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PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED

保 德 國 際 發 展 企 業 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE;
(2) CLOSURE OF REGISTER OF MEMBERS; AND
(3) CHANGE IN BOARD LOT SIZE**

Financial adviser to the Company



**Underwriter and Placing Agent
of the Rights Issue**



* For identification purpose only

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to approximately HK\$36.3 million by way of the issue of 1,009,141,413 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), at the Subscription Price of HK\$0.036 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$33.6 million (assuming no change in the number of Shares in issue on or before the Record Date).

The Company intends to apply the net proceeds from the Rights Issue for the settlement of the payables in relation to the acquisition of property, plant and equipment, involving the outstanding payment of the balance of approximately RMB59.9 million together with the corresponding interest in relation to the fee for the construction of port infrastructure owed by Guangxi Guangming Warehouse Storage Limited* (廣西廣明碼頭倉儲有限公司), a non-wholly owned subsidiary of the Company, through debt or equity financing to the non-wholly owned subsidiary and/or its intermediate holding company(ies). Under a settlement agreement, pursuant to which the enforcement order previously issued by the court was set aside as agreed upon by both parties to the proceedings, repayments of RMB30 million are due on or before 30 June 2023 and the remaining balance of approximately RMB29.9 million together with the corresponding interest are due on or before 31 December 2023. The Company intends to fund the remaining portion of the outstanding payment through the realisation of certain investments of the Group, such as the investment in AFC Mercury Fund.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfer documents of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Monday, 15 May 2023.

IRREVOCABLE UNDERTAKINGS OF THE UNDERTAKING COVENANTORS

As at the date of this announcement, Mr. Louis Ching and Champion Choice held 100,000,000 and 488,000,000 Shares, respectively, representing approximately 4.95% and 24.18% of the total number of issued Shares, respectively.

Pursuant to the Irrevocable Undertakings, Mr. Louis Ching and Champion Choice have provided several, irrevocable and unconditional undertakings to the Company and the Underwriter, pursuant to which each of Mr. Louis Ching and Champion Choice have irrevocably undertaken and warranted to the Company and the Underwriter, among other things:

- (i) to subscribe for 50,000,000 and 244,000,000 Rights Shares which comprises full acceptance of their provisional entitlement in respect of the 100,000,000 Shares and 488,000,000 Shares beneficially held by Mr. Louis Ching and Champion Choice, respectively;

* *For identification purpose only*

- (ii) not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the 100,000,000 Shares and 488,000,000 Shares respectively comprising the current shareholding in the Company owned by each of them, and such Shares will remain beneficially owned by Mr. Louis Ching and Champion Choice respectively from the date of the Irrevocable Undertakings up to and including the date of completion of the Rights Issue; and
- (iii) will lodge or procure the acceptance of the 50,000,000 Rights Shares and 244,000,000 Rights Shares respectively, which will be the number of Rights Shares provisionally allotted to them nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than 4:00 p.m. at the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

The Company will make arrangements to dispose of the Unsubscribed Rights Shares, comprising the Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in this announcement, by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders and Non-Qualifying Shareholders. After the trading hours of the Stock Exchange on 28 April 2023, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), to subscribe for the Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.

THE UNDERWRITING AGREEMENT

On 28 April 2023 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Underwriter has conditionally agreed to fully underwrite the Untaken Shares, being all the Unsubscribed Rights Shares that are not placed by the Placing Agent or they have been placed but the placees have not paid at 4:00 p.m. on the Placing Completion Date, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment or waiver (as applicable) of the conditions contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “The Underwriting Agreement” in this announcement.

The Company shall make an application to the Listing Committee for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue.

As the proposed Rights Issue is subject to conditions, it may or may not proceed. Investors are advised to exercise caution when dealing in the Shares.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of minority Shareholders in general meeting pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Tuesday, 16 May 2023 to Monday, 22 May 2023 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

CHANGE IN BOARD LOT SIZE

The Board announces that the board lot size of the Shares for trading on the Stock Exchange will be changed from 2,000 Shares to 30,000 Shares with effect from 9:00 a.m. on Tuesday, 23 May 2023. The Company will arrange odd lot matching services in order to facilitate the trading of odd lots.

