**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 RESULTS FOR THE YEAR ENDED 31ST MARCH, 2020

## RESULTS

The board of directors (the "**Board**") of PT International Development Corporation Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31st March, 2020, together with comparative figures for the year ended 31st March, 2019 as follows:

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

*For the year ended 31st March, 2020*

| | Notes | **2020** **HK$'000** | 2019 HK$'000 |
|---|---|---|---|
| Revenue | 3 | | |
| Contracts with customers | | **1,244,984** | 1,775,102 |
| Interest under effective interest method | | **7,274** | 7,682 |
| Leases | | **203** | 2,996 |
| Total revenue | | **1,252,461** | 1,785,780 |
| Cost of sales | | **(1,239,909)** | (1,766,242) |
| Other income, other gains and losses | | **2,682** | 35,855 |
| Net (loss) gain on financial instruments | 4 | **(379,365)** | 380,043 |
| Net decrease in fair values of investment properties | | **–** | (18,142) |
| Administrative expenses | | **(56,459)** | (53,078) |
| Finance costs | | **(2,160)** | (406) |
| Share of results of an associate | | **(135,334)** | 11,637 |
| Impairment loss on interest in an associate | | **(345,687)** | (100,000) |
| (Loss) profit before taxation | 5 | **(903,771)** | 275,447 |
| Taxation credit | 6 | **185** | 1,751 |
| (Loss) profit for the year | | **(903,586)** | 277,198 |

* *For identification purposes only*

| | Note | 2020 HK$'000 | 2019 HK$'000 |
|---|---|---|---|
| **Other comprehensive (expenses) income:** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translation of foreign operations | | **(1,266)** | (5,263) |
| Share of other comprehensive expenses of an associate | | **(31,788)** | (35,388) |
| Reclassification of reserves released on disposal of subsidiaries | | **978** | (6,062) |
| *Items that will not be reclassified to profit or loss:* | | | |
| Share of other comprehensive expenses of an associate | | **(14,556)** | (14,416) |
| Loss on revaluation of land and buildings | | **–** | (1,794) |
| Deferred tax arising on revaluation of land and buildings | | **–** | 242 |
| Other comprehensive expenses for the year | | **(46,632)** | (62,681) |
| Total comprehensive (expenses) income for the year | | **(950,218)** | 214,517 |
| (Loss) profit for the year attributable to: | | | |
| Owners of the Company | | **(902,258)** | 277,056 |
| Non-controlling interests | | **(1,328)** | 142 |
| | | **(903,586)** | 277,198 |
| Total comprehensive (expenses) income for the year attributable to: | | | |
| Owners of the Company | | **(948,890)** | 214,375 |
| Non-controlling interests | | **(1,328)** | 142 |
| | | **(950,218)** | 214,517 |
| | | ***HK cents*** | *HK cents* |
| (Loss) earnings per share | *8* | | |
| Basic | | **(44.70)** | 13.73 |
| Diluted | | **N/A** | 13.73 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31st March, 2020*

| | Notes | 2020 HK$'000 | 2019 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **27,323** | 2,724 |
| Right-of-use assets | | **15,872** | – |
| Interest in an associate | *9* | **–** | 547,145 |
| Debt instrument at amortised cost | *10* | **–** | 200,000 |
| Financial assets at fair value through profit or loss | *11* | **152,442** | 551,725 |
| | | **195,637** | 1,301,594 |
| **Current assets** | | | |
| Inventories | | **31,256** | 1,094 |
| Debtors, deposits and prepayments | *12* | **8,026** | 32,266 |
| Loan receivable | *13* | **–** | 39,000 |
| Debt instrument at amortised cost | *10* | **200,000** | – |
| Derivative financial instruments | | **6,513** | – |
| Equity investment held for trading | | **6,109** | 6,572 |
| Restricted deposits with brokers | | **1,950** | – |
| Short-term bank deposits, bank balances and cash | | **77,938** | 65,553 |
| | | **331,792** | 144,485 |
| Assets classified as held for sale/disposal group held for sale | *14* | **19,780** | 42,086 |
| | | **351,572** | 186,571 |
| **Current liabilities** | | | |
| Creditors and accrued expenses | *15* | **7,429** | 3,609 |
| Derivative financial instruments | | **2,637** | – |
| Contract liabilities | | **2,522** | – |
| Tax payable | | **–** | 331 |
| Lease liabilities – due within one year | | **4,416** | – |
| | | **17,004** | 3,940 |
| Liabilities classified as disposal group held for sale | *14* | **–** | 6,818 |
| | | **17,004** | 10,758 |
| **Net current assets** | | **334,568** | 175,813 |
| **Total assets less current liabilities** | | **530,205** | 1,477,407 |

