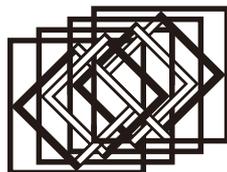


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*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.*



## **PAK TAK INTERNATIONAL LIMITED**

**( 百德國際有限公司 ) \***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2668)**

### **MAJOR TRANSACTION ACQUISITION OF TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

#### **THE ACQUISITION**

The Board is pleased to announce that on 29 February 2024 (after trading hours), the Company, the Vendor and the Target Company entered into the Agreement, pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Interest (representing the entire issued share capital of the Target Company) in accordance with the terms and conditions of the Agreement.

Upon Completion, the Group will hold the entire issued share capital of the Target Company, such that the Target Group (including, among others, Fushun Xingzhou which is principally engaged in production and sale of metal commodities in the PRC) will become subsidiaries of the Company and their financial results will be consolidated into the Company's financial statements. The consideration payable by the Company for the Acquisition is RMB289,860,000. The Company will settle the consideration by way of allotment and issue of the Consideration Shares at the Issue Price of HK\$0.336 per Consideration Share. The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the SGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

\* *for identification purpose only*

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed(s) 25% but all of them fall below 100%, the Acquisition constitutes a major transaction under Chapter 14 of the Listing Rules and will be subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **WARNING**

**SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO SATISFACTION OF THE CONDITIONS PRECEDENT SET FORTH IN THE AGREEMENT, AND CONSEQUENTLY THE ACQUISITION MAY OR MAY NOT PROCEED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING OR CONTEMPLATING DEALING IN THE SECURITIES OF THE COMPANY.**

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## **THE AGREEMENT**

The principal terms of the Agreement are set forth below:

### **Date**

29 February 2024 (after trading hours)

### **Parties**

- (1) the Company as the purchaser;
- (2) the Vendor; and
- (3) the Target Company

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **Subject matter**

Pursuant to the Agreement, the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Interest in accordance with the terms and conditions of the Agreement.

Upon Completion, the Group will hold the entire issued share capital of the Target Company, such that the Target Group (including, among others, Fushun Xingzhou which is principally engaged in production and sale of metal commodities in the PRC) will become subsidiaries of the Company and their financial results will be consolidated into the Company's financial statements.

## **Consideration**

The total consideration for the Acquisition shall be RMB289,860,000, which shall be payable by way of allotment and issue of 950,000,000 Consideration Shares at the Issue Price of HK\$0.336 per Consideration Share (equivalent to the total amount of HK\$319,200,000) by the Company to the Vendor or its designated third party.

## **Basis of the Consideration**

The consideration for the Sale Interest was determined after arm's length negotiations between the Company and the Vendor taking into account, among others, (i) the historical operating performance of the Target Group; (ii) the unaudited net assets value of the Target Group as at 31 December 2023 of approximately RMB266,207,000; (iii) the registered capital of RMB300,000,000 in Fushun Xingzhou.

The Company has engaged an independent professional valuer to conduct a valuation of the Sale Interest. As a condition precedent, the valuation report shall be obtained prior to Completion. Please refer to the section headed "The Agreement – Conditions Precedent" in this announcement for further details. The valuation report, including details of the assumptions, basis and methodology of the valuation, will be set forth in the circular to be despatched to the Shareholders in connection with, among others, the Acquisition.

## Conditions Precedent

Completion is conditional upon satisfaction of the following conditions precedent set forth in the Agreement:

- (a) the Reorganisation having been completed in compliance with the requirements under the applicable laws and regulations (including without limitation the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors\* (關於外國投資者並購境內企業的規定)), such that Fushun Xingzhou is indirectly held as to 96.62% by the Target Company;
- (b) the requisite resolutions having been passed by the Shareholders and approval sought by the Company in accordance with the requirements under the Listing Rules in connection with the Acquisition (including without limitation allotment and issuance of the Consideration Shares);
- (c) the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares;
- (d) the Vendor having obtained all necessary and effective authorisations, consent, approvals, exemptions, or requisite notices from third parties, governmental authorities and regulatory authorities in connection with the Acquisition, including without limitation proof or approval regarding completion of registration of the transfer of state-owned equity interest (if applicable);
- (e) the Vendor having completed registration of changes in the industrial and commercial particulars of the Target Company in connection with the Acquisition, including changes in shareholders, amendments to the articles of association, and changes in the legal representative, directors, supervisors, and senior management;
- (f) the Vendor having completed the industrial, commercial and taxation de-registration in respect of an entity established in the PRC indirectly controlled by the Target Company, or procured it to be transferred to a third party;
- (g) the Target Company having obtained all relevant approvals, licenses and certificates in respect of its business and assets in accordance with the requirements under applicable laws and regulations;
- (h) the Company having completed due diligence in respect of the financial position and business condition of the Target Group and the Acquisition and remaining satisfied with the results of the due diligence;
- (i) the Company having obtained a valuation report in respect of the Sale Interest in form and substance satisfactory to the Company from an independent professional valuer appointed by the Company with an appraised value of the Sale Interest of not less than RMB289,860,000;

- (j) all representations, warranties and undertakings made by the Vendor under the Agreement remaining true and accurate and having been fulfilled from the date of the Agreement until the date of Completion; and
- (k) the Target Company having complied with all applicable laws in all material respects and engaged in its business operations and all related activities in compliance with the applicable laws and generally recognised business ethics and standards in the PRC, and there being no event that has caused or may cause any material adverse effect on the Target Group from the date of the Agreement until the date of Completion.

The Company may waive in part or in full in writing the above conditions precedent (other than those set forth in paragraphs (b) to (d) and (i) above). If any of the conditions has not been satisfied or, as the case may be, waived on or before the Long Stop Date, the Agreement shall cease and terminate in accordance with the terms stipulated therein and no party shall have any claim against the other parties, except in respect of any surviving provisions or antecedent breach.

### **Completion**

Subject to the satisfaction of all conditions precedent, Completion shall take place on the tenth Business Day following the date of the satisfaction or waiver of all the conditions precedent set forth in the Agreement, or such other date as the Company and the Vendor may agree in writing. Parties to the Agreement shall attend to transfer of the Sale Interest by the Vendor to the Company (or a subsidiary of the Company designated by it as the transferee) at Completion in accordance with the terms of the Agreement.

### **ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

Pursuant to the Agreement, the consideration for the Acquisition of RMB289,860,000 will be satisfied by way of allotment and issue of the Consideration Shares to the Vendor (or a third party designated by the Vendor, provided that it shall be an Independent Third Party prior to Completion) at the Issue Price of HK\$0.336 per Consideration Share at Completion.

Value of Consideration Share      HK\$319,200,000 in aggregate based on the Issue Price of HK\$0.336 per Consideration Share, which was negotiated on an arm's length basis between the parties of the Agreement and determined with reference to the average of the prevailing market prices of the Shares as quoted on the Stock Exchange, and it represents:

- (i) a discount of 4% to the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on the date of the Agreement; and

- (ii) a premium of approximately 3.07% to the average closing price of approximately HK\$0.326 per Share as quoted on the Stock Exchange for the last five trading days up to and including the last trading day immediately before the date of the Agreement.

The aggregate nominal value of the Consideration Shares is HK\$19,000,000.

Conditions of issue of  
Consideration Shares

The issue of the Consideration Shares is subject to the Shareholders' approval at the SGM and the approval to be granted by the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. The Consideration Shares will be issued and allotted pursuant to the Specific Mandate.

Ranking of Consideration  
Shares

The Consideration Shares, when issued, shall rank pari passu in all respects with the Shares in issue as at the date of issue of Consideration Shares.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in supply chain business, hotel management and catering services, property management and other businesses including leasing business, money lending business and securities investment. In respect of the supply chain business, the Group had been focusing on the supply of non-ferrous metals and construction materials. Leveraging the Group's experience in its supply chain business, the Group aims to expand its supply chain business to cover ferrous metals for increase in diversity of its product portfolio and mitigation of market risks. Through the Acquisition, the Group would be able to incorporate Fushun Xingzhou's iron ore and iron concentrate powder production and sales business into its existing supply chain business and thereby achieve business and market diversification.

