

# 2019 Interim Report



**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)

\* For identification purpose only

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## Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

“Board”	Board of Directors of the Company
“Bye-laws”	Bye-laws of the Company
“CG Code”	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“Company”	PT International Development Corporation Limited
“Current Period”	the six months ended 30th September, 2019
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“HK\$” and “HK\$ cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“%”	per cent.



## BOARD OF DIRECTORS

### Executive Directors

Mr. Ching Man Chun, Louis  
*(Chairman and Managing Director)*  
Mr. Sue Ka Lok  
Ms. Xu Wei  
Mr. Yeung Kim Ting  
Mr. Heinrich Grabner

### Independent Non-executive Directors

Mr. Yam Kwong Chun  
Mr. Wong Yee Shuen, Wilson  
Mr. Lam Yik Tung

### AUDIT COMMITTEE

Mr. Wong Yee Shuen, Wilson *(Chairman)*  
Mr. Yam Kwong Chun  
Mr. Lam Yik Tung

### REMUNERATION COMMITTEE

Mr. Lam Yik Tung *(Chairman)*  
Mr. Yam Kwong Chun  
Mr. Wong Yee Shuen, Wilson

### NOMINATION COMMITTEE

Mr. Yam Kwong Chun *(Chairman)*  
Mr. Wong Yee Shuen, Wilson  
Mr. Lam Yik Tung

### CORPORATE GOVERNANCE COMMITTEE

Mr. Sue Ka Lok *(Chairman)*  
Mr. Yam Kwong Chun  
Mr. Wong Yee Shuen, Wilson  
Mr. Lam Yik Tung

### COMPANY SECRETARY

Ms. Lo Yuen Mei *(appointed on 16th October, 2019)*  
Mr. Chan Ka Ku *(resigned on 16th October, 2019)*

### AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*

### LEGAL ADVISORS

Vincent T.K. Cheung, Yap & Co.  
Solicitors & Notaries

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of China (Canada)  
Bank of Communications Co., Ltd.,  
Hong Kong Branch  
HSBC Bank Canada  
Industrial and Commercial Bank of China  
(Asia) Limited  
The Hong Kong and Shanghai Banking  
Corporation Limited

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2304–2306A  
23/F., West Tower Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited  
Level 54  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

### WEBSITE

[www.ptcorp.com.hk](http://www.ptcorp.com.hk)

### STOCK CODE

Hong Kong Stock Exchange 372

# Report on Review of Condensed Consolidated Financial Statements

# Deloitte.

# 德勤

**To the Board of Directors of PT International Development Corporation Limited**

*(Incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of PT International Development Corporation Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 5 to 40, which comprise the condensed consolidated statement of financial position as of 30th September, 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The Directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

29th November, 2019

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th September, 2019

		(Unaudited) Six months ended 30th September,	
	NOTES	2019 HK\$'000	2018 HK\$'000
Revenue	3		
Contracts with customers		573,046	1,229,198
Interest		4,531	3,742
Rental		203	1,735
Total revenue		577,780	1,234,675
Cost of sales		(572,715)	(1,223,315)
Other income, other gains and losses		1,111	35,085
Net (loss) gain on financial instruments	4	(281,483)	433,321
Administrative expenses		(25,327)	(24,750)
Finance costs		(792)	(317)
Share of results of an associate		(48,563)	3,801
Impairment loss on interest in an associate	10	(345,687)	(100,000)
(Loss) profit before taxation	5	(695,676)	358,500
Taxation	6	(134)	(431)
(Loss) profit for the period		(695,810)	358,069
<b>Other comprehensive (expenses) income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		(1,411)	(2,249)
Share of other comprehensive expenses of an associate		(28,246)	(47,448)
Reclassification adjustment of reserves released on disposal of subsidiaries		978	(6,597)
<b>Item that will not be reclassified subsequently to profit or loss:</b>			
Share of other comprehensive expenses of an associate		(7,171)	(11,517)
Other comprehensive expenses for the period		(35,850)	(67,811)
Total comprehensive (expenses) income for the period		(731,660)	290,258

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th September, 2019

		(Unaudited) Six months ended 30th September,	
	NOTE	2019 HK\$'000	2018 HK\$'000
<hr/>			
(Loss) profit for the period attributable to:			
Owners of the Company		(695,443)	357,808
Non-controlling interests		(367)	261
		<u>(695,810)</u>	<u>358,069</u>
Total comprehensive (expenses) income for the period attributable to:			
Owners of the Company		(731,293)	289,997
Non-controlling interests		(367)	261
		<u>(731,660)</u>	<u>290,258</u>
		<b>HK\$ cents</b>	<b>HK\$ cents</b>
<hr/>			
(Loss) earnings per share			
Basic	8	<u>(34.46)</u>	<u>17.73</u>
Diluted		<u>N/A</u>	<u>17.73</u>

