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, 2019

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, 2019 (the "**Current Period**") together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		(Unaudited) Six months ended 30th September,	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*		
Contracts with customers		**573,046**	1,229,198
Interest		**4,531**	3,742
Rental		**203**	1,735
Total revenue		**577,780**	1,234,675
Cost of sales		**(572,715)**	(1,223,315)
Other income, other gains and losses		**1,111**	35,085
Net (loss) gain on financial instruments	*4*	**(281,483)**	433,321
Administrative expenses		**(25,327)**	(24,750)
Finance costs		**(792)**	(317)
Share of results of an associate		**(48,563)**	3,801
Impairment loss on interest in an associate	*10*	**(345,687)**	(100,000)
(Loss) profit before taxation	*5*	**(695,676)**	358,500
Taxation	*6*	**(134)**	(431)
(Loss) profit for the period		**(695,810)**	358,069

* *For identification purpose only*

	Note	(Unaudited) Six months ended 30th September, 2019 HK$'000	2018 HK$'000
Other comprehensive (expenses) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(1,411)**	(2,249)
Share of other comprehensive expenses of an associate		**(28,246)**	(47,448)
Reclassification adjustment of reserves released on disposal of subsidiaries		**978**	(6,597)
Item that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive expenses of an associate		**(7,171)**	(11,517)
Other comprehensive expenses for the period		**(35,850)**	(67,811)
Total comprehensive (expenses) income for the period		**(731,660)**	290,258
(Loss) profit for the period attributable to:			
Owners of the Company		**(695,443)**	357,808
Non-controlling interests		**(367)**	261
		(695,810)	358,069
Total comprehensive (expenses) income for the period attributable to:			
Owners of the Company		**(731,293)**	289,997
Non-controlling interests		**(367)**	261
		(731,660)	290,258
		HK$ cents	*HK$ cents*
(Loss) earnings per share	*8*		
Basic		**(34.46)**	17.73
Diluted		**N/A**	17.73

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	(Unaudited) As at 30th September, 2019 HK$'000	(Audited) As at 31st March, 2019 HK$'000
Non-current assets			
Property, plant and equipment	9	**28,214**	2,724
Right-of-use assets	9	**19,682**	–
Loan receivables	14	**24,700**	–
Interest in an associate	10	**117,478**	547,145
Debt instrument at amortised cost	11	**–**	200,000
Financial assets at fair value through profit or loss	12	**247,083**	551,725
		437,157	1,301,594
Current assets			
Inventories		**72,061**	1,094
Debtors, deposits and prepayments	13	**8,186**	32,266
Loan receivables	14	**–**	39,000
Debt instrument at amortised cost	11	**200,000**	–
Equity investments held for trading		**6,992**	6,572
Short-term bank deposits, bank balances and cash		**105,732**	65,553
		392,971	144,485
Assets classified as disposal group held for sale	15	**–**	42,086
		392,971	186,571
Current liabilities			
Creditors and accrued expenses	16	**10,755**	3,609
Contract liabilities		**62,246**	–
Tax payable		**311**	331
Lease liabilities – due within one year		**7,304**	–
		80,616	3,940
Liabilities classified as disposal group held for sale	15	**–**	6,818
		80,616	10,758
Net current assets		**312,355**	175,813
Total assets less current liabilities		**749,512**	1,477,407

	(Unaudited) As at 30th September, 2019 *HK$'000*	(Audited) As at 31st March, 2019 *HK$'000*
Non-current liability		
Lease liabilities – due after one year	**1,031**	–
Net assets	**748,481**	1,477,407
Capital and reserves		
Share capital	**20,183**	20,183
Share premium and reserves	**721,132**	1,452,425
Equity attributable to the owners of the Company	**741,315**	1,472,608
Non-controlling interests	**7,166**	4,799
Total equity	**748,481**	1,477,407

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2019

1. BASIS OF PREPARATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than as described below and the 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, 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st March, 2019.

Acquisition of subsidiaries not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st April, 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

Impacts and changes in accounting policies on application of HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases", and the related interpretations.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1st April, 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1st April, 2019.

As at 1st April, 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

(ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term that ends within 12 months of the date of initial recognition;

(iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(iv) applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rates for certain leases of properties in the People's Republic of China (the "**PRC**") and certain leases of properties in Hong Kong were determined on a portfolio basis.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 4.35% to 5.63% per annum.