| | 2020 | 2019 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Non-current liability** | | |
| Lease liabilities – due after one year | **282** | – |
| **Net assets** | **529,923** | 1,477,407 |
| **Capital and reserves** | | |
| Share capital | **20,183** | 20,183 |
| Share premium and reserves | **625,871** | 1,452,425 |
| Amounts recognised in other comprehensive income and accumulated in equity relating to assets held for sale | **(122,336)** | – |
| Equity attributable to the owners of the Company | **523,718** | 1,472,608 |
| Non-controlling interests | **6,205** | 4,799 |
| **Total equity** | **529,923** | 1,477,407 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st March, 2020*

## 1. BASIS OF PREPARATION

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

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**").

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

**New and amendments to HKFRSs that are mandatorily effective for the current year**

The Group has applied the following new and amendments to HKFRSs and interpretation issued by the HKICPA for the first time in the current year:

| | |
|---|---|
| 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 and interpretation in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures of the Group's consolidated financial statements.

***HKFRS 16 "Leases"***

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("**HKAS 17**"), and the related interpretations.

*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 a 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; and

(iii) 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**<br>*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 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 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) |

## 3. REVENUE AND SEGMENT INFORMATION

### Revenue

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

| | **2020** | 2019 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Revenue from contracts with customers | | |
| – Trading income | **1,244,356** | 1,772,410 |
| – Management and other related service income | **628** | 2,692 |
| | **1,244,984** | 1,775,102 |
| Interest under effective interest method | | |
| – Interest income from provision of finance | **3,263** | 3,370 |
| – Interest income from investments | **4,011** | 4,312 |
| | **7,274** | 7,682 |
| Leases | | |
| – Property rental income | **203** | 2,983 |
| – Others | **–** | 13 |
| | **203** | 2,996 |
| | **1,252,461** | 1,785,780 |

Disaggregation of revenue from contracts with customers

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Types of goods or services** | | |
| Trading income | | |
| – Metals | **1,239,851** | 1,730,032 |
| – Fisheries | **4,505** | 40,050 |
| – Agricultural products | **–** | 2,328 |
| | **1,244,356** | 1,772,410 |
| Management and other related service income | **628** | 2,692 |
| | **1,244,984** | 1,775,102 |
| **Geographical location** | | |
| Hong Kong | **996,778** | 1,141,231 |
| The PRC, excluding Hong Kong | **243,073** | 620,649 |
| Canada | **628** | 2,692 |
| Sri Lanka | **4,505** | 10,530 |
| | **1,244,984** | 1,775,102 |

Revenue from trading of commodities is recognised at a point in time when the 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.

Revenue from trading of commodities are either receipt in advance in full or are granted with an average credit term of 90 days. For management and other related services, the credit terms normally ranged from 30 days to 90 days.

**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 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 year ended 31st March, 2020, the Group acquired, through the acquisition of subsidiaries, a right to use a parcel of reclaimed land and certain chemical storages and related facilities under construction 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 segment:

*For the year ended 31st March, 2020*

| | Trading<br>*HK$'000* | Finance<br>*HK$'000* | Long-term investment<br>*HK$'000* | Other investment<br>*HK$'000* | Chemical<br>*HK$'000* | Others<br>*HK$'000* | Consolidated<br>*HK$'000* |
|---|---|---|---|---|---|---|---|
| **SEGMENT REVENUE** | | | | | | | |
| External sales | 1,244,356 | 3,263 | 4,011 | – | – | 831 | 1,252,461 |
| **RESULTS** | | | | | | | |
| Segment results | (6,012) | 3,240 | (376,199) | (1,157) | (1,627) | (5) | (381,760) |
| Central administration costs | | | | | | | (40,136) |
| Other income, other gains and losses | | | | | | | 1,306 |
| Finance costs | | | | | | | (2,160) |
| Share of results of an associate | | | | | | | (135,334) |
| Impairment loss on interest in an associate | | | | | | | (345,687) |
| Loss before taxation | | | | | | | (903,771) |

*For the year ended 31st March, 2019*

| | Trading<br>*HK$'000* | Finance<br>*HK$'000* | Long-term investment<br>*HK$'000* | Other investment<br>*HK$'000* | Others<br>*HK$'000* | Consolidated<br>*HK$'000* |
|---|---|---|---|---|---|---|
| **SEGMENT REVENUE** | | | | | | |
| External sales | 1,772,410 | 3,370 | 4,312 | – | 5,688 | 1,785,780 |
| **RESULTS** | | | | | | |
| Segment results | (2,296) | 1,571 | 384,437 | (82) | (21,375) | 362,255 |
| Central administration costs | | | | | | (32,850) |
| Other income, other gains and losses | | | | | | 34,811 |
| Finance costs | | | | | | (406) |
| Share of results of an associate | | | | | | 11,637 |
| Impairment loss on interest in an associate | | | | | | (100,000) |
| Profit before taxation | | | | | | 275,447 |

Segment result represents 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 interests in an associate.