# Condensed Consolidated Statement of Financial Position

As at 30th September, 2019

	NOTES	(Unaudited) As at 30th September, 2019 HK\$'000	(Audited) As at 31st March, 2019 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	28,214	2,724
Right-of-use assets	9	19,682	–
Loan receivables	14	24,700	–
Interest in an associate	10	117,478	547,145
Debt instrument at amortised cost	11	–	200,000
Financial assets at fair value through profit or loss	12	247,083	551,725
		<b>437,157</b>	1,301,594
<b>Current assets</b>			
Inventories		72,061	1,094
Debtors, deposits and prepayments	13	8,186	32,266
Loan receivables	14	–	39,000
Debt instrument at amortised cost	11	200,000	–
Equity investments held for trading		6,992	6,572
Short-term bank deposits, bank balances and cash		105,732	65,553
		<b>392,971</b>	144,485
Assets classified as disposal group held for sale	15	–	42,086
		<b>392,971</b>	186,571
<b>Current liabilities</b>			
Creditors and accrued expenses	16	10,755	3,609
Contract liabilities		62,246	–
Tax payable		311	331
Lease liabilities – due within one year		7,304	–
		<b>80,616</b>	3,940
Liabilities classified as disposal group held for sale	15	–	6,818
		<b>80,616</b>	10,758
<b>Net current assets</b>		<b>312,355</b>	175,813
<b>Total assets less current liabilities</b>		<b>749,512</b>	1,477,407
<b>Non-current liability</b>			
Lease liabilities – due after one year		1,031	–
<b>Net assets</b>		<b>748,481</b>	1,477,407
<b>Capital and reserves</b>			
Share capital	17	20,183	20,183
Share premium and reserves		721,132	1,452,425
Equity attributable to the owners of the Company		741,315	1,472,608
Non-controlling interests		7,166	4,799
<b>Total equity</b>		<b>748,481</b>	1,477,407



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2019

	Attributable to the owners of the Company											
	Share capital	Share premium	Reserve on acquisition	Capital redemption reserve	Other reserve	Property revaluation reserve	Investment revaluation reserve	Translation reserve	Accumulated profits (accumulated losses)	Sub-total	Non-controlling interests	Total
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
As at 31st March, 2019 and 1st April, 2019 (audited)	20,183	959,550	(20,513)	908	12,872	5,440	(73,840)	16,729	551,279	1,472,608	4,799	1,477,407
Profit for the period	-	-	-	-	-	-	-	-	(695,443)	(695,443)	(367)	(695,810)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(1,411)	-	(1,411)	-	(1,411)
Share of other comprehensive expenses of an associate	-	-	-	-	-	-	(7,171)	(28,246)	-	(35,417)	-	(35,417)
Reserves released on disposal of subsidiaries (note 18)	-	-	-	-	-	-	-	978	-	978	-	978
Total comprehensive (expenses) income for the period	-	-	-	-	-	-	(7,171)	(28,679)	(695,443)	(731,293)	(367)	(731,660)
Share of equity transactions of the associate	-	-	-	-	(2,730)	-	-	-	2,730	-	-	-
Acquisition of subsidiaries (note 19)	-	-	-	-	-	-	-	-	-	-	2,734	2,734
Disposal of subsidiaries (note 18)	-	-	-	-	-	(5,440)	-	-	5,440	-	-	-
As at 30th September, 2019 (unaudited)	20,183	959,550	(20,513)	908	10,142	-	(81,011)	(11,950)	(135,994)	741,315	7,166	743,481
As at 1st April, 2018 (audited)	20,183	959,550	(20,513)	908	12,479	6,992	(59,424)	63,442	273,863	1,257,480	4,903	1,262,383
Profit for the period	-	-	-	-	-	-	-	-	357,808	357,808	261	358,069
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(2,249)	-	(2,249)	-	(2,249)
Share of other comprehensive expenses of an associate	-	-	-	-	-	-	(11,517)	(47,448)	-	(58,965)	-	(58,965)
Reserves released on disposal of subsidiaries (note 18)	-	-	-	-	-	-	-	(6,597)	-	(6,597)	-	(6,597)
Total comprehensive (expenses) income for the period	-	-	-	-	-	-	(11,517)	(56,294)	357,808	289,997	261	290,258
Share of equity transactions of the associate	-	-	-	-	221	-	-	-	532	753	-	753
Disposal of subsidiaries (note 18)	-	-	-	-	-	-	-	-	-	-	(69)	(69)
As at 30th September, 2018 (unaudited)	20,183	959,550	(20,513)	908	12,700	6,992	(70,941)	7,148	632,203	1,548,230	5,095	1,553,325

