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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, 2020**

The Board of Directors (the “**Board**”) of PT International Development Corporation Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30th September, 2020 (the “**Current Period**”), together with comparative figures for the corresponding period in 2019 as follows:

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

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2020

		(Unaudited)	
		Six months ended	
		30th September,	
		2020	2019
	NOTES	HK\$'000	HK\$'000
Revenue	3		
Contracts with customers		702,730	573,046
Interest under effective interest method		175	4,531
Leases		–	203
		702,905	577,780
Total revenue		702,905	577,780
Cost of sales		(695,647)	(572,715)
Other income, other gains and losses		1,924	1,111
Gain on disposal of an associate	13	163,480	–
Net gain (loss) on financial instruments	4	11,866	(281,483)
Administrative expenses		(30,679)	(25,327)
Finance costs		(544)	(792)
Share of results of an associate		–	(48,563)
Impairment loss on interest in an associate	13	–	(345,687)
		702,905	577,780

* For identification purpose only

		(Unaudited)	
		Six months ended	
		30th September,	
		2020	2019
	NOTES	HK\$'000	HK\$'000
Profit (loss) before taxation	5	153,305	(695,676)
Taxation charge	6	<u>(5)</u>	<u>(134)</u>
Profit (loss) for the period		<u>153,300</u>	<u>(695,810)</u>
Other comprehensive income (expenses):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		2,392	(1,411)
Share of other comprehensive expenses of an associate		–	(28,246)
Reclassification adjustment of reserves on disposal of an associate	13	13,427	–
Reclassification adjustment of reserves released on disposal of subsidiaries		–	978
Item that will not be reclassified to profit or loss:			
Share of other comprehensive expenses of an associate		<u>–</u>	<u>(7,171)</u>
Other comprehensive income (expenses) for the period		<u>15,819</u>	<u>(35,850)</u>
Total comprehensive income (expenses) for the period		<u>169,119</u>	<u>(731,660)</u>
Profit (loss) for the period attributable to:			
Owners of the Company		153,649	(695,443)
Non-controlling interests		<u>(349)</u>	<u>(367)</u>
		<u>153,300</u>	<u>(695,810)</u>
Total comprehensive income (expenses) for the period attributable to:			
Owners of the Company		169,468	(731,293)
Non-controlling interests		<u>(349)</u>	<u>(367)</u>
		<u>169,119</u>	<u>(731,660)</u>
		HK\$ cents	HK\$ cents
Earnings (loss) per share	8		
Basic		<u>7.61</u>	<u>(34.46)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH SEPTEMBER, 2020

		(Unaudited) At 30th September, 2020 <i>HK\$'000</i>	(Audited) At 31st March, 2020 <i>HK\$'000</i>
	<i>NOTES</i>		
Non-current assets			
Property, plant and equipment	9	29,493	27,323
Right-of-use assets	9	19,966	15,872
Financial assets at fair value through profit or loss	10	<u>168,603</u>	<u>152,442</u>
		<u>218,062</u>	<u>195,637</u>
Current assets			
Inventories		36,234	31,256
Debtors, deposits and prepayments	11	5,162	8,026
Debt instrument at amortised cost	12	200,000	200,000
Derivative financial instruments		412	6,513
Equity investment held for trading		–	6,109
Restricted deposits with brokers		1,950	1,950
Short-term bank deposits, bank balances and cash		<u>254,147</u>	<u>77,938</u>
		497,905	331,792
Asset classified as held for sale	13	<u>–</u>	<u>19,780</u>
		<u>497,905</u>	<u>351,572</u>
Current liabilities			
Other payables and accrued expenses		5,465	7,429
Derivative financial instruments		2,556	2,637
Contract liabilities		–	2,522
Lease liabilities – due within one year		<u>5,611</u>	<u>4,416</u>
		<u>13,632</u>	<u>17,004</u>
Net current assets		<u>484,273</u>	<u>334,568</u>
Total assets less current liabilities		<u>702,335</u>	<u>530,205</u>

	(Unaudited) As at 30th September, 2020 <i>HK\$'000</i>	(Audited) As at 31st March, 2020 <i>HK\$'000</i>
Non-current liability		
Lease liabilities – due after one year	<u>3,293</u>	<u>282</u>
Net assets	<u>699,042</u>	<u>529,923</u>
Capital and reserves		
Share capital	20,183	20,183
Share premium and reserves	673,003	625,871
Amounts recognised in other comprehensive income and accumulated in equity related to asset held for sale	<u>–</u>	<u>(122,336)</u>
Equity attributable to the owners of the Company	693,186	523,718
Non-controlling interests	<u>5,856</u>	<u>6,205</u>
Total equity	<u>699,042</u>	<u>529,923</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements of PT International Development Corporation Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) 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 cost basis, except for certain financial instruments which are measured at fair values.

