Burwill Holdings Limited
寶威控股有限公司

(Provisional Liquidators Appointed)
(Incorporated in Bermuda with limited liability)
(Stock Code: 24)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "Board") of directors (the "Directors") of Burwill Holdings Limited (Provisional Liquidators Appointed) (the "Company") announces the results (the "Results Announcement") of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019 (the "Reporting Period") with comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
Continuing operations			
Revenue	*3*	**934,402**	2,305,467
Cost of sales		**(927,508)**	(2,266,098)
Gross profit		**6,894**	39,369
Other expenses, gains and losses	*4*	**(59,048)**	(52,281)
Selling and distribution expenses		**(15,029)**	(40,596)
General and administrative expenses		**(26,135)**	(72,136)
Net impairment losses on financial assets		**(140,993)**	(18,814)
Share option expense		**(21,002)**	–
Operating loss		**(255,313)**	(144,458)
Finance costs	*6*	**(35,482)**	(57,944)
Loss on deconsolidation and derecognition of deconsolidated subsidiaries and derecognised associates	*5*	**(990,693)**	–
Loss on disposal of property, plant and equipment		**–**	(1)
Share of profits of associates		**2,504**	2,023
Share of losses of joint ventures		**(11,985)**	(1,263)
Loss before income tax		**(1,290,969)**	(201,643)
Income tax credit/(expense)	*7*	**1,061**	(2,570)
Loss for the year from continuing operations		**(1,289,908)**	(204,213)
Discontinued operations			
Profit for the year from discontinued operations		**–**	94,451
Loss for the year		**(1,289,908)**	(109,762)
Loss attributable to:			
Owners of the Company		**(1,289,908)**	(109,496)
Non-controlling interests		**–**	(266)
		(1,289,908)	(109,762)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
(Loss)/Profit attributable to owners of the Company arises from:			
Continuing operations		**(1,289,908)**	(203,947)
Discontinued operations		**–**	94,451
		(1,289,908)	(109,496)
(Loss)/Earnings per share from continuing and discontinued operations attributable to owners of the Company for the year	*8*		
Basic (loss)/earnings per share			
From continuing operations (HK cents)		**(25.24)**	(4.02)
From discontinued operations (HK cents)		**–**	1.86
		(25.24)	(2.16)
Diluted (loss)/earnings per share			
From continuing operations (HK cents)		**(25.24)**	(4.02)
From discontinued operations (HK cents)		**–**	1.86
		(25.24)	(2.16)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Loss for the year		**(1,289,908)**	(109,762)
Other comprehensive expense:			
Items that may be reclassified to profit or loss			
Share of other comprehensive income of associates		**478**	409
Release of translation adjustments upon disposal of subsidiaries		**–**	(55,515)
Release of translation adjustments upon deconsolidation and derecognition of deconsolidated subsidiaries and derecognised associates	*5*	**14,341**	–
Currency translation differences		**(7,017)**	(16,683)
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income		**(117)**	(3,463)
Other comprehensive income/(expense) for the year, net of tax		**7,685**	(75,252)
Total comprehensive expense for the year		**(1,282,223)**	(185,014)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(1,282,223)**	(184,748)
Non-controlling interests		**–**	(266)
		(1,282,223)	(185,014)
Total comprehensive (expense)/income attributable to owners of the Company arising from:			
Continuing operations		**(1,282,223)**	(223,950)
Discontinued operations		**–**	39,202
		(1,282,223)	(184,748)

CONSOLIDATED BALANCE SHEET
As at 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		–	1,869
Intangible assets		–	–
Investments in associates		**68,617**	208,026
Investments in joint ventures		–	49,695
Financial assets at fair value through other comprehensive income		–	21,601
Club debentures		**90**	1,473
Deferred income tax assets		–	14,206
Total non-current assets		**68,707**	296,870
Current assets			
Inventories		–	86,024
Financial assets at fair value through profit or loss		–	133,937
Bills and accounts receivable	*9*	–	699,462
Deposits, prepayments and other receivables	*9*	–	402,315
Due from associates		–	129,062
Due from joint ventures		–	58
Income tax refundable		–	649
Cash and bank balances		**33**	70,251
Total current assets		**33**	1,521,758
Total assets		**68,740**	1,818,628
EQUITY			
Share capital		**511,162**	510,962
Other reserves		**1,165,819**	1,004,943
Accumulated losses		**(2,121,883)**	(691,187)
Capital and reserves attributable to owners of the Company		**(444,902)**	824,718
Non-controlling interests		–	(8,670)
(Capital deficiency)/Total equity		**(444,902)**	816,048
LIABILITIES			
Non-current liabilities			
Borrowings		–	71,301
Deferred income tax liabilities		–	4
Total non-current liabilities		–	71,305

CONSOLIDATED BALANCE SHEET (CONTINUED)
As at 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Current liabilities			
Due to deconsolidated subsidiaries		**118,550**	–
Due to derecognised associates		**4**	–
Borrowings		**376,635**	593,871
Contract liabilities		**–**	32,179
Due to associates		**–**	516
Bills and accounts payable	*10*	**–**	88,000
Other payables and accruals		**18,453**	215,109
Income tax payable		**–**	1,600
Total current liabilities		**513,642**	931,275
Total liabilities		**513,642**	1,002,580
Total equity and liabilities		**68,740**	1,818,628
Net current (liabilities)/assets		**(513,609)**	590,483
Total assets less current liabilities		**(444,902)**	887,353

NOTES

1. GENERAL INFORMATION

Burwill Holdings Limited (Provisional Liquidators Appointed) (the "Company") is an investment holding company. Its consolidated subsidiaries are principally engaged in investments holdings and its Deconsolidated Subsidiaries were principally engaged in steel trading and lithium business.

The Company was incorporated in Bermuda as an exempted company with limited liability. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1983.

Suspension of trading of the Company's shares

Trading in the shares of the Company on the Hong Kong Stock Exchange had been halted since 19 August 2019.

Winding up petition and appointment of joint and several provisional liquidators

On 4 September 2019, Strong Petrochemical Limited (the "Petitioner") has filed a petition (the "Petition") to the High Court of Hong Kong Special Administrative Region (the "High Court") for the winding up of the Company.

