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## **PYI Corporation Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 498)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO SUBSCRIPTION OF CONVERTIBLE BONDS ISSUED BY A FINANCIAL SERVICE COMPANY**

#### **SUBSCRIPTION OF CONVERTIBLE BONDS**

The Board is pleased to announce that on 13 April 2021 (after trading hours), the Issuer and the Subscriber (being an indirect wholly-owned subsidiary of the Company) entered into the Subscription Agreement, pursuant to which, subject to the fulfilment of the Conditions, the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds at a subscription price of HK\$100 million.

The Convertible Bonds to be issued to the Company are convertible into up to 55,555,555 Conversion Shares at the Conversion Price of HK\$1.80 per Conversion Share, representing approximately 10.00% of the existing issued share capital of the Issuer and approximately 9.09% of the issued share capital of the Issuer as enlarged by the issuance of the Conversion Shares.

#### **LISTING RULES IMPLICATION**

As one of the applicable percentage ratios under the Listing Rules in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

**As the completion of the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 13 April 2021 (after trading hours), the Issuer and the Subscriber (being an indirect wholly-owned subsidiary of the Company) entered into the Subscription Agreement, pursuant to which, subject to the fulfilment of the Conditions, the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds at a subscription price of HK\$100 million.

Principal terms of the Subscription Agreement are summarised below:

- Date: 13 April 2021
- Parties: (i) the Issuer; and  
(ii) the Subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Issuer is a company incorporated in Hong Kong with limited liability and a non-wholly-owned subsidiary of Imagi International Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 585). As at the date of this announcement, each of Imagi International Holdings Limited and the Company is respectively owned as to approximately 19.08% and 28.53% by Oshidori International Holdings Limited ("**Oshidori International**"), the shares of which are listed on the Stock Exchange (stock code: 622). Given that Oshidori International is one of the ultimate beneficial owners of each of the Issuer, Imagi International Holdings Limited and the Company, Oshidori International is not a third party independent of the Company and its connected persons (the "**Matter**").

The Issuer is not an associate (as defined under the Listing Rules) of Oshidori International. As such, despite the Matter, the Issuer is an Independent Third Party. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for the Matter, each of the Issuer (being the other party to the Subscription Agreement) and its ultimate beneficial owner(s), is an Independent Third Party.

Principal Amount: HK\$100 million

Conditions Precedent: Completion of the Subscription Agreement shall be subject to and conditional upon:

- (i) the representations and warranties of the Issuer contained in the Subscription Agreement shall have been true and correct in all material respects as of the date of the Subscription Agreement and shall be true and correct in all material respects as of the date of the Completion; and
- (ii) the obtaining of all consent from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Subscription Agreement and any of the transaction contemplated thereunder.

If the Conditions have not been fulfilled on or before 5:00 p.m. on 30 April 2021 (or such other date as the Issuer and the Subscriber may agree in writing), the Subscription Agreement shall thereupon terminate and the parties to the Subscription Agreement shall have no further claims against each other under the Subscription Agreement for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Completion: Completion shall take place on or before 4:00 p.m. (Hong Kong time) on the second Business Day after the satisfaction of all the Conditions (or such other date as the Subscriber and the Issuer may agree in writing).

Upon Completion, the Issuer will execute the Instrument for the issuance of the Convertible Bonds as a deed poll. The Convertible Bonds shall be issued at par for cash.

**PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

Principal terms of the Convertible Bonds are set out below:

- Principal amount: HK\$100 million
- Maturity: On the first anniversary of the date of issue of the Convertible Bonds.
- Denomination: The Convertible Bonds shall be issued in denomination and integral amounts of HK\$1,000,000 in nominal amount.

Interest: Interest shall be payable on the principal amount of the Convertible Bonds at the rate of 5.5% per annum on quarterly basis on the last day of every 3 months commencing from the date of the issue of the Convertible Bonds.

Conversion Price: The conversion price is HK\$1.80 for each Conversion Share.

The Conversion Price was determined and agreed between the parties to the Subscription Agreement after arm's length negotiations and taking into account (i) the consolidated net asset value of the Issuer Group as at 31 March 2021; and (ii) the financial performance and position of the Issuer Group.

The Conversion Price of HK\$1.80 represents a premium of approximately 2.27% to the net asset value per share of the Issuer as at 31 March 2021 of approximately HK\$1.76.

Conversion: Each holder of the Convertible Bonds shall have the right, exercisable during the Conversion Period, to convert the whole or any part (in minimum amount of HK\$1,000,000 and in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds held by such holder of the Convertible Bonds into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the Conversion Date.

Conversion Shares: Upon full conversion of the Convertible Bonds at the Conversion Price of HK\$1.80 per Conversion Share, a total of 55,555,555 Conversion Shares will be issued, representing approximately 10.00% of the existing issued share capital of the Issuer and approximately 9.09% of the issued share capital of the Issuer as enlarged by the issuance of the Conversion Shares.

The Conversion Shares shall rank *pari passu* in all respects with all other existing shares of the Issuer outstanding at the Conversion Date and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the Conversion Date.

