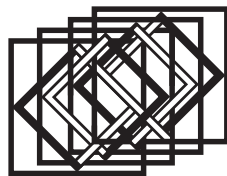


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## **PAK TAK INTERNATIONAL LIMITED**

**(百德國際有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2668)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY**

#### **THE ACQUISITION**

On 26 January 2022, the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company at the maximum consideration of HK\$120,000,000 (subject to adjustment) which shall be settled by way of cash.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will therefore be consolidated into the consolidated financial statements of the Company.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Acquisition contemplated under the Sale and Purchase Agreement exceed(s) 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

*\* for identification purpose only*

**Completion of the Acquisition is subject to the fulfillment of the conditions precedent under the Sale and Purchase Agreement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.**

## **THE ACQUISITION**

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## **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 26 January 2022

Parties: (i) the Vendor; and  
(ii) the Purchaser

(The Vendor and the Purchaser shall collectively be referred to as the “**Parties**” and each individually as a “**Party**”).

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Vendor and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons as defined under the Listing Rules.

### **Subject matter to be acquired**

The Purchaser has conditionally agreed to acquire from the Vendor the Sales Shares, comprising 100 shares of US\$1 each held by the Vendor in the issued share capital of the Target Company, representing its entire issued share capital.

The principal asset of the Target Group is a hotel in Beihai City, Guangxi Province, the PRC, which is operated by the Target Group. Further information of the Target Group and the hotel is disclosed in the section headed “Information about the Vendor and the Target Group” in this announcement.

### **Consideration**

Pursuant to the Sale and Purchase Agreement, the consideration of a maximum of HK\$120,000,000 shall be payable by the Purchaser to the Vendor in the following manner:

- (i) a deposit in the sum of HK\$10,000,000 shall be payable within 14 business days after the date of signing of the Sale and Purchase Agreement (the “**First Payment**”). The deposit shall be refunded by the Vendor to the Purchaser in the event that the conditions precedent to the completion of the Acquisition under the Sale and Purchase Agreement are not fulfilled or (where applicable) waived on or before the Long Stop Date and the Long Stop Date is not extended by agreement between the Parties; and
- (ii) the remaining balance of the consideration (subject to adjustment) shall be payable upon within 3 months after the date of Completion Date (the “**Final Payment**”).

It is expected that the First Payment will be funded by internal resources of the Group, and the Final Payment will be funded by internal resources (including the possible release of cash upon disposal of the Group’s securities investments) or external borrowing.

The maximum consideration was arrived at after arm’s length negotiation between the Vendor and the Purchaser with reference to, among others, (i) the historical operating performance of the Target Group; (ii) the net assets value of the Target Group as shown in its unaudited management accounts as at 31 December 2021 (excluding the balances due to and from the former and present shareholders of the Target Group (or their respective associates)) of approximately HK\$118,634,000 (the “**Net Asset Value**”); and (iii) the future prospects of the Target Group.

The Purchaser will engage an independent valuer to appraise the value of the Sale Shares (the “**First Valuation**”); the Vendor may raise objection to the First Valuation within seven business days after receipt of the relevant appraisal report provided by the Purchaser, and request that a second appraisal of the Sale Shares be conducted by a second independent valuer approved by both Parties, in which case the value of the Sale Shares as appraised by the second valuer (the “**Second Valuation**”) shall be final and binding on the Parties. The consideration shall be subject to downward adjustment after comparing the difference between the First Valuation or, as the case may be, the Second Valuation (collectively, the “**Appraised Value**”) and the Net Asset Value. The consideration shall only be adjusted if the Appraised Value is lower than the Net Asset Value, and the difference is more than HK\$5,000,000, where the adjusted consideration shall be calculated in accordance with the formula below:-

$$\text{Adjusted consideration} = \text{HK\$120,000,000} \times \left( 1 - \frac{(\text{Net Asset Value} - \text{the Appraised Value} - \text{HK\$5,000,000})}{\text{Net Asset Value}} \right)$$

The Appraised Value and the final consideration will be disclosed in the announcement to be made by the Company in relation to the completion of the Acquisition.