On 25 October 2019, Bangkok Bank Public Company Limited (the "Applicant") applied to the High Court for an order that provisional liquidators be appointed over the Company on an ex parte on notice basis pursuant to section 193 of the Companies (Winding-up and Miscellaneous Provisions) Ordinance (the "PL Application"). On the inter partes hearing of the PL Application on 21 November 2019, an order was granted by the High Court appointing Mr. So Man Chun and Mr. Jong Yat Kit of PricewaterhouseCoopers as joint and several provisional liquidators of the Company (the "Provisional Liquidators"). Pursuant to the court orders dated 21 November 2019 and 16 April 2020 made by the Hong Kong Court, the Provisional Liquidators are empowered to, inter alia, preserve the assets of the Company; take control of and exercise all rights which the Company may have in relation to entities in which the Company holds an interest; and consider and/or undertake a restructuring of the Company and/or the Group.

On 25 November 2019, the Petitioner served the summons for leave to, inter alia, withdraw the Petition filed on 4 September 2019 and the Applicant served the summons for leave to, inter alia, substitute as the petitioner and amend the Petition.

Following their appointment, the Provisional Liquidators have sought to identify and secure any assets of the Company, including securing the Hong Kong office premises, taking possession of limited books and records in Hong Kong, requesting Statements of Affairs from the directors and seeking to transfer any bank balances to the Provisional Liquidators' designated accounts.

Proposed restructuring of the Group

The proposed restructuring

As part of the restructuring exercise, pursuant to a Court sanction on 23 April 2020, the Company established a wholly owned subsidiary, namely Burwill Resources Development Limited ("BRD"), for the purpose of restructuring and continuation of the trading business of the Group. BRD has commenced its trading of steel business since June 2020.

On 24 September 2020, the Company entered into a restructuring agreement (the "Restructuring Agreement") with an independent third party (the "Investor"), pursuant to which the Company will conduct a proposed restructuring which comprises (i) debt restructuring (which consists of debt settlement and scheme of arrangement); (ii) capital reorganisation; (iii) subscription of new shares; and (iv) open offer.

Upon completion of the proposed restructuring, the Company and the Group are expected to be solvent and the Provisional Liquidators will be discharged. For further details of the proposed restructuring of the Company and the Group, please refer to the Company's announcement dated 4 February 2021.

i. *Proposed debt restructuring*

It is proposed that the Company shall settle its obligations by way of the Debt Restructuring, which consists of the Debt Settlement and the Scheme.

Debt settlement

The Company shall use reasonable endeavours to negotiate and enter into Debt Settlement Agreement(s) with the Secured Creditors to settle their secured debts, which are expected to be executed prior to the implementation of the Scheme. It is envisaged that the Debt Settlement shall involve, among others, (i) payment(s) of such amount(s) that may be determined with reference to the valuation(s) of the relevant Collateral(s) to be conducted by an independent valuer(s) appointed by the Company, if appropriate and possible, and such amount(s) shall be paid in the time and manner as set out in the relevant Debt Settlement Agreement; and (ii) the release and discharge of all the relevant claims against the Group and the release of the relevant Collateral(s).

The Secured Creditors who enter into a Debt Settlement Agreement will be excluded from participating in the Scheme as Scheme Creditors. In the event that any Secured Creditor does not eventually participate in the Debt Settlement by entering into a Debt Settlement Agreement, it is envisaged that (i) the relevant debts owed by the Company to such Secured Creditor will be recognised as unsecured debts and shall be included in and settled by the Scheme; and (ii) if any Secured Creditor holds any Collateral(s) granted by a Group company other than the Company and has an unsecured claim against the Company, the relevant Secured Creditor shall be entitled to enforce the Collateral(s) in parallel to the Scheme to recover its debt provided that it agrees (via the Scheme) to pay to the Company any amount it receives in excess of the aggregate amount of its claims.

Scheme of Arrangement

Upon finalisation of the adjudications of claims filed by the Scheme Creditors, the Company shall implement the Scheme for the full and final settlement of all debts and claims of all Scheme Creditors.

It is envisaged that the Scheme shall involve a pari passu distribution of (and at the selection by each Scheme Creditor of one of the following) cash, convertible bonds, redeemable preference shares or other options or instruments which the Company may consider appropriate for the settlement of claims of the Scheme Creditors, details of which are subject to further negotiation.

ii. *Proposed capital reorganisation*

The Company proposes to implement, subject to the approval by the shareholders, the capital reorganisation. The capital reorganisation will comprise the capital reduction, share consolidation and increase in authorized share capital.

iii. *The subscription*

The Company and the Investor shall negotiate, prepare and finalise the Subscription Agreement which shall reflect the structure and contain the terms and conditions of the Subscription.

Subject to and in accordance with the terms and conditions of the Subscription Agreement, the Company shall agree to issue and allot, and the Subscriber(s) shall agree to subscribe for the Subscription Shares.

iv. *The open offer*

The Company shall propose the Open Offer on the basis of one (1) Offer Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders on the Open Offer Record Date.

The notes to the consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 10 February 2021.

2. BASIS OF PREPARATION

Based on the limited information available to the Provisional Liquidators and the Directors, the Provisional Liquidators and the Directors were not able to ascertain the accuracy and completeness of the information in this results announcement.

The Provisional Liquidators have presented in these consolidated financial statements the financial information provided by the Company's former management and based on all available information to the extent provided to them in their capacity as Provisional Liquidators subsequent to their appointment on 21 November 2019. The Provisional Liquidators and the Directors note that the historical information in respect of the Company prior to such appointment date as provided to them may not be accurate, complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position and may contain errors. The Provisional Liquidators and the Directors provide no assurance for the consolidated financial statements, financial position and results contained herein which are presented solely for the purpose of meeting the requirements under the Rules Governing Listing of Securities on the Stock Exchange (the "Listing Rules"). The Provisional Liquidators and the Directors do not accept or assume responsibility for these financial statements for any purpose or to any person to whom these financial statements are shown or into whose hands they may come.

(i) Loss of accounting records and de-consolidation of certain subsidiaries and derecognition of certain associates and joint ventures of the Group

The Provisional Liquidators were appointed as joint and several provisional liquidators of the Company pursuant to an Order granted by the High Court of the Hong Kong Special Administrative Region on 21 November 2019. The Provisional Liquidators are empowered to, inter alia, preserve the assets of the Company and take control of and exercise all rights which the Company may have in relation to entities in which the Company holds an interest.

