



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)

Board of Directors

Executive Directors:

Mr. Ching Man Chun, Louis

(Chairman and Managing Director)

Mr. Heinrich Grabner *(Deputy Chairman)*

Mr. Yeung Kim Ting

Non-executive Director:

Ms. Wong Man Ming, Melinda

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

Principal Place of Business in Hong Kong:

11th Floor

Centre Point

181-185 Gloucester Road

Wanchai, Hong Kong

9 November 2023

To the Shareholders,

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO
PROPOSED ACCEPTANCE AND SUBSCRIPTION OF
TV OFFER SHARES; AND
(2) NOTICE OF SGM**

INTRODUCTION

Reference is made to the announcement of the Company dated 28 September 2023 in relation to the proposed Acceptance and Subscription of TV Offer Shares, the Rights Issue Announcements and the Rights Issue Prospectus.

* *For identification purposes only*



PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED

保 德 國 際 發 展 企 業 有 限 公 司

(Incorporated in Bermuda with limited liability)

The purposes of this circular are to, among others, (i) provide you with the details of the terms of the proposed Acceptance and Subscription (including the Subscription Price payable under the proposed Acceptance and Subscription) and the transactions contemplated thereunder; (ii) set out the recommendation of the Independent Board Committee in respect of the terms of the proposed Acceptance and Subscription (including the Subscription Price payable under the proposed Acceptance and Subscription) and the transactions contemplated thereunder; and (iii) set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the proposed Acceptance and Subscription (including the Subscription Price payable under the proposed Acceptance and Subscription) and the transactions contemplated thereunder.

As disclosed in the Rights Issue Announcements and the Rights Issue Prospectus, the Company intends to utilize the net proceeds of the Rights Issue for the settlement of the payables in relation to the acquisition of property, plant and equipment, involving the outstanding payment of balance of approximately RMB59.9 million together with the corresponding interest in relation to the fee for the construction of port infrastructure owed by Guangming, a non-wholly owned subsidiary of Thousand Vantage and the Company.

PROPOSED TV OFFER

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

Further details of the TV Offer are set out below:

Issue statistics

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



PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED
保 德 國 際 發 展 企 業 有 限 公 司

(Incorporated in Bermuda with limited liability)

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

Subscription Price

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

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

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

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



PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED
保 德 國 際 發 展 企 業 有 限 公 司

(Incorporated in Bermuda with limited liability)

funding needs for the repayments under the Settlement Agreement and other expenses as discussed in the section headed “Reasons for the Proposed Acceptance and Subscription” below in this circular; (v) the Thousand Vantage Group has insufficient bank balances and cash as at 31 March 2023 for the repayments under the Settlement Agreement and of other expenses; and (vi) the TV Offer will be offered to the shareholders of Thousand Vantage on a pro-rata basis to subscribe the TV Offer Shares at the Subscription Price. The Board concurs with the view of the financial adviser to Thousand Vantage and considers that the TV Offer and the transactions contemplated thereunder (including the Subscription Price) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

PROPOSED ACCEPTANCE AND SUBSCRIPTION

Subject to the approval by the Independent Shareholders, the Group intends to accept and subscribe for the PT Entitlement (i.e. 5,348,571,432 TV Shares). Approximately HK\$33,161,142.88 will be payable by the Group in cash upon acceptance of the PT Entitlement.

Irrespective of whether Mr. Zhu will or will not take up his entitlement under the TV Offer, Thousand Vantage will continue to be a non-wholly owned subsidiary of the Company, and its financial results will continue to be consolidated with the financial results of the Company.

EFFECT OF THE TV OFFER ON SHAREHOLDINGS IN THOUSAND VANTAGE

For illustration purposes only, set out below is the shareholding structure of Thousand Vantage (i) as at the Latest Practicable Date; (ii) immediately after completion of the TV Offer assuming only the Group has taken up its entitlement under the TV Offer; and (iii) immediately after completion of the TV Offer assuming all the TV Shareholders have taken up his/its entitlements of the TV Offer:

Assuming there is no other change in the shareholding structure of Thousand Vantage before the completion of the TV Offer:

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

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



PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED

保 德 國 際 發 展 企 業 有 限 公 司

(Incorporated in Bermuda with limited liability)

INFORMATION OF THE GROUP

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

INFORMATION OF THOUSAND VANTAGE

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

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

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

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

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



PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED

保 德 國 際 發 展 企 業 有 限 公 司

(Incorporated in Bermuda with limited liability)

The Thousand Vantage Group recorded net loss after taxation of approximately HK\$317.0 million and HK\$46.7 million for the years ended 31 March 2023 and 2022, respectively. The increase in net loss was mainly attributable to an impairment loss on property, plant and equipment and right-of-use assets related to the provision of port and port-related services of approximately HK\$186.7 million and HK\$93.8 million, respectively, recognised for the year ended 31 March 2023 after the management of the Thousand Vantage Group has assessed the impact of the operational risks the Thousand Vantage Group faces from the COVID-19 pandemic, the impact from the litigation on the business operation and the impact they have on the future cash flows which impact the valuation of such assets.