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2019

		(Unaudited) Six months ended 30th September,	
	NOTES	2019 HK\$'000	2018 HK\$'000
Net cash used in operating activities			
Increase in inventories		(72,452)	–
Decrease in debtors, deposits and prepayments		20,278	71,816
Increase in loan receivables		(9,100)	(39,000)
Decrease in creditors and accrued expenses		(2,622)	(103,332)
Increase in contract liabilities		62,246	–
Other operating activities		(12,151)	(6,936)
		<b>(13,801)</b>	<b>(77,452)</b>
Net cash from (used in) investing activities			
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed of	18	37,336	42,926
Cash distribution from financial assets at fair value through profit or loss		23,433	–
Cash inflow on acquisition of subsidiaries not constituting a business	19	658	–
Interest received		657	–
Additions to property, plant and equipment	9	(3,098)	(2,427)
Acquisition of investment properties		–	(6)
Purchase of financial asset at fair value through profit or loss	12	–	(156,000)
Proceeds from disposals of property, plant and equipment		–	445
		<b>58,986</b>	<b>(115,062)</b>
Net cash used in financing activities			
Repayment of lease liabilities		(4,072)	–
Interest paid		(792)	(317)
Repayment of bank and other borrowings		–	(7,074)
		<b>(4,864)</b>	<b>(7,391)</b>
Net increase (decrease) in cash and cash equivalents		<b>40,321</b>	<b>(199,905)</b>
Cash and cash equivalents at beginning of the period		<b>66,619</b>	<b>281,996</b>
Effect of foreign exchange rate changes		<b>(1,208)</b>	<b>(1,839)</b>
Cash and cash equivalents at end of the period, represented by short-term bank deposits, bank balances and cash		<b>105,732</b>	<b>80,252</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements of 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 and investment properties which are measured at fair values.

Other than as described below and the changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th September, 2019 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st March, 2019.

### Acquisition of subsidiaries not constituting a business

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

### Application of new and amendments to HKFRSs

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs (continued)

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

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

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

#### 2.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

##### Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### As a lessee

##### Allocation of consideration to components of a contract

For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs (continued)

#### Impacts and changes in accounting policies on application of HKFRS 16 “Leases” (continued)

##### 2.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

##### Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

##### Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“**HKFRS 9**”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs (continued)

#### Impacts and changes in accounting policies on application of HKFRS 16 “Leases” (continued)

##### 2.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

##### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; or
- the lease payments change due to changes in market rental rates following a market rent review in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the condensed consolidated statement of financial position.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs (continued)

#### Impacts and changes in accounting policies on application of HKFRS 16 “Leases” (continued)

##### 2.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessee (continued)

##### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

##### Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

##### Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs (continued)

#### Impacts and changes in accounting policies on application of HKFRS 16 “Leases” (continued)

##### 2.2 *Transition and summary of effects arising from initial application of HKFRS 16*

###### Definition of a lease

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

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

###### As a lessee

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

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

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

- (i) relied on the assessment of whether leases are onerous by applying HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as an alternative of impairment review;
- (ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term that ends within 12 months of the date of initial recognition;



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs (continued)

#### Impacts and changes in accounting policies on application of HKFRS 16 “Leases” (continued)

##### 2.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessee (continued)

- (iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- (iv) applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rates for certain leases of properties in the People’s Republic of China (the “PRC”) and certain leases of properties in Hong Kong were determined on a portfolio basis.

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

	<b>As at 1st April, 2019</b>
	<i>HK\$'000</i>
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	<u>12,586</u>
Analysed as:	
Current	4,262
Non-current	<u>8,324</u>
	<u>12,586</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs (continued)

#### Impacts and changes in accounting policies on application of HKFRS 16 "Leases" (continued)

##### 2.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessee (continued)

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

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

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

As a lessor

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs (continued)

#### Impacts and changes in accounting policies on application of HKFRS 16 “Leases” (continued)

##### 2.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position as 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 <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1st April, 2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Right-of-use assets	–	12,698	12,698
<b>Current assets</b>			
Debtors, deposits and prepayments	32,266	(112)	32,154
<b>Current liabilities</b>			
Lease liabilities – due within one year	–	(4,262)	(4,262)
<b>Non-current liabilities</b>			
Lease liabilities – due after one year	–	(8,324)	(8,324)

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 3. REVENUE AND SEGMENT INFORMATION

### Revenue

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

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



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 3. REVENUE AND SEGMENT INFORMATION (continued)

### Revenue (continued)

#### Disaggregation of revenue from contracts with customers

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 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 the provision of management and other related services are recognised over time using the input method under HKFRS 15.

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

Six months ended 30th September, 2019

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 3. REVENUE AND SEGMENT INFORMATION (continued)

### Revenue (continued)

#### Disaggregation of revenue from contracts with customers (continued)

Six months ended 30th September, 2018

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

### Segment information

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

Trading	–	trading of commodities
Finance	–	loan financing services
Long-term investment	–	investments including long-term debt instruments and equity investments
Other investment	–	investment in trading of securities
Chemical	–	chemical storage services*
Others	–	leasing of investment properties, leasing of motor vehicles and management services

\* During the period ended 30th September, 2019, the Group acquired, through the acquisition of subsidiaries, a right to use a parcel of reclaimed land and certain chemical storage and related facilities under construction thereon for the provision of chemical storage services. The segment has not commenced operation at the end of the reporting period. Details of the acquisition are disclosed in note 19.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 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, 2019