The Provisional Liquidators and the directors of the Company assert that since the appointment of the Provisional Liquidators, (i) the accounting books and records and supporting documents of the Company and its subsidiaries were found to be missing and attempts have been made to obtain as many copies of the accounting books and records and supporting documents of the Company and its subsidiaries as possible; (ii) efforts were made to reconstruct the books and records of the Company and its subsidiaries and obtain alternative or secondary information or confirmations within the Group or from third parties; and (iii) the Provisional Liquidators have been unable to have access to the financial information of the associates and joint ventures of the Group with the exception of 馬鋼(揚州)鋼材加工有限公司 ("馬鋼(揚州)"), a 29% owned associate of the Group, (the "Derecognised Associates") or obtain cooperation from management of the Derecognised Associates. As of the date of approval for issuance of the consolidated financial statements, the retrieval of copies of the accounting books and records and supporting documents and reconstruction of books and records referred to above was far from completion and the Provisional Liquidators do not expect that these could be completed in the foreseeable future. In the opinion of the Provisional Liquidators, there exist insufficient documentary information regarding the completeness of books and records of the Group and the treatments of various balances and transactions. Under these circumstances, the Provisional Liquidators are unable to assess the effects of these matters, as well as the causes and effects of the loss of accounting books and records and supporting documents of the Company and its subsidiaries and the lack of access to the associates and joint ventures of the Group, and their implications and impacts on the elements presented in the consolidated financial statements of the Group for the year ended 31 December 2019.

Given the loss of accounting books and records and supporting documents of the Company and its subsidiaries and the fact that the Provisional Liquidators have not been able to have contact with a number of key accounting personnel and management personnel of the Group, all of whom had left the Group before the preparation of the consolidated financial statements commenced, as well as their inability to have access to financial information and management of the Derecognised Associates, the Provisional Liquidators consider that the Group did not have the necessary information about the transactions and account balances of many of the subsidiaries and associates and joint ventures of the Group for inclusion of these entities in the consolidated financial statements of the Group for the year ended 31 December 2019. Accordingly, the Provisional Liquidators have determined that (i) the subsidiaries of the Group, with the exception of Burwill Steel Holdings Limited and its subsidiary, (the "Deconsolidated Subsidiaries") shall be de-consolidated from the consolidated financial statements of the Group with effect from 1 July 2019; and (ii) the Derecognised Associates shall be derecognised and cease to be equity accounted for in the consolidated financial statements of the Group with effect from 1 July 2019.

In the preparation of the consolidated financial statements of the Group for the year ended 31 December 2019, the Provisional Liquidators have included (i) the revenue, income, expenses and cash flows of the Group for the period from 1 January 2019 to 30 June 2019 as reported in the interim condensed consolidated financial statements of the Group included in the interim report for the interim period of six months ended 30 June 2019, published by the Company on 27 September 2019, prior to the appointment of the Provisional Liquidators; and (ii) the results, cash flows and financial position of Burwill Steel Holdings Limited and its subsidiary Burwill (China) Limited (collectively, "Burwill Steel") in the consolidated financial statements based on the current status of their retrieval and reconstruction of the accounting books and records of Burwill Steel. The two entities comprising Burwill Steel are wholly owned subsidiaries of the Company which are shell investment holding companies which held the entire equity interests of 東莞市創盛貿易有限公司 (one of the Deconsolidated Subsidiaries) and the 29% equity interests in ("馬鋼(揚州)"), a 29% owned associate of the Group.

In the opinion of the Provisional Liquidators, it is impracticable to prepare consolidated financial statements that include the Deconsolidated Subsidiaries and Derecognised Associates.

(ii) Material uncertainties related to going concern

As presented in the consolidated financial statements, (i) the Group incurred a loss attributable to the owners of the Company of approximately HK$1,289,908,000 for the year ended 31 December 2019 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$513,609,000 and the Group was in net liability position of HK$444,902,000; and (ii) the Group had total borrowings of HK$376,635,000 which were matured and defaulted for repayment as at 31 December 2019. Further, as stated in the Company's announcement on 29 August 2019, a resumption guidance was received from the Stock Exchange for the Company to (a) demonstrate the Company's compliance with Rule 13.24 and (b) inform the market of all material information for shareholders of the Company and investors to appraise its position. The Stock Exchange requested the Company to remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. The Company will have a period until 18 February 2021 to remedy the matters which have rendered the Company unsuitable for listing, failing which the Listing Department will recommend the listing committee of the Stock Exchange to proceed with the cancellation of the Company's listing. In addition, the adjustments found to be necessary to the Group's results for the year ended 31 December 2019 and closing balances of its assets and liabilities as at 31 December 2019 of the matters described in the paragraphs above may cause the operating results, liquidity position and financial position of the Group as presented in the consolidated financial statements for the year ended 31 December 2019 to be adversely affected.

The conditions described above indicate the existence of material uncertainties that may cast significant doubts about the Group's ability to continue as a going concern. Notwithstanding the abovementioned, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to repay or extend existing borrowings and liabilities upon their maturities or when they fall due through cash flows from operations and working capital to be provided through continuing support from financial institutions and the eventual successful completion of the proposed restructuring of the Group. The completion of the proposed restructuring is conditional upon, amongst other things, the schemes of arrangement for the restructuring of the Company's indebtedness being accepted by the Company's creditors and approved by the courts in Hong Kong and Bermuda, the relevant approvals being obtained from the shareholders of the Company and other Hong Kong regulatory authorities including The Stock Exchange of Hong Kong Limited and the Hong Kong Securities and Futures Commission, and the resumption of trading in the Company's shares on The Stock Exchange of Hong Kong Limited.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2015 – 2017 Cycle

The Group had to change its accounting policies following the adoption of HKFRS 16 and the effects arising from initial application of HKFRS 16 are summarised below:

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "*Leases*". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.5%.

The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	12,620
Discounted using the lessee's incremental borrowing rate at the date of initial application	(206)
Exemption for short-term leases	(711)
Lease liabilities recognised as at 1 January 2019	11,703
Of which are:	
Current lease liabilities	2,835
Non-current lease liabilities	8,868
	11,703

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets related to the following types of assets.

	As at 30 June 2019	As at 1 January 2019
	HK$'000	*HK$'000*
Properties	**7,252**	11,703

The change in accounting policy affected the following items in the opening consolidated balance sheet on 1 January 2019:

- right-of-use assets – increase by approximately HK$11,703,000
- lease liabilities – increase by approximately HK$11,703,000

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 "*Determining whether an Arrangement contains a Lease*".

(b) The Group's leasing activities and how these were accounted for

As a lessee, the Group's leases were mainly rentals of office. Rental contracts were typically made for fixed periods of 3 years. Lease terms were negotiated on an individual basis and contained a wide range of different terms and conditions. The lease agreements did not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases were recognised as right-of-use assets and a corresponding liabilities at the date at which the leased assets were available for use by the Group. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset was depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease were initially measured on a present value basis. Lease liabilities included the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments were discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate was used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets were measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct cost.