**Geographical information**

The Group's operations are located in Hong Kong, the PRC, Canada and Sri Lanka.

Information about the Group's revenue from external customers or counterparties is presented based on the locations of transactions conducted.

| | **2020**<br>***HK$'000*** | 2019<br>*HK$'000* |
|---|---|---|
| Hong Kong | **1,004,052** | 1,148,395 |
| The PRC, excluding Hong Kong | **243,073** | 620,649 |
| Canada | **831** | 6,206 |
| Sri Lanka | **4,505** | 10,530 |
| | **1,252,461** | 1,785,780 |

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

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| (Decrease) increase in fair values of financial assets at fair value through profit or loss | **(377,198)** | 380,125 |
| Increase in fair value of equity investment held for trading, realised | **–** | 117 |
| Decrease in fair value of equity investment held for trading, unrealised | **(1,157)** | (199) |
| Decrease in fair values of derivative financial instruments, realised | **(4,886)** | – |
| Increase in fair values of derivative financial instruments, unrealised | **3,876** | – |
| | **(379,365)** | 380,043 |

## 5. (LOSS) PROFIT BEFORE TAXATION

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| (Loss) profit before taxation has been arrived at after charging (crediting): | | |
| Depreciation of property, plant and equipment | **1,639** | 1,798 |
| Depreciation of right-of-use assets | **8,815** | – |
| Cost of inventories recognised as an expense, including allowances for inventories of HK$3,335,000 (2019: nil) | **1,239,909** | 1,766,242 |
| Minimum lease payments under operating leases in respect of rented premises | **–** | 9,658 |

## 6. TAXATION

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax | | |
| PRC Enterprise Income Tax ("**EIT**") | **–** | 436 |
| Overprovision in prior year | **(185)** | – |
| Deferred tax: | | |
| Credit for the year | **–** | (2,187) |
| Tax credit | **(185)** | (1,751) |

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 years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, PRC 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

The directors of the Company have resolved not to recommend the payment of a final dividend for the year ended 31st March, 2020 (2019: nil).

## 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:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| (Loss) profit for the year attributable to the owners of the Company for the purpose of basic loss per share (2019: basic and diluted earnings per share) | **(902,258)** | 277,056 |

| | **Number of shares** | |
|---|---|---|
| | **2020** | 2019 |
| Number of shares for the purposes of basic loss per share (2019: basic and diluted earnings per share) | **2,018,282,827** | 2,018,282,827 |

For the year ended 31st March, 2020, no diluted loss per share is presented as the Company and the Group's associate have no potential ordinary shares in issue.

For the year ended 31st March, 2019, the computation of diluted earnings per share did not assume the exercise of the share options of the Group's associates because the exercise price of those share options were higher than the average market price of the shares of the associate.

## 9. INTEREST IN AN ASSOCIATE

| | **2019** |
|---|---|
| | *HK$'000* |
| Share of consolidated net assets of an associate listed in Hong Kong | 1,030,968 |
| Goodwill | 1,177 |
| | 1,032,145 |
| Accumulated impairment losses recognised | (485,000) |
| | 547,145 |
| Market value of listed securities of the associate in Hong Kong | 178,828 |

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 year ended 31st March, 2019, 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 the end of the prior reporting period 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 six months ended 30th September, 2019. As there is no favourable change of the business of the associate subsequent to the prior reporting period at 30th September, 2019, no reversal of impairment loss was made as at 31st March, 2020.

As at 31st March, 2020, the Group is in the process of disposing of its entire equity interests in its associate and accordingly, the interest in the associate has been reclassified as asset held for sale.

## 10. 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 Thousand Vantage Investment Limited ("**Thousand Vantage**") as 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 Thousand Vantage (the "**Guarantor**") who has executed a share charge in favour of the Group relating to all shares of Thousand Vantage (the "**Share Charge**").

As the Guarantor 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 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 year ended 31st March, 2019.

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 year ended 31st March, 2020, dividends arising on the preference shares amounting to HK$4,011,000 (2019: HK$3,836,000) are recognised in profit or loss as interest income from investments (included in revenue).