	At 1st April, 2019
	HK$'000
Operating lease commitments disclosed as at 31st March, 2019	13,707
Lease liabilities discounted at relevant incremental borrowing rates	13,057
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	(471)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 at 1st April, 2019	12,586
Analysed as:	
Current	4,262
Non-current	8,324
	12,586

The carrying amount of right-of-use assets as at 1st April, 2019 comprises the following:

	Right-of use assets
	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	12,586
Adjustments on rental deposits at 1st April, 2019	112
	12,698
By class:	
Office premises	12,698

Note: Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied, presented under debtors, deposits and prepayments. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK$112,000 was adjusted to refundable rental deposits paid and right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The discounting effect of rental deposits received at transition is not significant.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1st April, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31st March, 2019	**Adjustments**	**Carrying amounts under HKFRS 16 at 1st April, 2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Right-of-use assets	–	12,698	12,698
Current assets			
Debtors, deposits and prepayments	32,266	(112)	32,154
Current liabilities			
Lease liabilities – due within one year	–	(4,262)	(4,262)
Non-current liabilities			
Lease liabilities – due after one year	–	(8,324)	(8,324)

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30th September, 2019, movements in working capital have been computed based on opening condensed consolidated statement of financial position as at 1st April, 2019 as disclosed above.

3. REVENUE AND SEGMENT INFORMATION

Revenue

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

	Six months ended 30th September,	
	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers		
– Trading income	**572,418**	1,227,656
– Management and other related service income	**628**	1,542
	573,046	1,229,198
Interest revenue		
– Interest income from provision of finance	**2,525**	1,425
– Interest income from investments	**2,006**	2,317
	4,531	3,742
Rental income		
– Property rental income	**203**	1,722
– Others	**–**	13
	203	1,735
	577,780	1,234,675

Disaggregation of revenue from contracts with customers

	Six months ended 30th September,	
	2019	2018
	HK$'000	*HK$'000*
Types of goods or services		
Trading income		
– Metals	**567,913**	1,206,538
– Fisheries	**4,505**	18,790
– Agricultural products	**–**	2,328
	572,418	1,227,656
Management and other related service income	**628**	1,542
	573,046	1,229,198
Geographical location		
Hong Kong	**418,394**	917,183
The PRC, excluding Hong Kong	**149,315**	289,355
Canada	**832**	1,542
Sri Lanka	**4,505**	21,118
	573,046	1,229,198

Revenue from trading of commodities is recognised at a point in time when control of the goods is transferred to the customers upon delivery of the goods. Revenue from the provision of management and other related services is recognised over time using the input method under HKFRS 15.

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

Six months ended 30th September, 2019

	Trading *HK$'000*	**Finance** *HK$'000*	**Long-term investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Trading income	**572,418**	**–**	**–**	**–**	**572,418**
Management and other related service income	**–**	**–**	**–**	**628**	**628**
Revenue from contracts with customers	**572,418**	**–**	**–**	**628**	**573,046**
Interest income from provision of finance	**–**	**2,525**	**–**	**–**	**2,525**
Interest income from investments	**–**	**–**	**2,006**	**–**	**2,006**
Interest revenue	**–**	**2,525**	**2,006**	**–**	**4,531**
Rental income – property rental income	**–**	**–**	**–**	**203**	**203**
Total revenue	**572,418**	**2,525**	**2,006**	**831**	**577,780**

Six months ended 30th September, 2018

	Trading *HK$'000*	Finance *HK$'000*	Long-term investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Trading income	1,227,656	–	–	–	1,227,656
Management and other related service income	–	–	–	1,542	1,542
Revenue from contracts with customers	1,227,656	–	–	1,542	1,229,198
Interest income from provision of finance	–	1,425	–	–	1,425
Interest income from investments	–	–	2,317	–	2,317
Interest revenue	–	1,425	2,317	–	3,742
Property rental income	–	–	–	1,722	1,722
Others	–	–	–	13	13
Rental income	–	–	–	1,735	1,735
Total revenue	1,227,656	1,425	2,317	3,277	1,234,675

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 long-term debt instruments and equity investments
Other investment	–	investment in trading of securities
Chemical	–	chemical storage services*
Others	–	leasing of investment properties, leasing of motor vehicles and management services

* During the period ended 30th September, 2019, the Group acquired, through the acquisition of subsidiaries, a right to use a parcel of reclaimed land and certain chemical storage and related facilities thereon for the provision of chemical storage services. The segment has not commenced operation at the end of the reporting period.