Payments associated with short-term leases were recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The transition effect on the adoption of HKFRS 16 arising from initial application disclosed above is extracted from the interim report for the interim period of six months ended 30 June 2019, published by the Company on 27 September 2019, prior to the appointment of the Provisional Liquidators. On the basis as set out in note 2, no representation is made by the Provisional Liquidators and the directors as to whether the adoption of these new and amended standards had significant impact on the Group's consolidated financial statements in the current period.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. On the basis as set out in note 2, no representation is made by the Provisional Liquidators and the Directors as to whether the adoption of these new standards and interpretations would have significant impact on the Group's consolidated financial statements in the current or future reporting periods and on foreseeable future transactions.

3. REVENUE

The Group is organised into two major operating units in its continuing operations: (i) steel trading and (ii) lithium business. The mineral resources segment, presented as a separate reportable segment in the previous years, was presented and classified as discontinued operations in the consolidated financial statements of the Group for the year ended 31 December 2018.

Revenue recognised during the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Sale of goods	**934,402**	2,305,467

On the basis as set out in note 2, no representation is made by the Provisional Liquidators and the Directors as to the completeness, occurrence and accuracy of revenue.

4. OTHER EXPENSES, GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Fair value losses on:		
– financial assets at fair value through profit or loss	**(55,100)**	(68,671)
Interest income on:		
– bank deposits	**37**	55
– other receivables	**79**	6,556
– due from associates	**1,170**	2,360
Unidentifiable payments *(Note)*	**(7,589)**	–
Others	**2,355**	7,419
	(59,048)	(52,281)

Note:

Unidentifiable payments represent those bank payments which purposes or nature could not be ascertained due to loss of accounting records as disclosed in note 2.

As disclosed in note 2, on the basis that the lack of complete books and records of the Group, no representation is made by the Company as to the accuracy, completeness, occurrence, cut-off and classification of other expense, gains and losses of the Group as of the date of publication of these consolidated financial statements.

5. LOSS ON DECONSOLIDATION AND DERECOGNITION OF DECONSOLIDATED SUBSIDIARIES AND DERECOGNISED ASSOCIATES

As disclosed in note 2, due to loss of accounting records and lack of access to financial information and local management of subsidiaries, associates and joint ventures of the Group, the Provisional Liquidators consider that there is insufficient documentation to satisfy the Provisional Liquidators on control of the Deconsolidated Subsidiaries in accordance with the requirements of Hong Kong Financial Reporting Standard 10 "*Consolidated Financial Statements*" and on significant influence or joint control over the Derecognised Associates in accordance with the requirements of Hong Kong Accounting Standard 28 "*Investments in Associates and Joint Ventures*". In the opinion of the Provisional Liquidators, it is impracticable to prepare consolidated financial statements that include the Deconsolidated Subsidiaries and Derecognised Associates after 1 July 2019. Accordingly, the Group had de-consolidated certain subsidiaries and derecognised certain associates and joint ventures of the Group with effect from 1 July 2019.

The carrying amounts of the assets and liabilities of the Deconsolidated Subsidiaries and of the Group's interests in the Derecognised Associates at 1 July 2019, the date of deconsolidation and derecognition of the Deconsolidated Subsidiaries and Derecognised Associates, are set out below:

	2019
	HK$'000
Property, plant and equipment	**1,322**
Right-of-use assets	**7,252**
Investments in associates	**135,335**
Investments in joint ventures	**37,710**
Financial assets at fair value through other comprehensive income	**21,484**
Club debentures	**1,383**
Deferred income tax assets	**15,238**
Inventories	**7,792**
Financial assets at fair value through profit or loss	**78,127**
Bills and accounts receivable	**637,016**
Deposits, prepayments and other receivables	**365,202**
Due from ultimate holding company	**11,106**
Due from fellow subsidiaries	**107,444**
Due from associates	**3,802**
Due from joint ventures	**58**
Income tax refundable	**649**
Cash and bank balances	**63,306**
Deferred income tax liabilities	**(4)**
Borrowings	**(251,085)**
Contract liabilities	**(10,388)**
Due to ultimate holding company	**(1,021,885)**
Due to fellow subsidiaries	**(56,632)**
Due to associates	**(17,555)**
Bills and accounts payable	**(15,326)**
Other payables and accruals	**(223,110)**
Income tax payable	**(406)**
Net liabilities of Deconsolidated Subsidiaries, including carrying amounts of Derecognised Associates at date of deconsolidation	**(102,165)**
Translation adjustments reserve released upon deconsolidation and derecognition of Deconsolidated Subsidiaries and Derecognised Associates	**14,341**
	(87,824)
Impairment loss recognised on amounts due from Deconsolidated Subsidiaries	**1,078,517**
Loss on deconsolidation and derecognition of Deconsolidated subsidiaries and Derecognised Associates	**990,693**

Net cash outflow upon deconsolidation of Deconsolidated Subsidiaries presented in the consolidated statement of cash flows is arrived at as follow:

	2019
	HK$'000
Cash and bank balances of Deconsolidated Subsidiaries at date of deconsolidation	**63,306**
Bank overdrafts of Deconsolidated Subsidiaries at date of deconsolidation	**(22,622)**
Net cash outflow of Deconsolidated Subsidiaries at date of deconsolidation	**40,684**

As disclosed in note 2, on the basis that the relevant books and records of the Deconsolidated Subsidiaries and Derecognised Associates are incomplete, no representation is made by the Provisional Liquidators and the Directors as to the completeness, occurrence, cut-off, classification and accuracy of the loss on deconsolidation and derecognition of Deconsolidated Subsidiaries and Derecognised Associates as of the date of publication of these consolidated financial statements.

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings	**5,181**	11,073
– finance lease liabilities	**123**	–
– convertible bonds	**17,757**	30,577
– notes payables	**7,515**	9,772
– other loans	**4,906**	6,522
	35,482	57,944

As disclosed in note 2, on the basis that the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the finance costs of the Group as of the date of publication of these consolidated financial statements.

