
Estun Automation Co Ltd	Participatory Note	China	1,453
Melco Resorts & Entertainment Limited	American Depository Receipt	Hong Kong	1,433
ZTO Express Inc	Common Stock	China	1,296
Longshine Technology Group - Stock Connect	Common Stock	China	1,258
AK Medical Holdings Ltd	Common Stock	China	1,236
IndiaMart InterMesh Ltd	Common Stock	India	1,052
CStone Pharmaceuticals	Common Stock	China	917
Sunny Optical Technology Group Ltd	Common Stock	China	877
Yum China Holdings	Common Stock	China	653
Country Garden Services Holdings Co Ltd	Common Stock	China	593
Mobile World Investment Corp	Long Equity Swap	Vietnam	537
China Education Group Holdings Ltd	Common Stock	China	413
Coway Co Ltd	Common Stock	South Korea	410
Qingdao Ainnovation Technology Group Co Ltd	Common Stock	China	386
TAL Education Group	American Depository Receipt	China	324
Trip.com Group Ltd	Common Stock	China	320

**Note 13. Investments – continued**

SECURITY	INVESTMENT TYPE	COUNTRY	VALUES \$'000
Pilipinas Shell Petroleum Corp	Common Stock	Philippines	319
JW Cayman Therapeutics Co Ltd	Common Stock	China	266
Full Truck Alliance Co Ltd	American Depository Receipt	China	167
Genetron Holdings	American Depository Receipt	China	140
Yidu Tech Inc	Common Stock	China	67
HUTCHMED China Ltd	Common Stock	China	55
Tata Consultancy	Short Equity Swap	India	4
Infosys Ltd	Short Equity Swap	India	(21)
<b>Total</b>			<b>324,575</b>
Financial assets at fair value through profit and loss			324,606
Financial liabilities at fair value through profit and loss			(31)
<b>Total</b>			<b>324,575</b>

**Note 14. Financial risk management****Financial risk management objectives, policies and processes**

In pursuing its investment objectives, the Company is exposed to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The management of these risks is carried out by the Investment Manager under the investment management agreement and policies approved by the Directors. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

The Company uses financial derivative instruments (both Over-the-Counter (OTC) derivatives and exchange traded derivatives) for risk management purposes and to take opportunities to increase returns, including, for example:

- to gain access to markets not readily available to foreign investors;
- to create a short position in a security;
- to build a position in a security as a short-term strategy to be reversed when physical securities are purchased; and
- to aid in the management of the Company's cash flows (e.g. some stock markets require pre-funding of stock purchases that may be avoided through the use of derivatives).

The underlying value of the Company's derivatives positions may not exceed 100% of the Company's net asset value ("NAV"). The underlying value of the Company's long stocks and derivative positions may not exceed 150% of the Company's NAV. Where options are employed, the underlying value will be the delta-adjusted exposure. The Company will

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

### Note 14. Financial risk management – continued

typically have 50% or more net equity exposure. The Company's exposures against these limits are regularly monitored by the Investment Manager. In addition, quarterly exposure reports are provided to the Audit, Risk and Compliance Committee. As ordinary shares of the Company are fully paid, a shareholder's exposure to any losses would not exceed the value of their shareholding.

#### Market risk

##### Price risk

The Company is exposed to equity securities and derivatives price risk. Price risk arises from investments held by the Company for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

Market prices fluctuate due to a range of factors specific to the individual investments, or factors affecting the market in general. The Investment Manager's stock selection process is core to the management of price risk. The Investment Manager adopts a "bottom up" stock selection approach and is an "active manager". The Investment Manager seeks a broad range of Asian Region ex Japan investments whose businesses and growth prospects, it believes, are being undervalued by the market. Accordingly, the investment holdings in the Company may vary considerably from the make-up of the MSCI All Country Asia ex Japan Net index on the basis that the Investment Manager remains index agnostic. The Company may hold long and short positions.

As an additional risk management tool, the Company may enter into short equity swaps and futures to protect against market movements. This may include short positions against market indices and company-specific stocks.

The table below summarises the Company's net exposure to price risk (effective exposure is used for derivatives).