### **Conditions Precedent**

Completion of the Acquisition is subject to fulfilment of the following conditions precedent pursuant to the Sale and Purchase Agreement:

- (a) the Company being reasonably satisfied with the results of its due diligence review of the business, operations and financial condition of the Target Group;
- (b) each member of the Target Group having settled and received in full the balances due to and from its former and present shareholders (or their respective associates);
- (c) the independent professional valuer engaged by the Purchaser having completed and issued its appraisal report in respect of the value of the Sale Shares;
- (d) all necessary approvals as may be required under the applicable rules and regulations (including but not limited to the Listing Rules) for the transactions contemplated under the Sale and Purchase Agreement, including but not limited to approvals from shareholders, board of directors and/or relevant regulators (where applicable), having been obtained;

- (e) there being no material adverse change to the business, financial position, operation or assets of the Target Group subsequent to the signing of the Sale and Purchase Agreement;
- (f) all declarations, warranties and undertakings made by the Vendor under the Sale and Purchase Agreement remaining true, accurate and not misleading in all material aspects;
- (g) all third party consents as may be required under the agreements entered into between the Vendor and/or the Target Group and third parties in respect of the transfer of the Sale Shares under the Sale and Purchase Agreement (if any) having been obtained by the Vendor; and
- (h) all licenses held by the Target Group as at the date of the Sale and Purchase Agreement not having been withdrawn, terminated or suspended, or being likely to be withdrawn, terminated or suspended as at the Completion Date.

The Vendor shall use all reasonable endeavours to procure the satisfaction of the conditions set out above as soon as reasonably practicable. The Company may at any time waive in writing any of the conditions set out above on such terms as it may decide (other than condition (d)). If any of the conditions set out above is not satisfied or (as the case may be) waived on or before the Long Stop Date, the Sale and Purchase Agreement shall automatically terminate and the obligations of the Parties thereunder shall cease and determine forthwith save in respect of any antecedent breach thereof.

## **Completion**

Completion shall take place on the first business day (or such other later date as agreed between the Parties) after the fulfillment (or waiver, where applicable) of the conditions precedent or conclusive determination of the value of the Sale Shares, whichever is the later. It is expected that Completion shall take place no later than the Long Stop Date.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will therefore be consolidated into the consolidated financial statements of the Company.

## **INFORMATION ABOUT THE GROUP AND THE PURCHASER**

The Group is principally engaged in supply chain business, leasing business, property investment and consultancy, money lending business and securities investment.

The Purchaser is a direct wholly-owned subsidiary of the Company and its principal activity is investment holding.

## **INFORMATION ABOUT THE VENDOR AND THE TARGET GROUP**

The Vendor is a company incorporated in the BVI with limited liability and is the immediate holding company of the Target Company and is ultimate beneficially owned by Mr. Cheung Chun Shun. The principal activity of the Vendor is investment holding.

The Target Company is a company incorporated in the BVI with limited liability, the entire issued share capital of which is held by the Vendor as at the date of the Sale and Purchase Agreement and this announcement. The Target Company and its subsidiaries are principally engaged in hotel operations and management, and provision of food and beverage catering services (through branch entities).

### **Hotel operations and management**

The Target Group operates its hotel portfolio through different distinct lines of business included luxury, upper upscale and mid-scale, which focuses on the different type of its target customers and provided the hotel management consulting services in all aspects related to the hotel operations.

The Target Group owns one four-star hotel in the PRC (the “**Hotel**”). The Hotel comprises the 13-storey and 192 hotel rooms facilities located in Beihai City, Guangxi Province. It is equipped with a Chinese restaurant, a western restaurant, a coffee shop, and a range of facilities including a grand banquet hall, several meeting rooms and a fitness centre.

### **Provision of food and beverage catering services**

The Target Group operates (i) five Chinese restaurants; (ii) three restaurants for serving corporate group meals with exclusive services; (iii) one coffee shop located in Shenzhen, PRC, and (iv) a food factory for production and sales of baked food.

## FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the financial information of the Target Group based on its unaudited management accounts for the three years ended 31 December 2019, 2020 and 2021:

	For the year ended 31 December		
	2021	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	207,551	142,818	141,339
Profit (loss) before tax	7,191	(3,928)	25,587
Profit (loss) after tax	2,479	(6,758)	18,248

The unaudited net assets value of the Target Group as at 31 December 2021 was approximately HK\$118,634,000 (excluding the balances due to and from the former and present shareholders of the Target Group (or their respective associates)).

