**PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED**

**保 德 國 際 發 展 企 業 有 限 公 司 ***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 372)**

# ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2018

The Board of Directors (the "**Board**") of PT International Development Corporation Limited (the "**Company**") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30th September, 2018 (the "**Current Period**") together with comparative figures as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30th September, 2018*

| | | **(Unaudited) Six months ended 30th September,** | |
|---|---|---|---|
| | | **2018** | 2017 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| Revenue (excluding interest revenue) | *3* | **1,230,933** | 428,607 |
| Interest revenue | *3* | **4,052** | 2,333 |
| Cost of sales | | **(1,223,315)** | (424,975) |
| Other income, other gains and losses | | **34,775** | 4,994 |
| Net gain (loss) on financial instruments | *4* | **433,321** | (923) |
| Administrative expenses | | **(24,750)** | (13,346) |
| Finance costs | | **(317)** | (118) |
| Net loss on net decrease in interest in an associate | *10(c)* | **–** | (146,440) |
| Share of results of an associate | | **3,801** | 115,278 |
| Impairment loss on interest in an associate | *10(a)* | **(100,000)** | – |
| Profit (loss) before taxation | *5* | **358,500** | (34,590) |
| Taxation | *6* | **(431)** | – |
| Profit (loss) for the period | | **358,069** | (34,590) |

* *For identification purpose only*

| | Note | (Unaudited) Six months ended 30th September, 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|---|
| **Other comprehensive (expenses) income:** | | | |
| ***Items that may be reclassified subsequently to profit or loss:*** | | | |
| Exchange differences arising on translation of foreign operations | | **(2,249)** | 3,036 |
| Share of other comprehensive (expenses) income of associates | | **(47,448)** | 7,890 |
| Reclassification adjustments: | | | |
| – reserves released on net decrease in interest in associates | | **–** | (5,666) |
| – reserves released on disposal of subsidiaries | | **(6,597)** | – |
| ***Item that will not be reclassified subsequently to profit or loss:*** | | | |
| Share of other comprehensive expenses of associates | | **(11,517)** | (9,127) |
| Other comprehensive expenses for the period | | **(67,811)** | (3,867) |
| Total comprehensive income (expenses) for the period | | **290,258** | (38,457) |
| Profit (loss) for the period attributable to: | | | |
| Owners of the Company | | **357,808** | (34,599) |
| Non-controlling interests | | **261** | 9 |
| | | **358,069** | (34,590) |
| Total comprehensive income (expenses) for the period attributable to: | | | |
| Owners of the Company | | **289,997** | (38,466) |
| Non-controlling interests | | **261** | 9 |
| | | **290,258** | (38,457) |
| | | ***HK cents*** | *HK cents* |
| Earnings (loss) per share | *8* | | |
| Basic | | **17.73** | (2.05) |
| Diluted | | **N/A** | (2.05) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30th September, 2018*

| | Notes | (Unaudited) At 30th September, 2018 HK$'000 | (Audited) At 31st March, 2018 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | *9* | **10,198** | 10,101 |
| Investment properties | *9* | **71,920** | 71,997 |
| Interests in associates | *10* | **530,148** | 709,232 |
| Debt instrument at amortised cost | *11* | **200,000** | – |
| Financial asset at fair value through profit or loss | *12* | **589,219** | – |
| Convertible note | | **–** | 13,596 |
| | | **1,401,485** | 804,926 |
| **Current assets** | | | |
| Inventories | | **1,176** | 3,927 |
| Debtors, deposits and prepayments | *13* | **62,715** | 132,614 |
| Loans receivable | *14* | **39,000** | 200,000 |
| Equity investments held for trading | | **–** | 4,992 |
| Short-term bank deposits, bank balances and cash | | **80,252** | 281,996 |
| | | **183,143** | 623,529 |
| **Current liabilities** | | | |
| Creditors and accrued expenses | *15* | **16,609** | 119,963 |
| Taxation payable | | **341** | – |
| Bank and other borrowings – due within one year | | **143** | 7,157 |
| | | **17,093** | 127,120 |
| **Net current assets** | | **166,050** | 496,409 |
| **Total assets less current liabilities** | | **1,567,535** | 1,301,335 |

| | (Unaudited) At 30th September, 2018 *HK$'000* | (Audited) At 31st March, 2018 *HK$'000* |
|---|---|---|
| **Non-current liabilities** | | |
| Bank and other borrowings – due over one year | **7,051** | 7,120 |
| Deferred tax liabilities | **7,159** | 7,159 |
| | **14,210** | 14,279 |
| **Net assets** | **1,553,325** | 1,287,056 |
| **Capital and reserves** | | |
| Share capital | **20,183** | 20,183 |
| Share premium and reserves | **1,528,047** | 1,261,970 |
| Equity attributable to the owners of the Company | **1,548,230** | 1,282,153 |
| Non-controlling interests | **5,095** | 4,903 |
| **Total equity** | **1,553,325** | 1,287,056 |

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30th September, 2018*

### 1. BASIS OF PREPARATION

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

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical costs basis, except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th September, 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st March, 2018.