	Trading HK\$'000	Finance HK\$'000	Long-term investment HK\$'000	Other investment HK\$'000	Others HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>SEGMENT REVENUE</b>								
External sales	<u>572,418</u>	<u>2,525</u>	<u>2,006</u>	<u>-</u>	<u>831</u>	<u>577,780</u>	<u>-</u>	<u>577,780</u>
<b>RESULTS</b>								
Segment results	<u>(4,442)</u>	<u>1,816</u>	<u>(280,188)</u>	<u>(274)</u>	<u>(5)</u>	<u>(283,093)</u>	<u>-</u>	<u>(283,093)</u>
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>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 3. REVENUE AND SEGMENT INFORMATION (continued)

### Segment information (continued)

#### Segment revenue and results (continued)

Six months ended 30th September, 2018

	Trading HK\$'000	Finance HK\$'000	Long-term investment HK\$'000	Other investment HK\$'000	Others HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>SEGMENT REVENUE</b>								
External sales	1,227,656	1,425	2,317	-	3,277	1,234,675	-	1,234,675
<b>RESULTS</b>								
Segment results	2,222	1,270	435,290	102	365	439,249	-	439,249
Central administration costs								(17,934)
Other income, other gains and losses								33,701
Finance costs								(317)
Share of results of an associate								3,801
Impairment loss on interest in an associate								(100,000)
Profit before taxation								358,500

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

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 5. (LOSS) PROFIT BEFORE TAXATION

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

## 6. TAXATION

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

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

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 7. DISTRIBUTIONS

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

## 8. (LOSS) EARNINGS PER SHARE

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

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

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

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

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

During the period ended 30th September, 2019, the Group spent HK\$3,098,000 (2018: HK\$2,427,000) on the acquisition of property, plant and equipment. In addition, the Group acquired, through the acquisition of subsidiaries as disclosed in note 19, a right to use a parcel of reclaimed land constructed on a sea plot in Yangkou Port, Nantong of the PRC and certain construction in progress of chemical storage and related facilities under construction located on the constructed land. The sea area use right has a remaining lease term of 42 years and will expire in 2061. The consideration on the date of acquisition of the subsidiaries allocated to the sea area use right (recognised in right-of-use assets) and the construction in progress (recognised in property, plant and equipment) amounted to HK\$11,239,000 and HK\$23,773,000, respectively. Details of the acquisition of assets through acquisition of subsidiaries are disclosed in note 19.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 10. INTEREST IN AN ASSOCIATE

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

### Assessment of impairment of an associate

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

As at 30th September, 2019, the Directors 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 10. INTEREST IN AN ASSOCIATE (continued)

### Assessment of impairment of an associate (continued)

To assess the value in use as at 30th September, 2019 for the purpose of the impairment test, the Directors 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 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 revised their estimates of future dividends to be received from PYI and determined that the value in use of the interest in the associate as at 30th September, 2019 to be lower than its fair value less cost of disposal. As such, the fair value less cost of disposal is used as the recoverable amount of the interest in the associate.

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

## 11. DEBT INSTRUMENT AT AMORTISED COST

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

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

During the period ended 30th September, 2019, dividends arising on the preference shares amounting to HK\$2,006,000 (2018: HK\$1,841,000) are recognised in profit or loss as interest income from investments (included in revenue).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

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

	As at 30th September, 2019 HK\$'000	As at 31st March, 2019 HK\$'000
Unlisted fund (Note (a))	231,483	536,125
Unlisted equity investment (Note (b))	15,600	15,600
	<b>247,083</b>	<b>551,725</b>

Notes:

### (a) UNLISTED FUND

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

The Fund is accounted for as a financial asset at fair value through profit or loss in accordance with HKFRS 9. As at 30th September, 2019, the fair value of the Fund is HK\$231,483,000 (31st March, 2019: HK\$536,125,000). During the period ended 30th September, 2019, fair value loss of HK\$281,209,000 (2018: fair value gain of HK\$433,219,000) was recognised in profit or loss. In the opinion of the Directors, the Fund is held for long-term strategic investment purposes and as such, the investment is classified as non-current.

### (b) UNLISTED EQUITY INVESTMENT

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

The Investment is accounted for as a financial asset at fair value through profit or loss in accordance with HKFRS 9. As at 30th September, 2019, the fair value of the Investment is HK\$15,600,000 (31st March, 2019: HK\$15,600,000). No fair value gain/loss was recognised in profit or loss during the period ended 30th September, 2019. In the opinion of the Directors, the Investment is held for long-term strategic investment purposes and as such, the Investment is classified as non-current.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 13. DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 30th September, 2019 HK\$'000	As at 31st March, 2019 HK\$'000
Trade debtors		
– goods and services	–	1,932
– interest	<b>3,038</b>	4,170
	<b>3,038</b>	6,102
Prepayments to suppliers	–	1,025
Prepaid expenses, deposits and other receivables	<b>5,148</b>	25,139
Other debtors, deposits and prepayments	<b>5,148</b>	26,164
	<b>8,186</b>	32,266

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

	As at 30th September, 2019 HK\$'000	As at 31st March, 2019 HK\$'000
Trade debtors		
0–30 days	<b>1,361</b>	4,901
31–60 days	<b>340</b>	224
61–90 days	<b>340</b>	106
Over 90 days	<b>997</b>	871
	<b>3,038</b>	6,102