Taking into consideration the reasons for and benefits of the Acquisition to the Group, the Directors are of the view that the terms of the Agreement and the transactions contemplated therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## INFORMATION OF THE PARTIES

### Information of the Vendor

To the best of the knowledge, information and belief of the directors, the Vendor is an investment-holding company ultimately beneficially owned as to 50%, 25% and 25% by Wu Qi (吳啟), Wu Shasha (吳莎莎) and Wu Yumei (吳聿嫻), each being an Independent Third Party, respectively as at the date of this announcement.

### Information of the Target Group

#### *Target Company*

The Target Company is an investment-holding company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, the entire issued share capital of the Target Company is held by the Vendor.

#### *Fushun Xingzhou*

Fushun Xingzhou is a company established in the PRC with limited liability principally engaged in iron ore and iron concentrate powder production and sales business. To the best of the knowledge, information and belief of the Directors, as at the date of this announcement, (i) Fushun Xingzhou is directly held as to 96.62% by Zhejiang Zongchuan Holdings Co., Ltd.\* (浙江宗傳控股有限公司) (“**Zhejiang Zongchuan**”) and 3.38% by Gongqingcheng Zhongwei Xingzhou Equity Investment Limited Partnership\* (共青城中惟興洲股權投資合夥企業(有限合夥)) (“**Gongqingcheng**”); (ii) Zhejiang Zongchuan is ultimately beneficially owned as to 40% by Wu Zongchuan (吳宗傳), 30% by Wu Shasha (吳莎莎) and 30% by Wu Qi (吳啟), each being an Independent Third Party; and (iii) Gongqingcheng. Gongqingcheng is ultimately beneficially owned as to 98% by Ou Dingfang (歐定芳) and 2% by Wu Zhen (吳貞), each being an Independent Third Party. Under condition precedent (a) set forth in the Agreement as disclosed in the section headed “Conditions Precedent” in this announcement, the shareholding structure of Fushun Xingzhou shall undergo restructuring prior to Completion. Upon completion of the Reorganisation and as at the date of Completion, Fushun Xingzhou is expected to be directly held as to 96.62% by a subsidiary established in the PRC of the Target Company and 3.38% by Gongqingcheng, thereby being subsidiary of the Target Company and the principal operating subsidiary in the Target Group.

## Financial Information of the Target Group

Set forth below is a summary of the unaudited combined financial information of the Target Group for the years ended 31 December 2022 and 31 December 2023 (assuming, for illustrative purpose only, that Fushun Xingzhou were part of the Target Group throughout these financial years):

	<b>Year ended 31 December 2022 RMB'000</b>	<b>Year ended 31 December 2023 RMB'000</b>
Profit/(loss) before tax	63,747	(69,308)
Profit/(loss) after tax	47,810	(69,308)

The unaudited net assets of the Target Group was RMB266,207,000 as at 31 December 2023 (assuming, for illustrative purpose only, that Fushun Xingzhou were part of the Target Group as at this date).

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 4,680,000,000 Shares in issue. Set forth below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon allotment and issue of the Consideration Shares (assuming there is no further change to the share capital and in the shareholding structure of the Company between the date of this announcement and the date of Completion):

Shareholders	As at the date of this announcement		Immediately upon allotment and issue of the Consideration Shares	
	<i>Number of shares</i>	%	<i>Number of shares</i>	%
Tengyue Holding Limited	980,000,000	20.94	980,000,000	17.41
Massive Thriving Limited	596,253,000	12.74	596,253,000	10.59
Vendor (or its designated third party)	—	—	950,000,000	16.87
	1,576,253,000	33.68	2,526,253,000	44.87
Other public Shareholders	3,103,747,000	66.32	3,103,747,000	55.13
Total issued shares	<u>4,680,000,000</u>	<u>100.00</u>	<u>5,630,000,000</u>	<u>100.00</u>

Upon Completion, the Vendor (or its designated third party) will become a substantial Shareholder, holding approximately 16.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no further change in the share capital of the Company prior to the Completion).

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed(s) 25% but all such ratios fall below 100%, the Acquisition constitutes a major transaction under Chapter 14 of the Listing Rules and is subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **SGM**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder, including, among others, issue of the Consideration Shares under the Specific Mandate. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Agreement and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting on the proposed resolution(s) approving the Agreement and the transactions contemplated thereunder at the SGM.