Other than additional accounting policies resulting from application of 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, 2020 are the same as those presented in the preparation of the Group’s annual consolidated financial statements for the year ended 31st March, 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1st April, 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current interim 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.

3. REVENUE AND SEGMENT INFORMATION

Revenue

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

	Six months ended 30th September,	
	2020	2019
	HK\$'000	HK\$'000
Revenue from contracts with customers		
– Trading income	702,685	572,418
– Insurance agency income	45	–
– Management and other related service income	–	628
	<u>702,730</u>	<u>573,046</u>
Interest under effective interest method		
– Interest income from provision of finance	–	2,525
– Interest income from investments	175	2,006
	<u>175</u>	<u>4,531</u>
Leases – property rental income	–	203
	<u>702,905</u>	<u>577,780</u>

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue (Continued)

Disaggregation of revenue from contracts with customers

	Six months ended 30th September,	
	2020	2019
	HK\$'000	HK\$'000
Types of goods or services		
Trading income		
– Metals	679,786	567,913
– Chemicals	22,899	–
– Fisheries	–	4,505
	<u>702,685</u>	<u>572,418</u>
Insurance agency income	45	–
Management and other related service income	–	628
	<u>702,730</u>	<u>573,046</u>
Geographical location		
Hong Kong	620,196	418,394
The People's Republic of China (the "PRC"), excluding Hong Kong	82,534	149,315
Canada	–	832
Sri Lanka	–	4,505
	<u>702,730</u>	<u>573,046</u>

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue (Continued)

Disaggregation of revenue from contracts with customers (Continued)

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 provision of insurance agency services is recognised at a point in time when the purchase of insurance products is confirmed between the client and the insurance brokers. Revenue from the provision of management and other related services is recognised over time using the input method.

Revenue from trading of commodities is either receipt in advance in full or is granted with an average credit term of 90 days. Revenue from provision of insurance agency services is granted with an average credit term of 14 days after the end of the relevant month of transaction. For management and other related services, the credit terms normally ranged from 30 days to 90 days.

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

Six months ended 30th September, 2020

	Trading <i>HK\$'000</i>	Long-term investment <i>HK\$'000</i>	Chemical <i>HK\$'000</i>	Financial institute business <i>HK\$'000</i>	Finance <i>HK\$'000</i>	Other investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Trading income	702,685	-	-	-	-	-	-	702,685
Insurance agency income	-	-	-	45	-	-	-	45
Revenue from contracts with customers	702,685	-	-	45	-	-	-	702,730
Interest under effective interest method - interest income from investments	-	175	-	-	-	-	-	175
Total revenue	<u>702,685</u>	<u>175</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>702,905</u>

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Six months ended 30th September, 2019

	Trading HK\$'000	Long-term investment HK\$'000	Chemical HK\$'000	Finance HK\$'000	Other 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	<u>572,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>628</u>	<u>573,046</u>
Interest income from provision of finance	-	-	-	2,525	-	-	2,525
Interest income from investments	-	2,006	-	-	-	-	2,006
Interest under effective interest method	-	2,006	-	2,525	-	-	4,531
Revenue arising from leases - property rental income	-	-	-	-	-	203	203
Total revenue	<u>572,418</u>	<u>2,006</u>	<u>-</u>	<u>2,525</u>	<u>-</u>	<u>831</u>	<u>577,780</u>

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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
Long-term investment	–	investments including long-term debt instruments and equity investments
Chemical	–	chemical storage services (<i>Note (a)</i>)
Financial institute business	–	provision of asset management, insurance brokerage and related services (<i>Note (b)</i>)
Finance	–	loan financing services
Other investment	–	investment in trading of securities
Others	–	leasing of investment properties and management services

Notes:

- (a) During the six months ended 30th September, 2019, 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.
- (b) During the six months ended 30th September, 2020, the Group identified financial institute business as a new operating segment under HKFRS 8 "Operating Segments" under which the Group provides asset management, insurance brokerage and related services.

