

9 November 2023

*To the Independent Board Committee and the Independent Shareholders of PT International Development Corporation Limited*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION  
IN RELATION TO  
PROPOSED ACCEPTANCE AND SUBSCRIPTION OF TV OFFER SHARES**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the proposed Acceptance and Subscription (including the Subscription Price payable under the proposed Acceptance and Subscription) and the transactions to be contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 9 November 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the announcement published by the Company on 28 September 2023 in relation to, among others, the proposed Acceptance and Subscription of TV Offer Shares which constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board proposes to seek, among others, the approval of the Independent Shareholders for the Acceptance and Subscription of TV Offer Shares and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

As at the Latest Practicable Date, (i) Thousand Vantage is ultimately owned as to approximately 65% by the Company and as to approximately 35% by Mr. Zhu; and (ii) Mr. Zhu is interested in 315,222,769 Shares (representing approximately 10.4% of the issued share capital of the Company), and as such, a connected person of the Company at the issuer level. Accordingly, Thousand Vantage is a connected subsidiary of the Company under Chapter 14A of the Listing Rules. The Acceptance and Subscription on the part of the Company would constitute a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As the highest percentage ratio as defined in the Listing Rules in respect of the Acceptance and Subscription is more than 5% but is less than 25% and the amount is more than HK\$10,000,000, the Acceptance and Subscription is subject to the reporting, announcement, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As advised by the Company, none of the Directors has any material interest in the proposed Acceptance and Subscription and have abstained from voting on the relevant resolution in accordance with the requirements of the Listing Rules.

As Mr. Zhu is interested in 315,222,769 Shares (representing approximately 10.4% of the issue share capital of the Company) and holds approximately 35% issued share capital of Thousand Vantage. Mr. Zhu and his associates shall therefore be required to abstain from voting on the resolution(s) approving the Acceptance and Subscription and the transactions contemplated thereunder at the SGM.

Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholders are materially interested in the Acceptance and Subscription and the transactions contemplated thereunder who are required to abstain from voting at the SGM on the resolution(s) approving the Acceptance and Subscription and the transactions contemplated thereunder.

## **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising Mr. Yam Kwong Chun, Mr. Wong Yee Shuen, Wilson and Mr. Lam Yik Tung, all being independent non-executive Directors, has been established to advise the Independent Shareholders on whether the proposed Acceptance and Subscription and the transactions to be contemplated thereunder are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable so far as the Independent Shareholders are concerned, and to advise the Independent Shareholders as to voting. We, Draco Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

## OUR INDEPENDENCE

In the last two years, prior to the Latest Practicable Date, we have not acted in any capacity in relation to any transactions of the Company. As at the Latest Practicable Date, we do not have any relationship with, or have any interest in, the Group and its associates that could reasonably be regarded as relevant to our independence. Apart from the normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence as defined under Rule 13.84 of the Listing Rules.

## BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information.

We have assumed that all the information provided, and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon and continue to be so up to the date of the SGM. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and continue to be so up to the date of the SGM and all such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the SGM. Independent Shareholders will be informed of any material change of information and the representations made or referred to in the Circular as soon as possible up to the date of the SGM.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. In formulating our recommendation regarding the proposed Acceptance and Subscription and the transactions to be contemplated thereunder and pursuant to Rule 13.80(2) of the Listing Rules, we have obtained and reviewed the relevant information in relation to the proposed Acceptance and Subscription, among others, (i) the annual report for the year ended 31 March 2023 of the Company (the “**2023 Annual Report**”); (ii) the recent announcements of the Company; and (iii) the information set out in the Circular.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made, or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed Acceptance and Subscription and the transactions to be contemplated thereunder and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendations to the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

### **1 Background Information of the Parties to the Subscription**

#### ***1.1 Information on the Group***

The Company is a company incorporated in the Bermuda with limited liability, whose Shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 372).

The principal activity of the Company is investment holding. The Group is principally engaged in trading of commodities (including copper, nickel, aluminium and chemical and energy products), chemical storage business, provision of management services, financial institute business and loan financing services.

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.