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, 2019

	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	**572,418**	**2,525**	**2,006**	**–**	**831**	**577,780**	**–**	**577,780**
RESULTS								
Segment results	**(4,442)**	**1,816**	**(280,188)**	**(274)**	**(5)**	**(283,093)**	**–**	**(283,093)**
Central administration costs								**(17,602)**
Other income, other gains and losses								**61**
Finance costs								**(792)**
Share of results of an associate								**(48,563)**
Impairment loss on interest in an associate								**(345,687)**
Loss before taxation								**(695,676)**

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	–	3,277	1,234,675	–	1,234,675
RESULTS								
Segment results	2,222	1,270	435,290	102	365	439,249	–	439,249
Central administration costs								(17,934)
Other income, other gains and losses								33,701
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

Segment results represent the result of each segment without allocation of central administration costs, including directors' salaries, certain other income, other gains and losses, finance costs and items related to interest in an associate.

4. NET (LOSS) GAIN ON FINANCIAL INSTRUMENTS

	Six months ended 30th September,	
	2019	2018
	HK$'000	*HK$'000*
(Decrease) increase in fair value of financial asset at fair value through profit or loss	**(281,209)**	433,219
(Decrease) increase in fair value of equity investments held for trading	**(274)**	102
	(281,483)	433,321

5. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30th September, 2019 HK$'000	2018 HK$'000
(Loss) profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**695**	929
Depreciation of right-of-use assets	**4,063**	–
Minimum lease payments under operating leases in respect of rented premises	**–**	4,595
Loss on disposal of subsidiaries	**330**	–
and after crediting:		
Gain on disposal of subsidiaries	**–**	34,635
Gain on disposal of property, plant and equipment	**–**	103

6. TAXATION

	Six months ended 30th September, 2019 HK$'000	2018 HK$'000
PRC Enterprise Income Tax ("**EIT**")	**134**	431

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25% and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for both periods.

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

Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. No provision for income tax has been made as the relevant subsidiaries had no relevant assessable profits.

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. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30th September,	
	2019	2018
	HK$'000	*HK$'000*
(Loss) profit for the period attributable to the owners of the Company for the purposes of basic and diluted (loss) earnings per share	**(695,443)**	357,808
	Number of shares	
Number of shares for the purposes of basic and diluted (loss) earnings per share	**2,018,282,827**	2,018,282,827

For the period ended 30th September, 2019, no diluted loss per share are presented as the Company and the Group's associate have no potential ordinary shares in issue.

For the period ended 30th September, 2018, the computation of diluted earnings per share did not assume the exercise of the share options and warrants of the Group's associates, as appropriate, since their assumed exercise would result in an increase in earnings per share.

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

During the period ended 30th September, 2019, the Group spent HK$3,098,000 (2018: HK$2,427,000) on the acquisition of property, plant and equipment. In addition, the Group acquired, through the acquisition of subsidiaries, a right to use a parcel of reclaimed land constructed on a sea plot in Yangkou Port, Nantong of the PRC and certain construction in progress of chemical storage and related facilities under construction located on the constructed land. The sea area use right has a remaining lease term of 42 years and will expire in 2061. The consideration on the date of acquisition of the subsidiaries allocated to the sea area use right (recognised in right-of-use assets) and the construction in progress (recognised in property, plant and equipment) amounted to HK$11,239,000 and HK$23,773,000, respectively.

10. INTEREST IN AN ASSOCIATE

	At 30th September, 2019 HK$'000	At 31st March, 2019 HK$'000
Share of consolidated net assets of an associate listed in Hong Kong	**946,988**	1,030,968
Goodwill	**1,177**	1,177
	948,165	1,032,145
Accumulated impairment losses recognised	**(830,687)**	(485,000)
	117,478	547,145
Market value of listed securities in Hong Kong	**117,478**	178,828

Assessment of impairment of an associate

As at 31st March, 2019, the carrying value of the Group's interest in an associate listed in Hong Kong (i.e. PYI Corporation Limited ("**PYI**")) was higher than the market value of its listed securities. In assessing the interest in the associate for impairment, the directors of the Company determined the recoverable amount using value in use calculations. In determining the estimated value in use of the interest in the 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 the associate and from its ultimate disposal using a discount rate of 7% per annum. During the period ended 30th September, 2018, an impairment loss of HK$100,000,000 was recognised in profit or loss. The accumulated impairment losses recognised in respect of the Group's interest in the associate as at 31st March, 2019 amounted to HK$485,000,000.