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 14. LOAN RECEIVABLES

	<b>As at 30th September, 2019 HK\$'000</b>	As at 31st March, 2019 HK\$'000
Secured	<b>11,700</b>	39,000
Unsecured	<b>13,000</b>	–
	<b>24,700</b>	39,000
Analysed for reporting purpose as:		
Current assets	–	39,000
Non-current assets	<b>24,700</b>	–
	<b>24,700</b>	39,000

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

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

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

During the period ended 30th September, 2019, EYD(HK) repaid loan principal and interest of HK\$15,600,000 and HK\$3,900,000 respectively to the Group in cash. In settlement for the remaining outstanding loan receivable and interest receivable of HK\$23,400,000 and HK\$1,210,000 respectively due to the Group, EYD(HK) issued and allotted 9,000,000 new shares to the Group through a loan capitalisation. Upon completion of the transaction, the Group obtained control over EYD(HK) and its subsidiary and EYD(HK) and its subsidiary become subsidiaries of the Group. Details of the acquisition are set out in note 19.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 15. DISPOSAL GROUP HELD FOR SALE

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

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

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

During the period ended 30th September, 2019, the disposal of the subsidiaries has been completed. Details of the disposal are set out in the note 18.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 16. CREDITORS AND ACCRUED EXPENSES

	<b>As at 30th September, 2019 HK\$'000</b>	As at 31st March, 2019 HK\$'000
Trade creditors	–	523
Other payables and accrued expenses	<b>10,755</b>	<b>3,086</b>
	<b>10,755</b>	<b>3,609</b>

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

	<b>As at 30th September, 2019 HK\$'000</b>	As at 31st March, 2019 HK\$'000
Trade creditors		
0–30 days	–	257
31–60 days	–	221
Over 90 days	–	45
	–	<b>523</b>

## 17. SHARE CAPITAL

	Number of shares		Value	
	2019	2018	2019 HK\$'000	2018 HK\$'000
Ordinary shares of HK\$0.01 each				
<b>Authorised:</b>				
At 1st April and 30th September	<b>102,800,000,000</b>	102,800,000,000	<b>1,028,000</b>	1,028,000
<b>Issued and fully paid:</b>				
At 1st April and 30th September	<b>2,018,282,827</b>	2,018,282,827	<b>20,183</b>	20,183

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 18. DISPOSAL OF SUBSIDIARIES

### For the period ended 30th September, 2019

On 24th June, 2019, the Group completed the disposal of its entire interests in subsidiaries in the Illuminate Investment Group whose assets and liabilities were classified as a disposal group held for sale as at 31st March, 2019 as disclosed in note 15 for an aggregate consideration of Canadian dollars 6,000,000 (equivalent to approximately HK\$35,139,000).

During the period ended 30th September, 2019, the Group disposed of its entire interests in certain subsidiaries which are mainly engaged in the investment holding and trading of fisheries business for an aggregate consideration of HK\$4,081,000.

The respective amounts of assets and liabilities of the subsidiaries disposed of on the relevant dates of disposals were as follows:

	<b>Illuminate Investment Group HK\$'000</b>	<b>Others HK\$'000</b>	<b>Total HK\$'000</b>
<b>Consideration received:</b>			
Cash received	<b>35,139</b>	<b>4,081</b>	<b>39,220</b>
<b>Analysis of the assets and liabilities over which control was lost:</b>			
Property, plant and equipment	<b>4,867</b>	<b>536</b>	<b>5,403</b>
Investment properties	<b>34,408</b>	<b>–</b>	<b>34,408</b>
Inventories	<b>–</b>	<b>1,485</b>	<b>1,485</b>
Debtors, deposits and prepayments	<b>697</b>	<b>1,575</b>	<b>2,272</b>
Short-term bank deposits, bank balances and cash	<b>1,121</b>	<b>763</b>	<b>1,884</b>
Creditors and accrued expenses	<b>(1,336)</b>	<b>(1,066)</b>	<b>(2,402)</b>
Deferred tax liabilities	<b>(4,478)</b>	<b>–</b>	<b>(4,478)</b>
Net assets disposed of	<b>35,279</b>	<b>3,293</b>	<b>38,572</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 18. DISPOSAL OF SUBSIDIARIES (continued)

For the period ended 30th September, 2019 (continued)

	Illuminate Investment Group HK\$'000	Others HK\$'000	Total HK\$'000
<b>Gain (loss) on disposal of the subsidiaries:</b>			
Consideration received	35,139	4,081	39,220
Reclassification of cumulative translation reserve upon disposal of the subsidiaries	253	(1,231)	(978)
Net assets disposed of	<u>(35,279)</u>	<u>(3,293)</u>	<u>(38,572)</u>
Gain (loss) on disposal (included in other income, other gains and losses)	<u>113</u>	<u>(443)</u>	<u>(330)</u>
<b>Net cash inflow arising on the disposals:</b>			
Cash consideration received	35,139	4,081	39,220
Short-term bank deposits, bank balances and cash disposed of	<u>(1,121)</u>	<u>(763)</u>	<u>(1,884)</u>
Proceeds from disposal of subsidiaries	<u>34,018</u>	<u>3,318</u>	<u>37,336</u>

Upon disposal of the Illuminate Investment Group, cumulative property revaluation surplus of HK\$5,440,000 recognised in other comprehensive income and included under the heading of property revaluation reserve was transferred to accumulated profits.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 18. DISPOSAL OF SUBSIDIARIES (continued)

### For the period ended 30th September, 2018

On 22nd June, 2018, the Group disposed of its entire interests in certain subsidiaries which are mainly engaged in the holding of yacht, vehicle licenses and motor vehicles to certain independent third parties for an aggregate consideration of HK\$8,206,000.