## 1.2 Financial Performance on the Group

### *FY2023 vs FY2022*

With reference to the 2023 Annual Report, for the year ended 31 March 2023 (“FY2023”), the Group reported a loss of HK\$201,962,000 attributable to the owners of the Company (FY2022: HK\$158,417,000) and basic loss per share of HK8.94 cents (FY2022: HK7.01 cents). The loss in FY2023 was mainly due to an impairment loss on goodwill, property, plant and equipment and right-of-use assets related to the provision of port and port-related services in the petrochemical segment; partly offset by the fair value gain of financial instruments, in particular, the Group’s investment in AFC Mercury Fund.

For FY2023, the Group has been involved in the securities trading business. The Group had not realised any profit or loss on the disposal of these listed securities investments during the year (FY2022: loss of approximately HK\$60,000). The Group recorded a loss of approximately HK\$18 million (FY2022: gain of approximately HK\$1 million) arising from changes in the fair value of the listed securities. As a result, the Group reported a segment loss of approximately HK\$18 million (FY2022: loss of approximately HK\$1 million) during the year.

During FY2023, the Group, through its subsidiaries, continued its trading business which focuses on the trading of commodities including metals, chemical and energy products. The business generated a segment revenue of HK\$360,984,000 (FY2022: HK\$844,337,000) and a segment profit of HK\$3,055,000 (FY2022: segment loss of HK\$7,388,000). The profit was mainly due to demand of metals and chemical products increased. Since Russian Ukraine war early this year, follow with the subsequent curtailment of gas flows to Europe, this has pushed the energy price to new highs affecting the supply and production in Europe. In metal, with the cutback in production and the sanction in Russian Metals import to Europe, the premium in European market has pushed up substantially in the second quarter. The relatively high premium in Europe provided the premium arbitrage opportunity to move metals from Asian to European market in profit. The decrease in revenue was mainly due to the supply chains issues including delays in warehouse loadout, vessels delayed, high freight cost, longer than expected shipping days and higher United States Dollar interest rate.

During FY2023, the Group’s metal recycling business, which commenced operations in January 2022, recorded a revenue of HK\$101,574,000 (FY2022: HK\$43,480,000) (including inter-segment sales) and a segment loss of HK\$36,512,000 (FY2022: HK\$25,588,000).

During FY2023, the Group’s financial institute business reported a segment revenue of HK\$301,000 (FY2022: HK\$1,163,000) and a segment loss of HK\$6,670,000 (FY2022: HK\$6,933,000).

During FY2023, the Group's loan financing operation reported a segment revenue of HK\$16,000 (FY2022: HK\$254,000) and a segment profit of HK\$3,000 (FY2022: HK\$241,000). As at 31st March, 2023, the loan portfolio held by the Group was nil (FY2022: HK\$2,949,000).

For FY2023, the Group recorded gross loss of approximately HK\$281,310,000 (FY2022: gross profit of approximately HK\$46,181,000), with gross loss margin of approximately 62.2% (FY2022: gross profit margin of approximately 5.3%).

As at 31 March 2023, equity attributable to owners of the Company amounted to HK\$334,450,000 (31 March 2022: HK\$558,807,000), representing a decrease of HK\$224,357,000 or 40.2% as compared to 31 March 2022. The decrease was mainly due to the impairment of a cash-generating unit during the year. 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 31 March 2023, current assets and current liabilities of the Group were HK\$150,616,000 (31 March 2022: HK\$338,789,000) and HK\$686,711,000 (31 March 2022: HK\$311,417,000) respectively. Accordingly, the Group's current ratio was about 0.22 (31 March 2022: 1.1).

As at 31 March, 2023, the Group had bank balances and cash of HK\$69,552,000 (31 March 2022: HK\$109,590,000) and bank and other borrowings of HK\$146,281,000 (31 March 2022: HK\$165,290,000). The Group's gearing ratio was 22.9% at 31 March 2023 (31 March 2022: 10%). 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 balances and cash from bank borrowings.