7. INCOME TAX (CREDIT)/EXPENSE

The Company is exempted from taxation in Bermuda until 2035. The Company's subsidiaries established in the British Virgin Islands are exempted from British Virgin Islands income taxes. Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. Subsidiaries of the Group in Mainland China are subject to Mainland China enterprise income tax of 25% (2018: 25%) on their taxable income determined according to Mainland China tax laws. Taxation on other overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
Current tax on profits for the year		
– Hong Kong taxation	**–**	374
Adjustments in respect of prior years:		
– Hong Kong taxation	**–**	1,112
	–	1,486
Deferred tax:		
Origination and reversal of temporary differences	**(1,061)**	1,084
Income tax (credit)/expense	**(1,061)**	2,570

As disclosed in note 2, on the basis that the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the income tax expenses of the Group as of the date of publication of these consolidated financial statements.

8. (LOSS)/EARNINGS PER SHARE

Basic and diluted (loss)/earnings per share are calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2019	2018
Loss from continuing operations attributable to owners of the Company (HK$'000)	**(1,289,908)**	(203,947)
Profit from discontinued operations attributable to owners of the Company (HK$'000)	**–**	94,451
Loss for the year attributable to owners of the Company (HK$'000)	**(1,289,908)**	(109,496)
Weighted average number of ordinary shares in issue (thousands)	**5,111,129**	5,070,730
Basic and diluted (loss)/earnings per share (HK cents)		
From continuing operations	**(25.24)**	(4.02)
From discontinued operations	**–**	1.86
	(25.24)	(2.16)

As disclosed in note 2, on the basis that the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the disclosure of (loss)/earnings per share as of the date of publication of these consolidated financial statements.

The outstanding share options and convertible bonds during the years ended 31 December 2018 and 31 December 2019 have an anti-dilutive effect on the basic (loss)/earnings per share.

9. BILLS, ACCOUNTS AND OTHER RECEIVABLES

	2019 ***HK$'000***	2018 *HK$'000*
Bills and accounts receivable		
Gross carrying amount at date of deconsolidation (2018: at 31 December 2018)	**641,251**	703,697
Less: Allowance for impairment of accounts receivable	**(4,235)**	(4,235)
	637,016	699,462
Deconsolidation of subsidiaries	**(637,016)**	–
Bills and accounts receivable, net *(Note (i))*	**–**	699,462
Deposits, prepayments and other receivables		
Gross carrying amount at date of deconsolidation (2018: at 31 December 2018)	**433,034**	423,902
Less: Allowance for impairment of deposits, prepayments and other receivables	**(67,832)**	(21,587)
	365,202	402,315
Deconsolidation of subsidiaries	**(365,202)**	–
Deposits, prepayments and other receivables, net	**–**	402,315
	–	1,101,777

As disclosed in note 2, on the basis that the relevant books and records are incomplete, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the bills, accounts and other receivables of the Group as of the date of publication of these consolidated financial statements.

Notes:

(i) The following is an aged analysis of bills and accounts receivable net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2019	2018
	HK$'000	*HK$'000*
Within three months	–	284,226
Over three months but within six months	–	64,319
Over six months but within twelve months	–	216,132
Over twelve months	–	134,785
	–	699,462

(ii) At 31 December 2019 and 2018, the ageing analysis of bills and accounts receivable based on due dates is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within three months	–	
– not yet due	–	346,005
– past due within three months	–	89,664
Over three months but within six months	–	125,894
Over six months but within twelve months	–	137,246
Over twelve months	–	653
	–	699,462

There was no significant concentration of credit risk with respect to bills and accounts receivable as the Group had a large number of customers, which were internationally dispersed.

(iii) The carrying amounts of the Group's bills and accounts receivable are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
US$	–	661,142
EUR	–	38,320
	–	699,462

At 31 December 2018, the Group had certain bills and accounts receivable of approximately HK$38,655,000 pledged with the banks.

10. BILLS AND ACCOUNTS PAYABLE

The ageing analysis of bills and accounts payable is as follows:

	At 31 December	
	2019	2018
	HK$'000	*HK$'000*
Within three months	–	87,643
Over twelve months	–	357
	–	88,000

The carrying amounts of the Group's bills and accounts payable are denominated in the following currencies:

	At 31 December	
	2019	2018
	HK$'000	*HK$'000*
US$	–	70,912
EUR	–	17,088
	–	88,000

As disclosed in note 2, on the basis that the lack of complete books and records of the Group, no representation is made by the Company as to the completeness, existence, rights and obligations, and valuation of the bills and accounts payable as the date of publication of these consolidated financial statements.

11. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

As disclosed in note 2, on the basis that the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the disclosure of dividends as of the date of publication of these consolidated financial statements.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The Company's auditor has issued the disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 December 2019, an extract of which is as follows:

Basis for disclaimer of opinion

(a) Loss of accounting records and de-consolidation of certain subsidiaries and derecognition of certain associates and joint ventures of the Group

As disclosed in Note 2 to the consolidated financial statements, the Provisional Liquidators were appointed as joint and several provisional liquidators of the Company pursuant to an Order granted by the High Court of the Hong Kong Special Administrative Region on 21 November 2019. The Provisional Liquidators are empowered to, inter alia, preserve the assets of the Company and take control of and exercise all rights which the Company may have in relation to entities in which the Company holds an interest.

The Provisional Liquidators and the Directors asserted that since the appointment of the Provisional Liquidators, (i) the accounting books and records and supporting documents of the Company and its subsidiaries were found to be missing and attempts have been made to obtain as many copies of the accounting books and records and supporting documents of the Company and its subsidiaries as possible; (ii) efforts were made to reconstruct the books and records of the Company and its subsidiaries and obtain alternative or secondary information or confirmations within the Group or from third parties; and (iii) the Provisional Liquidators have been unable to have access to the financial information of the associates and joint ventures of the Group with the exception of 馬鋼（揚州）鋼材加工有限公司 ("馬鋼(揚州)"), a 29% owned associate of the Group, (the "Derecognised Associates") or obtain cooperation from management of the Derecognised Associates. As of the date of this report, the retrieval of copies of the accounting books and records and supporting documents and reconstruction of books and records referred to above was far from completion and the Provisional Liquidators do not expect that these could be completed in the foreseeable future. In the view of the Provisional Liquidators, there exist insufficient, and incomplete, documentary information regarding the books and records of the Company and its subsidiaries and the treatment of balances and transactions of the Company and its subsidiaries. Under these circumstances, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of these matters. There were no alternative audit procedures that we could perform to obtain sufficient and appropriate evidence as to the causes and effects of the loss of accounting books and records and supporting documents of the Company and its subsidiaries and the lack of access to the associates and joint ventures of the Group, and their implications and impacts on the elements presented in the consolidated financial statements of the Group for the year ended 31 December 2019. In relation thereto, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding (i) whether the Group had entered into irregular or problematic transactions during the financial year ended 31 December 2019 and had irregular or problematic balances as at the end of the financial year that would have caused discrepancies in the accounting books and records and given rise to irregularities and misconduct; (ii) whether the Provisional Liquidators had performed sufficient appropriate procedures to completely identify these irregular or problematic transactions and balances and ensure that they are appropriately reflected in the Group's consolidated financial statements; (iii) the nature and validity of the irregular or problematic transactions and balances, if any, and the reasons why they arose; (iv) whether there were any contingent or unrecorded liabilities arising from the irregular or problematic transactions and balances, if any, including penalties and other financial consequences from breaches of laws and regulations; and (v) whether there were any irregular or problematic transactions and balances involving related parties of the Group but which had not been identified by the Provisional Liquidators. These scope limitations also impact on our ability to determine the reliability of the management representations received by us as audit evidence for our audit testing purposes and hence of the audit evidence in general. Any adjustments found to be required may have consequential significant effects on the elements in the consolidated financial statements for the year ended 31 December 2019 and hence on the net liabilities of the Group as at 31 December 2019 and the loss attributable to the owners of the Company and net cash flows used in or from operating activities for the year then ended.