On 28th September, 2018, the Group disposed of its entire interests in two subsidiaries Great Intelligence Limited (“**Great Intelligence**”) and Large Scale Investments Limited (“**Large Scale**”) which are mainly engaged in investment holding in equity interests in Burcon NutraScience Corporation (“**Burcon**”), a listed associate of the Group and convertible note issued by Burcon for an aggregate consideration of HK\$34,732,000.

The respective amounts of assets and liabilities of the subsidiaries disposed of on the relevant dates of disposals were as follows:

	Great Intelligence and Large Scale <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Consideration received:</b>			
Cash received	<u>34,732</u>	<u>8,206</u>	<u>42,938</u>
<b>Analysis of the assets and liabilities over which control was lost:</b>			
Property, plant and equipment	–	1,050	1,050
Interest in an associate	–	–	–
Convertible note	13,833	–	13,833
Debtors, deposits and prepayments	3	71	74
Short-term bank deposits, bank balances and cash	<u>1</u>	<u>11</u>	<u>12</u>
Net assets disposed of	<u>13,837</u>	<u>1,132</u>	<u>14,969</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 18. DISPOSAL OF SUBSIDIARIES (continued)

For the period ended 30th September, 2018 (continued)

	Great Intelligence and Large Scale <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Gain on disposal of the subsidiaries:</b>			
Consideration received	34,732	8,206	42,938
Reclassification of cumulative translation reserve upon disposal of the subsidiaries	6,597	–	6,597
Non-controlling interests	–	69	69
Net assets disposed of	<u>(13,837)</u>	<u>(1,132)</u>	<u>(14,969)</u>
Gain on disposal (included in other income, other gains and losses)	<u>27,492</u>	<u>7,143</u>	<u>34,635</u>
<b>Net cash inflow arising on the disposals:</b>			
Cash consideration received	34,732	8,206	42,938
Short-term bank deposits, bank balances and cash disposed of	<u>(1)</u>	<u>(11)</u>	<u>(12)</u>
Proceeds from disposal of subsidiaries	<u>34,731</u>	<u>8,195</u>	<u>42,926</u>

## 19. ACQUISITION SUBSIDIARIES OF NOT CONSTITUTING A BUSINESS

On 5th September, 2019, pursuant to a loan capitalisation deed entered into between the Group and EYD(HK), EYD(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 EYD(HK) to the Group.

EYD(HK) is incorporated in Hong Kong and is an investment holding company which in turn owns the entire equity interest in Jiangsu Bindu Chemicals Logistics Corp. Limited (“**Bindu**”), a wholly foreign-owned enterprise established in the PRC. Bindu holds 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. Bindu has not commenced operation as at 30th September, 2019.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 19. ACQUISITION SUBSIDIARIES OF NOT CONSTITUTING A BUSINESS (continued)

Upon completion of the transaction, the Group holds 90% equity interests in EYD(HK), and EYD(HK) and Bindu became non-wholly owned subsidiaries of the Group.

The transaction is accounted for as acquisition of assets and liabilities through acquisition of subsidiaries as the acquisition does not meet the definition of business combination.

	<i>HK\$'000</i>
Consideration transferred	24,610
Non-controlling interests recognised	<u>2,734</u>
	<u>27,344</u>

Consideration transferred for the acquisition of 90% equity interests in EYD(HK) represents the aggregate of the outstanding loan receivable of HK\$23,400,000 and outstanding interest receivable of HK\$1,210,000 due by EYD(HK) to the Group at the acquisition date.

The non-controlling interests (10%) in EYD(HK) and Bindu recognised at the date of acquisition was measured by reference to the proportionate share of the recognised amounts of the net assets acquired.