### ***1.3 Information of Thousand Vantage***

As at the Latest Practicable Date, Thousand Vantage is a non-wholly owned subsidiary of the Company. Thousand Vantage and its subsidiaries, including but not limited to Guangming, is principally engaged in the provision of petrochemical port and storage services as well as port-related services through operation of a terminal at Yingling Terminal Operation Area of Qinzhou Port, Guangxi, the PRC.

As at the Latest Practicable Date, the directors of Thousand Vantage consist of Mr. Ching Man Chun Louis, Mr. Heinrich Grabner, Mr. Ching Man Ho Paul and Mr. Tsang Hin Man Terence nominated by the Group, and Mr. Zhu nominated by Mr. Zhu.

#### 1.4 Financial Performance on Thousand Vantage

The tables below set forth the consolidated financial information of Thousand Vantage for the two years ended 31 March 2023.

	For the year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(audited)	(unaudited)
		(Note)
Revenue	50,001	63,360
Net loss before taxation	(317,001)	(44,059)
Net loss after taxation	(317,001)	(46,698)
	As at 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(audited)	(audited)
Net assets	18,199	368,899

*Note: On 23 June 2022, the directors of Thousand Vantage passed an ordinary resolution to change the financial year end date of Thousand Vantage from 31 December to 31 March to align with the financial year end date of the Company. Accordingly, the respective period in the audit financial statements of Thousand Vantage started from 1 January 2021 to 31 March 2022. Hence, the amounts of revenue, net loss before taxation and net loss after taxation of the Thousand Vantage Group for the year ended 31 March 2022, which are extracted from the management accounts of the Thousand Vantage Group for the year ended 31 March 2022, are unaudited and for comparative purpose.*

The Thousand Vantage Group recorded net loss after taxation of HK\$317,001,000 for the year ended 31 March 2023 (for the year ended 31 March 2022: HK\$46,698,000). The increase in net loss was mainly attributable to an impairment loss on property, plant and equipment and right-of-use assets related to the provision of port and port-related services of HK\$186,702,000 and HK\$93,759,000, respectively, recognised for the year ended 31 March 2023 after the management of the Thousand Vantage Group has assessed the impact of the operational risks the Thousand Vantage Group faces from the COVID-19 pandemic, the impact from the litigation on the business operation and the impact they have on the future cash flows which impact the valuation of such assets.

The Thousand Vantage Group recorded net assets of HK\$18,199,000 as at 31 March 2023 (31 March 2022: HK\$368,899,000). The decrease in net assets was mainly attributable to the impairment loss recognised as stated above for the year ended 31 March 2023.

## 2 Reasons for the Proposed Acceptance and Subscription

The proposed Acceptance and Subscription amount to approximately HK\$33,161,142.88, which will be payable by the Group in cash upon acceptance of the PT Entitlement. As advised by the Directors, the proposed Acceptance and Subscription will be funded by proceeds from the Rights Issue. As disclosed in the announcement of the Company dated 21 June 2023 in relation to the results of the Rights Issue, the net proceeds from the Rights Issue are approximately HK\$33.6 million.

As disclosed in the Rights Issue Announcements and the Rights Issue Prospectus, under the Settlement Agreement, in 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 (the “**1st Tranche Settlement Sum**”) are due and payable by Guangming on or before 30 June 2023 and the remaining balance of approximately RMB29.9 million together with the corresponding interest are due and payable by Guangming on or before 31 December 2023. The revised deadline of the payment of the 1st Tranche Settlement Sum recently conveyed by No.5 Engineering Co., Ltd. of CCCC First Harbor Engineering Co., Ltd.\* (中交一航局第五工程有限公司) would fall on mid-November 2023. The Company intends to apply the net proceeds from the Rights Issue for the settlement of the aforementioned payables.

