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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in PT International Development Corporation Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

(I) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF APPROXIMATELY 19.57% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY AND THE PLACING OF APPROXIMATELY 4.08% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY TO INDEPENDENT THIRD PARTIES; AND (II) NOTICE OF SPECIAL GENERAL MEETING

Financial adviser to the Company



紅日資本有限公司

RED SUN CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meaning as those defined in the section headed "Definitions" in this circular.

A notice convening the SGM to be held at Room Soho 1, 6/F, IBIS Hong Kong Central and Sheung Wan Hotel, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong on Friday, 12 June 2020 at 2:30 p.m. is set out on pages SGM-1 to SGM-3 of this circular.

A form of proxy is enclosed with this circular. Whether or not you intend to attend and vote at the SGM, you are advised to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you subsequently so wish.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, precautionary measures will be implemented at the SGM, including:

- (1) Compulsory body temperature screening/checks
- (2) Wearing of surgical face mask for each attendee
- (3) No provision of refreshments, drinks or souvenirs

Attendees who do not comply with the precautionary measures may be denied entry to the SGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their proxy forms by the time specified above, instead of attending the SGM in person.

CONTENTS

| | <i>Page</i> |
|--|-------------|
| DEFINITIONS | 1 |
| LETTER FROM THE BOARD | 5 |
| APPENDIX I – FINANCIAL INFORMATION OF THE GROUP | I-1 |
| APPENDIX II – FINANCIAL INFORMATION OF THE TARGET GROUP | II-1 |
| APPENDIX III – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP | III-1 |
| APPENDIX IV – MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP | IV-1 |
| APPENDIX V – GENERAL INFORMATION OF THE GROUP | V-1 |
| NOTICE OF SGM | SGM-1 |

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

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| “1st Long Stop Date” | the ninetieth (90th) day after the date of the Sale and Purchase Agreement, or such later date as the Vendor and Purchaser may agree in writing |
| “2nd Long Stop Date” | the sixtieth (60th) day after the 1st Long Stop Date, or such later date as the Vendor and Purchaser may agree in writing |
| “associates” | has the same meaning ascribed to such term, and as interpreted by the Stock Exchange, under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day(s)” | a day (other than Saturday or Sunday or public holiday in Hong Kong, or any day on which a tropical cyclone warning signal number 8 or above, an announcement of “extreme conditions” caused by a super typhoon by the Hong Kong Government in accordance with the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Hong Kong Labour Department in June 2019, and/or a black rainstorm warning signal is hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m.) on which licensed banks in Hong Kong are open for general business throughout their normal business hours |
| “BVI” | the British Virgin Islands |
| “Company” | PT International Development Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 372) |
| “Completion of the Disposal” | completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement |
| “Completion of the Placing” | completion of the Placing in accordance with the terms and conditions of the Placing Agreement |
| “Connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | the aggregate consideration for the sale and purchase of the Sale Shares, being HK\$181,440,000 under the Sale and Purchase Agreement |
| “Director(s)” | the director(s) of the Company |

DEFINITIONS

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| “Disposal” | the proposed disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms of the Sale and Purchase Agreement |
| “Disposal Completion Date” | the date on which completion of Sale and Purchase Agreement will take place, which shall be on the tenth (10th) Business Day immediately following the date when the last of the conditions precedent set out in the Sale and Purchase Agreement have been fulfilled or waived by the Purchaser in accordance with the terms in the Sale and Purchase Agreement, or if such day is not a Business Day, then the Business Day immediately after such day, or such other date as the Purchaser and the Vendor may subsequently agree in writing |
| “Final Placing Price” | the final placing price per Placing Share which will be set at a discount of 15% to a premium of 15% over the closing price on the date immediately preceding the SGM |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | means Persons who are third parties that are independent of, and not acting in concert with, the Vendor, the Target Company, the Company and its connected persons, and the Purchaser and the Purchaser Concert Group |
| “Last Trading Date” | 7 April 2020 |
| “Latest Practicable Date” | 25 May 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular prior to the printing |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time |
| “Main Board” | The Main Board of the Stock Exchange |
| “Mr. Lau” | Mr. Lau Tom Ko Yuen, the Chairman and Managing Director of the Target Company |
| “Person(s) Acting in Concert” | having the same meaning ascribed to it in the Takeovers Code |

DEFINITIONS

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| “Placing” | the placing by the Placing Agent of the Placing Shares held by the Vendor, the Company and/or their associates as at or after the date of the Sale and Purchase Agreement to Independent Third Parties pursuant to the terms of the Placing Agreement; |
| “Placing Agent” | Get Nice Securities Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities) regulated activity under the SFO, appointed by the Company for the purpose of the Placing |
| “Placing Agreement” | the placing agreement dated 25 May 2020 entered into between the Vendor and the Placing Agent |
| “Placing Completion Date” | the date on which completion of Placing Agreement will take place, which shall be within four Business Days after the fulfilment (or waiver) of all of the conditions as set out in the Placing Agreement, or such other date as the Vendor and the Placing Agent may agree in writing |
| “Placing Shares” | the 225,311,695 Target Company Shares held by the Vendor (other than the Sale Shares), representing approximately 4.08% of the issued share capital of the Target Company as at the Latest Practicable Date |
| “PRC” | People’s Republic of China |
| “Purchaser” | Rally Praise Limited, a company incorporated in the BVI with limited liability, the shares of which are wholly and indirectly held by Mr. Lau |
| “Purchaser Concert Group” | comprising the Purchaser’s holding company(ies), Mr. Lau and Persons Acting in Concert with any one or more of them collectively |
| “Purchaser’s Guarantor” | Mr. Lau |
| “Remaining Group” | The Group after the Completion of the Disposal and the Completion of the Placing |
| “Sale and Purchase Agreement” | the conditional sale and purchase agreement dated 7 April 2020 entered into between the Vendor and the Purchaser in relation to the Disposal |
| “Sale Shares” | being 1,080,000,000 Target Company Shares, representing approximately 19.57% of the entire issued share capital of the Target Company |

DEFINITIONS

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| “SFC” | Securities and Futures Commission of Hong Kong |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time |
| “SGM” | the special general meeting of the Company to be convened and held at 2:30 p.m. on Friday, 12 June 2020 at Room Soho 1, 6/F, IBIS Hong Kong Central and Sheung Wan Hotel, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong (or any adjournment thereof) for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement, the Placing Agreement and the transactions contemplated thereunder |
| “Share(s)” | share(s) of HK\$0.01 each in the capital of the Company |
| “Shareholder(s)” | holders of Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | The Codes on Takeovers and Mergers and Share Repurchases issued by the SFC as amended from time to time |
| “Target Company” | PYI Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 498) |
| “Target Company Share(s)” | share(s) of the Target Company |
| “Target Group” | the Target Company and its subsidiaries |
| “Vendor” | Hollyfield Group Limited, an indirect wholly-owned subsidiary of the Company |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent |

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Ching Man Chun, Louis

(Chairman and Managing Director)

Mr. Sue Ka Lok

Ms. Xu Wei

Mr. Yeung Kim Ting

Mr. Heinrich Grabner

Independent Non-executive Directors:

Mr. Yam Kwong Chun

Mr. Wong Yee Shuen, Wilson

Mr. Lam Yik Tung

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place of
business in Hong Kong:*

Suites 2304–2306A

23/F., West Tower Shun Tak Centre

168–200 Connaught Road Central

Hong Kong

28 May 2020

To the Shareholders

Dear Sir or Madam,

**(I) VERY SUBSTANTIAL DISPOSAL IN RELATION TO
THE DISPOSAL OF APPROXIMATELY 19.57% OF
THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY AND
THE PLACING OF APPROXIMATELY 4.08% OF
THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY
TO INDEPENDENT THIRD PARTIES; AND
(II) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements of the Company dated 7 April 2020 and 25 May 2020 in relation to, among other things, the Disposal and the Placing, respectively.

* For identification purpose only

LETTER FROM THE BOARD

On 7 April 2020 (after trading hours), the Vendor, the Purchaser, the Company, and the Purchaser's Guarantor entered into the Sale and Purchase Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares at an aggregate Consideration of HK\$181,440,000.

The Sale Shares, being 1,080,000,000 Target Company Shares, represent approximately 19.57% of the issued share capital of the Target Company as at the Latest Practicable Date.

On 25 May 2020 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, and the Placing Agent entered into the Placing Agreement, pursuant to which the Vendor has conditionally agreed to appoint the Placing Agent, and the Placing Agent has conditionally agreed to act as an agent of the Vendor to place the Placing Shares to independent placees, subject to the terms and conditions set forth in the Placing Agreement.

The Placing Shares, being 225,311,695 Target Company Shares, represent approximately 4.08% of the issued share capital of the Target Company as at the Latest Practicable Date.

As at the Latest Practicable Date, the Vendor holds 1,305,311,695 Target Company Shares which represents approximately 23.65% of the issued share capital of the Target Company and the Target Company is an associate company of the Company. As a condition precedent to the Disposal, the Vendor has agreed to place the Placing Shares to Independent Third Parties by way of Placing before Completion of the Disposal, after which the Vendor, the Company and their associates will no longer hold any Target Company Share after the Placing and the Disposal.

The purpose of this circular is to provide you with, among other things, (i) further details of the Sale and Purchase Agreement, and the transactions contemplated thereunder; (ii) the Placing Agreement, and the transactions contemplated thereunder; (iii) the financial information of the Group and the Target Group; (iv) the unaudited pro-forma financial information of the Remaining Group; (v) the management discussion and analysis of the Remaining Group; and (vi) a notice convening the SGM.

THE SALES AND PURCHASE AGREEMENT

The terms and conditions of the Sale and Purchase Agreement are summarised as below:

Date:

7 April 2020 (after trading hours)

Parties:

Vendor: Hollyfield Group Limited, an indirect wholly-owned subsidiary of the Company

Purchaser: Rally Praise Limited

Vendor's Guarantor: the Company

Purchaser's Guarantor: Mr. Lau

LETTER FROM THE BOARD

As at the Latest Practicable Day, the Purchaser is a company incorporated in the BVI with limited liability, the shares of which are wholly and indirectly held by Mr. Lau who is the chairman and managing director of the Target Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Lau and his associates are interested in approximately 9.29% of the issued share capital of the Target Company as at the Latest Practicable Date. Save as disclosed above, to the best knowledge and belief of the Directors, each of Mr. Lau and the Purchaser is an Independent Third Party as at the Latest Practicable Date.

The Sale Shares

The Sale Shares, being 1,080,000,000 Target Company Shares, represent approximately 19.57% of the issued share capital of the Target Company as at the Latest Practicable Date.

The Sale Shares to be acquired by the Purchaser shall be free from all encumbrances as at the Disposal Completion Date together with all rights attached thereto including all dividends and distributions declared, made or paid after payment of the Consideration under the Sale and Purchase Agreement in full.

As at the Latest Practicable Day, the Vendor holds 1,305,311,695 Target Company Shares which represents approximately 23.65% of the issued share capital of the Target Company and the Target Company is an associate company of the Company.

As a condition precedent to the Disposal, the Vendor has to place the Placing Shares to Independent Third Parties before the Completion of the Disposal. Upon the Completion of the Placing and the Completion of the Disposal, the Vendor, the Company and their associates will no longer hold any interests in the Target Company.

Consideration and payment terms

The Consideration for the Sale Shares shall be HK\$181,440,000. The Consideration shall be satisfied by the Purchaser in the following manner:

- (i) the Purchaser shall pay a deposit of Hong Kong dollars Three Million Only (HK\$3,000,000) ("**Deposit**") to the Vendor by cheque drawn in favour of the Vendor upon the signing of the Sale and Purchase Agreement, the amount of which has been paid. At Completion of the Disposal, the Deposit shall be applied as part payment of the Consideration; and
- (ii) The balance of the Consideration shall be paid to the Vendor on the Disposal Completion Date. All payments under the Sale and Purchase Agreement shall be paid in Hong Kong dollar by cheque or such other payment method as agreed between the Vendor and the Purchaser in writing.

LETTER FROM THE BOARD

Based on the Consideration of approximately HK\$181.4 million for 1,080,000,000 Sale Shares, the price per Sale Share is HK\$0.168 which represents:

- (i) a premium of approximately 127.03% to the closing price of HK\$0.0740 per Target Company Share as quoted on the Stock Exchange as at the Last Trading Date;
- (ii) a premium of approximately 150.75% to the closing price of HK\$0.0670 per Target Company Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 146.33% to the closing price of HK\$0.0682 per Target Company Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Date;
- (iv) a premium of approximately 136.95% to the closing price of HK\$0.0709 per Target Company Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date; and
- (v) a discount of approximately 77.33% to the consolidated net asset value attributable to owners per Target Company Share of approximately HK\$0.7412 (based on the unaudited consolidated net assets attributable to owners of the Target Company as at 30 September 2019 of approximately HK\$4,091.0 million).

Basis of the Consideration

The Consideration of HK\$181,440,000 was determined after arm's length negotiation between the Vendor and the Purchaser, having considered factors including the recent market price of the Target Company Shares and the trading liquidity of the Target Company Shares, which has been relatively low prior to the Last Trading Day. The Directors considered that the price per Sale Share of HK\$0.168, representing the premium of approximately 127.03% over the closing price of HK\$0.0740 per Target Company Share as quoted on the Stock Exchange as at the Last Trading Date represents a significant premium over the market price of the Target Company Shares and it is an appropriate opportunity for the Company to cash out its investment in the Sale Shares. Although there is a significant discount of approximately 77.33% of the Consideration for the Sale Shares to the unaudited consolidated net assets attributable to owners of the Target Company, the Target Company Shares have been consistently traded at a significant discount to the consolidated net asset value of the Target Company during the past two years. Thus, the Directors consider that the recent prevailing prices of the Target Company Shares traded on the Stock Exchange have already reflected the market value of the Target Company Shares and it is in the reasonable opinion of the Directors that in the foreseeable future the price of the Target Company Shares would not increase to an extent which would fully realise the consolidated net asset value of the Target Company.