**Application of new and amendments of HKFRSs**

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA that are mandatorily effective for the annual period beginning on or after 1st April, 2018 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| HKFRS 9 (2014) | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers and the related Amendments |
| HK(IFRIC) - Int 22 | Foreign Currency Transactions and Advance Consideration |
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to HKFRS 4 | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts |
| Amendments to HKAS 28 | As part of the Annual Improvements to HKFRSs 2014-2016 Cycle |
| Amendments to HKAS 40 | Transfer of Investment Property |

The new HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards.

## 3. REVENUE AND SEGMENT INFORMATION

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

| | Six months ended 30th September, 2018 | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Revenue from contracts with customers: | | |
| – Trading income | **1,227,656** | 425,144 |
| – Management and other related service income | **1,542** | 1,727 |
| | **1,229,198** | 426,871 |
| Other sources of revenue: | | |
| – Interest income from provision of finance | **1,735** | 1,554 |
| – Interest income from investments | **2,317** | 779 |
| – Property rental income | **1,722** | 1,642 |
| – Others | **13** | 94 |
| | **5,787** | 4,069 |
| | **1,234,985** | 430,940 |
| Analysed for reporting purposes as: | | |
| – Revenue (excluding interest revenue) | **1,230,933** | 428,607 |
| – Interest revenue | **4,052** | 2,333 |
| | **1,234,985** | 430,940 |

**Disaggregation of revenue from contracts with customers**

| | Six months ended 30th September, 2018 |
|---|---|
| | *HK$'000* |
| **Types of goods or services** | |
| Trading income | |
| – Metals | **1,206,538** |
| – Fisheries | **18,790** |
| – Agricultural products | **2,328** |
| | **1,227,656** |
| Management and other related service income | **1,542** |
| | **1,229,198** |
| **Geographical location** | |
| Hong Kong | **917,183** |
| The People's Republic of China (the "PRC"), excluding Hong Kong | **289,355** |
| Canada | **1,542** |
| Others | **21,118** |
| | **1,229,198** |

Revenue from trading of commodities is recognised at a point in time and is included in the trading segment as presented in the segment information below. Revenue from the provision of management and other related services is recognised over time and is included in the others segment in the segment information below.

**Segment information**

The Group's operating segments, based on information reported to the chief operating decision maker ("CODM"), being the Executive Directors of the Company, for the purposes of resources allocation and performance assessment are as follows:

| | | |
|---|---|---|
| Trading | – | trading of commodities |
| Finance | – | loan financing services |
| Long-term investment | – | investments including convertible notes and other long-term debt instruments and equity investments |
| Other investment | – | investment in trading of securities |
| Others | – | leasing of investment properties, leasing of motor vehicles and management services |

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

**Segment revenue and results**

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

*Six months ended 30th September, 2018*

| | Trading | Finance | Long-term investment | Other investment | Others | Segment total | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **SEGMENT REVENUE** | | | | | | | | |
| External sales | **1,227,656** | **1,425** | **2,317** | **–** | **3,587** | **1,234,985** | **–** | **1,234,985** |
| **RESULTS** | | | | | | | | |
| Segment results | **2,222** | **1,270** | **435,290** | **102** | **675** | **439,559** | **–** | **439,559** |
| Central administration costs | | | | | | | | **(19,178)** |
| Gain on disposal of subsidiaries | | | | | | | | **34,635** |
| Finance costs | | | | | | | | **(317)** |
| Share of results of an associate | | | | | | | | **3,801** |
| Impairment loss on interest in an associate | | | | | | | | **(100,000)** |
| Profit before taxation | | | | | | | | **358,500** |

*Six months ended 30th September, 2017*

| | Trading | Finance | Long-term investment | Other investment | Others | Segment total | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **SEGMENT REVENUE** | | | | | | | | |
| External sales | 425,144 | 1,433 | 528 | 251 | 3,584 | 430,940 | – | 430,940 |
| Inter-segment sales | – | 1,844 | – | – | – | 1,844 | (1,844) | – |
| Total | 425,144 | 3,277 | 528 | 251 | 3,584 | 432,784 | (1,844) | 430,940 |
| **RESULTS** | | | | | | | | |
| Segment results | 169 | 3,380 | 1,470 | (721) | 609 | 4,907 | – | 4,907 |
| Central administration costs | | | | | | | | (11,573) |
| Gain on disposal of subsidiaries | | | | | | | | 3,356 |
| Finance costs | | | | | | | | (118) |
| Net loss on net decrease in interest in an associate | | | | | | | | (146,440) |
| Share of result of an associate | | | | | | | | 115,278 |
| Loss before taxation | | | | | | | | (34,590) |

Inter-segment sales are charged at prevailing market rates or at terms determined and agreed by both parties.

Segment results represent the result of each segment without allocation of central administration costs, including directors' salaries, gain on disposal of subsidiaries, finance costs and items related to interests in associates.