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

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, 2020

	Trading	Long-term	Chemical	Financial	Finance	Other	Others	Consolidated
	HK\$'000	investment	HK\$'000	institute	HK\$'000	investment	HK\$'000	HK\$'000
		HK\$'000		business				
				HK\$'000				
SEGMENT REVENUE								
External sales	<u>702,685</u>	<u>175</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>702,905</u>
RESULTS								
Segment results	<u>(1,612)</u>	<u>12,805</u>	<u>(1,422)</u>	<u>(2,543)</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>7,249</u>
Central administration costs								(18,190)
Other income, other gains and losses								1,310
Gain on disposal of an associate								163,480
Finance costs								<u>(544)</u>
Profit before taxation								<u>153,305</u>

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

Segment revenue and results (Continued)

Six months ended 30th September, 2019

	Trading HK\$'000	Long-term investment HK\$'000	Chemical HK\$'000	Finance HK\$'000	Other investment HK\$'000	Others HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE							
External sales	<u>572,418</u>	<u>2,006</u>	<u>-</u>	<u>2,525</u>	<u>-</u>	<u>831</u>	<u>577,780</u>
RESULTS							
Segment results	<u>(4,442)</u>	<u>(280,188)</u>	<u>-</u>	<u>1,816</u>	<u>(274)</u>	<u>(5)</u>	(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							<u>(345,687)</u>
Loss before taxation							<u>(695,676)</u>

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 GAIN (LOSS) ON FINANCIAL INSTRUMENTS

	Six months ended 30th September,	
	2020	2019
	HK\$'000	HK\$'000
Increase (decrease) in fair value of financial assets at fair value through profit or loss	16,161	(281,209)
Increase (decrease) in fair value of equity investment held for trading	21	(274)
Decrease in fair value of derivative financial instruments	<u>(4,316)</u>	<u>-</u>
	<u>11,866</u>	<u>(281,483)</u>

5. PROFIT (LOSS) BEFORE TAXATION

	Six months ended 30th September,	
	2020	2019
	HK\$'000	HK\$'000
Profit (loss) before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	1,018	695
Depreciation of right-of-use assets	4,638	4,063
Loss on disposal of subsidiaries	–	330
	<u> </u>	<u> </u>

6. TAXATION

	Six months ended 30th September,	
	2020	2019
	HK\$'000	HK\$'000
Hong Kong Profits Tax	5	–
PRC Enterprise Income Tax (“EIT”)	–	134
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

In March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 which introduces the two-tiered profits tax rates regime. 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%. Hong Kong Profits Tax recognised for the six months ended 30th September, 2020 represents underprovision in prior years. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for the six months ended 30th September, 2019.

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. No provision for EIT has been made for the six months ended 30th September, 2020 as the Group had no assessable profits arising in the PRC for the period.

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. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30th September,	
	2020	2019
	HK\$'000	HK\$'000
Profit (loss) for the period attributable to the owners of the Company for the purpose of basic earnings (loss) per share	<u>153,649</u>	<u>(695,443)</u>
	Number of shares	
Number of shares for the purpose of basic earnings (loss) per share	<u>2,018,282,827</u>	<u>2,018,282,827</u>

For the six months ended 30th September, 2020, no diluted earnings per share is presented as the Company has no potential ordinary shares in issue.

For the six months ended 30th September, 2019, no diluted loss per share was presented as the Company and the Group's associate had no potential ordinary shares in issue.

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

During the six months ended 30th September, 2020, the Group spent HK\$1,911,000 (six months ended 30th September, 2019: HK\$3,098,000) on the acquisition of property, plant and equipment.

During the six months ended 30th September, 2020, the Group entered into a new lease agreement with lease term of two years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets of HK\$8,341,000 (six months ended 30th September, 2019: Nil) and lease liabilities of HK\$7,901,000 (six months ended 30th September, 2019: Nil).

During the six months ended 30th September, 2019, 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 had 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. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30th September, 2020 <i>HK\$'000</i>	At 31st March, 2020 <i>HK\$'000</i>
Unlisted fund (<i>Note (A)</i>)	168,603	140,769
Unlisted equity investment (<i>Note (B)</i>)	<u>–</u>	<u>11,673</u>
	<u>168,603</u>	<u>152,442</u>

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, 2020: 29.71%) of the issued share capital of the Fund as at 30th September, 2020.