As such, the Directors consider that the Consideration for the Sale Shares is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

In addition, the Target Group recorded a loss for the six months ended 30 September 2019, the prospects of which remain uncertain. Although the Target Group recorded a profit of approximately HK\$502 million and approximately HK\$64 million respectively for the two years ended 31 March 2018 and 2019, in which approximately HK\$848 million was contributed by the one-time gain on disposal of an associate for the year ended 31 March 2018, and approximately HK\$128 million and approximately HK\$39 million was contributed by the net gain on fair value changes of investment properties for the two years ended 31 March 2018 and 2019, respectively. Since these gains were of non-recurring in nature and the Target Group may not be able to make a profit in the future with reference to its six months' results ended 30 September 2019, and that the Target Group has also not distributed dividends over the past years since 2016. Having considered the above factors, the Directors consider that the Disposal is a good opportunity to realise the majority of its investment in the Target Company; and the Consideration for the Sale Shares is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Conditions Precedent of the Sale and Purchase Agreement

On 25 March 2020, the SFC gave a ruling that, upon taking into account of the Placing being completed prior to Completion of the Disposal, no mandatory offer under Rule 26 of the Takeovers Code would be triggered, as a result of the Completion of the Disposal, by the Purchaser, its holding company(ies), Mr. Lau and Persons Acting in Concert with any one or more of them acquiring the Sale Shares.

According to the ruling, since the pre-condition for the Disposal not triggering a mandatory offer under Rule 26 of the Takeovers Code is the Completion of the Placing, if the Company did not dispose of the remaining Target Company Shares by way of the Placing, the Purchaser would not have proceeded with the transaction as it would trigger a mandatory offer obligation for the Purchaser. As such, it is a condition precedent to the Disposal that the Vendor has to place the Placing Shares to Independent Third Parties before the Completion of the Disposal.

Completion of the transactions contemplated in the Sale and Purchase Agreement is conditional upon the satisfaction and/or waiver by the Purchaser in accordance with the terms of the Sale and Purchase Agreement of the following conditions:

- (a) all remaining 225,311,695 Target Company Shares (other than the Sale Shares) held by the Vendor, the Company and/or their associates at the time or after the signing of the Sale and Purchase Agreement having been irrevocably disposed of to Independent Third Parties via Placing, such that after Completion of the Placing, none of the Vendor, the Company and their associates are then interested in any Target Company Shares, other than the Sale Shares, and that in doing so, the Vendor and the Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the Target Company Shares or other securities of the Target Company;
- (b) no mandatory offer under Rule 26 of the Takeovers Code being triggered as a result of the Completion of the transaction contemplated hereunder by one or more of the Purchaser, its holding company(ies), Mr. Lau and Persons Acting in Concert with any one or more of them acquiring the Sale Shares; and

LETTER FROM THE BOARD

- (c) the Company obtaining all necessary approvals at the expense of the Company from its Shareholders and the Stock Exchange under the Listing Rules and other applicable laws for the Completion of the Disposal and the transactions contemplated under the Sale and Purchase Agreement.

As at the Latest Practicable Date, condition precedent (b) above has been fulfilled while conditions precedent (a) and (c) above remain to be outstanding. The Vendor undertook, and the Vendor's Guarantor undertook to procure the Vendor, to use its best endeavours to ensure that all of the conditions precedent set out above are fulfilled as soon as practicable after the date of the Sale and Purchase Agreement and in any event the condition precedent (c) above shall be completed no later than 5:00 p.m. on the 1st Long Stop Date and condition precedent (a) above shall be fulfilled no later than 5:00 p.m. on the 2nd Long Stop Date.

Guarantee

Pursuant to the Sale and Purchase Agreement, the Company unconditionally and irrevocably:

- (a) guarantees by way of continuing obligation, as primary obligor and not merely as surety, the due observance and performance by the Vendor of all the agreements, obligations, commitments and undertakings contained in the Sale and Purchase Agreement; and
- (b) agrees that in the event the Vendor shall fail to complete the Disposal, the Company shall complete the sale either in the name of the Vendor or in its own name within seven (7) days from its receipt of a written notice from the Purchaser requiring Completion of the Disposal.

In consideration of the Vendor entering into the Sale and Purchase Agreement, the Purchaser's Guarantor irrevocably and unconditionally:

- (a) guarantees by way of continuing obligation, as principal obligor and not merely as surety, the due observance and performance by the Purchaser of all the agreements, obligations, commitments and undertakings contained in the Sale and Purchase Agreement; and
- (b) agrees that in the event the Purchaser shall fail to complete the Disposal, the Purchaser's Guarantor shall complete the sale either in the name of the Purchaser or in its own name within seven (7) days from its receipt of a written notice from the Vendor requiring Completion of the Disposal.

Completion

Completion of the Sale and Purchase Agreement shall take place on the tenth (10th) day immediately following the fulfilment of all conditions precedent under the paragraph headed "Conditions Precedent of the Sale and Purchase Agreement" in this circular or if such day is not a Business Day, then the Business Day immediately after such day, or such other date as the Vendor and the Purchaser may agree in writing.

LETTER FROM THE BOARD

THE PLACING

On 25 March 2020, the SFC gave a ruling that, upon taking into account of the Placing being completed prior to Completion of the Disposal, no mandatory offer under Rule 26 of the Takeovers Code would be triggered as a result of the Completion of the Disposal by the Purchaser, its holding company(ies), Mr. Lau and Persons Acting in Concert with any one or more of them acquiring the Sale Shares.

According to the ruling, since the pre-condition for the Disposal not triggering a mandatory offer under Rule 26 of the Takeovers Code is the Completion of the Placing, if the Company did not dispose of the remaining Target Company Shares by way of the Placing, the Purchaser would not have proceeded with the transaction as it would trigger a mandatory offer obligation for the Purchaser. As such, it is a condition precedent to the Disposal that the Vendor has to place the Placing Shares to Independent Third Parties before the Completion of the Disposal.

The Directors consider that it is fair and reasonable, and in the interests of the Company and its Shareholders as a whole to agree with the Placing being a condition precedent of the Disposal. Further details as to the reasons for the Disposal is set out in the paragraph headed “Reasons for and benefits of the Disposal and the Placing” in this circular.

On 25 May 2020 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Vendor has conditionally agreed to appoint the Placing Agent, and the Placing Agent has conditionally agreed to act as an agent of the Vendor to place the Placing Shares subject to the terms and conditions set forth in the Placing Agreement.

As at the Latest Practicable Date, the Vendor holds 1,305,311,695 Target Company Shares which represents approximately 23.65% of the issued share capital of the Target Company and the Target Company is an associate company of the Company. The Placing Shares, being 225,311,695 Target Company Shares, represent approximately 4.08% of the issued share capital of the Target Company as at the Latest Practicable Date.

THE PLACING AGREEMENT

The terms and conditions of the Placing Agreement are summarised as below:

Date:

25 May 2020 (after trading hours)

Parties:

Vendor: Hollyfield Group Limited, an indirect wholly-owned subsidiary of the Company

Placing Agent: Get Nice Securities Limited

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent is an Independent Third Party of the Group and its connected persons as at the Latest Practicable Date.

The Placing Shares

The Placing Shares, being 225,311,695 Target Company Shares, represent approximately 4.08% of the issued share capital of the Target Company as at the Latest Practicable Date.

The Placing Shares will be placed free and clear of liens, encumbrances, equities or claims together with all dividends, distributions or other rights declared or distributed in respect of the Placing Shares for which a record date in respect of such entitlement occurs on or after the date of the Placing Agreement.

As at the date of this circular, the Vendor holds 1,305,311,695 Target Company Shares which represents approximately 23.65% of the issued share capital of the Target Company and the Target Company is an associate company of the Company. As a condition precedent to the Disposal, the Vendor has agreed to place the Placing Shares to Independent Third Parties by way of the Placing before Completion of the Disposal, after which the Vendor, the Company and their associates will no longer hold any Target Company Share after the Placing and the Disposal.

Independence of Placees

The choice of Placees for the Placing Shares shall be determined solely by the Placing Agent and its agent(s), subject to the requirements of the Listing Rules (in particular that the Placing Agent and its agent(s) shall use their best endeavours to ensure that Placees shall be independent of, and not acting in concert with, the Vendor, the Target Company, the Company and its connected persons and the Purchaser and the Purchaser Concert Group and that none of the Placees will become substantial shareholder (as defined in the Listing Rules) of the Target Company immediately upon Completion of the Placing.

Final Placing Price

The Final Placing Price will be determined with reference to the closing price of the Target Company Shares as at the date of the SGM which will be within the range from a discount of 15% to a premium of 15% to the closing price of the Target Company Shares as at the date of the SGM, but in any event no less than HK\$0.07 per Placing Share as the minimum Placing Price. In the event that the price after applying the discount of 15% to the closing price of the Target Company Shares as at the date of the SGM falls below the minimum Placing Price of HK\$0.07, the Final Placing Price will be not less than the minimum Placing Price of HK\$0.07.

The lower limit of the Final Placing Price

The lower limit of the Final Placing Price of HK\$0.07 per Placing Share, represents:

- (i) no premium or discount to the closing price of HK\$0.0700 per Target Company Share as quoted on the Stock Exchange as at the Latest Practicable Date;

LETTER FROM THE BOARD

- (ii) a discount of approximately 4.37% to the closing price of HK\$0.0732 per Target Company Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Latest Practicable Date;
- (iii) a discount of approximately 6.91% to the closing price of HK\$0.0752 per Target Company Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Latest Practicable Date;
- (iv) a discount of approximately 10.26% to the closing price of HK\$0.0780 per Target Company Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Latest Practicable Date; and
- (v) a discount of approximately 90.56% to the consolidated net assets attributable to owners of Target Company Share of approximately HK\$0.741 (based on the unaudited consolidated net assets attributable to owners of the Target Company as at 30 September 2019 of approximately HK\$4,091 million).

Basis of the Placing Price

The range from a discount of 15% to a premium of 15% to the closing price of the Target Company Shares as at the date of the SGM was determined based on the Company's negotiation with the Placing Agent and taking into account the price fluctuation in the past two months of approximately -18% to approximately +25% to the two-month average price of the Target Company Shares from 16 March 2020 to 15 May 2020. The Directors consider that the price fluctuation of the Target Company Share in the past 2 months would be indicative to the price fluctuation of the Target Company Shares in the month after the SGM. The Company considers that the range of Placing Price from a discount of 15% to a premium of 15% to the closing price of the Target Company as at the date of SGM can provide the Company and the Placing Agent with greater flexibility in completing the Placing, given that the Placing must be completed as a condition precedent to the Disposal. The Board therefore considers that given the recent volatility of the market, it is important for the Placing to be completed within the expected timeframe in order for the Company to proceed with the Completion of the Disposal.

The Final Placing Price, which will not be lower than HK\$0.07 per Placing Share, was determined after arm's length negotiation between the Vendor and the Placing Agent, having considered factors including the prevailing market price of the Target Company Shares and the trading liquidity of the Target Company Shares, which has been relatively low prior to the Latest Practicable Date. The Directors considered that the lower limit of HK\$0.07 per Placing Share represents an appropriate opportunity for the Company to cash out its investment in the Placing Shares. The Directors note that there is a significant discount of approximately 90.56% of HK\$0.07 per Placing Share to the unaudited consolidated net assets attributable to owners of the Target Company. However, given that the Placing is a condition precedent of the Disposal and the Company requires funding to develop its business and the Target Company Shares have been consistently traded at a significant discount to the consolidated net asset value of the Target Company during the past two years, the Directors consider that the prevailing market price of the Target Company Shares traded on the Stock Exchange have already reflected the market value of the Target Company Shares and in the foreseeable future the price of the Target Company Shares would not increase to an extent which would fully realise the consolidated net assets value of the Target Company. In addition, the Target Group recorded a loss for the six months ended 30 September 2019, the prospects of which remain uncertain. Having considered the factors above, the

LETTER FROM THE BOARD

Directors consider that the Placing is a good opportunity to realise its investment in the Target Company and the Placing Agreement for the Placing Shares is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Placing Commission

The Placing Agent shall receive a placing commission in Hong Kong dollars, of 2.5% of the amount equal to the Final Placing Price multiplied by the number of the Placing Shares actually and successfully placed. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent with reference to the market rate.

Conditions Precedent of the Placing Agreement

Completion of the Placing Agreement is conditional upon the fulfilment of all of the following:

- (a) the Vendor (and the Company) obtaining all necessary approvals at the expense of the Company from its Shareholders and the Stock Exchange under the Listing Rules and other applicable laws for the Completion of the Placing and the transactions contemplated under the Placing Agreement;
- (b) no objection has been received from the Stock Exchange and the SFC (if applicable) regarding the placee list;
- (c) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event; and
- (d) the Final Placing Price being not less than HK\$0.07.

Termination of the Placing

The Placing Agent may terminate the Placing Agreement without any liability to the Vendor, by notice in writing given to the Company at any time prior to 9:00 a.m. on the date of Completion of the Placing, if in the absolute opinion of the Placing Agent the success of the Placing would be materially and adversely affected by the following force majeure events:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Target Company as a whole; or
- (ii) 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, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of

LETTER FROM THE BOARD

hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Target Company as a whole or adversely prejudices the success of the placing of the Target Company Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Vendor or the Placing Agent to proceed with the Placing; or

- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Vendor or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the date of Completion of the Placing,

- (i) the Vendor commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (ii) the trading of the Target Company Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement or any announcements or circulars relating to the Placing; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Target Company taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing;

the Placing Agent shall be entitled (but not bound) by notice in writing to the Vendor to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement. Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place within four Business Days after the fulfilment of all of the conditions as set out in paragraph headed “Conditions Precedent of the Placing Agreement” above or such other date as the Vendor and the Placing Agent may agree in writing.

LETTER FROM THE BOARD

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Bermuda with limited liability. The Target Company Shares are listed on the Main Board (stock code 498). According to the 2019 annual report of the Target Company, the Target Group is principally involved in ports and infrastructure development and investment, and the operation of ports and logistics facilities, in the Yangtze River region of China. The Target Group is also engaged in land and property development and investment in association with ports and infrastructure development, as well as securities trading and investment, and provision of loan financing activities. In addition, the Target Group provides comprehensive engineering and property-related services through Paul Y. Engineering Group Limited.

FINANCIAL EFFECT OF THE DISPOSAL AND THE PLACING

Based on the unaudited pro forma financial information of the Remaining Group as set out in the Appendix III to this circular, assuming the Disposal and the Placing took place on 1 April 2018, it is estimated that the Company would realise an unaudited loss on the Disposal and the Placing of approximately HK\$459.6 million, which would be debited to the profit and loss. Please refer to the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular for more details on the basis and assumptions of the aforesaid financial impact to the Group.

Shareholders should note that the actual financial effects on the Disposal and the Placing to be recognised in the consolidated financial statements of the Company depend on the then financial position of the Target Group as at the Disposal Completion Date and Completion of the Placing and therefore may be different from the amount mentioned above.

As at the Latest Practicable Date, the Target Company is accounted for as an associate company of the Company in the consolidated financial statements of the Group. As a condition precedent to the Disposal, the Vendor has to place the Placing Shares to Independent Third Parties before Completion of the Disposal and the Vendor will no longer hold any interests in the Target Company after the Placing and the Disposal.