Subsequent to the end of the reporting period, the Group is negotiating with the Guarantor and Thousand Vantage in relation to the acquisition of equity interests in Thousand Vantage, whereby the consideration of which will possibly to offset by the redemption price of HK$200,000,000.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Unlisted fund *(Note (a))* | **140,769** | 536,125 |
| Unlisted equity investment *(Note (b))* | **11,673** | 15,600 |
| | **152,442** | 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% (2019: 29.71%) of the issued share capital of the Fund as at 31st March, 2020.

The Fund is accounted for as a financial asset at fair value through profit or loss. As at 31st March, 2020, the fair value of the Fund is HK$140,769,000 (2019: HK$536,125,000). During the year ended 31st March, 2020, fair value loss of HK$373,271,000 (2019: fair value gains of HK$380,125,000) 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 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% (2019: 20%) of the issued share capital of the Investment as at 31st March, 2020.

The Investment is accounted for as a financial asset at fair value through profit or loss. As at 31st March, 2020, the fair value of the Investment is HK$11,673,000 (2019: HK$15,600,000). During the year ended 31st March, 2020, fair value loss of HK$3,927,000 (2019: nil) was recognised in profit or loss. 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.

## 12. DEBTORS, DEPOSITS AND PREPAYMENTS

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade debtors | | |
| – contracts with customers | **–** | 1,932 |
| – interest | **329** | 4,170 |
| | **329** | 6,102 |
| Prepayments to suppliers | **–** | 1,025 |
| Prepaid expenses, deposits and other receivables | **7,697** | 25,139 |
| Other debtors, deposits and prepayments | **7,697** | 26,164 |
| | **8,026** | 32,266 |

Rental deposits paid were adjusted upon the initial application of HKFRS16.

As at 1st April, 2018, trade debtors arising from contracts with customers amounted to HK$623,000.

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. For interest receivable, there are no credit terms granted by the Group.

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

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade debtors | | |
| 0–30 days | **329** | 4,901 |
| 31–60 days | **–** | 224 |
| 61–90 days | **–** | 106 |
| Over 90 days | **–** | 871 |
| | **329** | 6,102 |

## 13. LOANS RECEIVABLE

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Secured | **–** | 39,000 |

As at 31st March, 2019, the loan receivable was due from Yangtze Prosperity Development (HK) Limited (formerly known as Eastern Yangtze Development (HK) Limited) ("**YPD(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 YPD(HK). It was due for repayable within one year from 31st March, 2019. During the year ended 31st March, 2020, YPD(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, YPD(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 YPD(HK) and its subsidiary and YPD(HK) and its subsidiary become subsidiaries of the Group.

## 14. ASSETS CLASSIFIED AS HELD FOR SALE/DISPOSAL GROUP HELD FOR SALE

### For the year ended 31st March, 2020

As at 31st March, 2020, the Group is in the process of disposing of its entire equity interests in its associate, PYI. Negotiations with an interested party have already taken place, and the directors of the Company are committed to sell the equity interests in the associate within twelve months from the end of the reporting period. The interest in the associate has been reclassified as an asset held for sale and is presented separately in the consolidated statement of financial position. The net proceeds of disposal are expected to exceed the carrying amount of the interest in the associate. Accordingly, no impairment losses have been recognised.

**For the year ended 31st March, 2019**

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 were 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 had been reclassified as a disposal group held for sale and were presented separately in the consolidated statement of financial position. The results of the subsidiaries were included in "others" for segment reporting purposes.

During the year ended 31st March, 2020, the disposal of the subsidiaries has been completed.

## 15. CREDITORS AND ACCRUED EXPENSES

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade creditors | – | 523 |
| Other payables and accrued expenses | **7,429** | 3,086 |
| | **7,429** | 3,609 |

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

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'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

For the year ended 31st March, 2020 (the "**Current Year**"), the Group continued to principally engage in the businesses of investments holding, comprising i) strategic investments in PYI and one newly acquired project in the PRC held by YPD(HK), which has been granted a sea area use right in respect of a parcel of reclaimed land constructed on the relevant sea plot in Yangkou Port, Nantong, the PRC and is in the course of constructing infrastructure for operating chemical storage and related facilities thereon; ii) trading of commodities; iii) investments in other financial assets and securities; iv) provision of finance; and v) property investments.