As at 30th September, 2019, the directors of the Company performed impairment assessment of the interest in the associate and determined the recoverable amount to be the fair value less cost of disposal (which is based on quoted prices in an active market for the identical asset directly and categorised as Level 1 of the fair value hierarchy) as the fair value less cost of disposal was higher than the value in use.

To assess the value in use as at 30th September, 2019 for the purpose of the impairment test, the directors of the Company have considered the present value of the estimated future cash flows expected to arise from dividends to be received from the associate and from its ultimate disposal. The directors of the Company anticipate that PYI will continue to focus on divesting its ports and logistics business and refocus on other bulk commodities businesses with higher growth potential, in particular the liquefied natural gas business, rather than to return the gain on divestment to shareholders through declaration of dividends in the foreseeable term. Accordingly, the directors of the Company revised their estimates of future dividends to be received from PYI and determined that the value in use of the interest in the associate as at 30th September, 2019 to be lower than its fair value less cost of disposal. As such, the fair value less cost of disposal is used as the recoverable amount of the interest in the associate.

As the recoverable amount of the interest in the associate is less than its carrying amount, a further impairment loss of HK$345,687,000 was recognised in profit or loss during the period ended 30th September, 2019 and the accumulated impairment losses recognised as at 30th September, 2019 amounted to HK$830,687,000.

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 of the Issuer who has executed a share charge in favour of the Group relating to all shares of the Issuer.

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, 2019, dividends arising on the preference shares amounting to HK$2,006,000 (2018: HK$1,841,000) are recognised in profit or loss as interest income from investments (included in revenue).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30th September, 2019	At 31st March, 2019
	HK$'000	*HK$'000*
Unlisted fund *(Note (a))*	**231,483**	536,125
Unlisted equity investment *(Note (b))*	**15,600**	15,600
	247,083	551,725

Notes:

(a) UNLISTED FUND

On 21st June, 2018, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for shares of a private equity fund established in Korea (the "**Fund**"), as a limited partner, for an aggregate consideration of US$20,000,000 (equivalent to approximately HK$156,000,000) in cash. The Fund principally invests in shares of companies listed on the Korea Exchange. The Fund is managed by a fund manager, while limited partners of the Fund do not have rights to engage in the management of the Fund. The Group, as a limited partner in the Fund, does not have the power to participate in the financial and operating policy decisions of the Fund. As such, the Group does not have significant influence over the Fund and the Fund is not accounted for as an associate. The shares of the Fund held by the Group represent approximately 29.71% (31st March, 2019: 29.71%) of the issued share capital of the Fund as at 30th September, 2019.

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, 2019, the fair value of the Fund is HK$231,483,000 (31st March, 2019: HK$536,125,000). During the period ended 30th September, 2019, fair value loss of HK$281,209,000 (2018: fair value gain 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.

(b) UNLISTED EQUITY INVESTMENT

In December 2018, the Group entered into a subscription agreement pursuant to which the Group agreed to subscribe for shares of an exempted limited partnership incorporated in Cayman Islands (the "**Investment**"), as a limited partner, for an aggregate consideration of US$2,000,000 (equivalent to approximately HK$15,600,000) in cash. The Investment principally invests in private entities engaged in Korean Pop Music academy and agency business in Korea. The Group, as a limited partner in the Investment, does not have the power to participate in the financial and operating policy decisions of the Investment. As such, the Group does not have significant influence over the Investment and the Investment is not accounted for as an associate. The subscription was completed in January 2019. The shares of the Investment held by the Group represent 20% (31st March, 2019: 20%) of the issued share capital of the Investment as at 30th September, 2019.