- Redemption:** All outstanding principal amount of the Convertible Bonds which have not been redeemed or converted prior to the Maturity Date shall be redeemed by the Issuer on the Maturity Date at a redemption amount equal to 100% of the outstanding principal amount of such Convertible Bonds.
- Early redemption:** The Issuer may by 7 days' notice in writing at any time up to (but excluding) the Maturity Date redeem all or part of the Convertible Bonds in the face value of the principal amount of the Convertible Bonds to be redeemed plus the outstanding accrued interest.
- Transferability:** The Convertible Bonds may be transferred to any person unless such transfer may result in breach of the Listing Rules on the part of the Issuer or its holding company. Any transfer of the Convertible Bonds shall be in respect of the whole or any part (in minimum amount of HK\$1,000,000 and in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds.
- Listing:** No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

## **Consideration**

The Company has agreed to subscribe for the Convertible Bonds in the principal amount of HK\$100 million. The Group intends to fund the consideration for the Subscription in cash from its internal resources.

## **INFORMATION OF THE PARTIES**

### **Information of the Subscriber**

The Subscriber, an indirect wholly-owned subsidiary of the Company, is incorporated in the Marshall Islands with limited liability. The Subscriber is principally engaged in investment holding.

### **Information of the Issuer**

The Issuer is a company incorporated in Hong Kong with limited liability and is an indirect non-wholly-owned subsidiary of Imagi International Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 585). The Issuer, through its subsidiaries, is principally engaged in the business of securities brokerage services and securities investment. The Issuer is a registered institution with SFC licences to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO in Hong Kong.

As at the date of this announcement, the Issuer has made an application to the SFC regarding the license to carry out Type 6 (advising on corporate finance) regulated activity under the SFO in Hong Kong.

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

The Company is an investment holding company incorporated in Bermuda with limited liability. The Group is principally engaged in, *inter alia*, ports and logistics facilities in the Yangtze River region of China, 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 services.

Taking into account that (i) the interest rate of the Convertible Bonds is higher than the interest rate of fixed deposits generally offered by well-recognised financial institutions in Hong Kong; and (ii) the credit risk in relation to the Subscription is considered as reasonable given the business nature, financial performance and position of the Issuer, the Board considers that the Subscription is in line with the Company's treasury function.

Apart from generating interest income, the Subscription provides the Subscriber an option to, at its discretion, exercise the conversion rights attaching to the Convertible Bonds at any time during the term of the Convertible Bonds when and if the Board is satisfied with the business performance of the Issuer and considers that investing in the Issuer is beneficial to the Shareholders.

Based on the above, the Directors consider that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

**As the completion of the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"Board"	the board of Directors
"Business Day"	any day (excluding Saturday, Sunday or public holiday) on which banks generally in Hong Kong are open for business

“Company”	PYI Corporation Limited (stock code: 498), an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription pursuant to the Subscription Agreement
“Conditions”	the conditions precedent as set out in the Subscription Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Date”	in respect of the Convertible Bonds the date on which Imagi Brokerage Limited receives a duly completed and executed conversion notice from the holder of the Convertible Bonds thereof pursuant to the Instrument
“Conversion Share(s)”	the new shares to be allotted and issued by the Issuer upon exercise of the conversion rights attaching to the Convertible Bonds
“Conversion Period”	the period from the date of issue of the Convertible Bonds up to the Maturity Date
“Conversion Price”	HK\$1.80 per Conversion Share
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$100 million to be issued by the Issuer pursuant to the Subscription Agreement and to be created by the Instrument constituting such notes, or any part of the principal amount
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons
“Instrument”	the instrument constituting the Convertible Bonds to be issued by the Issuer to the Company

“Issuer”	Imagi Brokerage Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of Imagi International Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 585)
“Issuer Group”	the Issuer and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Maturity Date”	in respect of the Convertible Bonds, the day last preceding the first anniversary of the date of the issue of the Convertible Bonds or, if that is not a Business Day, the first Business Day thereafter
“SFC”	The Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of par value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Blue River International Limited, a non-resident domestic company incorporated in the Marshall Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Convertible Bonds pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 13 April 2021 entered into between the Subscriber and the Issuer in relation to the Subscription
“%”	per cent

By Order of the Board  
**PYI Corporation Limited**  
**Ho Sze Nga, Maggie**  
*Company Secretary*

Hong Kong, 13 April 2021



*As at the date of this announcement, the Board comprises the following Directors:*

*Executive Directors:*

Mr. Sam Nickolas

David Hing Cheong

*(Vice Chairman)*

Mr. Lau Tom Ko Yuen

*(Vice Chairman, China)*

Mr. Marc Andreas Tschirner

*(Managing Director)*

Mr. Au Wai June

*Non-Executive Director:*

Mr. Kwong Kai Sing, Benny

*(Chairman)*

*Independent Non-Executive*

*Directors:*

Mr. Ma Ka Ki

Mr. William Nicholas Giles

Mr. Leung Chung Ki