The Thousand Vantage Group recorded net assets of approximately HK\$18.2 million and HK\$368.9 million as at 31 March 2023 and 2022, respectively. The decrease in net assets was mainly attributable to the impairment loss recognised as stated above for the year ended 31 March 2023.

REASONS FOR THE PROPOSED ACCEPTANCE AND SUBSCRIPTION

As disclosed in the Rights Issue Announcements and the Rights Issue Prospectus, under the Settlement Agreement, in which the enforcement order previously issued by the court was set aside as agreed upon by both parties to the proceedings, repayments of RMB30 million (the “1st Tranche Settlement Sum”) are due and payable by Guangming on or before 30 June 2023 and the remaining balance of approximately RMB29.9 million together with the corresponding interest are due and payable by Guangming on or before 31 December 2023. The revised deadline of the payment of the 1st Tranche Settlement Sum recently conveyed by No.5 Engineering Co., Ltd. of CCCC First Harbor Engineering Co., Ltd.* (中交一航局第五工程有限公司) would fall on mid-November 2023.

Further, the Thousand Vantage Group has to settle payments, which include expenses related to an expansion project of petroleum facilities and oil and petroleum recycling facilities of the Thousand Vantage Group amounting to approximately RMB12.3 million and repayment to the Company amounting to approximately HK\$3.5 million.

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

The Directors (including the independent non-executive Directors after considering the opinion of the Independent Financial Adviser) believe that the terms of the proposed Acceptance and Subscription (including the Subscription Price payable under the proposed Acceptance and Subscription) are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.



PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED

保 德 國 際 發 展 企 業 有 限 公 司

(Incorporated in Bermuda with limited liability)

LISTING RULES IMPLICATIONS

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

None of the Directors has any material interest in the proposed Acceptance and Subscription and was required to abstain from voting on the relevant resolution in accordance with the requirements of the Listing Rules.

SGM

An SGM will be convened and held by the Company to consider and, if thought fit, approve the proposed Acceptance and Subscription and the transactions contemplated thereunder. The voting at the SGM will be taken by poll.

At the SGM, any Shareholders with a material interest in the Acceptance and Subscription and the transactions contemplated thereunder are required to abstain from voting on the proposed resolution(s) to be put forwarded to the Independent Shareholders at the SGM for approving the Acceptance and Subscription and the transactions contemplated thereunder. As Mr. Zhu is interested in 315,222,769 Shares (representing approximately 10.4% of the issue share capital of the Company) and holds approximately 35% issued share capital of Thousand Vantage. Mr. Zhu and his associates shall therefore be required to abstain from voting on the resolution(s) approving the Acceptance and Subscription and the transactions contemplated thereunder at the SGM.

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



PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED

保 德 國 際 發 展 企 業 有 限 公 司

(Incorporated in Bermuda with limited liability)

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 13 to 14 of this circular which contains its recommendation to the Independent Shareholders on the terms of the proposed Acceptance and Subscription (including the Subscription Price payable under the proposed Acceptance and Subscription) and the transactions to be contemplated thereunder. Your attention is also drawn to the letter of advice received from Draco Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 15 to 29 of this circular which contains, among others, its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the proposed Acceptance and Subscription (including the Subscription Price payable under the proposed Acceptance and Subscription) and the transactions to be contemplated thereunder, the casting of votes for or against the resolution(s) approving the proposed Acceptance and Subscription and the transactions to be contemplated thereunder as well as the principal factors and reasons considered by it in concluding its advice.

The Directors (including the independent non-executive Directors after considering the opinion of the Independent Financial Adviser) are of the view that the terms of the proposed Acceptance and Subscription (including the Subscription Price payable under the proposed Acceptance and Subscription) and the transactions to be contemplated thereunder, while not being in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and they recommend the Shareholders to vote in favour of the resolution(s) at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and additional information set out in the appendix to this circular.

Yours faithfully
By order of the Board

PT International Development Corporation Limited

Ching Man Chun, Louis

Chairman and Managing Director