Given the loss of accounting books and records and supporting documents of the Company and its subsidiaries and the fact that the Provisional Liquidators have not been able to have contact with a number of key accounting personnel and management personnel of the Group, all of whom had left the Group before the date of this report, as well as their inability to have access to financial information and management of the Derecognised Associates, the Provisional Liquidators considered that the Group did not have the necessary information about the transactions and account balances of many of the subsidiaries and associates and joint ventures of the Group for inclusion of these entities in the consolidated financial statements of the Group for the year ended 31 December 2019. Accordingly, the Provisional Liquidators had determined that (i) the subsidiaries of the Group, with the exception of Burwill Steel Holdings Limited and its subsidiary, (the "Deconsolidated Subsidiaries") shall be de-consolidated from the consolidated financial statements of the Group with effect from 1 July 2019; and (ii) the Derecognised Associates shall be derecognised and cease to be equity accounted for in the consolidated financial statements of the Group with effect from 1 July 2019.

In the preparation of the consolidated financial statements of the Group for the year ended 31 December 2019, the Provisional Liquidators have included (i) the books and records for the Group for the period from 1 January 2019 to 30 June 2019 have made reference to the interim report for period end 30 June 2019, published by the Company on 27 September 2019, prior to the appointment of the Provisional Liquidators; and (ii) the results, cash flows and financial position of Burwill Steel Holdings Limited and its subsidiary Burwill (China) Limited (collectively, "Burwill Steel") in the consolidated financial statements based on the current status of their retrieval and reconstruction of the accounting books and records of Burwill Steel. The two entities comprising Burwill Steel are wholly owned subsidiary of the Company which are shell investment holding companies which held the entire equity interests of 東莞市創盛貿易有限公司 (one of the Deconsolidated Subsidiaries) and the 29% equity interests in 馬鋼(揚州), a 29% owned associate of the Group.

In the view of the Provisional Liquidators, it is impracticable to prepare consolidated financial statements that include the results, cash flows and account balances of the Deconsolidated Subsidiaries and Derecognised Associates subsequent to 30 June 2019. The de-consolidation of the Deconsolidated Subsidiaries and derecognition of the Derecognised Associates resulted in a loss on de-consolidation and derecognition of approximately HK$990,693,000, as disclosed in note 5 to the consolidated financial statements, representing the aggregate of (i) the carrying amounts of the net liabilities of the Deconsolidated Subsidiaries as at 1 July 2019 as included in the interim condensed consolidated financial statements of the Group for the interim period of six months ended 30 June 2019 (the "2019 Interim Financial Statements") published by the Company on 27 September 2019 prior to the appointment of the Provisional Liquidators, which amounted to HK$275,210,000; (ii) the carrying amounts of the interests in associates and joint ventures in respect of the Derecognised Associates as at 1 July 2019 determined based on the carrying amounts of these associates and joint ventures included in the 2019 Interim Financial Statements, which amounted to HK$173,045,000; and (iii) the amount of HK$14,341,000 reclassified from translation reserve to consolidated profit and loss upon the release of translation adjustments previously recognised in other comprehensive income of the Group related to the Deconsolidated Subsidiaries and Derecognised Associates. This loss amount includes the effects of the irregular or problematic transactions, if any, referred to above and has been recognised in consolidated profit or loss of the Group for the year ended 31 December 2019.

The de-consolidation of the Deconsolidated Subsidiaries with effect from 1 July 2019 also resulted in the exclusion of their assets and liabilities as at 31 December 2019 and their revenue, income, expenses, and cash flows for the period 1 July 2019 to 31 December 2019 from the consolidated financial statements of the Group as at and for the year ended 31 December 2019. This accounting outcome is a departure from the requirements of Hong Kong Financial Reporting Standard ("HKFRS 10") "Consolidated Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which requires all subsidiaries controlled by the Company and its subsidiaries to be included in the consolidated financial statements. The facts and circumstances described above do not show that the Group had lost control over the Deconsolidated Subsidiaries with effect from 1 July 2019. Under HKFRS 10, the Group should have consolidated the Deconsolidated Subsidiaries in its consolidated financial statements for the year ended 31 December 2019 if control over the subsidiaries had not been lost. Had the Deconsolidated Subsidiaries been consolidated, many elements in the consolidated financial statements of the Group for the year ended 31 December 2019 would have been materially affected.

Similarly, the derecognition of the Derecognised Associates with effect from 1 July 2019 resulted in the non-recognition in consolidated profit or loss of the share of the profits or losses of the Derecognised Associates for the period 1 July 2019 to 31 December 2019 attributable to the Group's equity interests in the associates and joint ventures, the non-recognition in consolidated other comprehensive income of the share of the other comprehensive income or losses of the Derecognised Associates for the period 1 July 2019 to 31 December 2019 attributable to the Group's equity interests in the associates and joint ventures and the non-recognition in the consolidated statement of financial position of the share of net assets or liabilities of the Derecognised Associates as at 31 December 2019 attributable to the Group's equity interests in the associates and joint ventures. This accounting outcome is a departure from the requirements of Hong Kong Accounting Standard ("HKAS") 28 *"Investments in Associates and Joint Ventures"* issued by the HKICPA, which requires the Group to account for its investments in its associates and joint ventures using the equity method of accounting. The facts and circumstances described above do not show that the Group had lost significant influence or joint control over the Derecognised Associates with effect from 1 July 2019. Under HKAS 28, the Group should have equity accounted for its interests in the Derecognised Associates in its consolidated financial statements for the year ended 31 December 2019 if significant influence or joint control over these associates and joint ventures had not been lost. Had the Derecognised Associates been equity accounted for, the investments in associates and joint ventures and share of results of associates and joint ventures, and related elements, in the consolidated financial statements of the Group for the year ended 31 December 2019 would have been materially affected.

