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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)

**VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE PROPOSED
DISPOSAL OF APPROXIMATELY 4.08% OF THE ISSUED SHARE
CAPITAL OF THE TARGET COMPANY BY WAY OF PLACING**

Reference is made to the announcement of the Company dated 7 April 2020 in connection with the Very Substantial Disposal.

THE PLACING AGREEMENT

The Board is pleased to announce that 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 on a best effort basis.

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 will 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 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 remaining Target Company Shares by way of Placing, the Purchaser would not proceed with the transaction.

- *For identification purpose only*

As at the date of this announcement, 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 Placing Shares, being 225,311,695 Target Company Shares, represent approximately 4.08% of the issued share capital of the Target Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Placing and the Disposal exceed 75%, the Placing and the Disposal constitute very substantial disposal for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be held and convened for the purpose of considering and, if thought fit, approving the Placing Agreement, and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Placing Agreement, and the transactions contemplated thereunder (ii) financial information of the Group; and (iii) a notice convening the SGM, will be despatched to the Shareholders on or before 29 May 2020.

WARNING

Completion of the Placing is subject to fulfilment of the conditions precedent as set out in the paragraph headed "Conditions" in this announcement. As 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.

INTRODUCTION

Reference is made to the announcement of the Company dated 7 April 2020 in connection with the Very Substantial Disposal.

The Board is pleased to announce that on 25 May 2020 (after trading hours), the Vendor 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 on a best effort basis.

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

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 date of this announcement.

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.

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 announcement, 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.

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 Last Trading Date;
- (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 Last Trading 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 Last Trading 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 Last Trading Date; and
- (v) a discount of approximately 90.56% to the consolidated net asset value per 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 Final Placing Price, which will not be below 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 Last Trading 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 asset 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 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

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 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 Vendor at any time prior to 9:00 a.m. on the date of completion of the Placing Agreement, 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 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 Agreement,

- (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” above or such other date as the Vendor and the Placing Agent may agree in writing.

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 of the Stock Exchange (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 the PRC. 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.

Set out below is the audited consolidated financial information of the Target Group for the year ended 31 March 2018 and 2019 extracted from the 2019 annual report of the Target Company and unaudited consolidated financial information of the Target Group for the six months ended 30 September 2018 and 2019 extracted from the 2019/2020 interim report of the Target Company:

	For the year ended		For the six months ended	
	31 March		30 September	
	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	624,400	628,368	315,347	256,289
Profit/(loss) before taxation	714,220	89,084	63,485	(150,434)
Profit/(loss) after taxation	501,759	64,356	27,194	(197,242)
Profit/(loss) attributable to owners of the Target Company	477,390	49,208	16,072	(205,348)
				As at
				As at 31 March
				30 September
				2019
				<i>HK\$'000</i>
				(unaudited)
Equity attributable to owners of the Target Company	4,711,814	4,446,094	4,090,981	

SHAREHOLDING OF THE TARGET COMPANY

The following table shows the shareholding of the Target Company (i) as at the date of this announcement; and (ii) immediately after the Placing (assuming no further issue or repurchase of the Target Company Shares):

Shareholders	As at the date of this announcement		Immediately after the Placing (assuming no further issue or repurchase of the Target Company Shares)		Immediately after the Disposal (assuming no further issue or repurchase of the Target Company Shares)	
	No. of Target Company Shares	Approximately %	No. of Target Company Shares	Approximately %	No. of Target Company Shares	Approximately %
The Vendor	1,305,311,695	23.65%	1,080,000,000	19.57%	0	0.00%
Mr. Lau and his associates <i>(Note)</i>	512,895,913	9.29%	512,895,913	9.29%	1,592,895,913	28.86%
Public	3,701,372,964	67.06%	3,926,684,659	71.14%	3,926,684,659	71.14%
Total	5,519,580,572	100.00%	5,519,580,572	100.00%	5,519,580,572	100.00%

Note: To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Rally Praise Limited, owning 498,223,308 Target Company Shares, is wholly owned by Mr. Lau, the Chairman and Managing Director of the Target Company, who also directly owns 14,672,605 Target Company Shares.

INFORMATION OF THE GROUP

The Company is an investment holding company, whereas the Group is principally engaged in trading of commodities, provision of finance and long-term investment. The Group expects that, following the Disposal and the Placing, the Group will continue to engage in trading of commodities, provision of finance and long-term investment.

Save as the gain to be recognized upon completion of the Disposal and the Placing, the Directors do not expect the Disposal and the Placing will have any material impact to the businesses currently being carried out by the Group.

REASONS FOR AND BENEFITS FOR THE PLACING

As disclosed above, 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 until the Last Trading 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 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.

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 Placing 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 asset value of the Target Company. As such, the Directors consider that the Placing is a good opportunity to realise the Group's investment in the Target Company.

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. Thus, it is the Group's strategy to improve its cash position, and 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 Board considers that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 the Placing Shares by way of Placing, the Sale and Purchase Agreement will not be proceeded.

FINANCIAL EFFECT OF THE PLACING

As at the date of this announcement, 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 agreed to place the Placing Shares to Independent Third Parties of the Company 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.

As at 30 September 2019, the unaudited carrying value of the Group's investment in the Placing Shares was approximately HK\$20.3 million. Further, for illustrative purpose, as a result of the Placing, it is estimated that the Company will realise an unaudited loss on the Placing of approximately HK\$4.5 million if the Placing Shares are placed at HK\$0.07, the lower limit of the Final Placing Price which will be debited to the Group's profit and loss, being the difference of the cash proceeds from disposal of Placing Shares of approximately HK\$15.8 million and the unaudited carrying value of Placing Shares as at 30 September 2019. Shareholders should note that the actual amount of the gain or loss on the Placing to be recognised in the consolidated financial statements of the Company depends on the net asset value of the Target Group attributable to the Company as at the date of completion of the Placing and the Final Placing Price therefore may be different from the amount mentioned above.

USE OF PROCEEDS

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 general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Placing and the Disposal exceed 75%, the Placing and the Disposal constitute very substantial disposal for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be held and convened for the purpose of considering and, if thought fit, approving the Placing Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Placing Agreement, and the transactions contemplated thereunder (ii) financial information of the Group; and (iii) a notice convening the SGM, will be despatched to the Shareholders on or before 29 May 2020 as the Board expects that additional time will be required for preparing the information to be contained in the circular.

Completion of the Placing is subject to fulfilment of the conditions as set out in the section headed "Conditions" in this announcement. As 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.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“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
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms of the Sale and Purchase Agreement
“Final Placing Price”	the final placing price per Placing Share which will be set at a price within the range from a discount of 15% to a premium of 15% to the closing price as at the date of 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”	25 May 2020
“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
“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 Placing Agreement to Independent Third Party(ies) pursuant to the terms of the Placing Agreement
“Placing Agent”	Get Nice Securities Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) regulated activity under the SFO to be appointed by the Company for the purpose of the Placing
“Placing Agreement”	the placing agreement entered into between the Placing Agent and the Company dated 25 May 2020
“Placing Share(s)”	the 225,311,695 Target Company Shares, representing approximately 4.08% of the Target Company Shares held by the Vendor (other than the Sale Shares)
“PRC”	People’s Republic of China
“Purchaser”	Rally Praise Limited, a company incorporated in the BVI with limited liability, the shares of which are 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
“Sales 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
“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
“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 in Hong Kong
“%”	per cent

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

Hong Kong, 25 May 2020

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