### Assets acquired and liabilities recognised at the date of the acquisition are as follows:

	<i>HK\$'000</i>
Property, plant and equipment	23,773
Right-of-use assets	11,239
Debtors, deposits and prepayment	1,533
Short-term bank deposits, bank balances and cash	658
Creditors and accrued expenses	<u>(9,859)</u>
	<u>27,344</u>

### Cash inflow arising in the acquisition:

Short-term bank deposits, bank balances and cash acquired	<u>658</u>
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# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 20. RELATED PARTY TRANSACTIONS

### (a) Related party transactions

During the period, the Group had transactions with the following related party, details of which are as follows:

Class of related party	Nature of transactions	Six months ended 30th September,	
		2019 HK\$'000	2018 HK\$'000
Burcon	Rentals and related building management fee charged by the Group	-	228
	Interest income received by the Group	-	476
		<b>-</b>	<b>476</b>

### (b) Compensation of key management personnel

	Six months ended 30th September,	
	2019 HK\$'000	2018 HK\$'000
Fees	<b>198</b>	579
Salaries and other emoluments	<b>3,775</b>	1,125
	<b>3,973</b>	1,704

## 21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2019

## 21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

- Level 2: fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value at		Fair value hierarchy	Valuation techniques and key inputs
	30th September, 2019 HK\$'000	31st March, 2019 HK\$'000		
Equity investments				
– Listed equity securities	6,992	6,572	Level 1	Quoted closing prices in an active market.
Financial assets at fair value through profit or loss				
– Unlisted fund	231,483	536,125	Level 2	Based on the net asset values of the fund determined with reference to observable quoted prices in an active market of the underlying investment portfolio, mainly listed shares.
– Unlisted equity investment	15,600	15,600	Level 2	Fair value of initial subscription cost adjusted by market movements for the corresponding period from the date of subscription up to the end of the reporting period.

There were no transfers into and out of Levels 1, 2 and 3 during the current and prior periods.

Except the above financial assets that are measured at fair value on a recurring basis, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

As at 30th September, 2019, the Group has entered into futures contracts to buy 1,200 tons and to sell 1,200 tons of copper at exercise prices ranging from US\$5,765 per ton to US\$5,844 per ton and to buy 2,000 tons of aluminium and to sell 4,400 tons of aluminium at exercise prices ranging from US\$1,750 per ton to US\$1,818 per ton. The maturity period of these derivative financial instruments is less than six months from the end of the current reporting period. The fair value of these derivative financial instruments as at 30th September, 2019 is not significant.

## BUSINESS REVIEW

### Review of Financial Performance

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

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

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

### Listed Strategic Investments

#### *PYI*

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

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

The Group’s interest in PYI is approximately 23.65% at 30th September, 2019 and 31st March, 2019.

### Provision of Finance

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



# Management Discussion and Analysis

## Commodities Trading

During the Current Period, the Group continued its trading business which focuses on the trading of commodities including copper cathodes, nickel briquettes and fishery products. The business generated a revenue of HK\$572,418,000 (2018: 1,227,656,000) and recorded a segment loss of HK\$4,442,000 (2018: segment profit of HK\$2,222,000).

During the Current Period, the Group maintained the metal trading businesses in Hong Kong and the PRC. This business segment is operated by an experienced management team located in Hong Kong and Shanghai, with extensive and unique experience in the field of metal trading. The metal trading business remains one of the main sources of income for the Group. During the Current Period, the commodities market came to a standstill resulting in a decline of overall revenue. It was mainly due to US-China trade war tension which continued to further weaken the manufacturing sectors in China and Asia.

## Long-term Investment

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

## Other Investment

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

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

## Others

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

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

## FINANCIAL REVIEW

### Liquidity and Financial Resources

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

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

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

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

### Gearing Ratio

As at 30th September, 2019, the Group had bank deposits, bank balances and cash of HK\$105,732,000 (31st March, 2019: HK\$65,553,000) and nil bank and other borrowings (31st March, 2019: nil). The Group's gearing ratio was zero at 30th September, 2019 and 31st March, 2019 as the Group was in net cash position. The gearing ratio is calculated on the basis of net borrowings over the equity attributable to owners of the Company. Net borrowings are arrived at by deducting bank deposits, bank balances and cash from borrowings.

### Material Acquisitions or Disposals

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

## Management Discussion and Analysis

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

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

### Foreign Currency Management

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

### Pledge of Assets

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

### Contingent Liabilities

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

### Capital Commitments

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

### Securities in Issue

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

### Interim Dividend

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

# Management Discussion and Analysis

## EMPLOYEES AND REMUNERATION POLICY

As at 30th September, 2019, the Group had a total of 35 employees. The Group's remuneration policy is to ensure that the Group's remuneration structure is appropriate and aligns with the Group's goals and objectives. The employees' remuneration is based on the employees' skill, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company. The Group also offers benefits to employees including discretionary bonus, training and provident funds. The share option scheme of the Company is established for the eligible participants (including employees). No share options were granted during the Current Period and there were no outstanding share options as at 30th September, 2019 and as at the date of this report.

## PROSPECTS

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

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

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

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

## Supplementary Information

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Part XV of the SFO, as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, were as follows:

#### Long positions in shares, underlying shares and debentures of the Company

Name of Director	Capacity	Number of shares held	Approximate percentage of the issued share capital of the Company
Mr. Ching Man Chun, Louis ("Mr. Ching")	Interest of controlled corporation	488,000,000 (Note)	24.18%

Note:

These interests were held by Champion Choice Holdings Limited ("Champion Choice"), which was wholly owned by Mr. Ching. Mr. Ching is the sole director of Champion Choice. Accordingly, Mr. Ching was deemed to be interested in 488,000,000 shares of the Company under SFO, the above shares owned by Champion Choice and all the interests stated above represent long positions.