## **DESPATCH OF CIRCULAR**

The Company will prepare a circular containing, among other things, (i) further details of the Agreement and the transactions contemplated thereunder, including, among others, issue of the Consideration Shares under the Specific Mandate; (ii) the competent person's report; (iii) the valuation report; (iv) a notice convening the SGM; and (v) other information as required to be disclosed under the Listing Rules. Given the time required to prepare and finalise the information and documents to be incorporated into the circular, the Company expects that the circular will be despatched to the Shareholders on or before 21 March 2024.

## **WARNING**

**SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD BE AWARE THAT THE ACQUISITION IS SUBJECT TO SATISFACTION OF THE CONDITIONS PRECEDENT SET FORTH IN THE AGREEMENT, AND CONSEQUENTLY THE ACQUISITION MAY OR MAY NOT PROCEED. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING OR CONTEMPLATING DEALING IN THE SECURITIES OF THE COMPANY.**

## DEFINITIONS

In this announcement, unless otherwise specified or the context otherwise requires, the following terms and expressions shall have the following meanings.

“Acquisition”	the acquisition of the entire issued share capital of the Target Company by the Company from the Vendor under the Agreement
“Agreement”	the sale and purchase agreement dated 29 February 2024 entered into between the Company, the Vendor and the Target Company in relation to the Acquisition
“Board”	the board of Directors
“Business Day(s)”	a day, other than a Saturday or Sunday or public holiday in Hong Kong, on which the commercial banks are open for general business
“Company”	Pak Tak International Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2668)
“Completion”	the completion of the Acquisitions in accordance with the terms and conditions of the Agreement
“Consideration Shares”	new Shares to be allotted and issued by the Company at the Issue Price for payment of the consideration for the Sale Interest
“Director(s)”	the director(s) of the Company
“Fushun Xingzhou”	Fushun Xingzhou Mining Co., Ltd* (撫順興洲礦業有限公司), a company established in the PRC with limited liability which will have become a subsidiary of the Target Company upon completion of the Reorganisation
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	an individual or entity which is not a connected person of the Company
“Issue Price”	HK\$0.336 per Consideration Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2024 or such later date as the Company and the Vendor may agree in writing, being the last day on which the conditions precedent to the Acquisition shall be fulfilled or, as the case may be, waived prior to the Completion
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Reorganisation”	reorganisation of the shareholding structure of Fushun Xingzhou in satisfaction of condition precedent (a) set forth in the Agreement as disclosed in the section headed “Conditions Precedent” in this announcement, upon completion of which Fushun Xingzhou is expected to be directly held as to 96.62% by a subsidiary established in the PRC of the Target Company and thereby become a subsidiary of the Target Company and the principal operating subsidiary in the Target Group
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve, inter alia, the Agreement and the transactions contemplated thereunder, including, among others, issue of the Consideration Shares under the Specific Mandate
“Share(s)”	ordinary shares(s) of HK\$0.02 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares

“Specific Mandate”	a specific mandate to be sought from the Shareholders to allot and issue the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhongchuan Investment Group Co., Limited (宗傳投資集團有限公司), a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by the Vendor as at the date of this announcement
“Target Group”	collectively, the Target Company and its subsidiaries immediately after completion of the Reorganisation, including, among others, Fushun Xingshou
“Vendor”	Zhongchuan Investment Holding Co., Limited (宗傳投資控股有限公司), a company incorporated in the British Virgin Islands with limited liabilities, the sole shareholder of the Target Company as at the date of this announcement
“%”	per cent.

*In this announcement, unless the context otherwise requires, the terms “connected person(s)”, “percentage ratio(s)” and “subsidiary(ies)” shall have the meanings ascribed to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.*

By order of the Board  
**Pak Tak International Limited**  
**Liao Nangang**  
*Chairman*

Hong Kong, 29 February 2024

*As at the date of this announcement, the Board comprises Mr. Liao Nangang, Ms. Qian Pu, Mr. Wang Jian and Mr. Zhou Yijie as executive Directors; Mr. Liu Xiaowei as non-executive Director; and Ms. Chan Ching Yi, Mr. Chan Kin Sang and Mr. Zheng Suijun as independent non-executive Directors.*

\* *for identification purpose only*