The Fund is accounted for as a financial asset at fair value through profit or loss. As at 30th September, 2020, the fair value of the Fund is HK\$168,603,000 (31st March, 2020: HK\$140,769,000). During the six months ended 30th September, 2020, fair value gain of HK\$27,834,000 (six months ended 30th September, 2019: fair value loss of HK\$281,209,000) 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.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Notes: (Continued)

(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, 2020: 20%) of the issued share capital of the Investment as at 30th September, 2020.

The Investment is accounted for as a financial asset at fair value through profit or loss. During the six months ended 30th September, 2020, fair value loss of HK\$11,673,000 (six months ended 30th September, 2019: Nil) was recognised in profit or loss. The Investment has nil fair value as at 30th September, 2020 (31st March, 2020: HK\$11,673,000) as the directors of the Company determine that the Investment is unable to generate future cash flows to the Group due to significant financial difficulties of the Investment in recent months causing suspension of business operations and even possible cessation of business in the foreseeable future.

11. DEBTORS, DEPOSITS AND PREPAYMENTS

	At 30th September, 2020 HK\$'000	At 31st March, 2020 HK\$'000
Trade debtors – interest	–	329
Other debtors, deposits and prepayments	<u>5,162</u>	<u>7,697</u>
	<u><u>5,162</u></u>	<u><u>8,026</u></u>

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, 2020 HK\$'000	At 31st March, 2020 HK\$'000
Trade debtors		
0–30 days	<u>–</u>	<u>329</u>

12. DEBT INSTRUMENT AT AMORTISED COST

In April 2018, the Group entered into a subscription agreement with a third party, Thousand Vantage Investment Limited (“**Thousand Vantage**”), pursuant to which the Group as subscriber agreed to subscribe and 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**”).

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.

During the six months ended 30th September, 2020, dividends arising on the preference shares amounting to HK\$175,000 (six months ended 30th September, 2019: HK\$2,006,000) are recognised in profit or loss as interest income from investments (included in revenue).

On 9th November, 2020, the Group entered into a supplemental agreement with Thousand Vantage and the Guarantor pursuant to which the parties conditionally agreed to extend the redemption date of the preference shares from the original redemption date of 16th April, 2020 to the new redemption date of 16th April, 2022 (the “**Extension**”). Save for the Extension, other principal terms of the preference shares remain the same. The Extension is conditional upon the passing of the requisite resolution by the shareholders of the Company. Up to the date of this announcement, the Group is in the process of arranging shareholders’ approval.

No significant expected credit loss is recognised on the debt instrument as the Group’s exposure to credit losses is minimal considering the underlying value of the Share Charge held by the Group as well as the underlying value of the net assets held by Thousand Vantage.

13. DISPOSAL OF INTEREST IN AN ASSOCIATE/IMPAIRMENT LOSS ON INTEREST IN AN ASSOCIATE/ASSET CLASSIFIED AS HELD FOR SALE

Impairment loss on interest in an associate during the six months ended 30th September, 2019

As at 30th September, 2019, the directors of the Company performed impairment assessment of the interest in an associate listed in Hong Kong (i.e. PYI Corporation Limited (“PYI”)) 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 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 anticipated that PYI would 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 was used as the recoverable amount of the interest in the associate. As the recoverable amount of the interest in the associate was less than its then 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.

Asset held for sale as at 31st March, 2020

As at 31st March, 2020, the Group was in the process of disposing of its entire 23.65% equity interests in PYI. Negotiations with an interested party had already taken place, and the directors of the Company were committed to sell the equity interests in the associate within twelve months from the end of the reporting period. The interest in the associate with carrying amount of HK\$19,780,000 as at 31st March, 2020 had been reclassified as asset held for sale and was presented separately in the condensed consolidated statement of financial position as at 31st March, 2020. The net proceeds of disposal were expected to exceed the carrying amount of the interest in the associate. Accordingly, no impairment losses had been recognised.

13. DISPOSAL OF INTEREST IN AN ASSOCIATE/IMPAIRMENT LOSS ON INTEREST IN AN ASSOCIATE/ASSET CLASSIFIED AS HELD FOR SALE (CONTINUED)

Disposal of interest in an associate during the six months ended 30th September, 2020

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 and the Company will no longer hold any shares of PYI after the Placing and the Disposal.