**Segment assets and liabilities**

*At 30th September, 2018*

| | Trading | Finance | Long-term investment | Other investment | Others | Segment total | Unallocated | Total |
|---|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| SEGMENT ASSETS | | | | | | | | |
| Segment assets | 32,059 | 40,250 | 791,060 | 3 | 73,683 | 937,055 | – | 937,055 |
| Interests in associates | – | – | – | – | – | – | 530,148 | 530,148 |
| Unallocated corporate assets | – | – | – | – | – | – | 117,425 | 117,425 |
| Total assets | 32,059 | 40,250 | 791,060 | 3 | 73,683 | 937,055 | 647,573 | 1,584,628 |

*At 31st March, 2018*

| | Trading | Finance | Long-term investment | Other investment | Others | Segment total | Unallocated | Total |
|---|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| SEGMENT ASSETS | | | | | | | | |
| Segment assets | 99,780 | 200,734 | 13,596 | 4,999 | 72,742 | 391,851 | – | 391,851 |
| Interests in associates | – | – | – | – | – | – | 709,232 | 709,232 |
| Unallocated corporate assets | – | – | – | – | – | – | 327,372 | 327,372 |
| Total assets | 99,780 | 200,734 | 13,596 | 4,999 | 72,742 | 391,851 | 1,036,604 | 1,428,455 |

For the purposes of monitoring segment performance and allocating resources among segments:

- all assets are allocated to operating segment other than interests in associates, short-term bank deposits, bank balances and cash, certain property, plant and equipment and certain debtors, deposits and prepayments.

- no segment liabilities information is provided as no such information is regularly provided to the CODM on making decision for resources allocation and performance assessment.

Interest income was allocated to segments. However, the related short-term bank deposits and bank balances and cash are not reported to the CODM as part of segment assets. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

## 4. NET GAIN (LOSS) ON FINANCIAL INSTRUMENTS

| | Six months ended 30th September, | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| Increase in fair value of financial asset at fair value through profit or loss | **433,219** | – |
| Increase (decrease) in fair value of equity investments held for trading | **102** | (883) |
| Decrease in fair value of debt instruments | **–** | (40) |
| | **433,321** | (923) |

## 5. PROFIT (LOSS) BEFORE TAXATION

| | Six months ended 30th September, | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| Profit (loss) for the period has been arrived at after charging: | | |
| Depreciation of property, plant and equipment | **929** | 669 |
| Minimum lease payments under operating leases in respect of rented premises | **4,595** | 2,268 |
| and after crediting: | | |
| Gain on disposal of subsidiaries | **34,635** | 3,356 |
| Gain on disposals of property, plant and equipment | **103** | 526 |

## 6. TAXATION

| | Six months ended 30th September, | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| PRC Enterprise Income Tax ("EIT") | **431** | – |

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, EIT is calculated at 25% of the assessable profits for the subsidiaries in the PRC.

## 7. DISTRIBUTIONS

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

## 8. EARNINGS (LOSS) PER SHARE

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

| | Six months ended 30th September, | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| Profit (loss) for the period attributable to the owners of the Company for the purposes of basic earnings (loss) per share | **357,808** | (34,599) |
| Effect of dilutive potential ordinary shares: Adjustment to the share of results of an associate based on dilution of its earnings per share | **–** | (61) |
| Profit (loss) for the period attributable to the owners of the Company for the purposes of diluted earnings (loss) per share | **357,808** | (34,660) |

| | Number of shares | |
|---|---|---|
| Weighted average number of shares for the purposes of basic and diluted earnings (loss) per share | **2,018,282,827** | 1,688,282,827 |

For the period ended 30th September, 2018, no diluted earnings per share are presented as the Company and the Group's associate have no potential ordinary shares in issue.

## 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period ended 30th September, 2018, the Group spent HK$2,427,000 (six months ended 30th September, 2017: HK$1,254,000) and HK$6,000 (six months ended 30th September, 2017: HK$82,000) on the acquisition of property, plant and equipment and investment properties, respectively.

At 30th September, 2018, the directors of the Company consider that the carrying amounts of the Group's leasehold land and buildings classified as property, plant and equipment and investment properties carried at revalued amounts and fair values, respectively, do not differ significantly from those which would be determined using fair values at the end of the interim period.

## 10. INTERESTS IN ASSOCIATES

| | **At 30th September, 2018** *HK$'000* | At 31st March, 2018 *HK$'000* |
|---|---|---|
| Share of consolidated net assets of associates: | | |
| – listed in Hong Kong | **1,013,971** | 1,093,055 |
| – listed overseas | **–** | – |
| Goodwill | **1,177** | 1,177 |
| | **1,015,148** | 1,094,232 |
| Accumulated impairment losses recognised | **(485,000)** | (385,000) |
| | **530,148** | 709,232 |
| Market value of listed securities: | | |
| Hong Kong | **172,301** | 189,270 |
| Overseas | **–** | 31,163 |
| | **172,301** | 220,433 |

**(a) Assessment of impairment of an associate**

As at 30th September, 2018, as the carrying value of the Group's interest in an associate listed in Hong Kong (i.e. PYI Corporation Limited ("PYI")) is higher than the market value of its listed securities, the directors of the Company have assessed the recoverable amount of the interest in the associate using value in use calculations for the assessment of impairment on the interest in associate.

