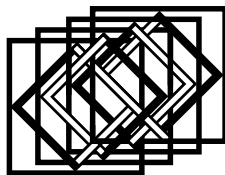


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PAK TAK INTERNATIONAL LIMITED

(百德國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY HOLDING SUBSIDIARY AND LEASEBACK OF PROPERTY

THE TRANSACTION

On 10 October 2023, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase, the Sale Share, representing the entire issued share capital of the Target Company for the Consideration of HK\$38,000,000. Upon the Completion, the Purchaser agreed to leaseback the Property to the Group for a term of 1 year commencing on the date of the Completion.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of the Sale and Purchase Agreement exceed 5% but less than 25%, the transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 10 October 2023, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase, the Sale Share, representing the entire issued share capital of the Target Company for the Consideration of HK\$38,000,000.

** for identification purpose only*

It is a term of the Sale and Purchase Agreement that the Purchaser agreed to leaseback the Property to the Group for a term of 1 year commencing on the date of the Completion.

THE SALE AND PURCHASE AGREEMENT

Major terms of the Sale and Purchase Agreement are set out below:

Date

10 October 2023

Parties

Vendor: Golden Flourish Property Limited

Purchaser: Empire Sun Group Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be disposed of

The Sale Share represent the entire issued share capital of the Target Company. The principal asset of the Target Company is the entire legal and beneficial interests in the Property.

The Property is located at Unit 1902, 19/F, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong. The Property is a commercial property with a gross floor area of approximately 1,900 square feet and is currently used as the office premises of the Group.

Consideration

The Consideration of HK\$38,000,000 shall be payable by the Purchaser by way of cash to the Vendor in the following manners:

- (i) a deposit of HK\$7,600,000 shall be paid within 10 working days after signing of the Sale and Purchase Agreement; and
- (ii) the remaining balance of HK\$30,400,000 shall be paid in full upon Completion.

The Consideration was determined through arm's length negotiations between the Vendor and the Purchaser after considering prevailing market conditions, with reference to the valuation of the Property of HK\$38,000,000 as at 29 September 2023 conducted by an independent valuer and the prevailing market prices of properties of similar nature available within the same area. Having

considered the above and the factors described under the section headed “Reasons for and the benefits of the Disposal” below, the Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedents

Completion is conditional upon the following conditions precedent being fulfilled:

- (i) the Purchaser having completed its due diligence review on the business, financial, legal and other aspects of the Target Company and being satisfied with the results thereof;
- (ii) the Vendor having procured the Target Company to give and prove a good title to the Property; and
- (iii) all the representations, undertakings and warranties given by the Vendor under this Provisional SPA and the formal agreement of sale and purchase are and shall remain true, accurate, correct and complete and not misleading in all respects up to the Completion.

Completion

Subject to the terms and conditions of the Sale and Purchase Agreement, the Completion shall take place upon the Consideration having been paid in full by the Purchaser and is expected to take place on 31 December 2023 or such other date as the Purchaser and the Vendor may agree in writing after the conditions have been fulfilled. Upon Completion, the Company will cease to hold any interest in the Target Company.

LEASEBACK

Upon Completion, the Group shall enter into a tenancy agreement with the Purchaser pursuant to which the Group shall lease back the Property for the Group’s use for a term of 1 year commencing immediately from the date of Completion of the Disposal, at a monthly rent of HK\$76,000 (inclusive of rates, government rent and management fee). The rental was agreed after arm’s length negotiations between the parties thereto with reference to the location and the prevailing market prices of properties of similar nature available within the same area. The Property will continue to use as the office premises of the Group.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in British Virgin Islands with limited liability and is principally engaged in investment holding. Save and except for holding the Property, the Target Company does not carry on any other business. As of the date of this announcement, the Target Company legally and beneficially owns the Property.

Set out below is a summary of the financial information of the Target Company for the two years ended 31 December 2021 and 2022:

	For the year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss before tax	2,016	5,333
Net loss for the year	2,016	5,333

According to the financial information of the Target Company, the total asset value and the net asset value as at 31 July 2023 were HK\$62,722,000 and HK\$62,702,000 respectively.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Based on the consideration of the Disposal of HK\$38,000,000 and the net asset value of Target Company as at 31 July 2023 of HK\$62,702,000, it is estimated that a loss of approximately HK\$24,702,000 will be recorded as a result of the Disposal. The actual amount of the gain or loss on the Disposal to be recognised in the consolidated financial statements of the Group depends on the net assets/liabilities of the Target Company at the date of Completion and therefore may be different from the amount mentioned above.

It is expected that the net proceeds from the Disposal (after deducting all relevant fees and expenses) of approximately HK\$37,980,000 are intended to be applied as follows: (i) approximately 80% of the net proceeds for the expansion of the Group's existing businesses including the supply chain business, hotel management and catering services and other businesses; and (ii) the remaining will be applied as general working capital of the Group.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in supply chain business, hotel management and catering services, property investment and other businesses included the leasing business, money lending business and securities investment.

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

The Purchaser is a company incorporated in the BVI with limited liability and is ultimate beneficially owned by Mr. Han Weining. The principal activity of the Purchaser is investment holding.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors have been assessing the property market in Hong Kong and the Group has been taking the proactive steps to enhance its cash flow. Having considered the current market value of the Property (with reference to the valuation report of the Property and the market value of similar properties within the same area), alongside with the current commercial property market conditions in Hong Kong, the Board considers that the Disposal, even though it realises a loss, still represents a good opportunity to enhance the cash flow of the Group. The leaseback, on the other hand, would allow the Group to continue to use the Property as office premises and avoid any relocation expenses.

The Disposal and the leaseback will not have a material adverse effect on the Group's operations. The Directors consider the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“Board”	the board of Directors
“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”	the completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the entire issued share capital of the Target Company pursuant to the terms of the Sale and Purchase Agreement
“Group”	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

“Sale Share”	10 shares, representing its entire issued share capital of the Target Company
“Sale and Purchase Agreement”	a sale and purchase agreement dated 10 October 2023 entered into between the Purchaser and the Vendor
“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
“Target Company”	Confield Worldwide Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially owned as to 100% by the Vendor as at the date of this announcement and the sole legal and beneficial owner of the Property
“Transaction”	the disposal and purchase of the entire issued share capital of the Target Company pursuant to the terms of the Sale and Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 10 October 2023

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. Liu Xiaowei as non-executive Director; and Ms. Chan Ching Yi, Mr. Chan Kin Sang and Mr. Zheng Suijun as independent non-executive Directors.