The Placing and the Disposal was completed on 24th June, 2020 and 6th July, 2020, respectively. The Group received net proceeds from the Placing and the Disposal amounting to HK\$15,337,000 and HK\$181,350,000, respectively and recognised a total gain on disposal of interest in the associate of HK\$163,480,000 in profit or loss, calculated as follows:

	<i>HK\$'000</i>
Net proceeds received from the Placing and the Disposal	196,687
Less: Carrying amount of 23.65% equity interests in PYI (included in asset held for sale as at 31st March, 2020)	(19,780)
Reclassification of cumulative share of translation reserve of the associate upon disposal of the associate	<u>(13,427)</u>
Gain on disposal of an associate recognised in profit or loss	<u><u>163,480</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Review of Financial Performance

During the Current Period, the Group, pursuant to its long-term strategy of exploring potential investments and enhancing the value of its strategic investments by active participation in or close liaisons with the management of the Group's invested companies, continued to strategically invest or hold significant interests, both directly or indirectly, in a portfolio of listed companies in Hong Kong and Korea and also high-potential private companies and funds, through equity instruments and debt financing, financial assets and securities, engaged in trading of commodities, chemical storage business, provision of management services, financial institute business and loan financing services.

For the Current Period, the Group reported a profit of HK\$153,649,000 attributable to the owners of the Company (2019: loss of HK\$695,443,000) and basic earnings per share of HK\$7.61 cents (2019: basic loss per share of HK\$34.46 cents). The current period profit was mainly due to (a) a gain from the disposal of an associate, PYI, and (b) the fair value gain of a financial instrument, in particular, the Company's investment in AFC Mercury Fund.

Commodities Trading

During the Current Period, the Group, through its subsidiaries, continued its trading business which focuses on the trading of commodities including copper cathodes, nickel, aluminium and chemical products. The business generated a segment revenue of HK\$702,685,000 (2019: HK\$572,418,000) and recorded a segment loss of HK\$1,612,000 (2019: HK\$4,442,000). The losses include unrealised fair value loss on commodities and currency forward contracts of HK\$2,145,000 (2019: Nil). The increase in revenue was mainly due to our effort to diversify the commodities, suppliers, clients, markets. After excluding the unrealised fair value loss, we have segment profit of HK\$533,000 in 2020 comparing segment loss of HK\$4,442,000 in 2019. The improvement in segment result is mainly due to increase in overall gross margin as a result of provision of additional value added services to our clients.

The Group, through its subsidiaries, maintained the metal trading business in Hong Kong and Shanghai. This business 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. Our trading volume improved after the expansion of suppliers and clients network and diversification of commodities. With the Group continue to expand both upstream supplier and downstream end users network, the Group is able to facilitate the trade through offering our value added services to enhance our market share and position. China aluminium demand is encouraging for the Group whereas we are successfully trade with new clients in China and aluminium trading is the main contributor to our business growth.

The commodities markets worldwide are being affected by COVID-19 at different level. Activities clearly rebounded in March 2020 after the ease of lockdown, with favourable policy support and growing pent-up demand in China. Import and export growth started to improve in the beginning of the financial year due to overall commodities market demand picked up in China which led to the recovery of most of the Asia Pacific countries. The management has been 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 Strategic Investments

During the Current Period, the Group's long-term investment recorded a revenue of HK\$175,000 (2019: HK\$2,006,000) and a segment profit of HK\$12,805,000 (2019: segment loss of HK\$280,188,000). The segment revenue and the segment profit for the Current Period was mainly attributed to the preference shares dividend from Thousand Vantage Investment Limited ("**Thousand Vantage**") and the unrealised gain from the AFC Mercury Fund, respectively.

Thousand Vantage

Thousand Vantage is an investment holding company. Its subsidiaries are principally engaged in the business of handling and storage of liquid dangerous goods through operation of a terminal in 欽州港金谷區鷹嶺作業區, in Guangxi, the PRC.

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 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.

During the Current Period, dividends arising on the preference shares amounting to HK\$175,000 (2019: HK\$2,006,000) are recognised in profit or loss as interest income from investments (included in revenue).