USE OF PROCEEDS

Upon Completion of the Disposal, the net proceeds from the Disposal after deducting related expenses are estimated to be approximately HK\$181.0 million. The Group intends to apply the net proceeds from the Disposal in the following manner:

- (i) Approximately HK\$120 million for potential acquisition of business with growth potential;
- (ii) Approximately HK\$30 million for the Group's money lending business; and
- (iii) Approximately HK\$31 million for developing its commodities trading business and general working capital of the Group.

LETTER FROM THE BOARD

Currently, the Company is exploring investment opportunities in business segments of promising prospect. As at the Latest Practicable Date, the Company has not entered into any non-legally binding memorandum of understanding or formal agreement in respect of any acquisition targets. Further announcement(s) will be made by the Company in respect of its acquisition(s) as and when appropriate in compliance with the Listing Rules.

The net proceeds from the Placing after deducting related expenses are estimated to be no less than approximately HK\$15.4 million. The Group intends to apply the net proceeds from the Placing for the general working capital of the Group.

Potential Acquisition of Business with Growth Potential

On 21 April 2020, the Company announced that the Company entered into a non-binding heads of terms agreement with Independent Third Parties, pursuant to which the Company intended to invest into the potential target Company, which is a limited liability company incorporated in Bermuda in the course of acquiring the entire equity interest of a licensed bank in Bermuda. The Company will continue to conduct due diligence on the Target Group. The potential acquisition, which is subject to the execution of the definitive agreement(s) and relevant regulatory approvals, will constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules if materialised.

In addition, on 16 April 2020, an announcement was made by the Company that the Company was negotiating for a redemption of the preference shares in Thousand Vantage Investment Limited (“**Thousand Vantage**”), which is principally engaged in the provision of oil port and storage service as well as port related services, strategically located in South Western PRC in exchange of the Company acquiring the issued shares of and all or part of shareholder’s loan of Thousand Vantage by setting off the entire amount of the redemption price due and payable to the Company from Thousand Vantage. The potential transaction, if materialised, will constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Save for the potential transactions disclosed above, no other potential acquisition targets have been identified by the Group as at the Latest Practicable Date. The Company will issue further announcement(s) of the above potential acquisitions as and when appropriate when the transactions materialise.

Development of the Money Lending Business

The Group has obtained a money lender’s license in conformity with the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in 2018. The net proceeds from the Disposal will provide the Group with instant funding for the development of its money lending business. As the money lending business is capital intensive in nature and involves substantial operating cash outflows in the form of effecting loans to customers, it requires readily available funding for its business operation and development. Lack of immediate funding to be granted as loan will result in failure to capture relevant business opportunities for generating interest income and hence limit the development potential of the money lending business. Furthermore, the Group’s money lending business generally has higher profit margins than the Group’s other businesses, therefore this immediate funding for the money lending business would be beneficial to the Group and its Shareholders as a whole.

LETTER FROM THE BOARD

Development of Commodities Trading Business and Maintenance of General Working Capital

The Group continued its trading business of commodities including copper cathodes, nickel briquettes and fishery products. The business generated revenue of HK\$1,772,410,000 for the year ended 31 March 2019, which accounted for approximately 90% of the Group's revenue. In light of the continuous growth of the Chinese economy, the Group is of the view that market demand for metal products will continue to grow.

The Group is of the view that to promote the development of the trading business of commodities, it is beneficial for the Group to maintain additional funds for general working capital and capture investment opportunities as and when they become available.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE PLACING

The Group's investments in the Target Company are recorded in the Group's consolidated statement of financial position under interests in associates, and these balances are subject to impairment assessment in accordance with Hong Kong Accounting Standards from time to time.

The Company has been investing in the Target Company for more than 20 years up until the Latest Practicable Date. The last acquisition in the Target Company Shares made by the Company was on 22 September 2015 at the consideration of HK\$0.183 per Target Company Share for 1,000,000 Target Company Shares. Although the Target Company generated stable income to the Company by way of dividend payment over the previous years, the share price of the Target Company Shares has generally been in a downward trend in the past three years. In addition, the Target Group has not distributed dividends since the financial year ended 31 March 2016, which generated no dividend income for the Group thereafter. The Company has therefore been exploring new investment opportunities in replacement of the long-term investment in the Target Company, which will create higher return to the Company and Shareholders as a whole.

In addition, the Target Group recorded a loss for the six months ended 30 September 2019, the prospects of which remain uncertain. Although the Target Group recorded a profit of approximately HK\$502 million and approximately HK\$62 million respectively for the two years ended 31 March 2019, approximately HK\$848 million was contributed by the one-time gain on disposal of an associate for the year ended 31 March 2018, and approximately HK\$128 million and approximately HK\$39 million was contributed by the net gain on fair value changes of investment properties for the years ended 31 March 2018 and 2019, respectively. Since these said gains are of non-recurring nature and the Target Group has not distributed dividends since the financial year ended 31 March 2016.

The Directors also consider that the recent prevailing prices of the Target Company Shares traded on the Stock Exchange have already reflected the market value of the Target Company Shares and in the foreseeable future the price of the Target Company Shares would not increase to an extent which would fully realise the consolidated net assets value of the Target Company. As such, the Directors consider that the Disposal and the Placing is a good opportunity to realise the Group's investment in the Target Company.

LETTER FROM THE BOARD

Having considered the factors set out above, the Directors consider that it is a good opportunity to realize the Group's investment in the Target Company because:

- (i) the price per Sale Share represents a significant premium over the market price of the Target Company Shares and the Company will realize an unaudited gain on the Disposal;
- (ii) the Disposal and the Placing would only involve a disposal in interests in an associate which is only part of the Group's equity investment and did not fall within any business segment of the Group according to the annual report of the Company for the year ended 31 March 2019;
- (iii) no dividend income was generated from the Target Company Shares held by the Company in the past four financial years and the market price of the Target Company Shares has generally been in a downward trend in the past three years, such that the investment in the Target Group becomes no longer lucrative; and
- (iv) the Disposal would allow the Group to focus its resources on its investment business and other principal business. In particular, the financial resources realised by the Disposal and Placing would boost the financial position of the Group in identifying and acquiring appropriate investment opportunities with higher return.

With reference to the Company's 2019/2020 interim report, the Group's bank and cash balances were approximately HK\$105.7 million as at 30 September 2019, which constituted approximately 12.7% of the Group's totally assets as at the same date. In addition, the Group had net cash outflow of approximately HK\$13.8 million for the six months ended 30 September 2019. The Company has been actively exploring fund raising opportunities through capital market as well as other cash out opportunity through possible disposal of the Target Company Shares to investors independent of the Company.

The proceeds from the Disposal and Placing would strengthen the financial position of the Group and provide adequate liquidity for the Group to acquire business targets with better quality and higher return. As disclosed in the paragraph head "Use of Proceeds" above, the Company intends to acquire business with growth potential and develop money lending business and commodities trading business. The Directors believe that acquisition of business with growth potential and develop money lending business and commodities trading business will diversify the income stream of the Group and create better return for the Company and Shareholders as a whole in the long run.

Since the pre-condition of the Disposal not triggering a mandatory offer under Rule 26 of the Takeovers Code is the Completion of the Placing, if the Company does not dispose of the Placing Shares by way of Placing, the Sale and Purchase Agreement would not have proceeded.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal and the Placing exceed 75%, the entering into of the Sale and Purchase Agreement and the Placing Agreement constitute very substantial disposal for the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

WAIVER FROM STRICT COMPLIANCE WITH RULE 14.68(2)(a)(i) OF THE LISTING RULES

Rule 14.68(2)(a)(i) of the Listing Rules provides that a circular issued in relation to a very substantial disposal must contain on a disposal of a business, company or companies, financial information of either (i) the business, company or companies being disposed of; or (ii) the listed issuer's group with the business, company or companies being disposed of shown separately as (a) disposal group(s) or (a) discontinuing operation(s) for the relevant period (as defined in the note to Rule 4.06(1)(a) of the Listing Rules). The financial information must be prepared by the directors of the listed issuer using accounting policies of the listed issuer and must contain at least the income statement, balance sheet, cash flow statement and statement of changes in equity. The financial information must be reviewed by the listed issuer's auditors or reporting accountants according to the relevant standards published by the Hong Kong Institute of Certified Public Accountants or the International Auditing and Assurance Standards Board of the International Federation of Accountants or the China Auditing Standards Board of the China Ministry of Finance. The circular must contain a statement that the financial information has been reviewed by the issuer's auditors or reporting accountants and details of any modifications in the review report.

Further, Note 2 to Rule 14.68(2)(a)(i) of the Listing Rules provides that the Stock Exchange may be prepared to relax the requirements in Rule 14.68(2)(a)(i) if the assets of the company or companies being disposed of are not consolidated in the issuer's accounts before the disposal.

The Company applied for, and the Stock Exchange has granted, the waiver from strict compliance with Rule 14.68(2)(a)(i) of the Listing Rules on the following grounds:

Review of financial information by the Company's auditor

1. the Sale Shares, being 1,080,000,000 Target Company Shares, represented only approximately 19.57% of the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement. The financial results of the Target Company had not been consolidated in the results of the Group, and therefore the shareholding falls within Note 2 of the Rule 14.68(2)(a)(i) of the Listing Rules;
2. the Target Company is a company listed on the Main Board of the Stock Exchange which publishes its annual financial statements on the websites of the Stock Exchange and the Target Company. The said financial statements of the Target Company were audited in accordance to the Hong Kong Standards on Auditing ("HKSA");
3. the Company discussed with Deloitte Touche Tohmatsu (the "**Auditors**"), the auditors of the Company, in relation to the proposed review procedures of the Financial Information of the Target Company under Rule 14.68(2)(a)(i) of the Listing Rules (the "**Review**"). The Company considers that it will be unduly burdensome, time consuming and cost inefficient to conduct the Review. Further, the Company may encounter practical difficulties during the course of the Review. As indicated by the Auditors, the timing and extent of completion for the Review will be highly dependent on provision of information from the management of the Target Group or other relevant parties in a timely manner in response to the request from the Auditors. It is noted that the Company only held approximately 23.65% of the total issued share capital of the Target Company (including the Placing Shares) and there is one common director in the Company and the Target Company. The Company has limited control over the management of the Target Group. As such,

LETTER FROM THE BOARD

there is no assurance that the Target Group would be willing to provide the requested information to the satisfaction of the Auditors for the Review. In the event that the Target Group or other relevant parties refuses to timely reply to the information request of the Auditors, the Auditors may not be able to complete the Review;

4. as advised by the Auditors, assuming that the Review will be conducted in accordance to Rule 14.68(2)(a)(i) of the Listing Rules, the scope of the Review will be substantially limited compared to an audit conducted in accordance with the HKSA. The financial information to be disclosed in this circular in accordance with Rule 14.68(2)(a)(i) of the Listing Rules reviewed by the Auditors (the “**Reviewed Financial Information**”) would contain less information compared to financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or condensed financial statements as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The Reviewed Financial Information would not provide any additional material information compared to the audited financial information of the Target Group for the three years ended 31 March 2017, 2018 and 2019 disclosed in the respective published annual reports of the Target Company; and
5. the Company will include in the circular, as alternative disclosure, a summary of the financial information of the Target Group for each of the three financial years ended 31 March 2017, 2018 and 2019, and the six months ended 30 September 2019 which are extracted from the respective published audited annual reports and interim report of the Target Company. Considering point (3) and (4) as mentioned above, coupling with the alternative disclosure, the circular will contain relevant information for the Shareholders to consider the Disposal.

The Relevant Period of financial information to be included in the circular

6. under Rule 14.68(2)(i) of the Listing Rules, the Company has to include in the circular the financial information of the Target Company for the relevant period (the “**Relevant Period**”). Under Rule 4.06(1)(a) of the Listing Rules, the Relevant Period is defined as three full financial years and a stub period covering the period ended six months or less before the issue of the circular.
7. the latest available financial information released by the Target Company is the interim results for the six months ended 30 September 2019. Assuming that the circular can be issued by in May 2020, the Company will be required to prepare a stub period covering between October 2019 and November 2019 of the Target Company. The time at which the Target Company will be required to issue the annual results for full financial year ended 31 March 2020 will be on or before 30 June 2020 under Rule 13.49(1) of the Listing Rules. It is respectfully submit that it will be impracticable for the Company to wait until 30 June 2020 to include in the circular the annual results for full financial year ended 31 March 2020 of the Target Company.

LETTER FROM THE BOARD

8. As the Target Company is a company listed on the Main Board of the Stock Exchange, the financial results of the Target Company would constitute inside information under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). It is respectfully submitted that it would be improper for the Company to include in its circular any additional financial results of the stab period of the Target Company, which is not previously disclosed in by the Target Company itself. Alternatively, the Target Company is unlikely to make a voluntary announcement as to the additional financial results of the stab period which was required to be disclosed in the circular.

Please refer to Appendix II – “Financial Information of the Target Group” in this circular for a summary of the financial information of the Target Group for each of the three financial years ended 31 March 2017, 2018 and 2019 and for the six months ended 30 September 2019 which are extracted from the respective published audited annual reports and 2020 interim report of the Target Company.

GENERAL

A notice convening the SGM to be held at 2:30 p.m. on Friday, 12 June 2020 at Room Soho 1, 6/F, IBIS Hong Kong Central and Sheung Wan Hotel, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong is set out on pages SGM-1 to SGM-3 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ptcorp.com.hk). Whether or not you are able to attend the SGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

The record date for determining the entitlement of the Shareholders to attend and vote at the SGM will be the close of business on Thursday, 11 June 2020. In order to determine the entitlement to attend and vote at the meeting, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company’s Hong Kong branch share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 June 2020 (Hong Kong time).

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement, the Placing Agreement and the transactions contemplated thereunder. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder or any of its close associates has any material interest in the Sale and Purchase Agreement, the Placing Agreement and the transactions contemplated thereunder. Accordingly, no Shareholder is required to abstain from voting on the resolution to approve the Sale and Purchase Agreement, the Placing Agreement and the transactions contemplated thereunder at the SGM.