Revenue of the Group for the Current Year decreased to HK$1,252,461,000 under unfavorable market conditions (2019: HK$1,785,780,000). The Group reported a loss of HK$902,258,000 attributable to the owners of the Company (2019: a profit of HK$277,056,000) and basic loss per share of HK$44.70 cents (2019: basic earnings per share of HK$13.73 cents). The current year loss was mainly due to (a) an unrealised fair value loss of the Group's investment in AFC Mercury Fund (the "**AFC Fund**") of approximately HK$373,271,000; (b) an impairment loss on interest in the Group's associate, PYI, of approximately HK$345,687,000; and (c) the share of the loss results of PYI of approximately HK$135,334,000.

The above-mentioned unrealised fair value loss (which was non-cash in nature) or impairment loss 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 (owned as to approximately 23.65% interest by the Group)*

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$572,268,000 for the Current Year. The Group shared a loss of HK$135,334,000 (2019: share of profit of HK$11,637,000) from PYI for the Current Year.

PYI is used to generating stable income to the Group by way of making dividend payments in the past. However, in the last four years, PYI has not contributed any dividend income to the Group. The Group anticipated 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. As at 31st March, 2020, the Group was in the process of disposing of its entire equity interests in PYI. Subsequent to the end of the reporting period, the Group was offered a good opportunity to realise the majority of its investment in PYI. On 7th April, 2020, the Group entered into a conditional agreement with an independent third party for the disposal of its 19.57% equity interests in PYI (the "**Disposal**") at a consideration of HK$181,440,000, subject to adjustments.

As a conditional precedent to the Disposal, the Group has agreed to place the remaining 4.08% equity interests in PYI to independent third parties by way of placing before completion of the Disposal (the "**Placing**"), after which the Group will no longer hold any shares of PYI after the Placing and the Disposal. Up to the date of this announcement, the Placing has been completed. The condition precedent to the Disposal has been fulfilled and the Disposal will be completed in due course. The Placing and the Disposal are expected to result in a gain on disposal of the Group's interest in associate and the Group is in the process of finalising the financial impact on the disposal of the associate.

***Jiangsu Hong Mao (江蘇宏貿倉儲) (owned as to 90% by the Group)***

During the Current Year, the Group made a strategic investment through acquiring a project in the PRC. In September 2019, the Group had entered into a loan capitalisation deed with YPD(HK), pursuant to which YPD(HK) issued and allotted 9,000,000 new shares to the Group in settlement for the outstanding loan receivable of HK$23,400,000 and outstanding interest receivable of HK$1,210,000 due by YPD(HK) to the Group. Upon completion of the transaction, the Group has obtained control over YPD(HK) and its subsidiary and YPD(HK) and its subsidiary has become subsidiaries of the Group.

YPD(HK) is incorporated in Hong Kong and is an investment holding company which in turn owns the entire equity interest in 江蘇宏貿倉儲有限公司 (formerly known as 江蘇濱渡化工倉儲有限公司), which has been granted a sea area use right in respect of a parcel of reclaimed land constructed on the relevant sea plot in Yangkou Port, Nantong, the PRC and is in the course of constructing infrastructure for operating chemical storage and related facilities thereon.

Such investment reinforces the Group's commitment towards sustainable development and it will broaden the income stream of the Group in the near future. This business segment has not commenced operation as at 31st March, 2020.

## Commodities Trading

During the Current Year, the Group continued its trading business which focuses on the trading of commodities including copper cathodes, nickel briquettes, aluminium and fishery products. The business generated a revenue of HK$1,244,356,000 (2019: HK$1,772,410,000) and recorded a segment loss of HK$6,012,000 (2019: HK$2,296,000).

The Group maintained the metal trading business in Hong Kong and Shanghai. This business segment is operated by experienced management teams located in both locations, 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 Year, 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. In the fourth quarter of the Current Year, the outbreak of the coronavirus pandemic has notable effects on economic activities and transportations around the world. Compared with the year in 2019, there was a slowdown in trading activities in China's and Hong Kong's commodities market. The management was monitoring the situation and the credit exposures in commodities markets and put measures in place to mitigate the risks arising from the impact of the COVID-19 pandemic.

## Long-term Investment

During the Current Year, the Group's long-term investment recorded a revenue of HK$4,011,000 (2019: HK$4,312,000) and a segment loss of HK$376,199,000 (2019: segment profit of HK$384,437,000). As at 31st March, 2020, the Group's long-term investment amounted to HK$352,771,000 (2019: HK$752,700,000). The segment revenue and the segment loss for the Current Year was mainly attributed to the dividend income of the preference shares in Thousand Vantage and the unrealised fair value loss from the AFC Fund, respectively.