The Investment is accounted for as a financial asset at fair value through profit or loss in accordance with HKFRS 9. As at 30th September, 2019, the fair value of the Investment is HK$15,600,000 (31st March, 2019: HK$15,600,000). No fair value gain/loss was recognised in profit or loss during the period ended 30th September, 2019. In the opinion of the directors of the Company, the Investment 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, 2019	At 31st March, 2019
	HK$'000	*HK$'000*
Trade debtors		
– goods and services	**–**	1,932
– interest	**3,038**	4,170
	3,038	6,102
Prepayments to suppliers	**–**	1,025
Prepaid expenses, deposits and other receivables	**5,148**	25,139
Other debtors, deposits and prepayments	**5,148**	26,164
	8,186	32,266

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, 2019 HK$'000	At 31st March, 2019 HK$'000
Trade debtors		
0–30 days	**1,361**	4,901
31–60 days	**340**	224
61–90 days	**340**	106
Over 90 days	**997**	871
	3,038	6,102

14. LOAN RECEIVABLES

	At 30th September, 2019 HK$'000	At 31st March, 2019 HK$'000
Secured	**11,700**	39,000
Unsecured	**13,000**	–
	24,700	39,000
Analysed for reporting purpose as:		
Current assets	**–**	39,000
Non-current assets	**24,700**	–
	24,700	39,000

The loan receivables as at 30th September, 2019 carry fixed interests at contractual interest rates (which are also equal to the effective interest rates) ranging from 7% to 10.5% per annum and are repayable any time on or before the second anniversary of the relevant loan agreements. The secured loan receivable of HK$11,700,000 as at 30th September, 2019 is pledged with collateral of a financial instrument of convertible bond held by the borrower.

As the loan receivables are not past due at the end of the reporting period, the directors of the Company consider that the credit risk of the balances has not increased significantly since initial recognition. As such, the Group assesses the balances for impairment equal to 12-month expected credit losses ("**12m ECL**") under the expected credit loss model. The loans were fully settled after the end of the reporting period. No 12m ECL is recognised as the Group's exposure to credit losses is minimal.

As at 31st March, 2019, the loan receivable was due from Eastern Yangtze Development (HK) Limited ("**EYD(HK)**"), an entity independent to the Group. The loan receivable was denominated in US$, carried fixed interest at a contractual interest rate (which was also equal to the effective interest rate) at 10% per annum, and was secured by a share charge relating to shares in EYD(HK). It was due for repayable within one year from 31st March, 2019.

During the period ended 30th September, 2019, EYD(HK) repaid loan principal and interest of HK$15,600,000 and HK$3,900,000 respectively to the Group in cash. In settlement for the remaining outstanding loan receivable and interest receivable of HK$23,400,000 and HK$1,210,000 respectively due to the Group, EYD(HK) issued and allotted 9,000,000 new shares to the Group through a loan capitalisation. Upon completion of the transaction, the Group obtained control over EYD(HK) and its subsidiary and EYD(HK) and its subsidiary becomes subsidiaries of the Group.

15. DISPOSAL GROUP HELD FOR SALE

As at 31st March, 2019, the Group was in the process of disposing of its entire equity interests in certain subsidiaries (together referred to as the "**Illuminate Investment Group**") that are principally engaged in the holding of an office premise in Canada for own use and to earn rentals and the provision of management and other related services. Negotiations with an interested party had already taken place, and the directors of the Company were committed to sell the equity interest in the subsidiaries within twelve months from 31st March, 2019. The assets and liabilities attributable to the subsidiaries have been reclassified as a disposal group held for sale and were presented separately in the consolidated statement of financial position as at 31st March, 2019 (see below).

The major classes of assets and liabilities of the subsidiaries classified as held for sale as at 31st March, 2019 are as follows:

	HK$'000
Property, plant and equipment	4,923
Investment properties	34,408
Debtors, deposits and prepayments	1,689
Short-term bank deposits, bank balances and cash	1,066
Total assets classified as held for sale	42,086
Creditors and accrued expenses	(2,340)
Deferred tax liabilities	(4,478)
Total liabilities classified as held for sale	(6,818)

During the period ended 30th September, 2019, the disposal of the subsidiaries has been completed.