GENERAL

The Prospectus Documents containing information on the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Tuesday, 23 May 2023. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sections headed “The Underwriting Agreement – Conditions of the Rights Issue and the Underwriting Agreement” and “The Underwriting Agreement – Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the existing Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled or waived (as applicable) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the existing Shares and/or the nil-paid Rights Shares. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to approximately HK\$36.3 million by way of the issue of 1,009,141,413 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), at the Subscription Price of HK\$0.036 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Further details of the Rights Issue are set out below:

Issue statistics

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| Basis of the Rights Issue: | One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date |
| Subscription Price: | HK\$0.036 per Rights Share |
| Number of Shares in issue as at the date of this announcement: | 2,018,282,827 Shares |
| Number of Rights Shares to be issued under the Rights Issue: | 1,009,141,413 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) |
| Number of issued Shares upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed): | 3,027,424,240 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) |
| Amount to be raised before expenses: | Approximately HK\$36.3 million |

As at the date of this announcement, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 1,009,141,413 Rights Shares proposed to be issued pursuant to the Rights Issue represent approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Qualifying Shareholders and Non-Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. Shareholders having an address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

Shareholders having an address outside Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will not qualify for the Rights Issue if the Board, after making relevant enquiries, considers that the exclusion of such Overseas Shareholders from the Rights Issue would be necessary or expedient on account either of legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place.

Shareholders with their Shares held by nominee(s) (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as a member of the Company by the Record Date, all transfer documents of the Shares (with the relevant share certificates) must be lodged for registration with the Registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Monday, 15 May 2023. The last day for dealing in the Shares on a cum-rights basis is Thursday, 11 May 2023.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a cheque or banker's cashier order for the Rights Shares being applied for with the Registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before the Latest Time for Acceptance.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents to be despatched in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Board notes the requirements specified in Rule 13.36(2)(a) of the Listing Rules and is in the process of making enquiries in the relevant jurisdictions as to the feasibility of extending the Rights Issue to the Overseas Shareholders. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, such Overseas Shareholders will become Non-Qualifying Shareholders and the Rights Issue will not be extended to them. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

Arrangements for the NQS Rights Shares

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Non-Qualifying Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be offered for subscription by the Placing Agent to the Places under the Placing.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

Closure of register of members of the Company

The register of members of the Company will be closed from Tuesday, 16 May 2023 to Monday, 22 May 2023 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Subscription Price

The Subscription Price is HK\$0.036 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 69.2% to the closing price of HK\$0.117 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 67.9% to the average closing price of approximately HK\$0.112 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

- (iii) a discount of approximately 69.2% to the average closing price of approximately HK\$0.117 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 60.0% to the theoretical ex-rights price of approximately HK\$0.09 per Share, based on the closing price of HK\$0.117 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 87.3% to the latest published consolidated net asset value per Share as at 30 September 2022 of approximately HK\$0.2829 (as shown in the interim report of the Company for the six months ended 30 September 2022 published on 14 December 2022); and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 23.1%, represented by the theoretical diluted price of approximately HK\$0.09 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.117 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$0.112 per Share) of approximately HK\$0.117 per Share.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.0333 (assuming no change in the number of Shares in issue on or before the Record Date). The aggregate nominal value of the Rights Shares will be HK\$10,091,414.13 (assuming no change in the number of Shares in issue on or before the Record Date).

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing prices of the Shares; (ii) prevailing market conditions and financial position of the Group; (iii) the amount of funds the Company intends to raise under the Rights Issue; and (iv) the reasons as discussed in the section headed “Reasons for the Rights Issue and Use of Proceeds of the Rights Issue” below in this announcement.