### *Thousand Vantage*

In April 2018, the Group, through its subsidiary, entered into a subscription agreement with Thousand Vantage pursuant to which the Group as a subscriber, agreed to subscribe and Thousand Vantage as an 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 a 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 Guarantor who has executed the Share Charge.

During the Current Year, dividends arising on the preference shares amounting to HK$4,011,000 (2019: HK$3,836,000) are recognised in profit or loss as interest income from investments (included in revenue).

As disclosed in the Company's announcement dated 16th April, 2018, Thousand Vantage shall redeem the preference shares on 16th April, 2020 and the Guarantor granted to the Group an exclusive right during the period commencing from the date of the issue of the preference shares up to the full payment of the redemption price, as may be extended by agreement between the parties from time to time to purchase all or part of the issued ordinary shares of and all or part of shareholder's loan due by Thousand Vantage or to subscribe for new ordinary shares in Thousand Vantage. The Board is currently negotiating with the Guarantor and Thousand Vantage in relation to the acquisition of equity interests in Thousand Vantage, whereby the consideration of which will possibly be offset by the redemption price of HK$200,000,000. Such potential transaction, if materialised, will constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. As at the date of this announcement, the Group has not entered into any agreement with Thousand Vantage and the Guarantor in relation to extension of the preference shares.

***AFC Mercury Fund***

In June 2018, the Group, through its subsidiary, entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for shares in AFC Fund, as a limited partner, at an aggregate consideration of US$20,000,000 (equivalent to approximately HK$156,000,000). The AFC Fund principally invests in shares of companies listed on the Korea Exchange, principally STX Corporation Limited. STX Corporation Limited (stock code: 011810) is primarily engaged in the business of energy trading, commodity trading, machinery and engine trading, and shipping and logistics. The shares of the AFC Fund held by the Group represent approximately 29.71% of the issued share capital of the AFC Fund as at 31st March, 2020.

During the Current Year, an unrealised fair value loss of HK$373,271,000 (2019: fair value gain of HK$380,125,000) was recognised in profit or loss.

***CEC Asia Media***

In December 2018, the Group, through its subsidiary, entered into a subscription agreement with CEC Asia Media Group L.P. ("**CEC Fund**") pursuant to which the Group agreed to subscribe for shares in CEC Fund, as a limited partner, at an aggregate consideration of US$2,000,000 (equivalent to approximately HK$15,600,000). The fund was organised primarily to invest, directly or indirectly, in Global K Centre Limited and Lionheart Entertainment Asia Limited and other strategical investment in relation to media, artist and beauty training academy based in South Korea. The shares of the CEC Fund held by the Group represent 20% of the issued share capital of the CEC Fund.

During the Current Year, an unrealised fair value loss of HK$3,927,000 (2019: nil) was recognised in profit or loss.

**Provision of Finance**

For the Current Year, the Group's loan financing operation continued to contribute a profitable segment result of HK$3,240,000 (2019: HK$1,571,000) which increased by 106% compared to last year. As at 31st March, 2020, the loan portfolio held by the Group was nil (2019: HK$39,000,000).

**Other Investment**

During the Current Year, the Group's other investment contributed nil segment revenue (2019: nil) and a segment loss of HK$1,157,000 (2019: HK$82,000).

As at 31st March, 2020, the Group's equity investments portfolio amounted to HK$6,109,000 (2019: HK$6,576,000) and constituted of shares in a company listed in Hong Kong.

**Others**

During the Current Year, the Group's other business contributed a segment revenue of HK$831,000 (2019: HK$5,688,000) and a segment loss of HK$5,000 (2019: HK$21,375,000). Revenue in this segment was derived from leasing of office premises and hotel strata lots and provision of property agency service, through Illuminate Investment Group which was principally engaged in the holding of an office premise in Canada to earn rentals and the provision of management and other related services.

During the Current Year, the Group recorded a property rental income of HK$203,000 (2019: HK$2,983,000) and management service income of HK$628,000 (2019: HK$2,692,000). In November 2018, the Group announced to dispose of its entire equity interests in Illuminate Investment Group which was principally engaged in the holding of office premises and hotel strata lots in Canada. The disposal was completed in June 2019.

## FINANCIAL REVIEW

**Liquidity and Financial Resources**

As at 31st March, 2020, the Group has total assets of HK$547,209,000 (2019: HK$1,488,165,000) represented a decrease of HK$940,956,000 or 63% when compared with the last year.

As at 31st March, 2020, equity attributable to owners of the Company amounted to HK$523,718,000 (2019: HK$1,472,608,000), representing a decrease of HK$948,890,000 or 64% as compared to 31st March, 2019. The decrease was mainly due to (a) an unrealised fair value loss of the Group's investment in AFC Fund; (b) an impairment loss on interest in the Group's associate, PYI; and (c) the share of the loss results of PYI.