According to the Letter from the Board, the Thousand Vantage Group has to settle payments, which includes expenses related to an expansion project of petroleum facilities and oil and petroleum recycling facilities of the Thousand Vantage Group amounting to approximately RMB12.3 million and repayment to the Company amounting to approximately HK\$3.5 million. Further, assuming the TV Offer Shares are subscribed in full, Thousand Vantage intends to apply the net proceeds from the TV Offer Shares (i) as to RMB30 million for the repayment of the 1st Tranche Settlement Sum; (ii) as to RMB12.3 million for settlement of payments, which includes expenses related to an expansion project of petroleum facilities (汽車發油設施改擴建項目) and oil and petroleum recycling facilities (油汽回收設備) of the Thousand Vantage Group; (iii) as to HK\$3.5 million for repayment to the Company; and (iv) as to the remaining balance for general working capital of the Thousand Vantage Group (the actual amount of which will be subject to the HK\$ to RMB exchange rate at the time of exchanging HK\$ to make the RMB payment as set out above).

At the material time of the Rights Issue, the Company had considered other fund-raising alternatives available to the Group and were of the opinion that raising capital through the Rights Issue was in the interests of the Company and the Shareholders as a whole. While the Company had raised funds from the Rights Issue for the payables of Guangming, a non-wholly owned subsidiary of Thousand Vantage, we understand from the Directors that Thousand Vantage has also explored various fundraising alternatives.

To compare the TV Offer (equity financing) to debt financing methods (such as bank or shareholder’s loan), we are of the view that equity financing is a better alternative as such would not incur additional interest burden to Thousand Vantage and will also improve the gearing ratio of Thousand Vantage by increasing its equity, while debt financing will worsen it. Given the current outstanding bank borrowings and lease liabilities of Thousand Vantage, we consider that it is unlikely for Thousand Vantage to secure favourable terms through debt financing.



We also consider that the TV Offer, by way of rights issue, allows all shareholders of Thousand Vantage (including the Company) to maintain their proportional shareholdings in Thousand Vantage as compared to other equity financing methods, while enabling Thousand Vantage to secure funds for the settlement of the aforementioned payments.

### **3 Principal Terms of the Proposed TV Offer**

According to the Letter from the Board, Thousand Vantage proposes to raise gross proceeds of up to approximately HK\$51.0 million by way of the issue of up to 8,228,571,432 TV Offer Shares (assuming no change in the number of TV Shares in issue on or before the record date), at the Subscription Price of HK\$0.0062 per TV Offer Share on the basis of eight (8) TV Offer Shares for every one (1) existing TV Share held on the record date. No TV shareholder is entitled to apply for TV Offer Shares in excess of his/its entitlements.

Further details of the TV Offer are set out below:

#### ***Issue statistics***

Basis of the TV Offer:	Eight (8) TV Offer Shares for every one (1) existing TV Share held by the TV Shareholders on the record date
Subscription Price:	HK\$0.0062 per TV Offer Share
Number of TV Shares in issue as at the date of this circular:	1,028,571,429 TV Shares
Number of TV Offer Shares to be issued under the TV Offer:	up to 8,228,571,432 TV Offer Shares (assuming no change in the number of TV Shares in issue on or before the record date)
Number of issued TV Shares upon completion of the TV Offer (assuming the TV Offer is fully subscribed):	9,257,142,861 Shares (assuming no change in the number of TV Shares in issue on or before the record date and that no new TV Shares (other than the TV Offer Shares) will be allotted and issued on or before completion of the TV Offer)
Amount to be raised before expenses:	Approximately HK\$51 million

Assuming no change in the number of TV Shares in issue on or before the record date and that no new Shares (other than the TV Offer Shares) will be allotted and issued on or before completion of the TV Offer, up to 8,228,571,432 TV Offer Shares proposed to be issued pursuant to the TV Offer represent approximately 88.9% of the issued share capital of Thousand Vantage as enlarged by the allotment and issue of the TV Offer Shares.

#### ***Subscription Price***

The Subscription Price is HK\$0.0062 per TV Offer Share, payable in full by a TV Shareholder upon acceptance of the relevant entitlement of the TV Offer Shares.

The Subscription Price represents a discount of approximately 64.97% to the latest audited consolidated net asset value per TV Share as at 31 March 2023 of approximately HK\$0.0177 (calculated based on the consolidated net assets of Thousand Vantage HK\$18,199,000 (“**Thousand Vantage NAV**”) and 1,028,571,429 TV Shares in issue).