	2022 \$'000	2021 \$'000
<b>Equities</b>		
China	<b>183,038</b>	212,649
India	<b>35,367</b>	36,317
South Korea	<b>31,722</b>	49,690
Hong Kong	<b>16,247</b>	34,649
Taiwan	<b>19,677</b>	26,779
Other	<b>38,005</b>	41,332
Total Equities	<b>324,056</b>	401,416
Derivatives	<b>309</b>	(773)
<b>Net exposure</b>	<b>324,365</b>	<b>400,643</b>

## Note 14. Financial risk management – continued

### Market risk – continued

#### Foreign exchange risk

Foreign exchange risk is the risk the fair values of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company invests in the Asian Region ex Japan and is exposed to foreign exchange risk arising from buying, selling and holding investments denominated in foreign currencies. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to the changes in exchange. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities. The Investment Manager selects stocks based on value regardless of geographic location. The Company undertakes a significant number of its transactions denominated in foreign currencies and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Active currency management is an integral part of the management of market risk. The Investment Manager may position the Company's portfolio in what it believes will be stronger performing currencies. The Investment Manager may use foreign currency forward contracts, currency swaps, non-deliverable forwards and currency options, as well as spot foreign exchange transactions to position the portfolio in the desired currencies. A currency exposure may be hedged into a different currency from that which the physical exposure is maintained.

The table below summarises the Company's exposure to foreign exchange risk.

	AUSTRALIAN DOLLAR \$'000	CHINESE YUAN \$'000	HONG KONG DOLLAR* \$'000	KOREAN WON \$'000	UNITED STATES DOLLAR** \$'000	OTHER CURRENCIES \$'000
<b>30 JUNE 2022</b>						
<b>Financial asset</b>						
Cash at bank	7	–	–	–	–	–
Cash on deposit held within the portfolio	6	–	15,145	–	48,964	586
Equity securities	–	54,418	96,714	31,722	58,361	82,841
Derivative financial instruments	–	–	–	–	10	540
Receivables	239	6	764	–	12	81
<b>Total financial assets</b>	<b>252</b>	<b>54,424</b>	<b>112,623</b>	<b>31,722</b>	<b>107,347</b>	<b>84,048</b>
<b>Financial liabilities</b>						
Payables	1,459	–	–	–	32	–
Derivative financial instruments	–	–	–	–	31	–
<b>Total financial liabilities</b>	<b>1,459</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>63</b>	<b>–</b>
Net exposure	(1,207)	54,424	112,623	31,722	107,284	84,048

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

### Note 14. Financial risk management – continued

#### Market risk – continued

##### Foreign exchange risk – continued

30 JUNE 2021	AUSTRALIAN DOLLAR \$'000	CHINESE YUAN \$'000	HONG KONG DOLLAR* \$'000	KOREAN WON \$'000	UNITED STATES DOLLAR** \$'000	OTHER CURRENCIES \$'000
<b>Financial asset</b>						
Cash at bank	8	–	–	–	–	–
Cash on deposit held within the portfolio	12	–	25,514	–	68,490	1,494
Equity securities	–	60,640	125,103	49,690	72,521	93,462
Derivative financial instruments	–	–	–	–	136	310
Receivables	227	–	899	–	5	150
<b>Total financial assets</b>	<b>247</b>	<b>60,640</b>	<b>151,516</b>	<b>49,690</b>	<b>141,152</b>	<b>95,416</b>
<b>Financial liabilities</b>						
Payables	606	–	–	–	42	–
Derivative financial instruments	–	–	–	–	–	–
<b>Total financial liabilities</b>	<b>606</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>42</b>	<b>–</b>
Net exposure	(359)	60,640	151,516	49,690	141,110	95,416

\* Equity securities exposure is predominantly comprised of Chinese companies listed on the Hong Kong Stock Exchange. The underlying geographic exposure of most of the investments denominated in the Hong Kong Dollar is China.

\*\* Equity securities exposure to the United States Dollar is predominantly comprised of Chinese companies listed in the United States, via American Depository Receipts.

#### Summarised Sensitivity Analysis

The table on the following page summarises the sensitivities of the Company's profit to price risk and foreign exchange risk. Price risk exposure arises from the Company's investment portfolio, which comprises investments in securities and derivatives. The below analysis is based on net effective exposure positions. Foreign exchange risk exposure arises from volatility in both the Australian dollar and other currencies. The effect on profit due to a possible change in market prices, as represented by a +/-10% movement in these markets with all other variables held constant, is illustrated in the table following.