In determining the Subscription Price, which represents a discount of approximately 69.2% to the closing price of on the Last Trading Day, the Directors have considered, among other things as mentioned above, the historical market price of the Shares traded on the Stock Exchange. Given that the Company has recorded a net loss of approximately HK\$170.6 million and HK\$96.8 million for the year ended 31 March 2022 and the six months ended 30 September 2022 and all Qualifying Shareholders are provided with an equal opportunity to subscribe for their assured entitlements under the Rights Issue at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares. The Directors consider that the discount of the Subscription Price would enhance the attractiveness of the Rights Issue, and in turn encourage the Shareholders to participate in the Rights Issue, and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group. After taking into consideration the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and Use of Proceeds of the Rights Issue” below, the Directors consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid, the record dates of which are on or after the date of allotment and issue of the fully-paid Rights Shares.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, and any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment or waiver (as applicable) of the conditions of the Rights Issue as set out in the section headed “The Underwriting Agreement – Conditions of the Rights Issue and the Underwriting Agreement” in this announcement, share certificates for all fully-paid Rights Shares are expected to be posted on or about Wednesday, 21 June 2023 by ordinary post to the allottees, at their own risk, to their registered addresses. If the Underwriting Agreement is terminated or does not become unconditional, refund cheques will be posted on or before Wednesday, 21 June 2023 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved.

Irrevocable Undertakings by the Undertaking Covenantors

As at the date of this announcement, Mr. Louis Ching and Champion Choice held 100,000,000 and 488,000,000 Shares, respectively, representing approximately 4.95% and 24.18% of the total number of issued Shares, respectively.

Pursuant to the Irrevocable Undertakings, Mr. Louis Ching and Champion Choice have provided several, irrevocable and unconditional undertakings to the Company and the Underwriter, pursuant to which each of Mr. Louis Ching and Champion Choice have irrevocably undertaken and warranted to the Company and the Underwriter, among other things:

- (i) to subscribe for 50,000,000 and 244,000,000 Rights Shares which comprises full acceptance of their provisional entitlement in respect of the 100,000,000 Shares and 488,000,000 Shares beneficially held by Mr. Louis Ching and Champion Choice, respectively;
- (ii) not to sell, dispose of or transfer, or agree to sell, dispose of or transfer any of the 100,000,000 Shares and 488,000,000 Shares respectively comprising the current shareholding in the Company owned by each of them, and such Shares will remain beneficially owned by Mr. Louis Ching and Champion Choice respectively from the date of the Irrevocable Undertakings up to and including the date of completion of the Rights Issue; and
- (iii) will lodge or procure the acceptance of the 50,000,000 Rights Shares and 244,000,000 Rights Shares respectively, which will be the number of Rights Shares provisionally allotted to them nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than 4:00 p.m. at the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lots of 30,000 Rights Shares. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in on any stock exchange other than the Stock Exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders and Non-Qualifying Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent placees, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the commission and expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to the relevant No Action Shareholders and Non-Qualifying Shareholders in the manner set out below. The Placing Agent will procure, by not later than 4:00 p.m. on Wednesday, 14 June 2023, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the relevant No Action Shareholders and Non-Qualifying Shareholders as set out below:

- (i) for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for, and where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL and where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS; and
- (ii) for Non-Qualifying Shareholders, the relevant Non-Qualifying Shareholders whose name and address appeared on the register of members of the Company on the Record Date with reference to their shareholdings in the Company on the Record Date.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) and Non-Qualifying Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

THE PLACING AGREEMENT

On 28 April 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s) to subscribe for the Unsubscribed Rights Shares. Further details of the Placing Agreement are set out below:

Date: 28 April 2023 (after trading hours)

Placing agent: China Gather Wealth Financial Company Limited was appointed as the placing agent to place, or procure the placing of, up to 715,141,413 Unsubscribed Rights Shares (assuming no Shares being issued or bought back by the Company on or after the date of the Placing Agreement and on or before the Record Date) to the Placee(s).

The Placing Agent and its ultimate beneficial owners are Independent Third Parties. The Placing Agent has also undertaken that before it engages sub-placing agent(s) to place the Unsubscribed Rights Shares, it will confirm with the Company and such sub-placing agent(s) that these sub-placing agent(s) and their ultimate beneficial owners are Independent Third Parties and that they are independent of and not acting in concert with the Underwriter and parties acting in concert with it.