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 31st March, 2020, current assets and current liabilities of the Group were HK$351,572,000 (2019: HK$186,571,000) and HK$17,004,000 (2019: HK$10,758,000) respectively. Accordingly, the Group's current ratio was about 21 (2019: 17).

**Gearing Ratio**

As at 31st March, 2020, the Group had bank deposits, bank balances and cash of HK$77,938,000 (2019: HK$65,553,000) and nil bank and other borrowings (2019: nil). The Group's gearing ratio was zero at 31st March, 2020 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 bank borrowings.

**Material Acquisitions or Disposals and Future Plans for Material Investments**

In November 2018, the Group announced an agreement to dispose of its entire equity interests in the Illuminate Investment Group that was 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 Year, the disposal of the subsidiaries has been completed.

During the Current Year, the Group completed the acquisition of 90% equity interest in YPD(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 YPD(HK), pursuant to which YPD(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 YPD(HK) shares representing 90% of the enlarged share capital of YPD(HK), to be allotted and issued to the PT Credit or its nominee. Following completion, YPD(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.

As disclosed in the Company's announcement dated 16th April, 2018 in relation to subscription of preference shares and 16th April, 2020 in relation to a possible acquisition, Thousand Vantage shall redeem the preference shares on 16th April, 2020 and the Guarantor granted to the Group an exclusive right during the period commencing from the date of the issue of the preference shares up to the full payment of the redemption price, as may be extended by agreement between the parties from time to time to purchase all or part of the issued ordinary shares of and all or part of shareholder's loan due by Thousand Vantage or to subscribe for new ordinary shares in Thousand Vantage. The Board is currently negotiating with the Guarantor and Thousand Vantage in relation to the acquisition of equity interests in Thousand Vantage, whereby the consideration of which will possibly be offset by the redemption price of HK$200,000,000. Such potential transaction, if materialised, will constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. As at the date of this announcement, the Group has not entered into any agreement with Thousand Vantage and the Guarantor in relation to extension of the preference shares.

Save for those disclosed above in this announcement, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year under review nor were there material investments authorised by the Board at the date of this announcement.

**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 year, 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 31st March, 2020, none of the Group's assets were pledged to secure any bank loans (2019: nil).

**Contingent Liabilities**

As at 31st March, 2020, the Group had no significant contingent liabilities (2019: nil).

**Capital Commitments**

As at 31st March, 2020, the Group had capital commitments of HK$55,510,000 (2019: nil).

### Securities in Issue

As at 31st March, 2020, there were 2,018,282,827 shares in issue. There was no change in the capital structure of the Company during the Current Year. The share capital of the Company only comprises of ordinary shares.

### Final Dividend

The Board has resolved not to recommend the payment of a final dividend for the year ended 31st March, 2020 (2019: nil).

## EMPLOYEES AND REMUNERATION POLICY

As at 31st March, 2020, the Group had a total of 42 employees (including Directors) in Hong Kong and the PRC (2019: 61 employees in Hong Kong, the PRC and Sri Lanka). 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 Year and there were no outstanding share options as at 31st March, 2020 and as at the date of this announcement.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

### Disposal of interest in an associate

On 7th April, 2020, the Group entered into a conditional agreement with an independent third party for the disposal of its 19.57% equity interests in PYI at a consideration of HK$181,440,000, subject to adjustments.

As a conditional precedent to the Disposal, the Group has agreed to place the remaining 4.08% equity interests in PYI to independent third parties by way of placing before completion of the Disposal, after which the Group will no longer hold any shares of PYI after the Placing and the Disposal. Up to the date of this announcement, the Placing has been completed. The condition precedent to the Disposal has been fulfilled and the Disposal will be completed in due course. The Placing and the Disposal are expected to result in a gain on disposal of the Group's interest in associate and the Group is in the process of finalising the financial impact on the disposal of the associate.

## Debt instrument at amortised cost

As disclosed in note 10, the debt instrument at amortised cost of HK$200,000,000 matured on 16th April, 2020. The Group is negotiating with the Guarantor and Thousand Vantage in relation to the acquisition of equity interests in Thousand Vantage, whereby the consideration of which will possibly be offer by the redemption price of HK$200,000,000 (the "**Potential Transaction**"). Up to the date of this announcement, the Group has not entered into any agreement in relation to the Potential Transaction and/or the extension or redemption of the debt instrument at amortised cost.