**Note 14. Financial risk management – continued****Market risk – continued****Summarised Sensitivity Analysis – continued**

A sensitivity of 10% has been selected as this is considered reasonably possible given current exchange rates and the volatility observed both on a historic basis and after factoring in possible future movements.

	PRICE RISK		FOREIGN EXCHANGE RISK	
	-10% \$'000	+10% \$'000	-10% \$'000	+10% \$'000
As at 30 June 2022	(33,155)	33,155	43,252	(35,388)
As at 30 June 2021	(40,064)	40,064	55,380	(45,311)

**Interest rate risk**

Interest rate risk is the possibility the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Company's financial assets and liabilities are non-interest bearing as the Company has a policy of not borrowing; other than for the short-term settlement of trades. Accordingly, the Company is not exposed to significant interest rate risk.

**Credit risk**

Credit risk relates to the risk of a counterparty defaulting on a financial obligation resulting in a loss to the Company (typically through derivatives transactions, currency forward contracts and cash holdings).

The exposure to credit risk for cash and cash equivalents, futures, equity swaps, and foreign currency forward contracts is any unrealised profit and collateral paid on the positions (the money the Company would lose if the counterparty defaulted) at reporting date. The table below shows the Company's counterparty credit risk exposure by credit rating.

RATINGS	2022 \$'000	2021 \$'000
A+	5,962	7,338
A	65,131	–
AA-	–	95,894
Unrated	567	–
Total	71,660	103,232

Independent rating agencies consider a credit rating of BBB or higher to be investment grade.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

### Note 14. Financial risk management – continued

#### Credit risk – continued

The Investment Manager regularly monitors the Company's credit risk exposure to counterparties and seeks to manage this risk by diversifying the Company's exposure to a number of different counterparties. Over-the-counter derivatives transactions are entered into by the Investment Manager on behalf of the Company under standard ISDA (International Swaps and Derivatives Association) master agreements and English law governed Credit Support Annexes, which employ two-way margining of unrealised profits and losses. The Investment Manager also limits the duration of derivatives contracts to short-term. Transactions in listed securities and investments are entered into with the Investment Manager's approved brokers and are typically cleared through a central clearing counterparty. Settlement is typically on a delivery versus payment basis.

#### Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities. This includes the risk that the Company will:

- (i) not have sufficient funds to settle a transaction on the due date; and
- (ii) be forced to sell financial assets at a value which is less than what they are worth.

#### Remaining contractual maturities

The table below details the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities were required to be paid.

	WITHIN 3 MONTHS \$'000	BETWEEN 3 AND 12 MONTHS \$'000	TOTAL \$'000
<b>30 JUNE 2022</b>			
Payables	1,452	39	1,491
Derivative contractual outflows	31	–	31
<b>Total</b>	<b>1,483</b>	<b>39</b>	<b>1,522</b>

	WITHIN 3 MONTHS \$'000	BETWEEN 3 AND 12 MONTHS \$'000	TOTAL \$'000
<b>30 JUNE 2021</b>			
Payables	487	161	648
Derivative contractual outflows	–	–	–
<b>Total</b>	<b>487</b>	<b>161</b>	<b>648</b>

## Note 14. Financial risk management – continued

### Liquidity risk – continued

At 30 June 2022, there are no other contractual amounts payable after 12 months. The Company has sufficient funds to meet these liabilities as most of the Company's assets can be realised in one year or less.

The risk management guidelines adopted are designed to minimise liquidity risk by:

- (i) ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and
- (ii) applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

The Investment Manager prepares daily cash forecasts on behalf of the Company and maintains sufficient cash to meet normal operating requirements. The Company has a policy of not borrowing money, other than on a short-term basis for settlement purposes.

### Capital risk management

The Company considers its capital to comprise ordinary share capital, reserves and accumulated retained earnings.

The Company's investment objective is to provide capital growth over the long-term through investing in companies across the Asian Region ex Japan sectors which the Investment Manager perceives to be undervalued by the market.