Placing commission: The Company shall pay to the Placing Agent a placing commission of 0.25% of the amount which is equal to the placing price multiplied by the total number of the Unsubscribed Rights Shares which are successfully placed by the Placing Agent. The Company shall also be responsible for all costs and expenses reasonably incurred in connection with or arising out of the Placing.

Placing price of the Unsubscribed Rights Shares: The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.

The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.

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| Places: | the Placing Agent undertakes to use its best endeavour to procure that (i) the Unsubscribed Rights Shares shall only be placed to institutional, corporate or individual investor(s) who and whose ultimate beneficial owner(s) shall be Independent Third Parties and are independent of and not acting in concert with the Underwriter and parties acting in concert with it; (ii) the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iii) the Company will continue to comply with the Public Float Requirement upon completion of the Placing and the Right Issue. |
| Ranking of Unsubscribed Rights Shares: | The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue. |
| Placing conditions: | The Placing is subject to and conditional upon (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares; (ii) the Rights Issue having become unconditional; (iii) the representations and warranties of the Company in the Placing Agreement remaining true and accurate in all material respects and none of the undertakings of the Company in the Placing Agreement having been breached in any material respects; (iv) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (v) the Placing Agreement not having been terminated in accordance with the provisions thereof. |
| Completion date of the Placing: | Wednesday, 14 June 2023 or such other date as the Company and the Placing Agent may agree. |

The terms of the Placing Agreement (including the commission rate) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue. The Directors consider that the terms of the Placing Agreement, including the commission rate, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Placing Agreement.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the relevant No Action Shareholders and Non-Qualifying Shareholders, the Directors consider that the Compensatory Arrangements are in the interest of the minority Shareholders.

THE UNDERWRITING AGREEMENT

On 28 April 2023 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in relation to the underwriting and respective arrangements in respect of the Rights Issue. Further details of the Underwriting Agreement are set out below:

Date: 28 April 2023 (after trading hours)

Issuer: The Company

Underwriter: China Gather Wealth Financial Company Limited, a licensed corporation carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO and its ordinary course of business includes underwriting of securities.

As at the date of this announcement, the Underwriter does not hold any Shares. The Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Independent Third Parties. The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.

Number of Rights Shares underwritten by the Underwriter: Up to 715,141,413 Rights Shares, being the maximum number of the Rights Shares less the Undertaken Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date on or before the Record Date, excluding the Undertaken Shares to be taken up by the Undertaking Covenantors, to be underwritten by the Underwriter pursuant to the terms and conditions under the Underwriting Agreement.

Underwriting commission: 0.5% of the aggregate Subscription Price in respect of the number of Underwritten Shares committed to be underwritten, subscribed for or procured to be subscribed for by the Underwriter in accordance with the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter shall ensure that (i) each of the subscribers of the Untaken Shares procured by it shall be an Independent Third Party; (ii) none of the subscribers of the Untaken Shares shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue and otherwise becoming a core connected person of the Company; (iii) none of the subscribers, together with any party(ies) acting in concert with it/them, will hold 30% (or such percentage which will trigger any GO Obligation under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue; and (iv) the Company will continue to comply with the Public Float Requirement upon completion of the Rights Issue.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter with reference to the size of the Rights Issue. The Directors consider that the terms of the Underwriting Agreement, including the commission rate, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

Subject to the fulfilment or waiver (as applicable) of all the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe for or procure the subscription for, pursuant to the terms of Underwriting Agreement and the Prospectus Documents (insofar as the same are applicable), the Untaken Shares (being any Unsubscribed Rights Shares that are not placed by the Placing Agent under the Placing Agreement).

Conditions of the Rights Issue and the Underwriting Agreement

The completion of the Rights Issue and the obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;
- (iv) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (v) the Company complying with all of its obligations under the Underwriting Agreement in all material respects;
- (vi) the representations and warranties of the Company in the Underwriting Agreement remaining true and accurate in all material respects and none of the undertakings of the Company in the Underwriting Agreement having been breached in any material respects;
- (vii) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (viii) the Placing Agreement not being terminated pursuant to the terms thereof and remains in full force and effect;

- (ix) all necessary consents and approvals to be obtained on the part of each of the Underwriter and the Company in respect of the Underwriting Agreement and the transactions contemplated thereunder having been obtained;
- (x) there being no Specified Event occurring on or before the Latest Time for Termination;
and
- (xi) the compliance with and performance of all the undertakings and obligations of the Undertaking Covenantors under the Irrevocable Undertakings.