16. CREDITORS AND ACCRUED EXPENSES

	At 30th September, 2019 *HK$'000*	At 31st March, 2019 *HK$'000*
Trade creditors	**–**	523
Other payables and accrued expenses	**10,755**	3,086
	10,755	3,609

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, 2019 *HK$'000*	At 31st March, 2019 *HK$'000*
Trade creditors		
0–30 days	**–**	257
31–60 days	**–**	221
Over 90 days	**–**	45
	–	523

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**"), 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 loss of HK$695,443,000 attributable to the owners of the Company (2018: gain of HK$357,808,000) and basic loss per share of HK$34.46 cents (2018: basic earnings per share of HK$17.73 cents). The current period loss was mainly due to (a) the fair value loss of a financial instrument, in particular, the Company's investment in AFC Mercury Fund, (b) a loss from the share of results of an associate, and (c) an impairment loss on interest in the Group's associate, PYI.

The above mentioned fair value loss or impairment loss are non-cash in nature and do not have any impact on the operating cash flows of the Group and the Board remains positive on the prospects of the Group.

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 loss attributable to the owners of HK$205,348,000 for the Current Period. The Group shared a loss of HK$48,563,000 (2018: profit of HK$3,801,000) from PYI for the Current Period.

The Group's interest in PYI is approximately 23.65% at 30th September, 2019 and 2018.

Provision of Finance

For the Current Period, the Group's finance operation continued to contribute a profitable segment result of HK$1,816,000 which was increased by 43% compared to last period (2018: HK$1,270,000). As at 30th September, 2019, the loans portfolio held by the Group amounted to HK$24,700,000 (31st March, 2019: HK$39,000,000).

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$572,418,000 (2018: 1,227,656,000) and recorded a segment loss of HK$4,442,000 (2018: segment profit of HK$2,222,000).

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 remains one of the main sources of income for the Group. During the Current Period, the commodities market came to a standstill resulting in a decline of overall revenue. It was mainly due to US-China trade war tension which continued to further weaken the manufacturing sectors in China and Asia.

Long-term Investment

During the Current Period, the Group's long-term investment recorded a revenue of HK$2,006,000 (2018: HK$2,317,000) and a segment loss of HK$280,188,000 (2018: segment profit of HK$435,290,000). The segment revenue and the segment loss for the Current Period was mainly attributed to the preference shares dividend from Thousand Vantage Investment Limited and the unrealised loss from the AFC Mercury Fund, respectively.

Other Investment

During the Current Period, the Group's other investment contributed nil segment revenue (2018: nil) and a segment loss of HK$274,000 (2018: segment profit of HK$102,000).

As at 30th September, 2019, the Group's equity investments portfolio amounted to HK$6,992,000 (31st March, 2019: HK$6,572,000) and comprised of shares in a company listed in Hong Kong.

Others

During the Current Period, the Group's other business contributed a segment revenue of HK$831,000 (2018: HK$3,277,000) and a segment loss of HK$5,000 (2018: segment profit of HK$365,000). The Group's other business mainly represent the leasing of office premises and hotel strata lots located in Canada and provision of property agency service in Canada.

During the Current Period, the Group received property rental income of HK$203,000 (2018:HK$1,722,000) and management service income of HK$628,000 (2018:HK$1,542,000). During the Current Period, the disposal of the subsidiaries principally engaged in the holding of the above premises and provision of property agency service was completed.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30th September, 2019, the Group's total assets of HK$830,128,000 (31st March, 2019: HK$1,488,165,000) represented a decrease of approximately 44.2% when compared with the last period.

As at 30th September, 2019, equity attributable to owners of the Company amounted to HK$741,315,000 (31st March, 2019: HK$1,472,608,000), representing a decrease of HK$731,293,000 or 49.7% as compared to 31st March, 2019. The decrease was mainly due to a fair value loss of a financial instrument and an impairment loss on interest in the Group's associate.

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

As at 30th September, 2019, current assets and current liabilities of the Group were HK$392,971,000 (31st March, 2019: HK$186,571,000) and HK$80,616,000 (31st March, 2019: HK$10,758,000) respectively. Accordingly, the Group's current ratio was about 4.9 (31st March, 2019: 17.3).

Gearing Ratio

As at 30th September, 2019, the Group had bank deposits, bank balances and cash of HK$105,732,000 (31st March, 2019: HK$65,553,000) and nil bank and other borrowings (31st March, 2019: nil). The Group's gearing ratio was zero at 30th September, 2019 and 31st March, 2019 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.