## Outbreak of a respiratory illness caused by COVID-19

Under the PRC's lockdown due to the widespread of COVID-19, the commodities trading business in the PRC market has experienced a slowdown in the trading of copper and nickel. Sales and profitability reduced substantially during this period of time mainly driven by the lack of demand and risk migration in place. The Group has monitored the commodities price and the market demand and supply situation closely to review if trades with the PRC should proceed during this period of time. In terms of risk migration, the Group has reviewed the situation in the following areas: possible delays in payment, increase in cost from possible demurrage and extra storage cost caused by delays in custom clearance and quarantine, difficult logistics for the Chinese market, volatile market price and work-from-home arrangements. The Group has chosen to halt trade with the PRC counterparties during this period of time; however, the Group expects market recovery to be underway and will continue to improve during the remainder of the financial year.

# PROSPECTS

The Current Year under review had been very challenging and difficult year for the Group. The coronavirus outbreak has triggered many uncertainties and volatility in markets across the globe. Compared with the year in 2019, we have seen a slowdown in trading activities and reduced social interactions in China and Hong Kong market.

As an investment holding company, our management has always been identifying investment opportunities with good potential and diversifying its investment portfolios in order to harness the most return out of its investment for the best interests of the Company and its Shareholders as a whole. As we cannot control the dividend policy over portfolio companies which may affect our investment returns, hence, we continuously reviewed our portfolios and has divested less attractive assets such as fishery business, Canadian investments in office premise and we are also in the process of disposing our investment in PYI.

During the Current Year, the Group has made a strategic investment through acquiring a project in the PRC, which has been granted a sea area use right in respect of a parcel of reclaimed land constructed on the relevant sea plot in Yangkou Port, Nantong, the PRC and is in the course of constructing infrastructure for operating chemical storage and related facilities thereon. Such investment reinforces the Group's commitment towards sustainable development. Once the petrochemical storage business operation commences, it will broaden the income stream of the Group.

In respect of commodities trading business, which engaged in marketing and supplying mainly on non-ferrous metals (including coppers and nickels), with the adoption of prudent strategy, we have made efforts in optimising or extending our product range by including aluminium product to replace fishery product; and exploring to Asian markets by evidencing with the increased shipments to Singapore and Korea during the Current Year. Our customer base was diversified from purely traders to producers and financial institutions whilst broaden our supplies and sourced from the UK and Australia. Our trading counterparties were of good reputation with good rating so that we could manage to minimise our counterparty default risk. The Group will benefit from the strategy taken to strengthen its business.

In respect of money lending business, the Group has applied a stringent and cautious principle in selection of customers and the provision of loan to minimize the potential default risk. The market of money lending business in Hong Kong is relatively keen and competitive. We will proactively explore and generate more income for the Group.

Looking forward, the weak macro-environment, escalation of trade tensions between the US and China and worldwide concerns over a second wave of Covid-19 have further weighed on market sentiment, we expect growth in commodities trading will be muted in the first half of the next year. However, we are confident in the medium to long-term prosperity of global economy.

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.

In light of the financial positions, the Group will continue to adopt a prudent funding and treasury policy and manage to have sufficient liquidity to withstand an extended period of uncertainties.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Current Year. There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

## CORPORATE GOVERNANCE

In the opinion of the directors of the Company, the Company had complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the year ended 31st March, 2020 except for the following deviations with reason as explained:

### Code Provision A.2.1 – Chairman and Chief Executive

Under this 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

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. The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has continued to adopt the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") 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 have complied with the required standard set out in the Model Code throughout the Current Year. The Company has also continued to adopt a code of conduct governing securities transactions by employees and directors of the subsidiaries who may possess or have access to inside information relating to the Company or its securities.

## AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The audit committee is accountable to the Board and the primary duties of the audit committee include the review and supervision of the Group's financial reporting process and internal controls.

During the Current Year, the audit committee of the Company (the "**Audit Committee**") currently comprises three Independent Non-executive Directors and is chaired by Mr. Wong Yee Shuen, Wilson. The other members are Mr. Yam Kwong Chun and Mr. Lam Yik Tung.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed risk management, internal controls and financial reporting matters including a review of audited annual results of the Group for the year ended 31st March, 2020.

## SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st March, 2020 included in this preliminary results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu ("**Deloitte**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by Deloitte on this preliminary announcement.

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the shareholders for their continuous support to the Company and extend my appreciation to all management and staff members for their contribution and dedication throughout the year.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk under "Listed Company Information" and on the website of the Company at www.ptcorp.com.hk under "Investor Relations". The annual 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 June, 2020

*As 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.*