In determining the estimated value in use of the interest in associate, the directors of the Company estimated the present value of the estimated future cash flows expected to arise from dividends to be received from its associate and from its ultimate disposal using a discount rate of 7% (31st March, 2018: 8%) per annum. As a result of the impairment assessment, a further impairment loss of HK$100 million (six months ended 30th September, 2017: nil) was recognised in profit or loss during the period ended 30th September, 2018. The accumulated impairment losses recognised in respect of the Group's interest in the associate as at 30th September, 2018 amounted to HK$485,000,000 (31st March, 2018: HK$385,000,000).

**(b) Disposal of associate**

As at 31st March, 2018, the Group held 22.45% equity interests in a listed associate, Burcon NutraScience Corporation ("Burcon"). Burcon is listed in Canada and Germany and is engaged in the development of commercial plant protein. The carrying value of the Group's interest in Burcon as at 31st March, 2018 is nil as a result of share of losses in prior years.

On 28th September 2018, the Group disposed of its entire equity interests in two subsidiaries which are mainly engaged in investment holding in equity interests in Burcon and a convertible note issued by Burcon for an aggregate consideration of HK$34,732,000. Upon completion of the disposal, the Group no longer has equity interests in Burcon and Burcon ceased to be the Group's associate.

**(c) Decrease in interest in an associate during the six months ended 30th September, 2017**

In May 2017, PYI, placed 915,470,000 new shares at a price of HK$0.156 per share to not less than six independent third parties (the "PYI Placing"). The PYI Placing and exercise of PYI share options resulted in loss on decrease in interest in PYI of HK$144,214,000 and HK$2,226,000, respectively, during the six months ended 30th September, 2017. The Group's interest in PYI decreased from approximately 28.45% at 31st March, 2017 to approximately 23.65% at 30th September, 2017.

## 11. DEBT INSTRUMENT AT AMORTISED COST

In April 2018, the Group entered into a subscription agreement with a third party pursuant to which the Group as subscriber agreed to subscribe and the third party as issuer (the "Issuer") agreed to allot and issue 100 preference shares at a total subscription price of HK$200,000,000. The preference shares confer the Group the right to receive cumulative fixed preferential dividend at the rate of 2% per annum of the subscription price up to the redemption date of 16th April, 2020. The preference shares are guaranteed by the sole shareholder (the "Guarantor") of the Issuer who has executed a share charge in favour of the Group relating to all shares of the Issuer (the "Share Charge").

As the Guarantor is indebted to the Group in the amount of HK$200,000,000 (included as loans receivable as at 31st March, 2018), the subscription price for the preference shares have been settled by way of offsetting the loan due by the Issuer (as novated from the Guarantor to the Issuer pursuant to a deed of novation) to the Group. Accordingly, the loans receivable has been fully offset during the period ended 30th September, 2018.

The preference shares are held within a business model whose objective is to hold the preference shares in order to collect contractual cash flows, and the contractual terms of the preference shares give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Accordingly, the preference shares subscribed are accounted for as a debt instrument measured at amortised cost in accordance with HKFRS 9.

During the period ended 30th September, 2018, dividends arising on the preference shares amounting to HK$1,841,000 are recognised in profit or loss as interest income from investments (included in revenue).

The Group assesses the debt instrument for impairment equal to 12-month expected credit losses ("12m ECL") under the expected credit losses model as the directors of the Company determined that the credit risk of the debt instrument has not increased significantly since initial recognition. No 12m ECL is recognised as the Group's exposure to credit losses is minimal considering the underlying value of the Share Charge held by the Group.

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

On 21st June, 2018, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for shares of a private equity fund established in Korea (the "Fund") which represents approximately 29.71% of the interest in the Fund, as a limited partner, for an aggregate consideration of US$20,000,000 (equivalent to approximately HK$156,000,000) in cash. The Fund principally invests in shares of companies listed on the Korea Exchange. The Fund is managed by a fund manager and limited partners of the Fund do not have rights to engage in the management of the Fund. The Group, as a limited partner in the Fund, does not have the power to participate in the financial and operating policy decisions of the Fund. As such, the Group does not have significant influence over the Fund and the Fund is not accounted for as an associate.

The Fund is accounted for as a financial asset at fair value through profit or loss in accordance with HKFRS 9. As at 30th September, 2018, the fair value of the Fund is HK$589,219,000. During the period ended 30th September, 2018, fair value gains of HK$433,219,000 was recognised in profit or loss. In the opinion of the directors of the Company, the Fund is held for long-term strategic investment purposes and as such, the investment is classified as non-current.