Material Acquisitions or Disposals

In November 2018, the Group announced an agreement to dispose its entire equity interests in the Illuminate Investment Group that are principally engaged in the holding of an office premise in Canada for own use and to earn rentals and the provision of management and other related services. As at 31st March, 2019, negotiations with an interested party had already taken place, and the directors of the Company were committed to sell the equity interest in the subsidiaries within twelve months from 31st March, 2019. During the Current Period, the disposal of the subsidiaries has been completed.

During the Current Period, the Group completed the acquisition of 90% equity interest of EYD(HK) by way of a loan capitalisation. On 5th September, 2019, PT Credit Limited ("**PT Credit**"), an indirect wholly-owned subsidiary of the Company, entered into (i) the Loan Capitalisation Deed with EYD(HK), pursuant to which EYD(HK) and PT Credit agreed that the total outstanding amount of the loan in the sum of US$4,000,000 and outstanding accrued interests of approximately US$286,016 shall be capitalised into the capitalisation shares, being 9,000,000 EYD(HK) shares representing 90% of the enlarged share capital of EYD(HK), to be allotted and issued to the PT Credit or its nominee. Following completion, EYD(HK) has become an indirect non-wholly-owned subsidiary of the Company. For details, please refer to the announcement of the Company dated 5th September, 2019.

Save as disclosed herein, there were no other material acquisitions and disposals of subsidiaries, associated companies and joint ventures during the period of review.

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

As at 30th September, 2019, none of the Group's assets were pledged to secure any bank loans (31st March, 2019: nil).

Contingent Liabilities

As at 30th September, 2019, the Group had no significant contingent liabilities (31st March, 2019: nil).

Capital Commitments

As at 30th September, 2019, the capital commitments of the Group were HK$55,839,000 (31st March, 2019: nil) in respect of construction contracts entered into for the construction of chemical storage and related facilities in order to operate the chemical storage business of the direct wholly-owned subsidiary of EYD(HK) located in China.

Securities in Issue

As at 30 September 2019, there were 2,018,282,827 shares in issue. There was no change in the capital structure of the Company during the Current Period. The share capital of the Company only comprises of ordinary shares.

Interim Dividend

The Board resolved not to declare an interim dividend for the Current Period (six months ended 30th September, 2018: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30th September, 2019, the Group had a total of 35 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, 2019 and as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period and up to the date of this announcement.

PROSPECTS

Looking ahead, the global economy remains challenging with great uncertainties in the second half of the year. Sino-US trade disputes has continuously escalated economic and trade frictions, which has resulted in weakened international trade flows and increased volatility in the world's financial markets. However, market volatility may create changes and a new trend in global trading patterns, both of which comes with new opportunities. The Group will continue to reallocate its assets by re-evaluating its current portfolio and vigorously implementing the Group's new business strategy. This new business strategy will take the Group back on track and towards growth and sustainable development.

During the Current Period, the Group had made a strategic investment through acquiring a project in PRC, which had been granted a sea use right at Sun Island in Yangkou Port in Nantong of the Jiangsu Province, China and is in the course of constructing infrastructure for operating chemical storage thereon. Such investment reinforces the Group's commitment towards sustainable development. Once the chemicals storage business operation commenced, it will broaden the income stream of the Group in the near future.

Taking on a macro outlook, China's gross domestic product per capita was still at a lower level when comparing with other emerging Asian countries. China underwent enormous economic growth and is expected to continue with this trend in the long run which could allow China to take the lead in the global economy in the future. This growth is also underpinned by the steady expansion of infrastructure and network of trade routes under China's "One Belt, One Road" (the "**OBOR**") initiative and strategic positioning in many countries around the world. The Group is reasonably confident in continuing to strategise with plans to grow its businesses, embracing the OBOR initiative in the years ahead.

Amid global economic fluctuations, the Group will continue to capture suitable investment opportunities as and when they arise in respect of the type of business, investment costs and the capital structure in which the businesses are operating with a due and thorough consideration by adopting robust investment strategies under macro headwinds, with an aim to maximise returns to shareholders while minimising losses.

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

During the six months ended 30th September, 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has, throughout the six months ended 30th September, 2019, 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, 2019.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30th September, 2019 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, 29th November, 2019

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