Pursuant to such subscription agreement entered into in April 2018, Thousand Vantage shall redeem the preference shares on 16th April, 2020 and at an aggregate sum of subscription price and all accrued and unpaid dividends through and including the date of payment ("**Redemption Price**"). 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.

As disclosed in the Company's announcement dated 16th April, 2020 and 9th November, 2020, the Board has negotiated with the Guarantor and Thousand Vantage in relation to the acquisition of equity interests in the Thousand Vantage, whereby the consideration of which will possibly be offset by the Redemption Price. In November 2020, the Group, through its subsidiary, entered into an supplemental agreement ("**Supplemental Agreement**") with Thousand Vantage and the Guarantor pursuant to which the parties conditionally agreed to extend the date for redemption of the preference shares to 16th April, 2022. The Supplemental Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As part of the Group's management role in Thousand Vantage group and with an aim to strengthening its overall business performance, the Group has been conducting a detailed review on the business operation and financial position of Thousand Vantage group so as to formulate business and financing plans and strategies for Thousand Vantage group's future business development. Since the subscription of preference shares, the Group has assigned three senior officers to 廣西廣明碼頭倉儲有限公司 Guangxi Guangming Warehouse Storage Limited, a PRC company in which Thousand Vantage has a 75% equity interest (the "**PRC Subsidiary**"), whom took up the positions of legal representative, general manager and head of finance department respectively and participated in the business operation of the PRC Subsidiary. Moreover, the Group was able to formalize our management role in Thousand Vantage group pursuant to a management agreement entered into between the Group and Thousand Vantage on 9th November, 2020, under which Thousand Vantage agreed to appoint the Group on an exclusive basis to provide advisory, management and administrative services to Thousand Vantage and its subsidiaries. Through this appointment, the Group is entitled to management fee remuneration, subject to earlier termination as stipulated in the management agreement.

AFC Mercury Fund

AFC Mercury 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 Mercury Fund held by the Group represent approximately 29.71% of the issued share capital of the AFC Mercury Fund as at 30th September, 2020.

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 Mercury Fund, as a limited partner, at an aggregate consideration of US\$20,000,000 (equivalent to approximately HK\$156,000,000).

During the Current Period, an unrealised fair value gain of HK\$27,834,000 (2019: fair value loss of HK\$281,209,000) was made.

CEC Asia Media

CEC Asia Media Group L.P. (“**CEC Fund**”) was organised primarily to invest, directly or indirectly, in Global K Centre Limited and Lionheart Entertainment Asia Limited and other strategic 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.

In December 2018, the Group, through its subsidiary, entered into a subscription agreement with the 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).

Fair value loss of HK\$11,673,000 (2019: Nil) was recognised in profit or loss. CEC Fund has nil fair value as at 30th September, 2020 (31st March, 2020: HK\$11,673,000) as the directors of the Company determine that such investment is unable to generate future cash flows to the Group due to significant financial difficulties of CEC Fund in recent months causing suspension of business operations and even possible cessation of business in the foreseeable future.

Chemical Storage

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

The Group invested in Yangtze Prosperity Development (HK) Limited (“**YPD (HK)**”) through capitalisation of loan in 2019. YPD (HK) is incorporated in Hong Kong as an investment holding company which in turn owns the entire equity interest in 江蘇宏貿倉儲有限公司 (“**Jiangsu Hong Mao**”), 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 30th September, 2020.

Financial Institute Business

The Group established Helios Asset Management (HK) Limited (“**Helios**”), which is principally engaged in assets management and advisory business in Hong Kong and is licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) Type 4 licence (Advising on Securities) and Type 9 licence (Asset Management) from the Securities and Futures Commission (the “**SFC**”). To further develop its financial institute business, the Group has actively extended its reach to different facets of the financial services sector so as to develop an all-rounded business, the Group acquired an insurance brokerage firm, Simply Management Limited (currently known as PT Insurance Brokers Company Limited (“**PT Insurance Brokers**”)) which is a member of the Hong Kong Confederation of Insurance Brokers and allowed to carry out insurance brokerage business in the long term (excluding linked long term) insurance in Hong Kong. In January 2020, Muhabura Capital Limited (“**Muhabura**”), a subsidiary of the Company incorporated in Mauritius, was in-principle granted an investment banking licence in Mauritius. The Group may carry out investment banking business in Mauritius once final approval is granted by the Financial Services Commission of Mauritius (the “**FSC**”).