Other than conditions (v), (vi) and (x) which can be waived in whole or in part by the Underwriter by notice in writing to the Company prior to the Latest Time for Termination, all other conditions precedent above cannot be waived. In the event that the above conditions precedent have not been satisfied or waived on or before the Latest Time for Termination, all liabilities of the Company and the Underwriter under the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement.

Termination of the Underwriting Agreement

The Underwriter shall have the right to terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day), if

- (i) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the Rights Issue; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or the destruction of any material asset of the Company; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements in connection with the Rights Issue.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Set out below is the expected timetable for the Rights Issue, which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled or otherwise waived:

| Event | 2023 |
|---|---|
| Last day of dealings in the Shares on a cum-rights basis | Thursday, 11 May |
| Commencement of dealings in the Shares on an ex-rights basis | Friday, 12 May |
| Latest time for lodging transfer documents of the Shares in order to be qualified for the Rights Issue | 4:30 p.m. on Monday, 15 May |
| Closure of the register of members of the Company for determining entitlements under the Rights Issue | Tuesday, 16 May to Monday, 22 May (both days inclusive) |
| Record Date for determining entitlements under the Rights Issue | Monday, 22 May |
| Re-opening of the register of members of the Company | Tuesday, 23 May |
| Despatch of the Prospectus Documents (in the case of the Non-Qualifying Shareholders, the Prospectus only). | Tuesday, 23 May |
| Effective date of change in board lot size from 2,000 Shares to 30,000 Shares | Tuesday, 23 May |
| Designated broker starts to stand in the market to provide matching services for odd lots of Shares | 9:00 a.m. on Tuesday, 23 May |
| First day for dealings in nil-paid Rights Shares | Thursday, 25 May |
| Latest time for splitting of nil-paid Rights Shares | 4:30 p.m. on Tuesday, 30 May |

| Event | 2023 |
|---|------------------------------------|
| Last day for dealings in nil-paid Rights Shares | Friday, 2 June |
| Latest time for lodging transfer documents of nil-paid Right Shares in order to qualify for the Compensatory Arrangements | 4:00 p.m. on Wednesday, 7 June |
| Latest time for acceptance of and payment for the Rights Shares | 4:00 p.m. on Wednesday, 7 June |
| Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements | Friday, 9 June |
| Commencement of placing of Unsubscribed Right Shares by the Placing Agent | Monday, 12 June |
| The last day for the designated broker to provide matching services for odd lots of Shares | 4:00 p.m. on Tuesday, 13 June |
| Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent | Wednesday, 14 June |
| Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional | 4:00 p.m. on Wednesday, 14 June |
| Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company. | Tuesday, 20 June |
| Despatch of Share certificates for fully-paid Rights Shares | Wednesday, 21 June |

| Event | 2023 |
|--|---------------------------------|
| Despatch of refund cheques, if any, if the Rights Issue is terminated | Wednesday, 21 June |
| Commencement of dealings in fully-paid Rights Shares | 9:00 a.m. on Friday, 23 June |
| Payment of Net Gain to relevant No Action Shareholders and Non-Qualifying Shareholders and net proceeds from the sale of nil-pail Rights Shares to the relevant Non-Qualifying Shareholders (if any) | Friday, 7 July |