The Board regularly and actively reviews the most efficient manner by which the Company manages its capital, in response to changing market conditions and risks, with the sole aim of enhancing shareholder value, through:

- the management of the level of dividends to shareholders;
- the issue of shares by methods such as rights offers, share purchase plans or placements; and/or
- the use of share buy-backs.

The Company is an ASX-listed investment company and is subject to the ASX Listing Rules. The Company complies with all externally-imposed capital requirements.

## Note 15. Fair value measurement

AASB 13: *Fair Value Measurement* requires the Company to classify those assets and liabilities measured at fair value through profit or loss, using the following fair value hierarchy model:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

### Note 15. Fair value measurement – continued

The Company measures and recognises the following financial assets and liabilities at fair value, pursuant to AASB 13, on a recurring basis:

- (i) Equity securities, long equity swaps and long futures;
- (ii) Short equity swaps and short futures; and
- (iii) Foreign currency forward contracts.

The following table details the Company's assets and liabilities, measured or disclosed at fair value, using the three-level hierarchy model.

<b>30 JUNE 2022</b>	LEVEL 1 \$'000	LEVEL 2 \$'000	TOTAL \$'000
<b>Assets</b>			
Equity securities	319,505	4,551	324,056
Derivatives	4	546	550
<b>Total assets</b>	<b>319,509</b>	<b>5,097</b>	<b>324,606</b>
<b>Liabilities</b>			
Derivatives	–	31	31
<b>Total liabilities</b>	<b>–</b>	<b>31</b>	<b>31</b>
<b>30 JUNE 2021</b>			
<b>Assets</b>			
Equity securities	395,566	5,850	401,416
Derivatives	–	446	446
<b>Total assets</b>	<b>395,566</b>	<b>6,296</b>	<b>401,862</b>
<b>Liabilities</b>			
Derivatives	–	–	–
<b>Total liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>

### Note 15. Fair value measurement – continued

#### Assets and liabilities classified as Level 1

At 30 June 2022, 99% (2021: 99%) of the equity securities held by the Company were valued using unadjusted quoted prices in active markets and were classified as Level 1 in the fair-value hierarchy model.

#### Assets and liabilities classified as Level 2

There were certain financial instruments that were classified as Level 2, because a degree of adjustment has been made to the quoted price i.e., whilst all significant inputs required for fair value measurement are observable and quoted in an active market, there was a degree of estimation involved in deriving the fair value. Participatory notes were classified as Level 2 because they were generally traded over-the-counter and were often priced in a different currency to the underlying security. Foreign currency forward contracts are classified as Level 2 even though forward points are quoted in an active and liquid market. The forwards themselves are based on interest rate differentials.

### Note 16. Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### Offsetting and master netting agreements

The Company enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master agreements. In general, under these agreements the amounts owed by each counterparty on a single day in respect of the same transaction type outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other, if:

- (i) there is a legally enforceable right to set-off the financial asset and financial liability; and
- (ii) the Company intends to settle the financial asset and financial liability on a net basis, or realise the financial asset and settle the financial liability simultaneously.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

### Note 16. Offsetting of financial assets and financial liabilities – continued

#### Offsetting and master netting agreements – continued

The gross and net positions of financial asset and liabilities that have been offset in the Statement of Financial Position are disclosed in the first three columns of the following table:

	AMOUNTS OFFSET IN THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS NOT SET-OFF IN THE STATEMENT OF FINANCIAL POSITION		
	GROSS AMOUNTS SET-OFF IN THE STATEMENT GROSS AMOUNTS \$'000	OF FINANCIAL POSITION \$'000	NET AMOUNTS SET-OFF IN THE STATEMENT OF FINANCIAL POSITION \$'000	FINANCIAL INSTRUMENT <sup>1</sup> \$'000	CASH COLLATERAL \$'000	NET AMOUNT \$'000
<b>Financial assets</b>						
<b>2022</b>						
Derivatives	550	–	550	–	–	550
2021						
Derivatives	446	–	446	–	–	446
<b>Financial liabilities</b>						
<b>2022</b>						
Derivatives	31	–	31	–	(31)	–
2021						
Derivatives	–	–	–	–	–	–

1 Shows the impact of arrangements between the Company and the relevant counterparty on financial instruments that provide a right to set-off that becomes enforceable and affects settlement of individual financial assets and liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. These arrangements are not set-off in the Statement of Financial Position, as they are not currently enforceable.