The business goals of the financial institute business of the Group is to build an international financial platform that capitalises on cross-border investments between Asia and Africa. In light of the One Belt One Road (OBOR) initiative, the Group expects to see increasing business flows between the two continents. The Group takes the view that by operating licensed entities in both Hong Kong and Africa will give confidence in institutional, corporate and retail customers when working with the Group.

During the Current Period, the financial institute business was hampered by COVID-19, which not only affected the business negatively but also caused delays towards licencing of some of the new financial institute business segments. Muhabura, which received its approved in-principle by the FSC was unable to finalise its licence approval with site visit until November 2020 due to COVID-19 disruptions.

Since there was a delay in finalising licence approval for Muhabura, Helios was unable to launch its planned Africa focus fund. Whereas PT Insurance Brokers commenced its business during this period by becoming the general agent of certain insurance companies which will enable the Group to carry most of the popular insurance products sold in Hong Kong, and has also hired sales staff to spearhead its business.

Loan Financing Services

For the Current Period, the Group’s loan financing operation reported a nil segment result (2019: segment profit of HK\$1,816,000). As at 30th September, 2020, the loan portfolio held by the Group was nil (31st March, 2020: nil).

Listed strategic investments (Disposed)

PYI (owned as to approximately 23.65% interest by the Group)

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 and the Company will no longer hold any shares of PYI after the Placing and the Disposal.

The Placing and the Disposal was completed on 24th June, 2020 and 6th July, 2020, respectively. The Group received net proceeds from the Placing and the Disposal amounting to HK\$15,337,000 and HK\$181,350,000, respectively and recognised a total gain on disposal of interest in the associate of HK\$163,480,000 in profit or loss.

Other Investment

During the Current Period, the Group’s other investment contributed nil segment revenue (2019: nil) and a segment profit of HK\$21,000 (2019: segment loss of HK\$274,000).

Others

During the Current Period, the Group’s other business contributed nil segment revenue (2019: HK\$831,000) and nil segment result (2019: segment loss of HK\$5,000).

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30th September, 2020, the Group’s total assets of HK\$715,967,000 (31st March, 2020: HK\$547,209,000) represented an increase of approximately 30.8% when compared with the last period.

As at 30th September, 2020, equity attributable to owners of the Company amounted to HK\$693,186,000 (31st March, 2020: HK\$523,718,000), representing an increase of HK\$169,468,000 or 32.4% as compared to 31st March, 2020. The increase was mainly due to a gain on disposal of the Group’s associate, 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 30th September, 2020, current assets and current liabilities of the Group were HK\$497,905,000 (31st March, 2020: HK\$351,572,000) and HK\$13,632,000 (31st March, 2020: HK\$17,004,000) respectively. Accordingly, the Group's current ratio was about 37 (31st March, 2020: 21).

Gearing Ratio

As at 30th September, 2020, the Group had bank deposits, bank balances and cash of HK\$254,147,000 (31st March, 2020: HK\$77,938,000) and nil bank and other borrowings (31st March, 2020: nil). The Group's gearing ratio was zero at 30th September, 2020 and 31st March, 2020 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 and Future Plans for Material Investments

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 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. During the Current Period, the Group has completed the Placing and Disposal on 24th June, 2020 and 6th July, 2020, respectively. Following completion, the Group no longer holds any shares of PYI after the Placing and the Disposal. For details, please refer to the announcements of the Company dated 7th April, 2020, 25th May, 2020, 24th June, 2020 and 6th July, 2020 and the circular of the Company dated 28th May, 2020.

Save for those disclosed above in this announcement, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the period 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, Korean Won, Renminbi, United States dollars and New Taiwan dollars. During the Current Period, the Group entered into foreign currency forward contracts and currency swaps for hedging purposes. Appropriate measures would be undertaken by the Group when exchange rate fluctuations become significant.

Pledge of Assets

As at 30th September, 2020, none of the Group's assets were pledged to secure any bank loans (31st March, 2020: nil).

Contingent Liabilities

As at 30th September, 2020, the Group had no significant contingent liabilities (31st March, 2020: nil).

Capital Commitments

As at 30th September, 2020, the capital commitments of the Group were HK\$58,057,000 (31st March, 2020: HK\$55,510,000) in respect of construction contracts entered into for the construction of chemical storage and related facilities in order to operate the chemical storage business located in China.