All times and dates in this announcement refer to Hong Kong local times and dates. The dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company in agreement with the Underwriter in accordance with the Listing Rules. The Company will make an announcement to notify the Shareholders and the Stock Exchange in the event of any changes to the expected timetable as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 7 June 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 7 June 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on Wednesday, 7 June 2023, the dates mentioned in the section headed “Expected Timetable for the Rights Issue” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full; (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Undertaking Covenantors pursuant to the Irrevocable Undertakings) have taken up any entitlements of the Rights Shares and all the Unsubscribed Right Shares are placed to the Placees under the Compensatory Arrangements (“**Scenario I**”); and (iv) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Undertaking Covenantors pursuant to the Irrevocable Undertakings) have taken up any entitlements of the Rights Shares and none of the Unsubscribed Right Shares are placed to the Placees under the Compensatory Arrangements (“**Scenario II**”), assuming there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

| | As at the date of this announcement | | Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights | | | | | |
|---|-------------------------------------|----------------------|---|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|
| | | | Shares in full | | Scenario I | | Scenario II | |
| | <i>Number of issued Shares</i> | <i>Approximate %</i> | <i>Number of issued Shares</i> | <i>Approximate %</i> | <i>Number of issued Shares</i> | <i>Approximate %</i> | <i>Number of issued Shares</i> | <i>Approximate %</i> |
| Non-public Shareholders | | | | | | | | |
| Mr. Louis Ching | 100,000,000 | 4.95 | 150,000,000 | 4.95 | 150,000,000 | 4.95 | 150,000,000 | 4.95 |
| Champion Choice (<i>Note</i>) | <u>488,000,000</u> | <u>24.18</u> | <u>732,000,000</u> | <u>24.18</u> | <u>732,000,000</u> | <u>24.18</u> | <u>732,000,000</u> | <u>24.18</u> |
| Subtotal | 588,000,000 | 29.13 | 882,000,000 | 29.13 | 882,000,000 | 29.13 | 882,000,000 | 29.13 |
| Other Shareholder holding above 10% | | | | | | | | |
| Zhu Bin | 229,956,000 | 11.39 | 344,934,000 | 11.39 | 229,956,000 | 7.60 | 229,956,000 | 7.60 |
| Public Shareholders | 1,200,326,827 | 59.48 | 1,800,490,240 | 59.48 | 1,200,326,827 | 39.65 | 1,200,326,827 | 39.65 |
| Placees | - | - | - | - | 715,141,413 | 23.62 | - | - |
| Underwriter and/or subscribers procured by the Underwriter | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>715,141,413</u> | <u>23.62</u> |
| Total | <u>2,018,282,827</u> | <u>100.00</u> | <u>3,027,424,240</u> | <u>100.00</u> | <u>3,027,424,240</u> | <u>100.00</u> | <u>3,027,424,240</u> | <u>100.00</u> |

Note: Champion Choice, which is the registered holder of 488,000,000 shares of the Company, is wholly-owned by Mr. Louis Ching. Accordingly, Mr. Louis Ching is deemed to be interested in 488,000,000 shares of the Company directly held by Champion Choice under the SFO.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS OF THE RIGHTS ISSUE

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

The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$33.6 million (assuming no change in the number of Shares in issue on or before the Record Date).

The Company intends to apply the net proceeds from the Rights Issue for the settlement of the payables in relation to the acquisition of property, plant and equipment, involving the outstanding payment of balance of approximately RMB59.9 million together with the corresponding interest in relation to the fee for the construction of port infrastructure owed by Guangxi Guangming Warehouse Storage Limited* (廣西廣明碼頭倉儲有限公司), a non-wholly owned subsidiary of the Company, through debt or equity financing to the non-wholly owned subsidiary and/or its intermediate holding company(ies). Under a settlement agreement, pursuant to which the enforcement order previously issued by the court was set aside as agreed upon by both parties to the proceedings, repayments of RMB30 million are due on or before 30 June 2023 and the remaining balance of approximately RMB29.9 million together with the corresponding interest are due on or before 31 December 2023. The Company intends to fund the remaining portion of the outstanding payment through the realisation of certain investments of the Group, such as the investment in AFC Mercury Fund.

The Company had considered other fund-raising alternatives available to the Group, including debt financing and other equity financing such as placing or subscription of new Shares. The Board considers that to finance the funding needs of the Group in the form of equity is a better alternative than debt as it would not result in additional interest burden and will improve the gearing of the Group. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. On the contrary, the Rights Issue is pre-emptive in nature, as it allows Qualifying Shareholders to maintain their proportional shareholdings in the Company through participation in the Rights Issue. The Rights Issue also allows the Qualifying Shareholders to (a) increase their respective shareholding interests in the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective shareholding interests in the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, a rights issue is preferred. Accordingly, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

* For identification purpose only

FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS

The Company did not raise any funds by issue of equity securities during the 12 months immediately preceding the date of this announcement.