Save as disclosed above and to the best knowledge of the Directors, as at 30th September, 2019, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

### SHARE OPTION SCHEME

The Company's existing share option scheme (the "Share Option Scheme") was adopted at the annual general meeting of the Company on 19th August, 2011.

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Company and its subsidiaries and/or any invested entity(ies) and its subsidiaries.

The Board may in its absolute discretion, subject to the terms of the Share Option Scheme, grant options to, inter alia, employees or executives, including executive directors of the Company, the controlling shareholder of the Company and any invested entity and their respective subsidiaries, non-executive directors of the Company and any invested entity and their respective subsidiaries, supplier, advisor, agent, consultant or contractor for the provision of goods or services to any member of the Group or any invested entity and its subsidiaries and any vendor, customer or celebrity of any member of the Group or any invested entity and its subsidiaries or any person or entity that provides research, development or other technological support to the Group and any invested entity and its subsidiaries.

Subject to early termination in accordance with the provisions of the Share Option Scheme, the Share Option Scheme shall remain valid and effective for a period of ten years commencing from 19th August, 2011, after which period no further options shall be granted.

As at 30th September, 2019, there were no outstanding share options granted by the Company pursuant to the Share Option Scheme. No share options were granted, exercised, cancelled or lapsed during the Current Period.

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30th September, 2019, so far as is known to the Directors and the chief executives of the Company, the interests or short positions of substantial Shareholders in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

<b>Name</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Approximate percentage of the issued share capital of the Company</b>
Mr. Ching	Interest of controlled corporation	488,000,000 <i>(Note 1)</i>	24.18%
Champion Choice	Beneficial owner	488,000,000 <i>(Note 1)</i>	24.18%
Mr. Suen Cho Hung, Paul <i>("Mr. Suen")</i>	Interest of controlled corporation	339,676,465 <i>(Note 2)</i>	16.83%
Ace Way Global Limited <i>("Ace Way")</i>	Interest of controlled corporation	339,676,465 <i>(Note 2)</i>	16.83%
Ace Pride Holdings Limited <i>("Ace Pride")</i>	Beneficial owner	339,676,465 <i>(Note 2)</i>	16.83%



## Supplementary Information

### Notes:

1. These interests were held by Champion Choice, which was wholly owned by Mr. Ching. Mr. Ching is the sole director of Champion Choice. Accordingly, Mr. Ching was deemed to be interested in 488,000,000 shares under the SFO. The interests of Mr. Ching and Champion Choice in 488,000,000 shares of the Company referred to the same parcel of shares.
2. These interests were held by Ace Pride, which was wholly owned by Ace Way which in turn was wholly owned by Mr. Suen. Mr. Suen is the sole director of Ace Pride and Ace Way. Accordingly, Mr. Suen was deemed to be interested in 339,676,465 shares of the Company under the SFO. The interests of Mr. Suen, Ace Way and Ace Pride in 339,676,465 shares of the Company referred to the same parcel of shares.

Save as disclosed above and to the best knowledge of the Directors, as at 30th September, 2019, no person (other than the Directors) had an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register of the Company pursuant to Section 336 of the SFO.

### EVENTS AFTER THE REPORTING PERIOD

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

### INTERIM DIVIDEND

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

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

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

### CORPORATE GOVERNANCE

The Company has, throughout the six months ended 30th September, 2019, complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules except for the following deviations with reason as explained:

#### Code Provision A.2.1

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

### Deviation

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

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

### CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of Directors subsequent to the date of the 2019 Annual Report of the Company are set out below:

Name of Director	Details of Changes
Mr. Lam Yik Tung	Appointed as an Independent Non-executive Director of the Company, as well as the chairman of the Remuneration Committee and a member of each of the Audit Committee, the Nomination Committee and the Corporate Governance Committee of the Company, with effect from 8th July, 2019
Mr. Yeung Kim Ting	Re-designated from an Independent Non-executive Director to an Executive Director of the Company, as well as ceased to serve as the chairman of the Audit Committee and a member of each of the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee of the Company, with effect from 8th July, 2019
Mr. Wong Yee Shuen, Wilson	Being an Independent Non-executive Director of the Company, appointed as the chairman of the Audit Committee as well as ceased to serve as the chairman of the Remuneration Committee of the Company, with effect from 8th July, 2019
Mr. Gary Alexander Crestejo	Resigned as an Executive Director of the Company and an authorised representative of the Company under the Listing Rules, with effect from 1st November, 2019
Mr. Heinrich Grabner	Appointed as an Executive Director of the Company and an authorised representative of the Company under the Listing Rules, with effect from 1st November, 2019

## Supplementary Information

### COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code for the six months ended 30th September, 2019.

### REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30th September, 2019 have not been audited, but have been reviewed by the auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA, and the Audit Committee of the Company.

On behalf of the Board

**Ching Man Chun, Louis**

*Chairman and Managing Director*

Hong Kong, 29th November, 2019