**Note 17. Remuneration of auditors**

During the financial year, the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company:

	2022 \$	2021 \$
Audit services – <i>PricewaterhouseCoopers</i>		
Audit and review of the financial statements	<b>72,280</b>	71,635
Other services – <i>PricewaterhouseCoopers</i>		
Tax compliance services	<b>23,680</b>	18,310
	<b>95,960</b>	89,945

**Note 18. Related parties**

The Investment Manager, Platinum Investment Management Limited, receives a monthly management fee for investment services provided in accordance with the Investment Management Agreement. This agreement provides for a management fee payable monthly and calculated at 1.1% (2021: 1.1%) per annum of the adjusted portfolio value (which includes cash and deposits).

The Investment Manager also receives a performance fee of 15% (calculated as at 30 June), of the amount by which the portfolio's annual performance exceeds the return achieved by the MSCI All Country Asia ex Japan Net Index in A\$. Where the portfolio's annual return is less than the index, the amount of the underperformance is aggregated, carried forward and deducted from the annual performance in the subsequent year before calculating any performance fee for that year. The aggregate underperformance from prior periods is carried forward until a performance fee becomes payable.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

### Note 18. Related parties – continued

#### Investment Manager

For the 12 months to 30 June 2022, the performance of the portfolio was negative 13.4%<sup>1</sup> and the performance of the MSCI All Country Asia ex Japan Net Index in A\$ was negative 18.1% for the same period. This represents an outperformance of 4.7% against the index for the year ended 30 June 2022. Taking into account the aggregate underperformance of 3.5% from prior periods, the Company's net cumulative outperformance, for the purposes of calculating the performance fee, was 1.2%. As a result, a performance fee of \$910,621 was payable at 30 June 2022.

The management fees and performance fees paid and payable are shown in the table below:

	2022 \$	2021 \$
Management fee expense	<b>4,712,385</b>	5,367,007
Management fees paid	<b>4,811,663</b>	5,302,493
Management fee payable	<b>357,824</b>	457,102
Performance fee expense	<b>910,621</b>	–
Performance fee paid	–	1,826,716
Performance fee payable	<b>910,621</b>	–

In the event of termination of the Investment Management Agreement by the Company for convenience, the Investment Manager will be eligible to receive a termination fee equivalent to the management fee of 1.1% of the portfolio value (adjusted for any taxes paid/refunded, dividends paid and capital flows) and the performance fee (calculated as set forth above) if any, for the period from the first business day of the month in which termination is effective to the date which is the first anniversary of that date.

Each party is required to provide three months' notice to terminate the Investment Management Agreement. However, the Company may terminate the agreement for cause at any time by written notice to the Investment Manager in certain instances.

#### Investment

At 30 June 2022, Platinum Investment Management Limited held 30 million ordinary shares in the Company (2021: 30 million ordinary shares), which represents an interest of 8.2% of the Company's ordinary shares (2021: 8.2%). During the year, Platinum Investment Management Limited received a final 2021 dividend of \$1,800,000 and an interim 2022 dividend of \$750,000.

1 This figure represents the 12 month return of the "Portfolio Value" (as defined in of the Investment Management Agreement), which is defined as the aggregate value of each asset or investment of the Company's portfolio. This differs from the Company's 12 month pre-tax NTA return of negative 14.4% referred to in the Directors' Report, which also includes non-portfolio and non-investment related assets and liabilities.



## Note 18. Related parties – continued

### Administration services

The Investment Manager also provides various administrative services to the Company under an Administration Services Agreement. These include accountancy, corporate secretarial, performance analytics, taxation, compliance and risk monitoring services. The services also include liaising with the external share registry to ensure that accurate share records are maintained and services are provided to shareholders in a timely and efficient manner.

### Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

### Key Management Personnel disclosures

The Non-Executive Directors are the Company's key management personnel. Total remuneration paid to the Non-Executive Directors was \$187,070 (2021: \$186,150), with \$170,063 (2021: \$170,000) paid as cash salary and \$17,007 (2021: \$16,150) paid as superannuation. Refer to the Remuneration Report for further details.