LETTER FROM THE BOARD

Completion of the Disposal and Completion of the Placing is subject to fulfilment of the conditions precedent as set out in the section headed “Conditions Precedent of the Sale and Purchase Agreement” and “Conditions Precedent of the Placing Agreement” in this circular. As the Disposal and the Placing may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

RECOMMENDATION

The Directors are of the opinion that the terms of the Sale and Purchase Agreement and the Placing Agreement are fair and reasonable and the Disposal and the Placing are in the interests of the Company and the Shareholders as a whole. As such, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM in relation to the Disposal, the Placing and the transactions contemplated therein.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended 31 March 2017, 2018 and 2019 and for the six months ended 30 September 2019 are disclosed in the annual reports of the Company for the years ended 2017 (pages 53 to 132), 2018 (pages 56 to 138) and 2019 (page 60 to 156) and the interim report for the six months ended 30 September 2019 (page 5 to 40) respectively, which are published on both the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.ptcorp.com.hk) respectively. Please refer to the hyperlinks as stated below:

2017 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0727/ltn20170727479.pdf>

2018 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0718/ltn20180718283.pdf>

2019 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0726/ltn20190726241.pdf>

2019 interim report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1217/2019121700554.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

(i) Bank borrowings and charges

As at the close of business on 31 March 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the Group did not have any aggregate outstanding interest bearing and secured bank borrowings.

(ii) Other indebtedness and charges

As at the close of business on 31 March 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the Group did not have any outstanding indebtedness and charges.

(iii) Lease liability

As at the close of business on 31 March 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the Group, as a lessee, had outstanding unpaid contractual lease liabilities of approximately HK\$4.1 million in relation to the remaining lease terms of rented premises, which are all unsecured and unguaranteed.

Save as aforesaid, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, lease liabilities or hire purchase commitments, liabilities under acceptances or acceptances credits, or any guarantees, or any other contingent liabilities outstanding at the close of business on 31 March 2020.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances and other internal resources available and also the net proceeds from the Disposal, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

References are made to the profit warning announcement dated 15 May 2020 and the profit warning supplemental announcement dated 20 May 2020 in relation to the expected consolidated net loss for the year ended 31 March 2020. As disclosed in such announcements, the expected net loss which was mainly attributable to (a) an unrealised fair value loss of the Group's investment in AFC Mercury Fund for the year ended 31 March 2020; and (b) an impairment loss on interest in the Group's associate, the Target Company.

Save and except as the disclosures made by the Company's announcements dated 15 May 2020 and 20 May 2020, as at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 March 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE REMAINING GROUP

Due to the recent outbreak of the novel COVID-19, the Sino-US trade disputes and geopolitical tensions which signal slower global economic growth and that financial markets are likely to remain volatile, the management of the Group expects the operating environment of the Remaining Group in the following few months will be adversely affected and challenging. In view of these events, the Remaining Group's management see opportunities emerging from potential changes in global trading patterns and will continue to monitor the development of the COVID-19. The Remaining Group is likely to take the opportunity to re-evaluate its current portfolio and make the necessary adjustments to enhance profitability and maximise shareholder value.

As at the Latest Practicable Date, the Remaining Group is an investment holding company, which is principally engaged in trading of commodities, provision of finance and long-term investment.

Trading of commodities

In light of the continuous growth of the Chinese economy, the management of the Remaining Group is of the view that market demand for metal products will continue to grow and contribute to profitable results in future. The Remaining Group will maintain the metal trading businesses in Hong Kong and the PRC.

Provision of finance

The provision of finance mainly provides loans to independent third parties. The Remaining Group's provision of finance is growing steadily and profitable.

Long-term investment

The long-term investment derives income from the interest income from convertible note, preferences shares dividend and unrealized gain. The long-term investment is making stable contribution to the Remaining Group's revenue.

Others

The Remaining Group's other business mainly represents the leasing of investment properties and provision of management services. The Remaining Group continues to receive a stable property rental income from leasing of office premises and hotel strata lots and management service income from provision of property agency service.

FINANCIAL INFORMATION OF THE TARGET GROUP

Financial information of the Target Group for the three years ended 31 March 2017, 2018 and 2019 and for the six months ended 30 September 2019 are disclosed in the annual reports of the Target Company for the years ended 2017 (pages 100 to 247), 2018 (pages 102 to 267) and 2019 (page 101 to 287) and the interim report for the six months ended 30 September 2019 (page 5 to 40) respectively, which are published on both the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Target Company (<http://www.pyicorp.com>) respectively. Please refer to the hyperlinks as stated below:

2017 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0725/ltn20170725300.pdf>

2018 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0726/ltn20180726395.pdf>

2019 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0724/ltn20190724177.pdf>

2020 interim report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1218/2019121800394.pdf>

Set out below are the consolidated statements of financial position of the Target Group as at 31 March 2017, 31 March 2018 and 31 March 2019, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statement of cash flows of the Target Group for each of the three years ended 31 March 2019 and six months ended 30 September 2019 (the “**Consolidated Financial Information**”). In the opinions of the independent auditor of the Target Group as stated in the respective annual reports of the Target Group, the consolidated financial statements for each of the year ended 31 March 2017, 2018 and 2019 give a true and fair view of the financial position of the Target Group and of the financial performance and cash flows of the Target Group for each of the year then ended.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

Consolidated Statement of Profit or Loss and Other Comprehensive Income*For the years ended 31 March 2017, 2018 and 2019 and for the six months ended 30 September 2019*

| | For the year ended | | | For the six months ended | |
|--|--------------------|-----------------|-----------------|--------------------------|-----------------|
| | 31 March | | | 30 September | |
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (audited) | (audited) | (audited) | (unaudited) | (unaudited) |
| Revenue | 553,977 | 624,400 | 628,368 | 315,347 | 256,289 |
| Profit/(loss) before taxation | (22,701) | 714,220 | 89,084 | 63,485 | (150,434) |
| Profit/(loss) after taxation | (24,019) | 501,759 | 64,356 | 27,194 | (197,242) |
| Profit/(loss) attributable to owners of the Target Company | (34,143) | 477,390 | 49,208 | 16,072 | (205,348) |

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

Consolidated Statement of Financial Position

At 31 March 2018, 2019 and 2020 and 30 September 2018 and 2019

| | As at 31 March | | | As at |
|---|------------------|------------------|------------------|----------------------|
| | 2017 | 2018 | 2019 | 30 September 2019 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (audited) | (audited) | (audited) | (unaudited) |
| Non-current Assets | | | | |
| Property, plant and equipment | 1,414,065 | 1,358,358 | 1,308,915 | 464,870 |
| Right-of-use assets | – | – | – | 164,672 |
| Investment properties | 1,089,605 | 1,350,540 | 1,324,481 | 1,095,055 |
| Project under development | 171,200 | 186,297 | 175,428 | 165,211 |
| Prepaid lease payments | 281,110 | 342,192 | 302,131 | – |
| Other intangible assets | 43,146 | 8,460 | 7,004 | 2,888 |
| Interests in associates | 1,747,635 | 734,328 | 654,591 | 655,823 |
| Interests in joint ventures | 85,304 | 96,201 | 118,446 | 112,313 |
| Investments in equity instruments | 451,816 | 436,826 | 375,845 | 345,191 |
| Other non-current assets | 83,097 | 91,232 | 84,050 | – |
| | 4,350,891 | 4,604,434 | 4,350,891 | 3,006,023 |
| Current Assets | | | | |
| Prepaid lease payments | 4,510 | 4,766 | 4,180 | – |
| Stock of properties | 1,464,070 | 1,627,256 | 1,556,864 | 1,523,752 |
| Inventories of finished goods | 23,399 | 11,384 | 12,631 | 9,021 |
| Loans receivable | 62,100 | 372,700 | 230,322 | 190,030 |
| Dividend receivable from an associate | 16,061 | – | – | – |
| Amounts due from associates | 32,648 | 79,710 | 70,721 | 73,605 |
| Amount due from a joint venture | 161 | 7,619 | 4,839 | 4,080 |
| Trade and other debtors, deposits and prepayments | 260,166 | 265,108 | 310,609 | 186,336 |
| Investments in debt instruments held for trading | – | 320,174 | 299,241 | 308,033 |
| Investments in equity instruments held for trading | 51,700 | 35,964 | 309,950 | 226,848 |
| Other financial asset | – | 183,539 | – | – |
| Pledged bank deposits | 113 | 30,557 | 117 | – |
| Short term bank deposits | 184,079 | 248,276 | 137,507 | 169,089 |
| Bank balances and cash | 315,571 | 327,847 | 380,621 | 294,402 |
| | 2,414,578 | 3,514,900 | 3,317,602 | 2,985,196 |

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

| | As at 31 March | | As at 30 September | |
|--|------------------|------------------|-----------------------|------------------|
| | 2017 | 2018 | 2019 | 2019 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (audited) | (audited) | (audited) | (unaudited) |
| Current Liabilities | | | | |
| Trade and other creditors and accrued expenses | 263,721 | 286,364 | 298,733 | 173,694 |
| Lease liabilities | – | – | – | 4,400 |
| Contract liabilities | – | – | 4,055 | 50,737 |
| Amount due to a joint venture | 254 | – | – | 83 |
| Amount due to an associate | 36,666 | 17,400 | – | – |
| Amounts due to non-controlling interests | 2,257 | 2,478 | 95,683 | 87,912 |
| Taxation payable | 8,306 | 11,965 | 10,302 | 5,504 |
| Bank and other borrowings | | | | |
| – due within one year | 1,311,705 | 536,235 | 674,231 | 236,774 |
| | 1,622,909 | 854,442 | 1,083,004 | 559,104 |
| Net Current Assets | 791,669 | 2,660,458 | 2,234,598 | 2,426,092 |
| Total Assets Less Current Liabilities | 6,158,647 | 7,264,892 | 6,585,489 | 5,432,115 |
| Non-current Liabilities | | | | |
| Bank and other borrowings | | | | |
| – due after one year | 446,222 | 606,432 | 370,053 | 223,956 |
| Amounts due to non-controlling interests | 94,808 | 101,611 | – | – |
| Deferred tax liabilities | 726,330 | 843,707 | 810,269 | 734,788 |
| Lease liabilities | – | – | – | 3,810 |
| Deferred income | 58,617 | 77,925 | 76,092 | – |
| Other payables | 24,064 | 22,425 | 19,499 | – |
| | 1,350,041 | 1,652,100 | 1,275,913 | 962,554 |
| | 4,808,606 | 5,612,792 | 5,309,576 | 4,469,561 |
| Capital and Reserves | | | | |
| Share capital | 458,741 | 551,958 | 551,958 | 551,958 |
| Reserves | 3,550,433 | 4,159,856 | 3,894,136 | 3,539,023 |
| Equity attributable to owners of the Company | 4,009,174 | 4,711,814 | 4,446,094 | 4,090,981 |
| Non-controlling interests | 799,432 | 900,978 | 863,482 | 378,580 |
| Total equity | 4,808,606 | 5,612,792 | 5,309,576 | 4,469,561 |

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

Consolidated Statement of Changes in Equity

For the years ended 31 March 2017, 2018 and 2019 and for the six months ended 30 September 2019

| | Equity attributable to owners of the Target Company | | | | | | | | | | |
|---|---|------------------------------|--------------------------------|--|-------------------------------|---|------------------------------------|---------------------------------|-----------------------|--|-----------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Capital reserve HK\$'000 | Investment revaluation reserve HK\$'000 | Other reserves HK\$'000 | Share- based payment reserve HK\$'000 | Translation reserve HK\$'000 | Retainer profits HK\$'000 | Sub-total HK\$'000 | Non- controlling interests HK\$'000 | Total equity HK\$'000 |
| At 1 April 2017 | 458,741 | 495,540 | (95,368) | (207,345) | 86,956 | 5,639 | 62,529 | 3,202,482 | 4,009,174 | 799,432 | 4,808,606 |
| Exchange differences arising from translation of foreign operations | - | - | - | - | - | - | 170,000 | - | 170,000 | 79,318 | 249,318 |
| Share of exchange differences of associates and joint ventures | - | - | - | - | - | - | 100,740 | - | 100,740 | - | 100,740 |
| Reclassification adjustment on disposal of an associate | - | - | - | - | - | - | (126,471) | - | (126,471) | - | (126,471) |
| Change in carrying amount of investments in equity instruments | - | - | - | (60,292) | - | - | - | - | (60,292) | (60) | (60,352) |
| Profit for the year | - | - | - | - | - | - | - | 477,390 | 477,390 | 24,369 | 501,759 |
| Total comprehensive income (expense) for the year | - | - | - | (60,292) | - | - | 144,269 | 477,390 | 561,367 | 103,627 | 664,994 |
| Release upon lapse of vested options | - | - | - | - | - | (2,222) | - | 2,222 | - | - | - |
| Share of other reserves of associates | - | - | - | - | (680) | - | - | - | (680) | - | (680) |
| Issue of shares under share option scheme | 1,670 | 1,406 | - | - | - | (364) | - | - | 2,712 | - | 2,712 |
| Issue of placing shares | 91,547 | 51,266 | - | - | - | - | - | - | 142,813 | - | 142,813 |
| Transaction costs attributable to issue of placing shares | - | (3,701) | - | - | - | - | - | - | (3,701) | - | (3,701) |
| Disposal of an associate | - | - | - | - | (30,345) | - | - | 30,345 | - | - | - |
| Disposal of investments in equity instruments | - | - | - | 11,087 | - | - | - | (11,087) | - | - | - |
| Recognition of equity-settled share-based payment expense | - | - | - | - | - | 129 | - | - | 129 | - | 129 |
| Transfer of reserves of subsidiaries | - | - | - | - | 2,752 | - | - | (2,752) | - | - | - |
| Dividend distributed to non-controlling interests | - | - | - | - | - | - | - | - | - | (2,081) | (2,081) |
| At 31 March 2018 | 551,958 | 544,511 | (95,368) | (256,550) | 58,683 | 3,182 | 206,798 | 3,698,600 | 4,711,814 | 900,978 | 5,612,792 |
| Change in accounting policies (Note) | - | - | - | - | - | - | 16 | (104,346) | (104,330) | - | (104,330) |