## 13. DEBTORS, DEPOSITS AND PREPAYMENTS

| | **At 30th September, 2018** | At 31st March, 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade debtors | **8,382** | 1,357 |
| Prepayments to suppliers | **21,411** | 95,543 |
| Prepaid expenses, deposits and other receivables | **32,922** | 35,714 |
| Other debtors, deposits and prepayments | **54,333** | 131,257 |
| | **62,715** | 132,614 |

The following is an aged analysis of trade debtors based on the invoice/delivery notes date at the end of the reporting period:

| | At 30th September, 2018 *HK$'000* | At 31st March, 2018 *HK$'000* |
|---|---|---|
| Trade debtors | | |
| 0 - 30 days | **4,545** | 1,357 |
| 31 - 60 days | **2,685** | – |
| 61 - 90 days | **111** | – |
| Over 90 days | **1,041** | – |
| | **8,382** | 1,357 |

Trade debts arising from commodities trading are either receipt in advance or are granted with credit terms up to 90 days. The credit terms granted by the Group to other trade debtors normally ranged from 30 days to 90 days. Rental income arising from leasing of investment properties business are receivable in advance. For interest receivable, there are no credit terms granted by the Group.

## 14. LOANS RECEIVABLE

The loan receivable carries fixed interests at a contractual interest rate (which is also equal to the effective interest rate) at 10% per annum (31st March, 2018: 2% per annum) and is repayable within one year (31st March, 2018: repayable within one year).

The loans receivable at 30th September, 2018 and 31st March, 2018 were respectively secured by share charges relating to shares in entities independent of the Group.

The loan receivable amounting to HK$200,000,000 as at 31st March, 2018 has been settled during the six months ended 30th September, 2018 pursuant to a deed of novation in fulfilment for the subscription price of the debt instrument as disclosed in note 11.

## 15. CREDITORS AND ACCRUED EXPENSES

| | **At 30th September, 2018** | At 31st March, 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade creditors | **13,405** | 651 |
| Receipt in advance | **–** | 109,153 |
| Other payables and accrued expenses | **3,204** | 10,159 |
| Other creditors and accrued expenses | **3,204** | 119,312 |
| | **16,609** | 119,963 |

The following is an aged analysis of trade creditors based on the invoice/delivery notes date at the end of the reporting period:

| | **At 30th September, 2018** | At 31st March, 2018 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade creditors | | |
| 0 - 30 days | **13,404** | 632 |
| 31 - 60 days | **1** | 19 |
| | **13,405** | 651 |

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Review of Financial Performance

During the Current Period, the Group continued to principally engage in the businesses of investment holding, comprising strategic investments in PYI Corporation Limited ("**PYI**") and Burcon NutraScience Corporation ("**Burcon**"), investments in other financial assets and securities, provision of finance, property investments, and trading business of commodities.

For the Current Period, the Group reported a profit of HK$357,808,000 attributable to the owners of the Company (30th September, 2017: loss of HK$34,599,000) and basic earnings per share of HK17.73 cents (30th September, 2017: basic loss per share of HK2.05 cents). The current period gain was mainly due to (a) the fair value gain of a financial instrument, in particular, the Company's investment in AFC Mercury Fund, (b) a gain recognised from the disposal of two subsidiaries and an associate of the Company, and (c) an impairment loss on interest in the Group's associate, PYI. For illustrative purposes, without such impairment of interest in PYI, the Group would have achieved a profit attributable to the owners of the Company of HK$457,808,000 for the Current Period.

### Listed Strategic Investments

***PYI***

Based in Hong Kong, PYI focuses on ports and infrastructure development and investment, and the operation of ports and logistics facilities, in the Yangtze River region of China. It also engages in land and property development and investment in association with ports and infrastructure development, as well as securities and treasury investment. In addition, PYI provides comprehensive engineering and property-related services through its associate Paul Y. Engineering Group Limited.

PYI recorded a profit attributable to the owners of HK$16,072,000 for the Current Period. The Group shared a profit of HK$3,801,000 (30th September, 2017: profit of HK$115,278,000) from PYI for the Current Period.

The Group's interest in PYI is approximately 23.65% at 30th September, 2018 and 2017.

***Burcon***

Burcon is a leader in developing technologies for the production of valuable plant-sourced ingredients for use in food, nutrition, wellness and supplement products. The company has developed a portfolio of composition, application, and process patents originating from a core protein extraction and purification technology. Its shares are listed on the Toronto Stock Exchange and the Frankfurt Stock Exchange. Burcon has developed CLARISOY™®, a soy protein which offers clarity and complete nutrition for low pH systems; Peazazz® pea protein which is uniquely soluble with clean flavor characteristics; and Puratein®, Supertein® and Nutratein®, three canola protein isolates with unique functional and nutritional attributes.

Burcon's flagship protein technology, CLARISOY™®, has been licensed to Archer Daniels Midland Company ("**ADM**") which is a leader in the global food ingredient industry listed in the United States, since March 2011.