According to the Letter from the Board, the Subscription Price and the basis of the Proposed TV Offer were suggested by the financial adviser to Thousand Vantage. The Subscription Price with discount of approximately 64.97% to Thousand Vantage NAV per TV Share falls within the range and is close to the average discount represented by 31 rights issue comparables which are all companies listed on the Stock Exchange or GEM operated by the Stock Exchange from 1 January 2023 up to 14 September 2023, selected by the financial adviser to Thousand Vantage.

Further, we understand from the Letter of the Board that, in determining the Subscription Price, which represents a discount of approximately 64.97% to the latest audited consolidated net asset value per TV Share as at 31 March 2023, the financial adviser to Thousand Vantage has considered that, among others, (i) Thousand Vantage is a private company which shares are illiquid unlike listed companies on the Stock Exchange; (ii) Thousand Vantage is only an investment holding company and Guangming, the only operating subsidiary carrying assets of the Thousand Vantage Group is involved in several litigations, which increases additional risks and potential financial liabilities to its shareholders and/or potential investors; (iii) the auditors have expressed their disclaimer of opinion on the consolidated financial statements of the Thousand Vantage Group for the year ended 31 March 2023 because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements on the Thousand Vantage Group due to the following conditions indicating the existence of material uncertainties that may cast significant doubt upon the Thousand Vantage Group’s ability to continue as a going concern: (a) the Thousand Vantage Group is subject to legal claims in relation to sale and leaseback arrangements and debt dispute and such claims amounted to approximately RMB553,641,000 (equivalent to approximately HK\$632,785,000) in aggregate as at 31 March 2023 and the Thousand Vantage Group has received property preservation orders to restrict the disposition of certain assets and withdrawal of bank deposits since August 2022; (b) the Thousand Vantage Group has breached certain covenants of the bank loans and certain terms of the sale and leaseback contracts due to the receipt of the property preservation orders from the court, thus the bank and the lessor may request immediate repayment of the loans with a carrying amount of approximately HK\$121,012,000 as at 31 March 2023 and the remaining lease payments, the outstanding lease liabilities of which with a carrying amount of approximately HK\$397,885,000 as at 31 March 2023, respectively; and (c) the Thousand Vantage Group recorded net current liabilities of approximately HK\$575,485,000 as at 31 March 2023 and reported a loss and net operating cash outflow of approximately HK\$317,001,000 and HK\$749,000, respectively, for the year ended 31 March 2023; (iv) the Thousand Vantage Group has funding needs for the repayments under the Settlement Agreement and other expenses; (v) the Thousand Vantage Group has insufficient bank balances and cash as at 31 March 2023 for the repayments under the Settlement Agreement and of other expenses; and (vi) the TV Offer will be offered to the shareholders of Thousand Vantage on a pro-rata basis to subscribe the TV Offer Shares at the Subscription Price.

For further details of the principal terms of the Proposed TV Offer, please refer to the paragraph headed “PROPOSED TV OFFER” in the Letter from the Board.

## *Our Assessment*

In further assessing the fairness and reasonableness of the terms of the Proposed TV Offer, we conducted a search for comparable transactions involving rights issue announced by companies listed on the Stock Exchange in the past six months immediately preceding the date of the Announcement, save for the Rights Issue conducted by the Company in May 2023, based on the following selection criteria: (i) excluding companies that has recorded net liabilities according to their respective latest published information prior to the relevant announcement; and (ii) excluding companies with respective subscription price representing a premium over their net asset value according to their respective latest published information prior to the relevant announcement; and (iii) excluding dual listed H-share companies with different share prices at various stock exchanges due to price gap, which in turn result in differences in and multiple valuations of the companies and potentially unfair comparisons and distortions of data when drawing analytical conclusions (the “**Rights Issue Comparables**”). Also, as Thousand Vantage is not a listed company, we are not able to conduct analysis on the subscription price over the share price with the Rights Issue Comparables. Accordingly, we conducted our analysis on the discount of subscription price to net asset value per share with the Rights Issue Comparables.