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company implemented the diversification strategy for enhancing the profitability and competitiveness of the Group and recorded a satisfactory results in the past two years. In order to diversify business risks and expand the income streams, as disclosed in the interim report for the six months ended 30 June 2021, the Group continues to seek and identify new investment opportunities to achieve stable growth.

The Target Group is principally engaged in hotel operations and management, and provision of food and beverage catering services in the PRC. Due to the outbreak of COVID-19, the tourism industry has been greatly affected, starting from the early 2020 and suffered an enormous blow to the operations of the hotels and restaurants. Although uncertainties and challenges remain amid the continuing outbreak of COVID-19, it is expected that the prospect of tourism industry will still be generally positive in the future because of the introduction and implementation of the local government policies to support the development of the tourism industry. According to the tourism data for the third quarter of year 2021 released by the Ministry of Culture And Tourism of the PRC, the total number arrivals of domestic tourists reached 2.69 billion, representing an increase of 39.1% as compared with year 2020 and recovered to 58.5% of year 2019, and the domestic tourism revenue reached RMB2.37 trillion, representing an increase of 63.5% as compared with year 2020 and recovered to 54.4% of year 2019.

Taking into account the financial position and the financial performance of the Target Group, the Board considers that the Acquisition is a good investment opportunity for the Group to step into the hotel and restaurant industry in a bid to generate revenue for the Group. The Board has also reviewed the historical financial performance and position of the Target Group and is aware that there had been a stable growth in revenue with profits recorded throughout the period from year 2019 to year 2021, except for the impact of COVID-19 which resulted in a loss in year 2020. As discussed above, the Board considers that the Acquisition would create a new income stream for the Group.

The Group will retain the key executives of the Target Group to manage the daily operation of the Target Group. The Group will also review the staffing and management requirement of the Target Group and may consider recruiting personnel with relevant expertise and experience in the hotel and restaurant industry if necessary.

Having regards to the reasons for and benefits of the Acquisition, the Board is of the view that the terms of the Sale and Purchase Agreement are fair and reasonable, and the Acquisition is in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in relation to the Acquisition contemplated under the Sale and Purchase Agreement exceed(s) 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

**Completion of the Acquisition is subject to the fulfillment of the conditions precedent under the Sale and Purchase Agreement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Acquisition” the proposed acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms of the Sale and Purchase Agreement



“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	Pak Tak International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion Date”	the day on which the completion of the Acquisition takes place in accordance with the terms of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2022 or such other date as the parties to the Sale and Purchase Agreement may agree in writing, being the last day on which the conditions precedent of the Acquisition shall be fulfilled prior to the Completion
“PRC”	the People’s Republic of China, which for the purposes of this announcement only (unless otherwise indicated) excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Golden Flourish Assets Limited, a company incorporated in the BVI with limited liability, and a direct wholly-owned subsidiary of the Company

“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 January 2022 entered into between the Purchaser and the Vendor, pursuant to which the Purchaser shall acquire the Sale Shares from the Vendor
“Sale Shares”	100 shares in the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.02 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Foresight Industrial Group Limited, a company incorporated in the BVI with limited liability, the entire issued share capital of which is held by the Vendor as at the date of the Sale and Purchase Agreement and this announcement
“Target Group”	collectively, the Target Company and its subsidiaries
“Vendor”	Foresight International Group Limited, a company incorporated in the BVI with limited liability, and the immediate holding company of the Target Company as at the date of the Sale and Purchase Agreement and this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

“0%”

per cent.

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

Hong Kong, 26 January 2022

*As at the date of this announcement, the Board comprises Mr. Liao Nangang, Ms. Qian Pu, Mr. Wang Jian and Mr. Ning Jie as executive Directors; Mr. Shin Yick Fabian and Mr. Liu Xiaowei as non-executive Directors; and Mr. Chan Ngai Sang Kenny, Mr. Chan Kin Sang and Mr. Zheng Suijun as independent non-executive Directors.*