On 28th September, 2018, Firewood Elite Limited, a company incorporated under the laws of the British Virgin Islands with limited liability wholly-owned by Mr. Chan Yiu Lun, Alan, who is a former executive Director of the Company prior to 28th March, 2017 and also the son of Dr. Chan Kwok Keung, Charles, who in turn was the former Controlling shareholder prior to 24th January, 2017 and the former executive Director and Chairman of the Company prior to 28th March, 2017 and an Independent Third Party to the Company (the "**Purchaser**"). The Company entered into the transfer agreement, pursuant to which the Company agreed to dispose of and the Purchaser agreed to acquire 100% of the interest of Great Intelligence Limited and Large Scale Investment Limited (the "**Disposal Companies**"), the convertible unsecured promissory notes issued by Burcon to Large Scale Investments Limited for the principal amount of Canadian Dollars 2,000,000 dated 12th May, 2016 (the "**Convertible Notes**") and the loans or obligations owed by each of the Disposal Companies to the Group of HK$96,192,720 which are unsecured, interest free and have no fixed repayment terms as at 31st July, 2018 at the consideration of approximately HK$34.7 million in cash.

The Disposal Companies were owned as to 100% by Firewood Elite Limited. Following the completion, the Company is no longer interested in the Disposal Companies and Burcon. In addition, since the Convertible Notes (representing approximately 1.7% of the existing shares of Burcon if they were to be converted) were out of money, the Company considered it was not favourable to convert the Convertible Notes at that time.

The Directors are of the view that it was a good opportunity to dispose of the Disposal Companies, having considered the future and financial performance of the Disposal Companies; and that the Directors consider the terms of the Agreement to be fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole. The details of the above disposal are set out in the Company's announcement dated 28th September, 2018.

*Note:* CLARISOY$^{TM®}$, a trademark of ADM, is under license to Burcon from ADM.

### Provision of Finance

For the Current Period, the Group's finance operation continued to contribute a profitable segment result of HK$1,270,000 which decreased by 62.43% compared to last period (30th September, 2017: HK$3,380,000). At 30th September, 2018, the loans portfolio held by the Group amounted to HK$39,000,000 (31st March, 2018: HK$200,000,000).

On 1st June, 2018, PT Credit Limited, a wholly-owned subsidiary of the Company, as lender (the "**Lender**") entered into the loan agreement (the "**Loan Agreement**") with an independent third party, Eastern Yangtze Development (HK) Limited (the "**Borrower**"), agreed to provide a loan in the principal amount of United States dollar ("**US$**") 6,000,000 at an interest rate of 10% per annum (the "**Loan**"), and simultaneously entered into a participation agreement with an independent third party (the "**Participant**"), pursuant to which the Participant participated in the Loan in the principal amount of US$1,000,000. The Loan was secured with a share charge on all the issued shares of the Borrower and a debenture over all the undertaking, property, assets, goodwill, rights and revenues of the Borrower. The Borrower is a limited liability company incorporated in Hong Kong with a wholly-owned subsidiary in the PRC which is in the course of setting up infrastructure for operating chemical storages in the Yangtze River Delta, and has an international management team with vast industry experience, including the former Head of China of a leading international petrochemical group operating in the PRC.

### Commodities Trading

During the Current Period, the Group continued its trading business which focuses on the trading of commodities including copper cathodes, nickel briquettes and fishery products. The business generated a revenue of HK$1,227,656,000 and recorded a segment profit of HK$2,222,000.

In light of the continuous growth of the Chinese economy, the Group is of the view that market demand for metal products will continue to grow. During the Current Period, the Group maintained the metal trading businesses in Hong Kong and the PRC. This business segment is operated by an experienced management team located in Shanghai, with extensive and unique experience in the field of metal trading. The metal trading business generated a sizable revenue and market share for the current period of operation, and it also remains one of the main sources of income for the Group. The Group expects that revenue from this metal trading business will continue to grow, mainly attributable to the increasing market demand for metal and energy in the PRC, which will in turn boost the revenue of the Group from metal and energy trading.

Regarding the fishery business, the Group had set up a wholly-owned subsidiary in Sri Lanka managed by a management team with dynamic and abundant experience. The subsidiary has prepared sufficient cold storage space, and is in the process of setting up the processing line, packaging factory and distribution center for its active development of fishery projects. Sri Lanka has the premium geographical location, plentiful resources and excellent natural environment for fishery business. It also has exclusive fishing and economic rights for an ocean area of 500,000 square kilometers and a coastal line of 1,700 km in addition to inland water bodies which makes fishery to be one of the promising industries in the country.

Under the One Belt One Road strategy, the PRC government vigorously promotes the integration and development of fishery industry with the goal of enhancing quality and efficiency, increasing income with smaller production scale, green development and enriching fishermen by effectively shifting the focus of fishery industry from quantitative growth and scale expansion to qualitative development and green development. To align with the One Belt One Road strategy, we will continue to look for different opportunities on expanding our fishery business segment such as exploring suitable operating locations in the PRC.

In light of the above, the management expects that the commodities traded by the Group have good prospects and the trading business will continue to contribute profitable results in the future.