CHANGE IN BOARD LOT SIZE

As set out in the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited, it is requested that the value of each board lot shall be no less than HK\$2,000. In order to increase the value of each board lot of the Shares, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 2,000 Shares to 30,000 Shares with effect from 9:00 a.m. on Tuesday, 23 May 2023. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

Based on the theoretical ex-rights price of approximately HK\$0.09 per Share, the market value of each existing board lot is approximately HK\$180.0 and the estimated market value of each proposed new board lot is approximately HK\$2,700.0.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, a designated broker will be appointed to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Tuesday, 23 May 2023 to 4:00 p.m. on Tuesday, 13 June 2023 (both days inclusive). Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility. Further details in respect of the odd lots arrangement will be set out in the Prospectus.

All existing share certificates in board lot of 2,000 shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in the board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size 2,000 shares to new share certificate in board lot size of 30,000 shares is necessary.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of minority Shareholders in general meeting pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

GENERAL

The Prospectus Documents containing information on the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Tuesday, 23 May 2023. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sections headed “The Underwriting Agreement – Conditions of the Rights Issue and the Underwriting Agreement” and “The Underwriting Agreement – Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the existing Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled or waived (as applicable) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the existing Shares and/or the nil-paid Rights Shares. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

| | |
|------------------------------|--|
| “acting in concert” | has the meaning ascribed thereto under the Takeovers Code; |
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules; |
| “Board” | the board of Directors; |
| “Business Day” | a day (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal is hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which commercial banks in Hong Kong are open for general business; |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC; |
| “Champion Choice” | Champion Choice Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is 100% beneficially owned by Mr. Louis Ching, together with Mr. Louis Ching, are shareholders of the Company; |
| “Companies (WUMP) Ordinance” | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time; |
| “Company” | PT International Development Corporation Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 372); |
| “Compensatory Arrangements” | the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules; |

| | |
|--------------------------------|--|
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules; |
| “core connected person(s)” | has the meaning ascribed thereto under the Listing Rules; |
| “Director(s)” | the director(s) of the Company; |
| “GO Obligation” | the obligation to make a general offer under Rule 26 of the Takeovers Code; |
| “Group” | the Company and its subsidiary; |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong; |
| “HKSCC” | Hong Kong Securities Clearing Company Limited; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Independent Third Party(ies)” | any individual or company not being the connected persons of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associates; |
| “Irrevocable Undertakings” | the irrevocable undertakings dated 28 April 2023 given by Mr. Louis Ching and Champion Choice in favour of the Company and the Underwriter; |
| “Korea” | the Republic of Korea; |
| “Last Trading Day” | 28 April 2023, being the last trading day for the Shares on the Stock Exchange immediately before the publication of this announcement; |
| “Latest Time for Acceptance” | 4:00 p.m. on Wednesday, 7 June 2023, or such later time or date as may be agreed by the Company and the Underwriter in writing, being the latest time and date for acceptance of and payment for the Rights Shares as described in the Prospectus Documents; |
| “Latest Time for Termination” | 4:00 p.m. on Wednesday, 14 June 2023, or such later time or date as may be agreed by the Company and the Underwriter in writing, being the latest time for termination of the Underwriting Agreement; |

| | |
|---------------------------------|--|
| “Listing Committee” | has the meaning ascribed thereto under the Listing Rules; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time; |
| “Mr. Louis Ching” | Mr. Ching Man Chun, Louis, an executive Director and the chairman of the Board and, together with Champion Choice, are shareholders of the Company; |
| “No Action Shareholders” | those Qualifying Shareholders who do not subscribe for the Right Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed; |
| “Non-Qualifying Shareholder(s)” | the Overseas Shareholder(s) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place; |
| “NQS Rights Shares” | the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form; |
| “Overseas Shareholder(s)” | the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong; |
| “PAL(s)” | the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue; |
| “Placee(s)” | professional, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and not acting in concert with the Underwriter and parties acting in concert with it and/or the connected persons of the Company, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement; |