APPENDIX II
FINANCIAL INFORMATION OF THE TARGET GROUP

| | Equity attributable to owners of the Target Company | | | | | | | | | | |
|--|---|---------------|-----------------|--------------------------------|----------------|-----------------------------|---------------------|------------------|-----------|---------------------------|--------------|
| | Share capital | Share premium | Capital reserve | Investment revaluation reserve | Other reserves | Share-based payment reserve | Translation reserve | Retainer profits | Sub-total | Non-controlling interests | Total equity |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Restated balance at 1 April 2018 | 551,958 | 544,511 | (96,368) | (256,550) | 58,683 | 3,182 | 206,814 | 3,594,254 | 4,607,484 | 900,978 | 5,508,462 |
| Exchange difference arising from translation of foreign operations | - | - | - | - | - | - | (124,677) | - | (124,677) | (52,520) | (177,197) |
| Share of exchange differences of associates and joint ventures | - | - | - | - | - | - | (24,961) | - | (24,961) | - | (24,961) |
| Change in carrying amount of investment in equity instruments | - | - | - | (60,960) | - | - | - | - | (60,960) | - | (60,960) |
| Profit for the year | - | - | - | - | - | - | - | - | 49,208 | 15,148 | 64,356 |
| Total comprehensive (expenses) income for the year | - | - | - | (60,960) | - | - | (149,638) | 49,208 | (161,390) | (37,372) | (196,762) |
| Release upon lapse of vested options | - | - | - | - | - | (3,182) | - | 3,182 | - | - | - |
| Transfer of reserves of subsidiaries | - | - | - | - | 1,662 | - | - | (1,662) | - | - | - |
| Dividend distributed to non-controlling interests | - | - | - | - | - | - | - | - | - | (124) | (124) |
| At 31 March 2019 | 551,958 | 544,511 | (95,368) | (317,510) | 60,345 | - | 57,176 | 3,644,982 | 4,446,094 | 863,482 | 5,309,576 |
| Exchange difference arising from translation of foreign operations | - | - | - | - | - | - | (109,381) | - | (109,381) | (35,221) | (144,602) |
| Share of exchange differences of associates and joint ventures | - | - | - | - | - | - | (18,643) | - | (18,643) | - | (18,643) |
| Reclassification adjustment on disposal of subsidiaries | - | - | - | - | - | - | 8,584 | - | 8,584 | - | 8,584 |
| Change in carrying amount of investments in equity instruments | - | - | - | (30,325) | - | - | - | - | (30,325) | - | (30,325) |
| (Loss) profit for the year | - | - | - | - | - | - | - | (205,348) | (205,348) | 8,106 | (197,242) |
| Total comprehensive (expenses) income for the year | - | - | - | (30,325) | - | - | (119,440) | (205,348) | (355,113) | (27,115) | (382,228) |
| Disposal of subsidiaries | - | - | - | - | (11,546) | - | - | 11,546 | - | (484,995) | (484,995) |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | - | - | 1,366 | 1,366 |
| Contribution from non-controlling interests | - | - | - | - | - | - | - | - | - | 25,842 | 25,842 |
| At 30 September 2019 | 551,958 | 544,511 | (95,368) | (347,835) | 48,799 | - | (62,264) | 3,451,180 | 4,090,981 | 378,580 | 4,469,561 |

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

Consolidated Statement of Cash Flows

For the years ended 31 March 2017, 2018 and 2019 and for the six months ended 30 September 2018 and 2019

| | For the year ended 31 March | | | For the six months ended 30 September | |
|---|--------------------------------|-------------------------------|-------------------------------|--|---------------------------------|
| | 2017 HK\$'000 (audited) | 2018 HK\$'000 (audited) | 2019 HK\$'000 (audited) | 2018 HK\$'000 (unaudited) | 2019 HK\$'000 (unaudited) |
| Operating Activities | | | | | |
| Profit before taxation | (22,701) | 714,220 | 89,084 | N/A | N/A |
| Adjustments for: | | | | | |
| Finance costs | 63,288 | 53,455 | 32,007 | N/A | N/A |
| (Gain) loss on disposal of property, plant and equipment | 4,478 | 328 | (2,471) | N/A | N/A |
| Share of results of associates | (101,140) | (52,183) | (33,215) | N/A | N/A |
| Share of results of joint ventures | (5,291) | (2,429) | (677) | N/A | N/A |
| Release of prepaid lease payments | 5,486 | 5,606 | 5,151 | N/A | N/A |
| Amortisation of other intangible assets | 1,481 | 33,205 | 986 | N/A | N/A |
| Depreciation of property, plant and equipment | 54,964 | 88,164 | 50,234 | N/A | N/A |
| Share-based payment expense | 889 | 129 | – | N/A | N/A |
| Loss (gain) on changes in fair value of investments in debts instruments held for trading | (2,355) | (2,355) | 11,633 | N/A | N/A |
| Gain on disposal of prepaid lease payments | – | (60) | (44,121) | N/A | N/A |
| Net unrealized exchange loss (gain) | 9,538 | (31,024) | 9,764 | N/A | N/A |
| Gain on disposal of prepaid lease payments | – | (597) | (2,155) | N/A | N/A |
| Impairment loss on property, plant and equipment | – | 148,049 | – | N/A | N/A |

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

| | For the year ended | | | For the six months ended | |
|--|--------------------|-----------------|-----------------|--------------------------|-----------------|
| | 31 March | | | 30 September | |
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (audited) | (audited) | (audited) | (unaudited) | (unaudited) |
| Gain on disposal of an associate | – | (847,628) | – | N/A | N/A |
| Gain on changes in fair value of investments in debt instruments held for trading | – | (2,355) | – | N/A | N/A |
| (Gain) loss on changes in fair value of investments in equity instruments held for trading | (5,724) | 8,350 | (311) | N/A | N/A |
| Gain on change in fair value of other financial asset | – | (8,539) | (12,461) | N/A | N/A |
| Net gain on fair value changes of investment properties | (1,697) | (127,759) | (38,718) | N/A | N/A |
| Bank and other interest income | (7,191) | (4,910) | (3,343) | N/A | N/A |
| Impairment loss (reversed) recognized on loans receivable | – | 21,000 | (20,429) | N/A | N/A |
| Impairment loss recognized on amounts due from associates | – | – | 275 | N/A | N/A |

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

| | For the year ended | | | For the six months ended | |
|---|--------------------|-----------------|-----------------|--------------------------------|--------------------------------|
| | 31 March | | | 30 September | |
| | 2017 | 2018 | 2019 | 2018 | 2019 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> (unaudited) | <i>HK\$'000</i> (unaudited) |
| Impairment loss recognized on trade and other receivables | 3,163 | 31,874 | 41 | N/A | N/A |
| Dividend income from investment in an equity instrument | – | – | (919) | N/A | N/A |
| Operating cash flows before movements in working capital | (457) | 26,896 | 40,355 | N/A | N/A |
| Net cash from (used in) operating activities | 18,406 | (786,757) | 84,618 | (24,871) | (52,382) |
| Investing Activities | | | | | |
| Net cash from (used in) investing activities | 140,624 | 1,507,398 | (25,511) | 20,303 | 165,286 |
| Financing Activities | | | | | |
| Net cash from (used in) financing activities | (252,626) | (669,708) | (98,621) | (99,938) | (160,751) |
| Net (decrease) increase in cash and cash equivalents | (93,596) | 50,933 | (39,514) | (104,506) | (47,847) |
| Cash and cash equivalent at the beginning of the year | 609,151 | 499,650 | 576,123 | 576,123 | 518,128 |
| Cash and cash equivalent at the end of the year | 499,650 | 576,123 | 518,128 | 443,432 | 463,491 |
| Short term bank deposits | 184,079 | 248,276 | 137,507 | 114,148 | 169,089 |
| Bank balances and cash | 315,571 | 327,847 | 380,621 | 329,284 | 294,402 |

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group have been prepared to illustrate the effect of the Disposal and the Placing as if it had been completed on 30 September 2019 for the unaudited pro forma consolidated statement of financial position and on 1 April 2018 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The unaudited pro forma financial information of the Remaining Group has been prepared in accordance with paragraph 4.29 of the Listing Rules and is for illustrative purpose only.

The preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group is based on the consolidated statement of financial position of the Group as at 30 September 2019, which has been extracted from the published interim report of the Group for the six months ended 30 September 2019. The preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 March 2019 is based on the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 March 2019, respectively, which have been extracted from the published annual report of the Group for the year ended 31 March 2019. Narrative descriptions of the unaudited pro forma adjustments are directly attributable to the Disposal and the Placing and are factually supportable and are summarised in the accompanying notes.

As the unaudited pro forma financial information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position, financial results or cash flows of the Remaining Group had the Disposal and the Placing been completed on 1 April 2018 or 30 September 2019 or at any future dates or for any future periods.

I. Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group
As at 30 September 2019

| | (Unaudited) The Group as at 30 September 2019 HK\$'000 Note 1(a) | Pro forma adjustment #1 HK\$'000 Note 2 | (Unaudited) Pro forma financial information of the Remaining Group HK\$'000 |
|--|--|---|---|
| Non-current assets | | | |
| Property, plant and equipment | 28,214 | – | 28,214 |
| Right-of-use assets | 19,682 | – | 19,682 |
| Loan receivables | 24,700 | – | 24,700 |
| Interest in an associate | 117,478 | (117,478) | – |
| Financial assets at fair value through profit or loss | 247,083 | – | 247,083 |
| | <u>437,157</u> | <u>(117,478)</u> | <u>319,679</u> |
| Current assets | | | |
| Inventories | 72,061 | – | 72,061 |
| Debtors, deposits and prepayments | 8,186 | – | 8,186 |
| Debt instrument at amortised cost | 200,000 | – | 200,000 |
| Equity investments held for trading | 6,992 | – | 6,992 |
| Short-term bank deposits, bank balances and cash | 105,732 | 195,868 | 301,600 |
| | <u>392,971</u> | <u>195,868</u> | <u>588,839</u> |
| Current liabilities | | | |
| Creditors and accrued expenses | 10,755 | – | 10,755 |
| Contract liabilities | 62,246 | – | 62,246 |
| Tax payable | 311 | – | 311 |
| Lease liabilities – due within one year | 7,304 | – | 7,304 |
| | <u>80,616</u> | <u>–</u> | <u>80,616</u> |
| Net current assets | <u>312,355</u> | <u>195,868</u> | <u>508,223</u> |
| Non-current liability | | | |
| Lease liabilities – due after one year | 1,031 | – | 1,031 |
| Net assets | <u>748,481</u> | <u>78,390</u> | <u>826,871</u> |
| Capital and reserves | | | |
| Share capital | 20,183 | – | 20,183 |
| Share premium and reserves | 721,132 | 78,390 | 799,522 |
| Equity attributable to the owners of the Company | 741,315 | 78,390 | 819,705 |
| Non-controlling interests | 7,166 | – | 7,166 |
| Total equity | <u>748,481</u> | <u>78,390</u> | <u>826,871</u> |

II. Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Remaining Group*For the year ended 31 March 2019*

| | (Audited) The Group Year ended 31 March 2019 <i>HK\$'000</i> <i>Note 1(b)</i> | Pro forma adjustments #2 <i>HK\$'000</i> <i>Note 3(a)</i> | | #3 <i>HK\$'000</i> <i>Note 3(b)</i> | (Unaudited) Pro forma financial information of the Remaining Group <i>HK\$'000</i> |
|--|---|---|------------------|---|---|
| Revenue | | | | | |
| Goods and services | 1,775,102 | – | – | – | 1,775,102 |
| Interest | 7,682 | – | – | – | 7,682 |
| Rental | 2,996 | – | – | – | 2,996 |
| | <u>1,785,780</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>1,785,780</u> |
| Total revenue | 1,785,780 | – | – | – | 1,785,780 |
| Cost of sales | (1,766,242) | – | – | – | (1,766,242) |
| Other income, other gains and losses | 35,855 | – | – | – | 35,855 |
| Net gain on financial instruments | 380,043 | – | – | – | 380,043 |
| Net decrease in fair values of investment properties | (18,142) | – | – | – | (18,142) |
| Administrative expenses | (53,078) | – | – | – | (53,078) |
| Finance costs | (406) | – | – | – | (406) |
| Loss on disposal of an associate | – | – | (459,620) | – | (459,620) |
| Share of results of associates | 11,637 | (11,637) | – | – | – |
| Impairment loss on interest in an associate | (100,000) | 100,000 | – | – | – |
| | <u>275,447</u> | <u>88,363</u> | <u>(459,620)</u> | <u>–</u> | <u>(95,810)</u> |
| Profit (loss) before taxation | 275,447 | 88,363 | (459,620) | – | (95,810) |
| Taxation | 1,751 | – | – | – | 1,751 |
| | <u>277,198</u> | <u>88,363</u> | <u>(459,620)</u> | <u>–</u> | <u>(94,059)</u> |
| Profit (loss) for the year | 277,198 | 88,363 | (459,620) | – | (94,059) |

| | (Audited) The Group Year ended 31 March 2019 <i>HK\$'000</i> <i>Note 1(b)</i> | Pro forma adjustments #2 <i>HK\$'000</i> <i>Note 3(a)</i> | | #3 <i>HK\$'000</i> <i>Note 3(b)</i> | (Unaudited) Pro forma financial information of the Remaining Group <i>HK\$'000</i> |
|---|---|---|------------------|---|---|
| Other comprehensive (expenses) income: | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | | |
| Exchange differences arising on translation of foreign operations | (5,263) | – | – | – | (5,263) |
| Share of other comprehensive expenses of associates | (35,388) | 35,388 | – | – | – |
| Reclassification adjustments: | | | | | |
| – reserves released on disposal of subsidiaries | (6,062) | – | – | – | (6,062) |
| – reserves released on disposal of an associate | – | – | (53,744) | – | (53,744) |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | | |
| Loss on revaluation of land and buildings | (1,794) | – | – | – | (1,794) |
| Share of other comprehensive expenses of associates | (14,416) | 14,416 | – | – | – |
| Deferred tax arising on revaluation of land and buildings | 242 | – | – | – | 242 |
| Other comprehensive expenses for the year | <u>(62,681)</u> | <u>49,804</u> | <u>(53,744)</u> | – | <u>(66,621)</u> |
| Total comprehensive income (expenses) for the year | <u>214,517</u> | <u>138,167</u> | <u>(513,364)</u> | – | <u>(160,680)</u> |

III. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group
For the year ended 31 March 2019

| | (Audited) The Group Year ended 31 March 2019 HK\$'000 Note 1(b) | Pro forma adjustments #2 #3 HK\$'000 Note 3(a) Note 3(b) | | (Unaudited) Pro forma financial information of the Remaining Group HK\$'000 |
|---|---|--|-----------|--|
| OPERATING ACTIVITIES | | | | |
| Profit (loss) before taxation | 275,447 | 88,363 | (459,620) | (95,810) |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 1,798 | – | – | 1,798 |
| Decrease in fair values of investment properties | 18,142 | – | – | 18,142 |
| Gain on disposals of property, plant and equipment | (102) | – | – | (102) |
| Interest income | (8,678) | – | – | (8,678) |
| Interest expenses | 406 | – | – | 406 |
| Net gain on financial instruments | (379,926) | – | – | (379,926) |
| Loss on disposal of an associate | – | – | 459,620 | 459,620 |
| Share of results of associates | (11,637) | 11,637 | – | – |
| Impairment loss on interest in an associate | 100,000 | (100,000) | – | – |
| Unrealised exchange loss | 239 | – | – | 239 |
| Gain on disposal of subsidiaries | (34,605) | – | – | (34,605) |
| Operating cash flows before movements in working capital | (38,916) | – | – | (38,916) |
| Decrease in inventories | 2,559 | – | – | 2,559 |
| Decrease in debtors, deposits and prepayments | 97,016 | – | – | 97,016 |
| Increase in loans receivable | (39,000) | – | – | (39,000) |
| Increase in equity investments held for trading | (1,779) | – | – | (1,779) |
| Decrease in creditors and accrued expenses | (3,609) | – | – | (3,609) |
| Decrease in contract liabilities | (109,153) | – | – | (109,153) |
| Cash used in operations | (92,882) | – | – | (92,882) |
| Interest received | 3,770 | – | – | 3,770 |
| Tax paid | (346) | – | – | (346) |
| NET CASH USED IN OPERATING ACTIVITIES | (89,458) | – | – | (89,458) |

| | (Audited) The Group Year ended 31 March 2019 <i>HK\$'000</i> <i>Note 1(b)</i> | Pro forma adjustments #2 #3 <i>HK\$'000</i> <i>Note 3(a)</i> <i>Note 3(b)</i> | | (Unaudited) Pro forma financial information of the Remaining Group <i>HK\$'000</i> |
|--|---|--|----------------|---|
| INVESTING ACTIVITIES | | | | |
| Acquisition of financial assets at fair value through profit or loss | (171,600) | – | – | (171,600) |
| Additions to property, plant and equipment | (2,779) | – | – | (2,779) |
| Acquisition of investment properties | (71) | – | – | (71) |
| Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed of | 56,228 | – | – | 56,228 |
| Proceeds from disposal of an associate | – | – | 195,868 | 195,868 |
| Interest received | 996 | – | – | 996 |
| Proceeds from disposals of property, plant and equipment | 445 | – | – | 445 |
| NET CASH (USED IN) FROM INVESTING ACTIVITIES | <u>(116,781)</u> | <u>–</u> | <u>195,868</u> | <u>79,087</u> |
| FINANCING ACTIVITIES | | | | |
| Repayment of bank and other borrowings | (7,104) | – | – | (7,104) |
| Interest paid | (508) | – | – | (508) |
| NET CASH USED IN FINANCING ACTIVITIES | <u>(7,612)</u> | <u>–</u> | <u>–</u> | <u>(7,612)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (213,851) | – | 195,868 | (17,983) |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | 281,996 | – | – | 281,996 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | <u>(1,526)</u> | <u>–</u> | <u>–</u> | <u>(1,526)</u> |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | <u>66,619</u> | <u>–</u> | <u>195,868</u> | <u>262,487</u> |

| | (Audited) The Group Year ended 31 March 2019 <i>HK\$'000</i> <i>Note 1(b)</i> | Pro forma adjustments #2 #3 <i>HK\$'000</i> <i>Note 3(a)</i> <i>Note 3(b)</i> | | (Unaudited) Pro forma financial information of the Remaining Group <i>HK\$'000</i> |
|--|---|--|----------------|---|
| Represented by: | | | | |
| Short-term bank deposits, bank balances and cash | 65,553 | – | 195,868 | 261,421 |
| Assets classified as disposal group held for sale | 1,066 | – | – | 1,066 |
| | <u>66,619</u> | <u>–</u> | <u>195,868</u> | <u>262,487</u> |

Notes:

- 1(a) The amounts are extracted from the unaudited consolidated statement of financial position of the Group as at 30 September 2019 as set out in the published interim report of the Group for the six months ended 30 September 2019.
- 1(b) The amounts are extracted from the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 March 2019 as set out in the published annual report of the Group for the year ended 31 March 2019.
- 2 The adjustments represent the estimated gain on disposal assuming the Disposal and the Placing had taken place on 30 September 2019 and is calculated as follows:

| | <i>Notes</i> | <i>HK\$'000</i> |
|--|--------------|-----------------|
| Consideration | <i>(i)</i> | 197,212 |
| Carrying value of the investment in an associate as at 30 September 2019 | <i>(ii)</i> | (185,982) |
| Release of accumulated translation reserve as at 30 September 2019 | <i>(ii)</i> | <u>(9,886)</u> |
| | | 1,344 |
| Less: Estimated transaction costs attributable to the Disposal and the Placing | <i>(iii)</i> | <u>(1,344)</u> |
| Estimated gain on the Disposal and the Placing | | <u>–</u> |

The breakdown of the adjustment on share premium and reserves is as follows:

| | | |
|---|--------------|------------------------|
| Share of consolidated net assets of the Target Company as at 30 September 2019 | | 946,988 |
| Goodwill as at 30 September 2019 | | 1,177 |
| Accumulated impairment losses recognised as at 30 September 2019 | | <u>(830,687)</u> |
| Carrying value of the investment in an associate as at 30 September 2019 | | 117,478 |
| Consideration | <i>(i)</i> | (197,212) |
| Estimated transaction costs attributable to the Disposal and the Placing | <i>(iii)</i> | <u>1,344</u> |
| | <i>(iv)</i> | <u><u>(78,390)</u></u> |

Notes:

- (i) Pursuant to the Sale and Purchase Agreement, the consideration for the disposal of 1,080,000,000 Target Company Shares, representing approximately 19.57% of the issued share capital of the Target Company, amounting to HK\$181,440,000. The completion of the Disposal is conditional upon the Placing of the remaining 225,311,695 Target Company Shares, representing approximately 4.08% of the issued share capital of the Target Company. Pursuant to the Placing Agreement, the remaining 225,311,695 Target Company Shares were disposed at a placing price within the range from a discount of 15% to a premium of 15% to the closing price of the Target Company as at the date of the SGM, but in any event no less than HK\$0.07 per share. Assuming the placing price is at HK\$0.07 per share, the consideration is HK\$15,772,000. The aggregate consideration for the Disposal and the Placing is HK\$197,212,000. The consideration has to be settled on the completion date.
- (ii) The amount represents the carrying amount of interest in the Target Company amounting to HK\$185,982,000 and accumulated translation reserve of the Target Company amounting to HK\$9,886,000 attributable to the Group as at 30 September 2019. Considering the subsidiaries of the Target Company are engaged in ports development and logistic services in the People's Republic of China, there is a release of accumulated translation reserve amounting to HK\$9,886,000 from the Target Company. The carrying amount of interest in the Target Company amounting to HK\$185,982,000 represents the balance after the adjustment of impairment reversal of HK\$68,504,000 by referencing to the fair value less costs of disposal, assuming the Disposal and the Placing had taken place on 30 September 2019.
- (iii) The transaction costs directly incurred for the Disposal and the Placing amounting to HK\$1,344,000 will be borne by the Group and are assumed to be settled in cash. The net receipts from the Disposal and the Placing are HK\$195,868,000.
- (iv) The amount constitute the impairment reversal of HK\$68,504,000 and the release of accumulated translation reserve of HK\$9,886,000 that are reclassified to profit or loss upon the completion of the Disposal and the Placing.

Actual gain/loss on disposal arising from the Disposal and the Placing depends on actual amount of the carrying value of the Target Company and the placing price of the remaining 225,311,695 Target Company Shares on the completion date. Therefore, the actual gain/loss on disposal shall be different from the amount calculated in the above table.

3 The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows, assuming the Disposal and the Placing had taken place on 1 April 2018:

- (a) The adjustments represent the exclusion of the share of results of the Target Company amounting to HK\$11,637,000, impairment loss on the Target Company for the year ended 31 March 2019 amounting to HK\$100,000,000 and the share of other comprehensive expense of the Target Company amounting to HK\$49,804,000 and assuming the Disposal and the Placing had taken place on 1 April 2018. The amounts are extracted from the audited consolidated financial statements of the Group as set out in the published annual report of the Group for the year ended 31 March 2019.
- (b) The adjustments represent the estimated loss on disposal assuming the Disposal and the Placing had taken place on 1 April 2018 and is calculated as follows:

| | <i>Notes</i> | <i>HK\$'000</i> |
|--|--------------|-------------------------|
| Consideration | <i>(i)</i> | 197,212 |
| Carrying value of the investment in an associate as at 1 April 2018 | <i>(ii)</i> | (709,232) |
| Release of accumulated translation reserve as at 1 April 2018 | <i>(ii)</i> | <u>53,744</u> |
| | | (458,276) |
| Less: Estimated transaction costs attributable to the Disposal and the Placing | <i>(iii)</i> | <u>(1,344)</u> |
| Estimated loss on the Disposal and the Placing | | <u><u>(459,620)</u></u> |

Notes:

- (i) Pursuant to the Sale and Purchase Agreement, the consideration for the disposal of 1,080,000,000 Target Company Shares, representing approximately 19.57% of the issued share capital of the Target Company, amounting to HK\$181,440,000. The completion of the Disposal is conditional upon the placing of the remaining 225,311,695 Target Company Shares, representing approximately 4.08% of the issued share capital of the Target Company. Pursuant to the Placing Agreement, the remaining 225,311,695 Target Company Shares were disposed at a placing price within the range from a discount of 15% to a premium of 15% to the closing price of the Target Company as at the date of the SGM, but in any event no less than HK\$0.07 per share. Assuming the placing price is at HK\$0.07 per share, the consideration is HK\$15,772,000. The aggregate consideration for the Disposal and the Placing is HK\$197,212,000. The consideration has to be settled on the completion date.
- (ii) The amount represents the interest in the Target Company amounting to HK\$709,232,000 at 31 March 2018, which includes the accumulated translation reserve of the Target Company of HK\$53,744,000. Considering the subsidiaries of the Target Company are engaged in ports development and logistic services in the People's Republic of China, there is a release of accumulated translation reserve amounting to HK\$53,744,000 from the Target Company. The balance of release of accumulated translation reserve represents the accumulated translation reserve of the Target Company amounting to HK\$53,744,000 as at 1 April 2018, which are reclassified to profit or loss upon the completion of the Disposal and the Placing.

- (iii) The transaction costs directly incurred for the Disposal and the Placing amounting to HK\$1,344,000 will be borne by the Group and assumed to be settled in cash. The net receipts from the Disposal and the Placing are HK\$195,868,000.

Actual gain/loss on disposal arising from the Disposal and the Placing depends on actual amount of the carrying value of the Target Company and the placing price of the remaining 225,311,695 Target Company Shares on the completion date. Therefore, the actual gain/loss on disposal shall be different from the amount calculated in the above table.

- 4 The adjustments to the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows are not expected to have a continuing impact to the Group. Other than set out above, no other adjustments have been made to reflect any trading results or other transactions of the Group and the Target Company entered into subsequent to 30 September 2019.

The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants prepared for the purpose of incorporation in this circular, in respect of unaudited pro forma financial information of the Remaining Group.



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of PT International Development Corporation Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of PT International Development Corporation Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2019, the unaudited pro forma statement of profit or loss and other comprehensive income for the year ended 31 March 2019, the unaudited pro forma statement of cash flows for the year ended 31 March 2019 and related notes as set out on pages III-1 to III-10 of the circular issued by the Company dated 28 May 2020 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-10 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed disposal of approximately 19.57% of the issued share capital of PYI Corporation Limited (the “**Disposal**”) and the placing of approximately 4.08% of the issued share capital of PYI Corporation Limited (the “**Placing**”) on the Group’s financial position as at 30 September 2019, and the Group’s financial performance and cash flows for the year ended 31 March 2019 as if the Disposal and the Placing had taken place at 30 September 2019 and 1 April 2018 respectively. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the six months ended 30 September 2019, on which a review conclusion has been published, and information about the Group’s financial performance and cash flows has been extracted by the Directors from the Group’s financial statements for the year ended 31 March 2019, on which an auditor’s report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2019 or 1 April 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

1. the related pro forma adjustments give appropriate effect to those criteria; and
2. the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 May 2020

Set out below is the management discussion and analysis on the Remaining Group for three years ended 31 March 2019 and for the six months ended 30 September 2019. Upon Completion of the Disposal and the Placing, the Company will no longer hold any interest in the Target Company, and the Target Company will no longer remain as an associated company of the Company.

For the purpose of this circular and for illustration purpose only, the management discussion and analysis of the Remaining Group below is made with the exclusion of PYI Corporation Limited (“**PYI**”).

There will be no change to the principal business of the Remaining Group as a result of the Disposal. Following the Disposal and the Placing, the Remaining Group will continue to carry out its existing businesses. The management discussion and analysis of the Remaining Group for each of the years ended 31 March 2017 (“**FY2017**”), 31 March 2018 (“**FY2018**”) and 31 March 2019 (“**FY2019**”) respectively are set out below.

BUSINESS AND FINANCIAL REVIEW

FY2017

The Remaining Group was principally engaged in the businesses of investment holding, comprising strategic investments in PYI and Burcon NutraScience Corporation (“**Burcon**”), investment holding, the provision of finance, property investment, and treasury investment.

For FY2017, the Remaining Group’s revenue increased to HK\$15,404,000 (2016: HK\$15,027,000).

(a) Distribution in Specie of shares of ITC Properties

In order to reward the Shareholders, the Board recommended a special dividend by way of distribution in specie of all shares of ITC Properties held by the Remaining Group on the basis of 9 shares of ITC Properties for their holding of every 50 shares of the Company (the “**Distribution in Specie**”). The Distribution in Specie was approved by the Shareholders and completed in January 2017.

The Distribution in Specie has transformed the underlying value of the Remaining Group’s strategic investments into Shareholder value and successfully unlocked value for the Shareholders by allowing them to directly participate in the investment of, and enjoy returns from, the shares of ITC Properties, and with the flexibility to determine the level of their participation in investing in ITC Properties at their own discretion.

The carrying value of interest in ITC Properties being distributed was HK\$1,977 million and was being equity-accounted for as an associate prior to the Distribution in Specie. As the accounting rules require the distribution to be recognised in accordance with the market price of the shares of ITC Properties as at the date of distribution and the shares of ITC Properties were trading at a discount to the underlying asset value at that time, a non-cash loss of HK\$1,004 million was recorded.

Following completion of the Distribution in Specie, the Remaining Group held no share of ITC Properties and ITC Properties no longer be accounted for as an associate in the consolidated financial statements of the Company. Accordingly, the amount of HK\$131 million represented the Remaining Group's share of ITC Properties's profit for FY2017.