The relevant interest in ordinary shares of the Company that each Director held at balance date was:

<b>30 JUNE 2022</b>	OPENING BALANCE	ACQUISITIONS	DISPOSALS	CLOSING BALANCE
Margaret Towers	50,000	–	–	50,000
Ian Hunter	200,001	–	–	200,001
Richard Morath*	–	25,000	–	25,000
Jim Clegg*	–	40,000	16,000	24,000
Malcolm Halstead**	1	–	1	–

\* Appointed 9 September 2021.

\*\* Resigned 8 September 2021.

<b>30 JUNE 2021</b>	OPENING BALANCE	ACQUISITIONS	DISPOSALS	CLOSING BALANCE
Margaret Towers	50,000	–	–	50,000
Ian Hunter	200,001	–	–	200,001
Malcolm Halstead	1	–	–	1

## Note 19. Contingent assets, liabilities and commitments to capital expenditure

No contingent assets and liabilities or commitments existed at 30 June 2022 or 30 June 2021.

## Note 20. Events after the reporting period

Apart from the dividend determined as disclosed in Note 9, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

## Directors' Declaration

30 JUNE 2022

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 32 to 63 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



**Margaret Towers**  
Chairperson



**Richard Morath**  
Director

18 August 2022  
Sydney

# Independent Auditor's Report

TO THE MEMBERS OF PLATINUM ASIA INVESTMENTS LIMITED



## Report on the audit of the financial report

### Our opinion

In our opinion:

The accompanying financial report of Platinum Asia Investments Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2022
- the statement of profit or loss and other comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

#### **PricewaterhouseCoopers, ABN 52 780 433 757**

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# Independent Auditor's Report

TO THE MEMBERS OF PLATINUM ASIA INVESTMENTS LIMITED

## **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

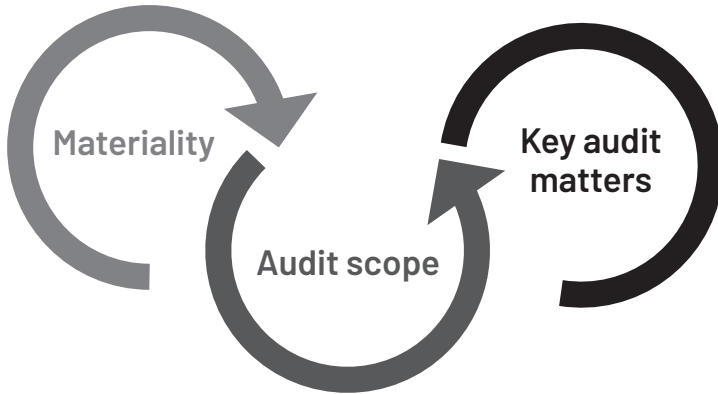
## **Independence**

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## **Our audit approach**

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, its accounting processes and controls and the industry in which it operates.



MATERIALITY	AUDIT SCOPE	KEY AUDIT MATTERS
<ul style="list-style-type: none"> <li>- For the purpose of our audit we used overall materiality of \$3.956 million, which represents approximately 1% of the Company's net assets.</li> <li>- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.</li> </ul>	<ul style="list-style-type: none"> <li>- Our audit focused on where the Company made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> <li>- Our audit approach reflects the nature of the investments held by the Company and the consideration of the work undertaken by third party service organisations. The administration, share registry and custody functions of the Company are conducted by third party service organisations.</li> </ul>	<ul style="list-style-type: none"> <li>- Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee:               <ul style="list-style-type: none"> <li>• Investment valuation and existence</li> </ul> </li> </ul>

## Independent Auditor's Report

TO THE MEMBERS OF PLATINUM ASIA INVESTMENTS LIMITED

MATERIALITY	AUDIT SCOPE	KEY AUDIT MATTERS
<ul style="list-style-type: none"> <li>- We chose net assets because, in our view:               <ul style="list-style-type: none"> <li>• it is the metric against which the performance of the Company is most commonly measured, and</li> <li>• a generally accepted benchmark for listed investment companies.</li> </ul> </li> <li>- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.</li> </ul>	<ul style="list-style-type: none"> <li>- The Company's third party service organisations engaged an external auditor to provide assurance reports over the design and operating effectiveness of the third party service organisations' key internal controls.</li> </ul>	<ul style="list-style-type: none"> <li>- This is further described in the <i>Key audit matters</i> section of our report.</li> </ul>

