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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

SUBSCRIPTION OF CONVERTIBLE BONDS

The Board is pleased to announce that on 21 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, the Issuer has agreed to issue and the Subscriber has agreed to subscribe for the Convertible Bonds at a subscription price of HK\$100,000,000.

The Convertible Bonds are convertible into up to 333 Conversion Shares at the Conversion Price of HK\$300,000 per Conversion Share, representing approximately 2.53% of the existing issued share capital of the Issuer and approximately 2.47% of the issued share capital of the Issuer as enlarged by the issuance of the Conversion Shares.

Completion took place simultaneously upon the signing of the Subscription Agreement on 21 April 2021.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Subscription exceeds 5% and all applicable percentage ratios are less than 25%, the Subscription constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 21 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, the Issuer has agreed to issue and the Subscriber has agreed to subscribe for the Convertible Bonds at a subscription price of HK\$100,000,000.

Principal terms of the Subscription Agreement are summarised below:

Date: 21 April 2021

Parties: (i) the Issuer; and
(ii) the Subscriber

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Issuer and their ultimate beneficial owners are Independent Third Parties.

Principal amount: HK\$100,000,000

Completion: Completion took place simultaneously upon the signing of the Subscription Agreement on 21 April 2021.

Upon Completion, the Issuer has executed the Instrument for the issuance of the Convertible Bonds as a deed poll. The Convertible Bonds were issued at par for cash.

Terms of the Convertible Bonds

Principal terms of the Convertible Bonds are summarised as follows:

Principal amount: HK\$100,000,000

Maturity: The Convertible Bonds shall mature on 31 December 2023 or, if that is not a Business Day, the first Business Day thereafter.

Denomination: The Convertible Bonds shall be issued in denomination and integral amounts of HK\$10,000,000 in nominal amount.

Interest: Interest shall be payable on the principal amount of the Convertible Bonds at the rate of 6% per annum on a quarterly basis on the last Business Day of March, June, September and December respectively commencing from the date of the issuance of the Convertible Bonds.

Conversion Price: The Conversion Price is HK\$300,000 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 per share of the Issuer as at 31 March 2021 of HK\$341,269.43; and (ii) the recent market conditions.

The Conversion Price of HK\$300,000 represents a discount of approximately 12.09% to the consolidated net asset value per share of the Issuer as at 31 March 2021 of HK\$341,269.43.

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\$10,000,000 and in multiples of HK\$10,000,000) 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\$300,000 per Conversion Share, a total of 333 Conversion Shares will be issued, representing approximately 2.53% of the existing issued share capital of the Issuer and approximately 2.47% 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 only be transferred with prior written consent of the Issuer. Any transfer of the Convertible Bonds shall be in respect of the whole or any part (in minimum amount of HK\$10,000,000 and in multiples of HK\$10,000,000) 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\$100,000,000. The consideration for the Subscription has been fully paid by the Subscriber in cash and was funded by internal resources of the Group.

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

On available information, the Issuer is a company incorporated in the BVI with limited liability and has a diverse shareholding structure with more than 10 ultimate beneficial owners, none of whom owns 30% or more of the Issuer. The single largest shareholder of the Issuer is Freewill Holdings Limited ("**Freewill**"), an Independent Third Party which directly holds 41.68% interest in the Issuer. Freewill is an 83.68%-owned subsidiary of Bob May Incorporated, which is incorporated in the BVI. Freewill has more than 10 ultimate beneficial owners, none of whom owns 30% or more of Freewill. The second largest shareholder of Co-Lead is a company that is wholly-owned by Freeman FinTech Corporation Limited, a listed company on the Stock Exchange bearing stock code 279, an Independent Third Party which indirectly holds approximately 15.20% interest in the Issuer. Charming Up Limited ("**Charming Up**") is the third largest shareholder of the Issuer and is an Independent Third Party which directly holds 11.40% interest in Co-Lead. Charming Up is a company incorporated in the BVI with limited liability and wholly-owned by Ms. Au Tsui Yee Maggie ("**Ms. Au**"). Therefore, Ms. Au is the single largest ultimate beneficial owner of the Issuer.

The Issuer and its subsidiaries are principally engaged in securities trading and investment. Based on the information provided, the Company is aware of the fact that the Issuer holds and manages an investment portfolio of financial assets (the "**Investment Portfolio**"), the aggregate value of which amounted to approximately HK\$3,678 million as at 31 March 2021. The Investment Portfolio is diversified and mainly comprises investment in private equity and Hong Kong listed securities in different industry sectors, such as insurance, medical equipment and services as well as financial services.

Based on the latest unaudited management accounts of the Issuer, the carrying value of unaudited consolidated net assets of the Issuer as at 31 March 2021 was approximately HK\$4,490 million and the consolidated net asset value per share of the Issuer was HK\$341,269.43.

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.

As disclosed in the Company's interim report for the six months period ended 30 September 2020, despite the unsettled China-US tension and COVID-19 pandemic continuing to pose negative impacts on the global economy and financial markets including Hong Kong. Accordingly, the Group adopted a cautious and disciplined approach in managing the Group's portfolio in securities. Looking forward, the ongoing impact from COVID-19 and the persistent escalating China-US tension might continue to raise challenges to the Group's securities segment in the future, and the Group would continue to monitor its portfolio of investments in diversified securities products to improve performance in the coming period.

Taking into account that (i) recurring and stable interest income will be generated from the Convertible Bonds amid the current volatile economic and political conditions; (ii) the interest rate of the Convertible Bonds is substantially higher than the interest rate of fixed deposits generally offered by well-recognised financial institutions in Hong Kong; and (iii) the credit risk in relation to the Subscription is considered 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.

The Board also considers that investment by way of convertible bonds provides greater protection and flexibility to the Group as the holder of the Convertible Bonds will be granted an option to exercise, at its discretion, 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. As a result, the Board is of the view that the Subscription is in line with the Company's strategic plan to develop its securities segment.

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 under Rule 14.07 of the Listing Rules in respect of the Subscription exceeds 5% and all applicable percentage ratios are less than 25%, the Subscription constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of the Directors
“BVI”	British Virgin Islands
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Date”	in respect of the Convertible Bonds the date on which the Issuer 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\$300,000 per Conversion Share
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$100,000,000 to be issued by the Issuer pursuant to the Subscription Agreement
“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”	Co-Lead Holdings Limited, a private company with limited liability incorporated in the BVI
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	in respect of the Convertible Bonds, the day being 31 December 2023 or, if that is not a Business Day, the first Business Day thereafter
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Blue River Enterprises Limited, a non-resident domestic corporation 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 21 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, 21 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