(b) *Listed Strategic Investments – PYI*

PYI recorded a loss attributable to shareholders of HK\$34 million for FY2017 which was mainly attributable to an exchange loss arising from Renminbi denominated monetary assets for the year of about HK\$28 million (2016: HK\$33 million), as compared with a loss of HK\$298 million for the year ended 31 March 2016. The decrease in loss as compared to last year was mainly attributable to the absence of (i) a provision made for certain stock of properties under development and (ii) the net fair value loss of certain investment properties. As a result, the Remaining Group shared a loss of HK\$10 million from PYI for the year. The Remaining Group has assessed the recoverable amount of the interest in PYI using value in use calculations and an impairment loss of HK\$385 million (2016: nil) was recognised for the year.

(c) *Listed Strategic Investments – Burcon*

For FY2017, the Remaining Group shared a loss of HK\$7 million.

(d) *Equity Investments*

As at 31 March 2017, the Remaining Group's equity investment portfolio, both current and non-current, amounted to HK\$60 million (2016: HK\$91 million) and was comprised of shares in various companies listed in Hong Kong. During the year, the Remaining Group received dividend income of HK\$3 million (2016: HK\$0.2 million) from equity investments, recognised a realised loss of HK\$5 million (2016: realised gain of HK\$0.5 million) on disposal of equity investments and an unrealised loss of HK\$3 million (2016: HK\$6 million) attributed to the net decrease in fair value of equity investments held at the year end.

(e) *Finance*

For FY2017, the Remaining Group's finance operation continued to contribute a profitable segment result by reporting a profit of HK\$7 million (2016: HK\$13 million). The decrease in segment profit was mainly due to the lower average amount of loans/promissory note outstanding during the year when compared with that of last year.

FY2018

The Remaining Group was principally engaged in the businesses of investment holding, comprising strategic investments in PYI and Burcon, investments in other financial assets and securities, provision of finance, and property investments. In order to diversify its investments and expand its revenue source, the Remaining Group had also expanded into the business of commodities trading for FY2018.

For FY2018, the Remaining Group's revenue increased by over 127 times to HK\$1,984,368,000 (2017: HK\$15,404,000). The sharp rise in the Remaining Group's revenue was mainly attributable to the commodities trading business which presently focuses on the trading of copper cathodes and nickel briquettes, and has recently expanded its scope of business to fishery products.

(a) *Listed Strategic Investments – PYI*

PYI recorded a profit attributable to the owners of HK\$477,390,000 for FY2018. The turnaround from its loss of HK\$34,143,000 recorded in last year was mainly attributable to the gain on disposal of its 45% equity interest in an associate, Nantong Port Group Limited, of HK\$847,628,000 in the current year, which was partially offset by the recognition of an impairment loss of HK\$148,049,000 on its property, plant and equipment. The Remaining Group shared a profit of HK\$109,115,000 (2017: share of loss of HK\$9,720,000) from PYI for the current year.

In May 2017, PYI placed 915,470,000 new shares to independent investors which was the main reason for the loss on net decrease in interest in PYI of HK\$146,443,000. The Remaining Group's interest in PYI decreased from approximately 28.45% as at 31 March 2017 to approximately 23.65% as at 31 March 2018.

(b) *Listed Strategic Investments – Burcon*

For FY2018, the Remaining Group shared the loss of Burcon of HK\$6,250,000 (2017: HK\$6,561,000).

(c) *Provision of Finance*

For FY2018, the Remaining Group's finance operation continued to contribute a profitable segment result of HK\$3,180,000 (2017: HK\$6,901,000) which decreased by 54% compared to last year. As at 31 March 2018, the loans portfolio held by the Remaining Group amounted to HK\$200,000,000 (2017: HK\$60,000,000).

(d) *Commodities Trading*

For FY2018, the Remaining Group commenced its trading business which presently focuses on the trading of commodities including copper cathodes and nickel briquettes, and has recently expanded its scope of business to fishery products. The business generated a revenue of HK\$1,970,638,000 and recorded a segment profit of HK\$633,000.

In light of the continuous growth of the Chinese economy, the management of the Remaining Group is of the view that market demand for metal products will continue to grow. During the year, the Remaining Group began the metal trading businesses in Hong Kong and the PRC. This business segment is operated by an experienced management team located in Shanghai, PRC, with extensive and unique experience in the field of metal trading. The metal trading business generated a sizable revenue and respectable market share for the initial period of operation, and it also became one of the main sources

of income for the Remaining Group. The Remaining Group expects that revenue from this metal trading business will continue to grow, mainly attributable to the increasing market demand for metal and energy in the PRC, which will in turn boost the revenue of the Remaining Group from metal and energy trading.

(e) Long-term Investment

For FY2018, the Remaining Group's long-term investment recorded a revenue of HK\$1,086,000 (2017: HK\$866,000) and a segment profit of HK\$1,022,000 (2017: segment loss of HK\$6,355,000). As at 31 March 2018, the Remaining Group's long-term investment amounted to HK\$13,596,000 (2017: HK\$12,555,000) and represented an investment in a 3-year unlisted convertible note issued by Burcon with a principal amount of Canadian dollars 2,000,000 and a coupon rate of 8% per annum. The segment revenue and the segment profit for FY2018 was mainly attributable to the interest income from such convertible note. The turnaround of the segment result was mainly due to the absence of a HK\$6,600,000 loss from the disposal of an investment in an unlisted entity that indirectly held an equity investment listed in Hong Kong recorded last year.

(f) Other Investment

For FY2018, the Remaining Group's other investment contributed a segment revenue of HK\$251,000 (2017: HK\$3,535,000) and a segment loss of HK\$380,000 (2017: segment profit of HK\$1,881,000). In the current year, the Remaining Group received interest income of HK\$251,000 (2017: HK\$332,000) from a debt instrument which represented an investment in a 5-year senior guaranteed note with a principal amount of United States dollars 1,800,000 and a coupon rate of 4.75% per annum issued by a directly wholly-owned subsidiary of ITC Properties. The debt instrument was disposed of during the current year and the Remaining Group recorded a loss of HK\$40,000 from the disposal. The segment loss for FY2018 was mainly due to net loss on financial instruments of HK\$633,000 (2017: net loss on financial instruments of HK\$1,869,000).

At 31 March 2018, the Remaining Group's equity investments portfolio amounted to HK\$4,992,000 (2017: HK\$60,090,000) and comprised of shares in various companies listed in Hong Kong.

(g) Others

For FY2018, the Remaining Group's other business contributed a segment revenue of HK\$8,483,000 (2017: HK\$7,238,000) and a segment profit of HK\$30,969,000 (2017: HK\$2,043,000). At 31st March, 2018, the Remaining Group's other business mainly represented the leasing of investment properties and provision of management services. For FY2018, the Remaining Group continues to receive a stable property rental income of HK\$4,800,000 (2017: HK\$3,625,000) from leasing of office premises and hotel strata lots located in Canada and management service income of HK\$3,316,000 (2017: HK\$3,182,000) from provision of property agency service in Canada. The segment profit for the year was mainly due to an increase in fair values of investment properties of HK\$29,199,000 (2017: HK\$803,000).

FY2019

For FY2019, the Remaining Group continued to principally engage in the businesses of investment holding, investments in other financial assets and securities, provision of finance, and property investments, and trading business of commodities.

For FY2019, the Remaining Group's revenue decreased to HK\$1,785,780,000 (2018: HK\$1,984,368,000).

(a) Listed Strategic Investments – Burcon

On 28th September, 2018, the Remaining Group disposed of its entire interests in two subsidiaries Great Intelligence Limited and Large Scale Investments Limited which are mainly engaged in investment holding in equity interests in Burcon and convertible note issued by Burcon for an aggregate consideration of HK\$34,732,000. The Company recorded a gain on the disposal of approximately HK\$27,492,000 which the Directors are of the view that it can greatly enhance the cash flow of the Remaining Group and improve its financial strength and liquidity, and therefore would allow the Remaining Group to allocate more resources in exploring other potential business opportunities.

(b) Provision of Finance

For FY2019, the Remaining Group's finance operation continued to contribute a profitable segment result of HK\$1,571,000 (2018: HK\$3,180,000) which decreased by 51% compared to last year. As at 31 March 2019, the loans portfolio held by the Remaining Group amounted to HK\$39,000,000 (2018: HK\$200,000,000).

(c) Commodities Trading

For FY2019, the Remaining Group continued its trading business which focuses on the trading of commodities including copper cathodes, nickel briquettes and fishery products. The business generated a revenue of HK\$1,772,410,000 (2018: HK\$1,970,638,000) and recorded a segment loss of HK\$2,296,000 (2018: profit of HK\$633,000).

(d) Long-term Investment

During the current year, the Remaining Group's long-term investment recorded a revenue of HK\$4,312,000 (2018: HK\$1,086,000) and a segment profit of HK\$384,437,000 (2018: HK\$1,022,000). At 31 March 2019, the Remaining Group's long-term investment amounted to HK\$752,700,000 (2018: HK\$13,596,000). The segment revenue and the segment profit for the current year was mainly attributed to the interest income from convertible note, the preference shares dividend from Thousand Vantage and the unrealised gain from the AFC Mercury Fund.

(e) Other Investment

During the current year, the Remaining Group's other investment did not contribute any segment revenue (2018: HK\$251,000) and incurred a segment loss of HK\$82,000 (2018: HK\$380,000).

As at 31 March 2019, the Remaining Group's equity investments portfolio amounted to HK\$6,576,000 (2018: HK\$4,999,000) and comprised of shares in a company listed in Hong Kong (2018: comprised of shares in a company listed in Hong Kong).

(f) Others

For FY2019, the Remaining Group's other business contributed a segment revenue of HK\$5,688,000 (2018: HK\$8,483,000) and a segment loss of HK\$21,375,000 (2018: profit of HK\$30,969,000). At 31 March 2019, the Remaining Group's other business mainly represented the leasing of investment properties and provision of management services. For FY2019, the Remaining Group continues to receive a stable property rental income of HK\$2,983,000 (2018: HK\$4,800,000) from leasing of office premises and hotel strata lots located in Canada and management service income of HK\$2,692,000 (2018: HK\$3,316,000) from provision of property agency service in Canada. The segment loss for the current year was mainly due to a decrease in fair values of investment properties of HK\$18,142,000 (2018: increase of HK\$29,199,000).

GEARING RATIO

As at 31 March 2017, 2018 and 2019, the gearing ratio of the Remaining Group was zero as the Remaining Group was in net cash position. Gearing ratio is calculated on the basis of net borrowings over the equity attributable to owners of the Company. Net borrowings are arrived at by deducting bank deposits, bank balances and cash from borrowings.

CAPITAL COMMITMENTS

As at 31 March 2017, 2018 and 2019, the Remaining Group had no significant capital commitments.

FOREIGN CURRENCY MANAGEMENT

The monetary assets and liabilities as well as business transactions of the Remaining Group are mainly denominated in Hong Kong dollars, Canadian dollars, Renminbi and United States dollars. For FY2017, FY2018 and FY2019, the Remaining Group had not entered into any foreign currency forward contracts, currency swaps or other financial derivative for hedging purposes. However, the management monitors foreign exchange exposure from time to time. Appropriate measures would be undertaken by the Remaining Group when exchange rate fluctuations become significant.

EMPLOYMENT AND REMUNERATION POLICY

The employees' remuneration is based on the employees' skill, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions.

The share option scheme of the Company is established for the eligible participants (including employees). No share options were granted during FY2017, FY2018 and FY2019.

The Remaining Group had approximately 55, 30 and 61 employees as at 31 March 2017, 2018 and 2019.

As at 31 March 2017, 2018 and 2019, the staff costs (including directors' emoluments) of the Remaining Group amounted to approximately HK\$35.9 million, HK\$15.7 million and HK\$23.9 million respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March, 2017, the Remaining Group's total assets of HK\$1,181 million and equity attributable to Shareholders of HK\$1,164 million both represent a decrease of 67% as compared with that of last year. The decrease was mainly due to (i) the Distribution in Specie and (ii) the impairment loss on interest in PYI recognised during the year.

The Remaining 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 seizing investment opportunities as and when they become available.

As at 31 March, 2017, current assets and current liabilities of the Remaining Group were HK\$389 million and HK\$8 million respectively. Accordingly, the Remaining Group's current ratio was 49 (2016: 7).

As at 31 March, 2018, the Remaining Group's total assets of HK\$1,428,455,000 (2017: HK\$1,180,622,000) represented an increase of approximately 21% when compared with last year. The increase was mainly due to the increase in loans receivable and prepayments to suppliers in the trading segment.

As at 31 March 2018, equity attributable to owners of the Company amounted to HK\$1,282,153,000 (2017: HK\$1,163,683,000), representing an increase of HK\$118,470,000 or 10% compared to the prior year end which was mainly due to the completion of placing of 330,000,000 new shares of the Company in March 2018 that raised net proceeds of approximately HK\$134,342,000.

The Remaining 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, 2018, current assets and current liabilities of the Remaining Group were HK\$623,529,000 and HK\$127,120,000 respectively. Accordingly, the Remaining Group's current ratio was about 5 (2017: 50).

As at 31 March, 2019, the Remaining Group has total assets of HK\$1,488,165,000 (2018: HK\$1,428,455,000) represented an increase of approximately 4% when compared with the last year. The increase was mainly due to an investment in a financial instrument.

As at 31 March, 2019, equity attributable to owners of the Company amounted to HK\$1,472,608,000 (2018: HK\$1,282,153,000), representing an increase of HK\$190,455,000 or 15% as compared to 31 March, 2018 which was mainly due to the fair value gain of a financial instrument.

The Remaining 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, 2019, current assets and current liabilities of the Remaining Group were HK\$186,571,000 (2018: HK\$623,529,000) and HK\$10,758,000 (2018: HK\$127,120,000) respectively. Accordingly, the Remaining Group's current ratio was about 17 (2018: 5).

CAPITAL STRUCTURE

For the three years ended 31 March 2019, the Remaining Group managed its capital to ensure that entities in the Remaining Group would be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balance. The Remaining Group's overall strategy remained unchanged from prior years. The capital structure of the Remaining Group consisted of debts, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, accumulated profits and other reserves. The directors of the Company reviewed the capital structure on a regular basis. As part of this review, the directors considered the cost of capital and the risks associated with each class of capital. The Remaining Group would balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

FOREIGN CURRENCY MANAGEMENT

For FY2017, most of the assets and liabilities of the Remaining Group are denominated in Hong Kong dollars, hence the Remaining Group's exposure to fluctuations in foreign exchange rates is minimal and no foreign exchange hedging instruments are used.

For FY2018 and FY2019, the monetary assets and liabilities as well as business transactions of the Remaining Group are mainly denominated in Hong Kong dollars, Canadian dollars, Renminbi and United States dollars. The Remaining Group had not entered into any foreign currency forward contracts, currency swaps or other financial derivatives for hedging purposes. However, the management monitors foreign exchange exposure from time to time. Appropriate measures would be undertaken by the Remaining Group when exchange rate fluctuations become significant.