We were unable to satisfy ourselves that the Group had, in fact, lost control, significant influence or joint control over these Deconsolidated Subsidiaries and Derecognised Associates and if so, when such control, significant influence or joint control was lost for each of the entities comprising the Deconsolidated Subsidiaries and Derecognised Associates.

Furthermore, as stated above, the consolidated financial statements of the Group for the year ended 31 December 2019 were prepared based on the assets, liabilities, revenue, income, expenses and cash flows of the Group as presented in the 2019 Interim Financial Statements. Due to the lack of access to complete books and records of the Group and the Derecognised Associates, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess and to satisfy ourselves as to whether the carrying or reported amounts of these assets, liabilities, revenue, income, expenses and cash flows as at and for the period ended 30 June 2019 contain material misstatements. Given these circumstances, which are more fully described in note 2, there were no practicable audit procedures that we could perform to quantify the extent of adjustments that might be necessary in respect of the Group's revenue, income, expenses and cash flows for the year ended 31 December 2019 presented in the consolidated financial statements, including the calculation and presentation of the loss on deconsolidation and derecognition of the Deconsolidated Subsidiaries and Derecognised Associates disclosed in note 5 to the consolidated financial statements.

In addition, the effects of the irregular or problematic transactions, if any, referred to above would have to be recognised, and reflected, in the consolidated profit or loss of the Group and the loss on de-consolidation and derecognition of the Deconsolidated Subsidiaries and Derecognised Associates, to the extent of the loss that is not the effects of the irregular or problematic transactions, if any, referred to above, would not have been recognised in consolidated profit or loss for the year ended 31 December 2019. However, as stated above, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of the matters to which the incomplete and missing books and records and supporting documents and lack of access to local management of the subsidiaries and associates and joint ventures relate, including the effects of irregular or problematic transactions, if any, referred to above. Accordingly, the effects on the consolidated financial statements of the failure to consolidate the Deconsolidated Subsidiaries and to equity account for the Derecognised Associates could not be determined.

Any adjustments that might have been found to be necessary in respect of the matters described above would have consequential significant effects on the Group's net liabilities as at 31 December 2019 and the Group's results and cash flows for the year then ended and the fair presentation of the elements in the consolidated financial statements for the year ended 31 December 2019.

(b) Investments in 馬鋼(揚州)

The Group's investment in 馬鋼(揚州), a 29% owned associate of the Group and accounted for by the equity method, was carried at approximately HK$68,617,000 on the consolidated balance sheet as at 31 December 2019, and the Group's share of the profits of 馬鋼(揚州) of approximately HK$3,094,000 and other comprehensive expense of 馬鋼(揚州) of approximately HK$2,113,000, were included in the Group's consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2019, respectively. Due to lack of access to complete books and records of 馬鋼(揚州) made available to us, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the financial information of 馬鋼(揚州) as at and for the year ended 31 December 2019 that was used as the basis for the application of equity method of accounting to determine the Group's share of net assets movements and results of 馬鋼(揚州) for the year do not contain material misstatements. As a result, we were unable to determine whether any adjustments were necessary in respect of the carrying amount of the Group's interests in the associate and its share of profits and other comprehensive income of the associate recognised in the consolidated financial statements as at and for the year ended 31 December 2019. Any adjustments found to be required may have consequential significant effects on the net liabilities of the Group as at 31 December 2019 and the loss attributable to the owners of the Company. In addition, the summarised financial information about 馬鋼(揚州) required by HKFRS 12 "Disclosure of Interests in Other Entities" to be disclosed have not been disclosed in the consolidated financial statements.

(c) Compliance with Listing Rules and applicable laws and regulations

Due to the lack of access to complete books and records of the Group and management personnel of the Deconsolidated Subsidiaries made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether there was non-compliance with applicable Listing Rules and laws and regulations by the Group and hence about the completeness of any actual or contingent liabilities in the consolidated financial statements. There were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there existed unrecorded provisions or undisclosed contingent liabilities and hence whether there were material misstatements of the consolidated financial statements due to non-compliance with the listing rules and laws and regulations. Any adjustments found to be necessary may have a consequential significant effect on the net liabilities of the Group as at 31 December 2019 and of the loss attributable to the owners of the Company for the year then ended and the related disclosures thereof in the consolidated financial statements.

Further, due to the lack of access to complete books and records of the Group, we were unable to satisfy ourselves that the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited have been complied with in the consolidated financial statements. Given these circumstances, which are more fully described in note 2, there were no practicable audit procedures that we could perform to quantify or determine the extent of adjustments or further disclosures that might be necessary in respect of the Group's consolidated financial statements.

(d) Amounts due to the Deconsolidated Subsidiaries and Derecognised Associates

The Group recorded amounts due to the Deconsolidated Subsidiaries of approximately HK$118,550,000 as at 31 December 2019 and amounts due to the Derecognised Associates of approximately HK$4,000 as at 31 December 2019. As explained in paragraph (a) above and disclosed in note 2 to the consolidated financial statements, the Provisional Liquidators had been unable to retrieve and reconstruct the books and records of the Deconsolidated Subsidiaries or access the financial information and local management of the Derecognised Associates. Due to the lack of access to complete books and records of the Deconsolidated Subsidiaries and to financial information and local management of the Derecognised Associates, we were unable to perform audit procedures including obtaining inter-company confirmations from the Deconsolidated Subsidiaries and Derecognised Associates and there were no alternative audit procedures we could perform under the circumstances to obtain sufficient appropriate audit evidence to satisfy ourselves that the amounts due to the Deconsolidated Subsidiaries and Derecognised Associates as at 31 December 2019 and that relevant transactions entered into with the Deconsolidated Subsidiaries and Derecognised Associates during the year ended 31 December 2019 were valid and complete and free from material misstatements. Any adjustments found to be required may have consequential significant effects on the balances of the amounts due to the Deconsolidated Subsidiaries and Derecognised Associates, the amounts and description of the relevant transactions with the Deconsolidated Subsidiaries and Derecognised Associates for the year ended 31 December 2019 and other elements in the consolidated financial statements for the year ended 31 December 2019 and hence on the net liabilities of the Group as at 31 December 2019 and the loss attributable to the owners of the Company and net cash flows used in operating activities for the year then ended.