We consider the list of the Rights Issue Comparables is fair, representative and comparable to the TV Offer, taking into account that (i) they involve the same type of transaction, i.e. rights issue, which could facilitate meaningful comparison purpose, as the selection of the Rights Issue Comparables without considering the connected relationship could provide a more balanced and comprehensive reference as terms given to connected person(s) shall be no more favourable than terms given to independent third party(ies); (ii) the period of six months immediately preceding the date of the Announcement represents a reasonable and meaningful time period to capture the recent market practice for rights issue; and (iii) an exhaustive list of the Rights Issue Comparables with each fulfilled the abovementioned selection criteria is more representative to provide a comprehensive reference for comparison purpose.

Shareholders should note that the businesses, operations and prospects of Thousand Vantage may not be the same as, or vary from, those of the listed companies conducting rights issue, and the Rights Issue Comparables set out below are for the purpose of providing a general insight on the terms in respect of the rights issue during the said period. Details of the Rights Issue Comparables are set out below:

<b>Date of announcement</b>	<b>Name of the comparable company (Stock code)</b>	<b>Basis of entitlement</b>	<b>Subscription amount (HK\$ million)</b>	<b>Discount of subscription price to net asset value per share (%)</b>
15 Sep 2023	Royal Century Resources Holdings Limited (8125)	5 for 1	36.1	85.0%
11 Sep 2023	Asian Citrus Holdings Limited (73)	1 for 2	43.7	57.4%
6 Sep 2023	Orient Securities International Holdings Limited (8001)	1 for 2	7.5	93.7%
3 Sep 2023	Rare Earth Magnesium Technology Group Holdings Limited (601)	1 for 2	15.8	96.5%
15 Aug 2023	Wisdomcome Group Holdings Limited (8079)	3 for 1	70.0	86.4%
28 Jul 2023	Artgo Holdings Limited (3313)	2 for 1	111.1	95.5%
26 Jul 2023	China Best Group Holding Limited (370)	2 for 5	97.6	71.0%
24 Jul 2023	Platt Nera International Limited (1949)	1 for 2	20.0	54.2%
6 Jul 2023	Classified Group (Holdings) Limited (8232)	3 for 2	14.2	53.3%
16 Jun 2023	Future World Holdings Limited (572)	1 for 1	69.7	92.6%
7 Jun 2023	GBA Holdings Limited (261)	4 for 5	52.9	90.3%

<b>Date of announcement</b>	<b>Name of the comparable company (Stock code)</b>	<b>Basis of entitlement</b>	<b>Subscription amount (HK\$ million)</b>	<b>Discount of subscription price to net asset value per share (%)</b>
7 Jun 2023	Tesson Holdings Limited (1201)	3 for 4	111.3	71.9%
25 May 2023	China Investment Development Limited (204)	1 for 1	54.1	83.1%
12 May 2023	China Ruifeng Renewable Energy Holdings Limited (527)	5 for 2	213.7	34.2%
5 May 2023	China Medical & HealthCare Group Limited (383)	1 for 2	318.6	59.0%
20 Apr 2023	Yuexiu Property Company Limited (123)	30 for 100	8,360.4	47.5%
13 Apr 2023	Pinestone Capital Limited (804)	1 for 2	30.5	70.7% <i>(note)</i>
			Maximum	96.5%
			Minimum	34.2%
			Median	71.9%
			Average	73.1%
	TV Offer	8 for 1	51.0	65.0%

*Note:* Taking into account of the proceeds from placing of new shares by the comparable which was conducted subsequent to the publication of its latest published financial information and prior to the announcement of its rights issue.