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p data-bbox="150 370 553 532"><b>Investment valuation and existence</b> <i>Refer to note 1 (summary of significant accounting policies), note 4 (financial assets and financial liabilities at fair value through profit or loss), and note 15 (fair value measurement).</i></p> <p data-bbox="150 542 553 732">At 30 June 2022, investments in financial assets at fair value through profit or loss of \$324.606 million and financial liabilities at fair value through profit or loss of \$0.031 million were comprised primarily of investments in equity securities and derivative financial instruments.</p> <p data-bbox="150 748 553 1190">The existence and valuation of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss was a key audit matter because they represent the principal elements of the statement of financial position in the financial statements, accounting for approximately 82.04% of net assets. A discrepancy in the valuation or existence of investments could cause net assets to be materially misstated which could also impact the Company's performance as the valuation and existence of investments is the main driver of movements in the profit of the Company.</p>	<p data-bbox="589 370 986 448">Our audit procedures over investment valuation included the following, amongst others:</p> <ul data-bbox="589 464 986 987" style="list-style-type: none"> <li data-bbox="589 464 986 542">– We developed an understanding of the Company's pricing policy and read the Securities Pricing Committee minutes.</li> <li data-bbox="589 558 986 724">– For a sample of investments in level 1 equity securities and level 2 derivative financial instruments held by the Company, we obtained price data from third party price vendors and compared it to the prices used by the Company.</li> <li data-bbox="589 740 986 987">– For level 2 participatory notes held by the Company, we obtained price data from third party price vendors for the underlying equity security of the participatory note in local currency. We translated the price into Australian dollars and compared it to the participatory note price used to value investments held by the Company.</li> </ul> <p data-bbox="589 1003 986 1081">Our audit procedures over investment existence included the following, amongst others:</p> <ul data-bbox="589 1097 986 1438" style="list-style-type: none"> <li data-bbox="589 1097 986 1317">– We obtained the most recent System and Organization Controls ("SOC 1") Report issued by the custodian, setting out the controls in place at that service organisation, which included an independent assurance opinion over the design and operating effectiveness of those controls.</li> <li data-bbox="589 1333 986 1438">– We assessed the service organisation's auditor's objectivity, experience, competency and the results of their procedures.</li> </ul>

# Independent Auditor’s Report

TO THE MEMBERS OF PLATINUM ASIA INVESTMENTS LIMITED

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
	<ul style="list-style-type: none"> <li data-bbox="527 371 938 813">– We assessed the most recent SOC 1 report issued by the custodian by developing an understanding of the control objectives and associated control activities, evaluated the tests undertaken by the auditor and the results of these tests and the auditor’s conclusions on the design and operating effectiveness of the controls to the extent relevant to our audit of the Company. This report and assurance opinion are comparable to the Australian equivalent, Australian Standards on Assurance Engagement 3402 issued by the Auditing and Assurance Standards Board.</li> <li data-bbox="527 829 938 964">– We obtained an investment holdings confirmation from the custodian as at 30 June 2022 and compared confirmed holdings to the accounting records of the Company.</li> </ul> <p data-bbox="527 980 938 1084">We assessed the adequacy of the disclosures in the financial report in light of the requirements of Australian Accounting Standards.</p>

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor’s report thereon. Prior to the date of this auditor’s report, the other information we obtained included the company directory, shareholder information, investment structure, objectives and methodology, and directors’ report. We expect the remaining other information to be made available to us after the date of this auditor’s report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

### **Responsibilities of the directors for the financial report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf). This description forms part of our auditor's report.

# Independent Auditor's Report

TO THE MEMBERS OF PLATINUM ASIA INVESTMENTS LIMITED

## Report on the remuneration report

### Our opinion on the remuneration report

We have audited the remuneration report included in pages 27 to 30 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Platinum Asia Investments Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*.

Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



PricewaterhouseCoopers



CJ Cummins

Partner

18 August 2022  
Sydney