**Long-term Investment**

During the Current Period, the Group's long-term investment recorded a revenue of HK$2,317,000 (30th September, 2017: HK$528,000) and a segment profit of HK$453,290,000 (30th September, 2017: segment profit of HK$1,470,000). At 30th September, 2018, the Group's long-term investment amounted to HK$791,060,000 (31st March, 2018: HK$13,596,000). The segment revenue and the segment profit for the Current Period was mainly attributed to the interest income from such convertible note, the preference shares interest from Thousand Vantage and the unrealised gain from the AFC Mercury Fund.

In April 2018, PT OBOR Financial Holdings Limited, a wholly-owned subsidiary of the Company (the "**Subscriber**"), entered into a subscription agreement with Thousand Vantage Investment Limited ("**Thousand Vantage**"), pursuant to which the Subscriber agreed to subscribe for, and Thousand Vantage agreed to allot and issue, 100 preference shares at the total subscription price of HK$200,000,000. The preference shares confer the Subscriber the right to receive cumulative fixed preferential dividend at the rate of 2% per annum of the subscription price. The preferential shares are guaranteed by Mr. Zhu Bin ("**Mr. Zhu**") who executed a share charge in favour of the Subscriber relating to all the shares of Thousand Vantage.

As Mr. Zhu was indebted to the Group in the amount of HK$200,000,000 (included as loans receivable as at 31st March, 2018), the subscription price for the preference shares was settled by way of offsetting the loan due by Thousand Vantage (as novated from Mr. Zhu to Thousand Vantage pursuant to a deed of novation) to the Group. Accordingly, the loan receivable has been fully repaid subsequent to 31st March, 2018.

On 21st June, 2018, the Group entered into a subscription agreement with AFC Korea Co., Ltd. pursuant to which the Group agreed to subscribe for shares of AFC Mercury Fund, a private equity fund established in Korea (the "**Fund**") which represent approximately 29.71% of the interest in the Fund, as a limited partner, for an aggregate consideration of US$20,000,000 (equivalent to approximately HK$156,000,000) in cash.

The Investment was made for investment purpose and the Board is of the view that the Investment was fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. The Group has endeavoured in exploring opportunities for potential investments for business diversification, with a view to generating income and achieving better return for its Shareholders. The Directors consider that the Investment would provide the Group with an opportunity to diversify its investment portfolio and hence a diversified return.

On 28th September, 2018, the Company no longer be interested in Disposal Companies and Burcon, and the Company recorded a gain on the Disposal of approximately HK$27.5 million which the Directors are of the view that it can greatly enhance the cash flow of the Group and improve its financial strength and liquidity, and therefore would allow the Group to allocate more resources in exploring other potential business opportunities. In addition, the Group will still maintain its existing principal businesses after completion of the Disposal.

**Other Investment**

During the Current Period, the Group's other investment contributed nil segment revenue (30th September, 2017: HK$251,000) and a segment profit of HK$102,000 (30th September, 2017: segment loss of HK$721,000).

At 30th September, 2018, the Group's equity investments portfolio amounted to HK$589,219,000 (31st March, 2018: HK$4,992,000) and comprised of shares in a company listed overseas (31st March, 2018: listed in Hong Kong).

### Others

During the Current Period, the Group's other business contributed a segment revenue of HK$3,587,000 (30th September, 2017: HK$3,584,000) and a segment profit of HK$675,000 (30th September, 2017: HK$609,000). At 30th September, 2018, the Group's other business mainly represented the leasing of investment properties and provision of management services. During the Current Period, the Group continues to receive a stable property rental income of HK$1,722,000 (30th September, 2017: HK$1,642,000) from leasing of office premises and hotel strata lots located in Canada and management service income of HK$1,542,000 (30th September, 2017: HK$1,727,000) from provision of property agency service in Canada.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

At 30th September, 2018, the Group's total assets of HK$1,584,628,000 (31st March, 2018: HK$1,428,455,000) represented an increase of approximately 10.93% when compared with the same period of the last year. The increase was mainly due to an investment in a financial instrument.

At Current Period, equity attributable to owners of the Company amounted to HK$1,548,230,000 (31st March, 2018: HK$1,282,153,000), representing an increase of HK$266,077,000 or 20.75% as compared to 31st March, 2018 which was mainly due to the fair value gain of a financial instrument.

The Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and capture investment opportunities as and when they become available.

During the Current Period, current assets and current liabilities of the Group were HK$183,143,000 (31st March, 2018: HK$623,529,000) and HK$17,093,000 (31st March, 2018: HK$127,120,000) respectively. Accordingly, the Group's current ratio was about 11 (31st March, 2018: 5).

### Gearing Ratio

At 30th September, 2018, the Group had bank deposits, bank balances and cash of HK$80,252,000 and bank and other borrowings of HK$7,194,000. The Group's gearing ratio was zero at 30th September, 2018 and 31st March, 2018 as the Group was in net cash position. The gearing ratio is calculated on the basis of net borrowings over the equity attributable to owners of the Company. Net borrowings are arrived at by deducting bank deposits, bank balances and cash from borrowings.

### Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in Hong Kong dollars, Canadian dollars, Renminbi and United States dollars. During the Current Period, the Group had not entered into any foreign currency forward contracts, currency swaps or other financial derivatives for hedging purposes. However, the management monitors foreign exchange exposure from time to time. Appropriate measures would be undertaken by the Group when exchange rate fluctuations become significant.

### Pledge of Assets

At 30th September, 2018, investment properties of HK$17,679,000 (31st March, 2018: HK$17,694,000) were pledged to secure a bank loan granted to the Group.

### Contingent Liabilities

At 30th September, 2018, the Group had no significant contingent liabilities (31st March, 2018: Nil).

### Capital Commitments

At 30th September, 2018, the Group had no significant capital commitments (31st March, 2018: Nil).

### Interim Dividend

The Board resolved not to declare an interim dividend for the Current Period (six months ended 30th September, 2017: Nil).

## EMPLOYEES AND REMUNERATION POLICY

At 30th September, 2018, the Group had a total of 39 employees. The Group's remuneration policy is to ensure that the Group's remuneration structure is appropriate and aligns with the Group's goals and objectives. The employees' remuneration is based on the employees' skill, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company. The Group also offers benefits to employees including discretionary bonus, training and provident funds. The share option scheme of the Company is established for the eligible participants (including employees). No share options were granted during the Current Period and there were no outstanding share options as at 30th September, 2018 and as at the date of this announcement.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

### Disposal of property

On 12th November, 2018, Burcon Group Limited, an indirect wholly-owned subsidiary of the Company, entered into the contract of purchase and sale agreement with an independent third party to dispose of the office property located in Canada at a consideration of Canadian Dollars 10,600,000 (equivalent to approximately HK$63,600,000). Details of which was disclosed in the Company's announcement dated 12th November 2018.

## PROSPECTS

The economic environment has been intricate as the US has been imposing tariffs to varies nations. During the US-China trade dispute, the US has already promulgated US$250 billion worth of tariffs on Chinese goods. The trade war friction is expected to continue escalating; and the International Monetary Fund has reduced its China's economic growth forecast in 2019 and citing that the escalating trade war will have negative effects by the US tariff policies.

China has been imposing corresponding tariff policies onto the US and diversifying its trading relationships with other nations. Even though October was the first full month after the latest US tariffs went into effect, China export growth is strong and beats analysts' forecasts. However, the uncertainties of the trade restriction policies resulting from the trade war may cause complications for the Company's business planning and the impact on the global economy is unpredictable, which could adversely affect our financial position, business and operations.

Looking forward into the second half of the year, the Group will continue to develop existing businesses and enhance the asset quality. The Group believes that the trading of metal and fishery products and complementary businesses will benefit from the "One Belt and One Road" initiative. The Group will actively improve its overall competitiveness, strengthen its capital base, optimise its investment portfolio and implement comprehensive risk management strategies, thereby laying a solid foundation for the Group's long-term development. The Group will make great efforts to re-build its strategic priorities and align our business initiatives with the economic policies set by the PRC. The Group will continue to take effective measures to seize new business opportunities in order to deliver steady growth prospects and long-term value for shareholders. The management believes that the Group is well-poised for the challenges ahead and is determined to bring maximum value to its shareholders.

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

During the six months ended 30th September, 2018, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

## CORPORATE GOVERNANCE

The Company has, throughout the six months ended 30th September, 2018, complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules except for the following deviations with reason as explained:

### *Code Provision A.2.1*

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

*Deviation*

As Mr. Ching Man Chun, Louis, an Executive Director of the Company, has taken up the positions of the Chairman of the Board and the Managing Director of the Company with effect from 30th September, 2017. The Board considers that vesting the roles of chairman and chief executive in the same person enables more effective and efficient planning and implementation of business plans, the Board also believes that the balance of power and authority is adequately ensured.

Except as stated above, the Company has continued to comply with the applicable code provisions of the CG Code.

## COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code for the six months ended 30th September, 2018.

## REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30th September, 2018 have not been audited, but have been reviewed by the auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, and the Audit Committee of the Company.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Listed Company Information" and on the website of the Company at www.ptcorp.com.hk under "Investor Relations". The interim report will be despatched to the shareholders of the Company and will also be available for viewing on the aforesaid websites in due course.

By Order of the Board
**PT International Development Corporation Limited**
**Ching Man Chun, Louis**
*Chairman and Managing Director*

Hong Kong, 26th November, 2018

*At the date of this announcement, the Board comprises four Executive Directors, namely, Mr. Ching Man Chun, Louis (Chairman and Managing Director), Mr. Sue Ka Lok, Ms. Xu Wei and Mr. Gary Alexander Crestejo; and three Independent Non-executive Directors, namely, Mr. Yam Kwong Chun, Mr. Yeung Kim Ting and Mr. Wong Yee Shuen, Wilson.*