SIGNIFICANT INVESTMENTS

For FY2017, the Remaining Group had no significant investments.

For FY2018, the Remaining Group's long-term investment recorded a revenue of HK\$1,086,000 (2017: HK\$866,000) and a segment profit of HK\$1,022,000 (2017: segment loss of HK\$6,355,000). As at 31 March, 2018, the Remaining Group's long-term investment amounted to HK\$13,596,000 (2017: HK\$12,555,000) and represented an investment in a three-year unlisted convertible note issued by Burcon with a principal amount of Canadian dollars 2,000,000 and a coupon rate of 8% per annum. The segment revenue and the segment profit for the current year was mainly attributed to the interest income from such convertible note. The turnaround of the segment result was mainly due to the absence of a HK\$6,600,000 loss from the disposal of an investment in an unlisted entity that indirectly held an equity investment listed in Hong Kong recorded in last year.

For FY2019, the Remaining Group's long-term investment recorded a revenue of HK\$4,312,000 (2018: HK\$1,086,000) and a segment profit of HK\$384,437,000 (2018: HK\$1,022,000). As at 31 March, 2019, the Remaining Group's long-term investment amounted to HK\$752,700,000 (2018: HK\$13,596,000). The segment revenue and the segment profit for the current year was mainly attributed to the interest income from convertible note, the preference shares dividend from Thousand Vantage and the unrealised gain from the AFC Mercury Fund.

In April 2018, PT OBOR Financial Holdings Limited, a wholly-owned subsidiary of the Company (the "**Subscriber**"), entered into a subscription agreement with Thousand Vantage, pursuant to which the Subscriber agreed to subscribe for, and Thousand Vantage agreed to allot and issue, 100 preference shares at the total subscription price of HK\$200,000,000. The preference shares confer the Subscriber the right to receive cumulative fixed preferential dividend at the rate of 2% per annum of the subscription price. The preferential shares are guaranteed by Mr. Zhu Bin ("**Mr. Zhu**") who executed a share charge in favour of the Subscriber relating to all the shares of Thousand Vantage. As Mr. Zhu was indebted to the Remaining Group in the amount of HK\$200,000,000 (included as loans receivable as at 31 March, 2018), the subscription price for the preference shares was settled by way of offsetting the loan due by Thousand Vantage (as novated from Mr. Zhu to Thousand Vantage pursuant to a deed of novation) to the Remaining Group. Accordingly, the loan receivable has been fully repaid.

On 21 June, 2018, the Remaining Group entered into a subscription agreement with certain independent third parties pursuant to which the Remaining Group agreed to subscribe for shares of a private equity fund established in Korea (the "**Fund**"), as a limited partner, for an aggregate consideration of US\$20,000,000 (equivalent to approximately HK\$156,000,000) in cash. The Fund principally invests in shares of companies listed on the Korea Exchange, principally STX Corporation Limited. STX Corporation Limited (stock code: 011810) is primarily engaged in the business of energy trading, commodity trading, machinery and engine trading, and shipping and logistics. The shares of the Fund held by the Remaining Group represent approximately 29.71% of the issued share capital of the Fund as at 31 March, 2019.

The Board is of the view that the investment was fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. The Remaining Group has endeavoured in exploring opportunities for potential investments for business diversification, with a view to generating income and achieving better return for its Shareholders. The Directors consider that the investment would provide the Remaining Group with an opportunity to diversify its investment portfolio and hence a diversified return.

On 28 September, 2018, the Remaining Group was no longer interested in Great Intelligence Limited and Large Scale Investments Limited, which are mainly engaged in investment holding in equity interest in Burcon and convertible note issued in Burcon, and the Company recorded a gain on the disposal of approximately HK\$27,492,000 which enhance the cash flow of the Remaining Group and improve its financial strength and liquidity, and therefore would allow the Remaining Group to allocate more resources in exploring other potential business opportunities.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the annual report of the Company for the year ended 31 March 2019 and the interim report of the Company for the period ended 30 September 2019, the Remaining Group had not held any other significant investments nor made any material acquisitions or disposals of subsidiaries or associated companies.

PLEDGE ON ASSETS

As at 31 March 2017, investment properties of HK\$16,147,000 were pledged by the Remaining Group to secure a bank loan granted to the Remaining Group.

As at 31 March 2018, investment properties of HK\$17,694,000 were pledged by the Remaining Group to secure a bank loan granted to the Remaining Group.

As at 31 March 2019, nil investment properties were pledged by the Remaining Group to secure a bank loan granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2017, 2018 and 2019, the Remaining Group had no significant contingent liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENT

The Remaining Group will continue to focus on the existing segments and allocate resources carefully in different business segments to optimise the investment strategies. It will also use its best endeavors to develop and invest in its money lending business and business with growth potential.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, the interests or short positions, if any, of each Director or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO) or, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long positions in shares, underlying shares of the Company:

| Name of Director | Capacity | Number of shares held | Approximate percentage of the issued share capital of the Company |
|--|---------------------------------------|--------------------------|---|
| Mr. Ching Man Chun, Louis ("Mr. Ching") | Beneficial owner | 100,000,000 | 4.95% |
| | Interest of controlled corporation | 488,000,000 (Note) | 24.18% |

Note:

Champion Choice Holdings Limited ("Champion Choice"), which is the registered holder of 488,000,000 shares of the Company, is wholly-owned by Mr. Ching. Accordingly, Mr. Ching is deemed to be interested in 488,000,000 shares of the Company directly held by Champion Choice under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO) or, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Save as disclosed below, as at the Latest Practicable Date, the Directors and chief executive of the Company are not aware of any person who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in shares, underlying shares of the Company:

| Name of Shareholder | Capacity | Number of shares held | Approximate percentage of the issued share capital of the Company |
|---|------------------------------------|-------------------------|---|
| Mr. Ching | Beneficial owner | 100,000,000 | 4.95% |
| | Interest of controlled corporation | 488,000,000 (Note 1) | 24.18% |
| Champion Choice | Beneficial owner | 488,000,000 (Note 1) | 24.18% |
| Mr. Suen Cho Hung, Paul ("Mr. Suen") | Interest of controlled corporation | 166,876,465 (Note 2) | 8.27% |
| Ace Way Global Limited ("Ace Way") | Interest of controlled corporation | 166,876,465 (Note 2) | 8.27% |
| Ace Pride Holdings Limited ("Ace Pride") | Beneficial owner | 166,876,465 (Note 2) | 8.27% |

Notes:

- Champion Choice is the registered holder of 488,000,000 shares of the Company. Mr. Ching, a director of the Company is also a director of Champion Choice, who owns the entire issued share capital of Champion Choice. Accordingly, Mr. Ching is deemed to be interested in 488,000,000 shares of the Company directly held by Champion Choice under the SFO.
- Ace Pride is the registered holder of 166,876,465 shares of the Company. The entire issued share capital of Ace Pride is directly owned by Ace Way. Mr. Suen owns the entire issued share capital of Ace Way. Accordingly, each of Ace Way and Mr. Suen is deemed to be interested in 166,876,465 shares directly held by Ace Pride under the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or is not determinable by the employer within one year without payment of any compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors, either directly or indirectly, had any interest in any assets which have been, since 31 March 2019 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates (as defined under the Listing Rules) had any interest in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's business (as would be required to be disclosed pursuant to Rule 8.10 of the Listing Rules).

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

1. a loan agreement entered into between PT Credit Limited ("**PT Credit**"), a wholly-owned subsidiary of the Company (as lender) and Eastern Yangtze Development (HK) Limited ("**EYD(HK)**") (as borrower) dated 1 June 2018 in relation to the provision of a loan in the principal amount of US\$6,000,000 and a participation agreement entered into between PT Credit and an independent third party simultaneously pursuant to which the independent third party participated in the loan in the principal amount of US\$1,000,000;
2. a subscription agreement entered into between PT Global Investment Holdings Limited, a direct wholly-owned subsidiary of the Company (as subscriber), AFC Mercury Fund (as fund) and AFC Korea Co., Ltd (as manager) dated 21 June 2018 in relation to the subscription of the number of shares of AFC Mercury Fund representing approximately 26.67% of the total enlarged issued common shares of AFC Mercury Fund for an aggregate consideration of US\$20,000,000;

3. a share transfer agreement entered into between Firewood Elite Limited (as purchaser) and the Company (as vendor) dated 28 September 2018 in relation to the disposal of sale interests, convertible notes and the sale shareholder's loans of Great Intelligence Limited and Large Scale Investments Limited, companies incorporated under the laws of the British Virgin Islands with limited liability and direct wholly-owned subsidiaries of the Company, with 100% of equity interests held by the Company;
4. a contract of purchase and sale entered into between Burcon Group Limited, an indirect wholly-owned subsidiary of the Company (as vendor) and Big Tree Construction Limited (as purchaser) dated 12 November 2018 in relation to the disposal of the commercial property located at 1946 West Broadway, Vancouver, B.C, Canada at a consideration of CAD10,600,000;
5. a share subscription agreement entered into between PT OBOR Financial Holdings Limited, a wholly owned subsidiary of the Company (as subscriber), Thousand Vantage (as issuer) and Zhu Bin (as guarantor for issuer) dated 16 April 2018 in relation to the subscription of the preference shares of Thousand Vantage in the total subscription price of HK\$200,000,000;
6. a sale and purchase agreement entered into between All Combine Investments Limited, a wholly owned subsidiary of the Company (as vendor) and King Square International Limited (as purchaser) dated 3 April 2019 in relation to the sale of the entire issued share capital of, and shareholder's loan to Illuminate Investments Limited at a share consideration of CAD3,257,000 and a loan consideration of CAD2,743,000;
7. a loan capitalization deed entered into between PT Credit, an indirect wholly-owned subsidiary of the Company and EYD(HK) dated 5 September 2019 in relation to the total outstanding amount of the loan in the sum of US\$4,000,000 and outstanding accrued interests of approximately US\$286,016 shall be capitalised into the capitalisation shares, being 9,000,000 EYD(HK) shares representing 90% of the enlarged share capital of EYD(HK), to be allotted and issued to the PT Credit or its nominee. Following completion, EYD(HK) has become an indirect non-wholly-owned subsidiary of the Company;
8. the Sale and Purchase Agreement; and
9. the Placing Agreement.

8. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

9. EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinion or advice contained in this circular:

| Name | Qualification |
|--------------------------|------------------------------|
| Deloitte Touche Tohmatsu | Certified Public Accountants |

As at the Latest Practicable Date, the above expert:

- (a) did not have any shareholding, direct or indirect, in any members of the Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2019 (being the date to which the latest published audited financial statements of the Group were made up); and
- (c) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name and its letter in the form and context in which they respectively appear.

The letter and recommendation from the above expert is given as of the date of this circular for incorporation herein.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (except public holidays) at the head office and principal place of business of the Company in Hong Kong at Suites 2304–2306A, 23/F., West Tower Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong from the date of this circular up to and including the date of the SGM (both days inclusive):

1. the memorandum of association and bye-laws of the Company;
2. the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
3. the annual reports of the Company for the years ended 31 March 2017, 2018 and 2019 respectively;
4. the interim report of the Company for the six months ended 30 September 2019;
5. the report on the unaudited pro forma financial information of the Remaining Group issued by Deloitte Touche Tohmatsu set out in Appendix III to this circular;

6. the consent letter referred to in the paragraph under the heading “Experts and Consents” in this appendix to this circular; and
7. this circular.

11. GENERAL

1. the registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;
2. the head office and principal place of business of the Company in Hong Kong is situated at Suites 2304–2306A, 23/F., West Tower, Shun Tak Centre, 168-200 Connaught Road, Central, Hong Kong;
3. the principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited of 4th Floor North, Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda;
4. the branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
5. the secretary of the Company is Ms. Lo Yuen Mei, who is a member of The Hong Kong Institute of Certified Public Accountants; and
6. the English text of this circular shall prevail over the Chinese text in case of any inconsistency.

NOTICE OF SGM



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting the (“SGM”) of PT International Development Corporation Limited (the “**Company**”) will be held at Room Soho 1, 6/F, IBIS Hong Kong Central and Sheung Wan Hotel, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong on Friday, 12 June 2020 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

Ordinary Resolution

1. “**THAT:**

- (a) the Sale and Purchase Agreement and the Placing Agreement as defined in the circular dated 28 May 2020 despatched to the shareholders of the Company (the “**Circular**”), a copy of each of the Sale and Purchase Agreement and the Placing Agreement has been produced to the meeting marked “A” and “B” respectively and initialled by the chairman of the SGM for the purpose of identification, and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (the “**Director**”) be and is hereby authorized to do all such acts and things as the Director in his sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Sale and Purchase Agreement and the Placing Agreement and the transactions contemplated thereunder, where required, any amendment of the terms of the Sale and Purchase Agreement and the Placing Agreement as required by, or for the purposes of obtaining the approval of, relevant authorities or to comply with all applicable laws, rules and regulations.”

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

Hong Kong, 28 May 2020

* *For identification purpose only*

NOTICE OF SGM

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business

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

Notes:

1. Unless otherwise defined in this notice or the context requires otherwise, terms defined in the Circular shall have the same meanings when used in this notice
2. In compliance with the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited, all resolutions to be proposed at the meeting convened by this notice will be voted on by way of poll.
3. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
4. To be valid, the form of proxy and (if required by the Board of Directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
5. The record date for determining the entitlement of the Shareholders to attend and vote at the SGM will be the close of business on Thursday, 11 June 2020. In order to determine the entitlement to attend and vote at the meeting, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 June 2020 (Hong Kong time).
6. In the case of joint holders of a share, any one of such joint holders may vote at the above meeting, either in person or by proxy, in respect of such share as if he or she were solely entitled thereto. If more than one of such joint holders are present at the above meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. Whether or not you propose to attend the meeting in person, you are strongly urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending the meeting and voting in person or any adjournment thereof if you so wish. In the event that you attend the meeting after having lodged the form of proxy, it will be deemed to have been revoked.
8. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

NOTICE OF SGM

PRECAUTIONARY MEASURES FOR THE SGM

In view of the ongoing COVID-19 epidemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the SGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.5 degrees Celsius may be denied entry into the SGM venue or be required to leave the SGM venue.
- (ii) The Company requests attendees to wear surgical face masks inside the SGM venue at all times.
- (iii) No refreshments or drinks will be served, and there will be no corporate gifts.
- (iv) seating will be arranged so as to allow for appropriate social distancing.

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using forms of proxy with voting instructions inserted, Shareholders may appoint the Chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM instead of attending the SGM in person.

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