*Source:* the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk))

As shown in the table above, the subscription price of the Rights Issue Comparables ranged from a maximum discount of approximately 96.5% to a minimum discount of approximately 34.2% to their respective net asset value per share. The median and average discount of approximately 71.9% and approximately 73.1% to their respective net asset value per share, respectively, which are close to the discount to net asset value represented in the TV Offer. Having considered that the Rights Issue Comparables could reflect the recent trend of similar transactions involving rights issue and the prevailing market conditions, as the discount of the Subscription Price to the Thousand Vantage NAV per TV Share is within range and close to the median and average of the Rights Issue Comparables, we are of the view that the Subscription Price is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As the TV Offer will be offered to the shareholders of Thousand Vantage on a pro-rata basis, we concur with the Board's view that the TV Offer and the transactions contemplated thereunder (including the Subscription Price) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

#### 4 Potential Effects on Thousand Vantage

As illustrated in the Letter from the Board, Thousand Vantage is ultimately owned as to approximately 65% by the Company and as to approximately 35% by Mr. Zhu. Assuming Mr. Zhu does not accept and subscribe for any of his entitlement under the TV Offer, the equity interest of the Group in Thousand Vantage will increase from approximately 65% to approximately 94.35%.

For illustration purposes only, set out below is the shareholding structure of Thousand Vantage (i) as at the Latest Practicable Date; (ii) immediately after completion of the TV Offer assuming only the Group has taken up its entitlement under the TV Offer; and (iii) immediately after completion of the TV Offer assuming all the TV Shareholders have taken up his/its entitlements of the TV Offer, assuming no other change in the shareholding structure of Thousand Vantage before the completion of the TV Offer:

	As at the Latest Practicable Date		Immediately after completion of the TV Offer assuming only the Group has taken up its entitlement under the TV Offer		Immediately after completion of the TV Offer assuming all the TV Shareholders have taken up his/its entitlements of the TV Offer	
	<i>No. of issued shares</i>		<i>No. of issued shares</i>		<i>No. of issued shares</i>	
	<i>Approx %</i>		<i>Approx %</i>		<i>Approx %</i>	
PT OBOR	668,571,428	65.00	6,017,142,852	94.35	6,017,142,852	65.00
Mr. Zhu	360,000,000	35.00	360,000,000	5.65	3,240,000,000	35.00
HK United ( <i>Note</i> )	1	0.00	9	0.00	9	0.00
Total	<u>1,028,571,429</u>	<u>100.00</u>	<u>6,377,142,861</u>	<u>100.00</u>	<u>9,257,142,861</u>	<u>100.00</u>

*Note:* HK United holds 1 TV Share on trust for PT OBOR.

Taking into account that (i) the TV Offer is pre-emptive in nature, as this allows the Company to maintain its proportional shareholdings in Thousand Vantage through the proposed Acceptance and Subscription in the TV Offer; and (ii) the Subscription Price represents a discount to the Thousand Vantage NAV per TV Share, we consider that the proposed Acceptance and Subscription in the TV Offer is in the interests of the Group and the Shareholders as a whole.

It is expected that the Thousand Vantage NAV will increase immediately upon completion of the TV Offer but the Thousand Vantage NAV per TV Share will decrease as the Subscription Price represents a discount to the net asset value per share. However, taking into account that we consider the Subscription Price is fair and reasonable in market terms and the proposed Acceptance and Subscription is beneficial to the Group based on the assessment above, the potential impact on the Thousand Vantage NAV per TV Share is acceptable.

## OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the proposed Acceptance and Subscription and the transactions to be contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the proposed Acceptance and Subscription and the transactions to be contemplated thereunder are on normal commercial terms and are fair and reasonable; (ii) the proposed Acceptance and Subscription and the transactions to be contemplated thereunder is not conducted in the ordinary and usual course of business of the Group; and (iii) the proposed Acceptance and Subscription and the transactions to be contemplated thereunder is in the interests of the Group and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the proposed Acceptance and Subscription and the transactions to be contemplated thereunder in this regard.

Yours faithfully,  
For and on behalf of  
**Draco Capital Limited**



**Kevin Choi**  
*Managing Director*



**Leon Au Yeung**  
*Director*

*Mr. Kevin Choi and Mr. Leon Au Yeung are licensed persons under the SFO to carry out type 6 (advising on corporate finance) regulated activity under the SFO and regarded as responsible officers of Draco Capital Limited. Mr. Kevin Choi and Mr. Leon Au Yeung have over 12 and 10 years of experience in corporate finance industry, respectively.*