Securities in Issue

As at 30th September, 2020, 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 recommend the payment of an interim dividend for the Current Period (2019: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30th September, 2020, the Group had a total of 41 employees (including Directors) (as at 31st March, 2020: 42 employees (including Directors)). 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, 2020 and as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

Possible Extension of redemption date of preference shares

On 9th November, 2020, the Group entered into a supplemental agreement with Thousand Vantage and the Guarantor pursuant to which the parties conditionally agreed to extend the redemption date of the preference shares from the original redemption date of 16th April, 2020 to the new redemption date of 16th April, 2022. Save for the Extension, other principal terms of the preference shares remain the same. The Extension is conditional upon the passing of the requisite resolution by the shareholders of the Company. As at the date of this announcement, the Group is in the process of arranging for the requisite shareholders' meeting for such purpose.

Management agreement

In order to formalize our management role in Thousand Vantage group, the Group entered into a management agreement with Thousand Vantage on 9th November, 2020, pursuant to which Thousand Vantage agreed to appoint the Group on an exclusive basis to provide advisory, management and administrative services to Thousand Vantage and its subsidiaries. Through this appointment, the Group is entitled to management fee remuneration (subject to earlier termination as stipulated in the management agreement), as well as rights to priority berthing, discharging and loading and for other services to vessels serving the business of the Group.

PROSPECTS

The COVID-19 pandemic coupled with the continued Sino-US trade tension has posed unprecedented challenges to both individuals and corporations across the globe. Within the reporting period and when COVID-19 was gaining momentum globally, we have seen both businesses large and small suffer with many requiring financial lifelines to stay afloat. The various businesses of the Group too have been severely affected. With travel restrictions implemented globally, much of the Group's new business initiatives have been delayed with business activities, and international meetings moved to virtual platforms, which is adequate but less than ideal.

Given the economic backdrop in the first half of the financial year, the management of the Group decided to take a more prudent approach and capitalised on an opportunity to increase its cash level by divesting out of a long-term investment. The Group was able to improve its overall financial performance and achieve a turnaround from net loss for the corresponding period in 2019 to net profit during the Current Period. Management has been formulating and refining its strategies with a prudent yet opportunistic approach. We expect the second half of the year will continue to be challenging and global economic recovery will be an arduous process. The management of the Group will remain prudent yet will be ready to study any opportunities that will arise from the current economic circumstances.

Asia is expected to lead in the global economic recovery post-COVID-19, and the Group will continue to grow its commodities trading business. Through working with quality and stable suppliers and producers we look to increase our product range and enhance our profitability over time. We are also looking to enhance our value chain, lower cost and risk for the Group and its' customers via offering financial tool to mitigate financial trade risk, expanding upstream sourcing capabilities and other value add such as storage for certain commodities products. For example, through the growth in the Group's management services business and investment holding business in companies engaging in port development, operation and provision of storage facilities, the Group is seeking to further solidify our position in ports and infrastructure management and broaden the income stream of the Group through the management agreement with Thousand Vantage. Moreover, since the Group has acquired a petrochemical trading licence in the PRC in June 2020, which permits the Group to trade over 50 petrochemical products in the PRC, the priority berthing rights granted to the Group under the management agreement can also facilitate the Group's commodities trading business.

In respect of the financial institute business, the Group expects that Muhabura will be fully licensed during the financial year in 2021 and will commence operations by early financial year 2022, offering investment banking, asset management and brokerage business to international clients. By then Muhabura will have in place all key staff necessary to launch the various business lines. During the financial year 2022, Helios aims to initiate fundraising for an African focused fund to capitalise on the unique opportunity to offer African growth tied into PRC's One Belt One Road initiative to Asian investors. PT Insurance Brokers will continue to sign up with more insurance companies to become their general agent and is looking to hire additional sales staff to promote the Group's insurance product offerings.

The Group was in a healthy financial position for its first half of the financial year and is confident to weather the severe economic downturn brought about by the COVID-19 pandemic. The Group will continue to adopt prudent funding or treasury policy in ensuring liquidity sufficient to ensure the financing requirements of Group companies are met within acceptable costs. The Group will strive to stay competitive and seek to maximise investors return during this turbulent period.

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

During the six months ended 30th September, 2020, 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, 2020, 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 – 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 Period.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30th September, 2020 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, 27th November, 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.