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| “Placing” | the placing of a maximum of 715,141,413 Unsubscribed Rights Shares by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement; |
| “Placing Agent” | China Gather Wealth Financial Company Limited, a licensed corporation carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement; |
| “Placing Agreement” | the placing agreement dated 28 April 2023 entered into between the Company and the Placing Agent in relation to the Placing; |
| “Placing Completion Date” | Wednesday, 14 June 2023 or such other date as the Company and the Placing Agent may agree; |
| “Posting Date” | Tuesday, 23 May 2023, or such other date as the Company and the Underwriter may agree in writing for the despatch of the Prospectus Documents; |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan; |
| “Prospectus” | the prospectus to be despatched to the Shareholders containing details of the Rights Issue; |
| “Prospectus Documents” | the Prospectus and the PAL; |
| “Public Float Requirement” | the public float requirement under Rules 8.08(1)(a) and 13.32(1) of the Listing Rules; |
| “Qualifying Shareholder(s)” | Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s); |

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| “Record Date” | Monday, 22 May 2023, or such other date as the Company and the Underwriter may agree in writing, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined; |
| “Registrar” | Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, the Company’s share registrar and transfer office; |
| “Rights Issue” | the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price, payable in full on acceptance and on the terms and subject to the conditions of the Underwriting Agreement and the Prospectus Documents; |
| “Rights Share(s)” | up to 1,009,141,413 new Shares to be allotted and issued pursuant to the Rights Issue; |
| “SFC” | the Securities and Futures Commission of Hong Kong; |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time; |
| “Share(s)” | the ordinary share(s) of HK\$0.01 each in the share capital of the Company; |
| “Shareholder(s)” | holder of issued Share(s); |
| “Specified Event” | an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties of the Company contained in the Underwriting Agreement untrue or incorrect in any material respect; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Subscription Price” | the subscription price of HK\$0.036 for each Rights Share under the Rights Issue; |

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| “Takeovers Code” | The Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time; |
| “Undertaken Shares” | 294,000,000 Rights Shares, being the aggregate number of Rights Shares for which the Undertaking Covenantors have undertaken to subscribe pursuant to the Irrevocable Undertakings; |
| “Undertaking Covenantors” | collectively, Mr. Louis Ching and Champion Choice; |
| “Underwriter” | China Gather Wealth Financial Company Limited, a licensed corporation carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO and its ordinary course of business includes underwriting of securities; |
| “Underwriting Agreement” | the underwriting agreement dated 28 April 2023 entered into between the Company and the Underwriter in relation to the Rights Issue, as revised, supplemented or amended from time to time in accordance with its terms; |
| “Underwritten Shares” | up to 715,141,413 Rights Shares, being the maximum number of the Rights Shares less the Undertaken Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date, excluding the Undertaken Shares to be taken up by the Undertaking Covenantors, to be underwritten by the Underwriter pursuant to the terms and conditions under the Underwriting Agreement; |
| “United States” or “US” | the United States of America (including its territories and dependencies, any state in the US and the District of Columbia); |

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| “Unsubscribed Rights Shares” | those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in this announcement; |
| “Untaken Shares” | all the Unsubscribed Rights Shares that are not placed by the Placing Agent or they have been placed but the places have not paid therefor at 4:00 p.m. on the Placing Completion Date; |
| “US Person(s)” | any person(s) or entity(ies) deemed to be a US Person for the purposes of Regulation S under the US Securities Act of 1933, as amended; and |
| “%” | per cent. |

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

Hong Kong, 28 April 2023

As at the date of this announcement, the Board comprises three Executive Directors, namely, Mr. Ching Man Chun, Louis (Chairman and Managing Director), Mr. Heinrich Grabner (Deputy Chairman) and Mr. Yeung Kim Ting; and three Independent Non-executive Directors, namely, Mr. Yam Kwong Chun, Mr. Wong Yee Shuen, Wilson and Mr. Lam Yik Tung.