(e) Financial information of the Company and its subsidiaries included in the consolidation

The consolidated financial statements include the assets, liabilities, income, expenses and cash flows of the Company and its subsidiaries Burwill Steel Holdings Limited and Burwill (China) Limited. Given the incomplete books and records, and supporting documents, of these entities due to the circumstances described in paragraph (a) above, we were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the validity, occurrence, completeness, accuracy, existence, cut-off, valuation, classification and presentation of the transactions, account balances and related disclosures of the assets, liabilities, income and expenses of these entities that have been included in the consolidated financial statements of the Group as at and for the year ended 31 December 2019. Any adjustments found to be required to these accounts and balances may have consequential significant effects on the net liabilities of the Group as at 31 December 2019 and the loss attributable to the owners of the Company for the year then ended.

(f) Company level statement of financial position

Included in the Company-level statement of financial position as at 31 December 2019 are interests in subsidiaries of HK$Nil, amounts due to the Deconsolidated Subsidiaries of approximately HK$11,106,000 and amounts due to the Derecognised Associates of approximately HK$4,000 as at 31 December 2019. Due to the scope limitations as described in paragraph (a) above, we are unable to satisfy ourselves as to whether these carrying amounts in the Company-level statement of financial position contain material misstatements. Any adjustments found to be necessary might have a consequential effect on the net liabilities of the Company as at 31 December 2019 and the related disclosures concerning the Company-level statement of financial position and reserves in the notes to the consolidated financial statements.

(g) Contingent liabilities and commitments

As explained in paragraph (a) above, the Group should have consolidated the Deconsolidated Subsidiaries in its consolidated financial statements for the year ended 31 December 2019 if control over the Deconsolidated Subsidiaries had not been lost by the Group. Had these subsidiaries been consolidated, the contingent liabilities and commitments of the Group should include the contingent liabilities and commitments of the Deconsolidated Subsidiaries. Further, the contingent liabilities and commitments of the Deconsolidated Subsidiaries may affect or involve the entities included in the consolidated financial statements and the Group may have provided financial guarantees on behalf of the Deconsolidated Subsidiaries. Due to the lack of complete books and records of the Group and the Deconsolidated Subsidiaries made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness of the contingent liabilities and commitments of the Group as disclosed in the consolidated financial statements. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether there existed material amounts of contingent liabilities and commitments of or in relation to the Deconsolidated Subsidiaries as at 31 December 2019. Any undisclosed material amounts of contingent liabilities and commitments related to the Deconsolidated Subsidiaries found to be in existence may have a consequential significant effect on the fair presentation of the net liabilities of the Group as at 31 December 2019 and of the loss attributable to the owners of the Company for the year then ended and the related disclosures thereof in the consolidated financial statements.

(h) Events after the reporting period

As explained in paragraph (a) above, the Group should have consolidated the Deconsolidated Subsidiaries in its consolidated financial statements for the year ended 31 December 2019 if control over the Deconsolidated Subsidiaries had not been lost by the Group. Had these subsidiaries been consolidated, the events after the reporting period of the Group as disclosed in the consolidated financial statements should include the events and transactions after the reporting period of the Deconsolidated Subsidiaries. Further, the events and transactions after the reporting period of the Deconsolidated Subsidiaries may affect or involve the entities included in the consolidated financial statements. Due to the lack of complete books and records of the Group and the Deconsolidated Subsidiaries, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness of the events and transactions after the reporting period of the Group as disclosed in the consolidated financial statements. There were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there had occurred significant events or transactions during the period from 1 January 2020 to the date of this auditors' report which require disclosure in or adjustments to the consolidated financial statements. Any undisclosed or unadjusted events or transactions related to the Deconsolidated Subsidiaries found to have occurred during this intervening period may have consequential significant effects on the balances presented for the elements in the consolidated financial statements for the year ended 31 December 2019 and hence on the net liabilities of the Group as at 31 December 2019 and the loss attributable to the owners of the Company for the year then ended or on the fair presentation of these net liabilities and loss and the related disclosures in the consolidated financial statements.

(i) Related party transactions and balances

As explained in paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries in its consolidated financial statements for the year ended 31 December 2019 if control over the Deconsolidated Subsidiaries had not been lost by the Group. Had these subsidiaries been consolidated, the related party transactions and balances as disclosed in the consolidated financial statements should include the transactions and balances of the Deconsolidated Subsidiaries with related parties of the Group. Further, the related party transactions and balances of the Deconsolidated Subsidiaries may affect or involve the entities included in the consolidated financial statements. Due to the lack of complete books and records of the Deconsolidated Subsidiaries made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether there were material related party transactions and balances of the Deconsolidated Subsidiaries and hence about the completeness of the related party transactions and balances as disclosed in the consolidated financial statements. There were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there existed material related party transactions and balances of the Deconsolidated Subsidiaries which require disclosure in the consolidated financial statements. Any undisclosed transactions or balances related to the Deconsolidated Subsidiaries found to have occurred or existed may have a consequential significant effect on the fair presentation of the net liabilities of the Group as at 31 December 2019 and of the loss attributable to the owners of the Company for the year then ended and the related disclosures thereof in the consolidated financial statements.

(j) Comparative figures

As disclosed in the consolidated financial statements of the Group for the year ended 31 December 2016, on 23 March 2016, the Group completed the disposal of its subsidiary, Burwill China Portfolio Limited ("BCPL"), to China Land Assets Limited ("CLA"), a 45% owned associate of the Group. The Group's investment in CLA was accounted for by the equity method of accounting in the consolidated financial statements of the Group up to 31 December 2018.

Due to disputes between the Group and the 55% shareholder of CLA, we were unable to obtain sufficient appropriate audit evidence about the financial information of CLA as at and for the year ended 31 December 2018. In view of the above and in the absence of practicable alternative procedures in respect of the financial information of CLA, we were unable to satisfy ourselves as to whether (i) the carrying amount of the Group's investment in CLA of approximately HK$139,984,000 as included in the Group's consolidated balance sheet as at 31 December 2018; and (ii) the Group's share of the loss of CLA of approximately HK$431,000 and other comprehensive income of CLA of approximately HK$409,000, as included in the Group's consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2018, were materially misstated. Consequently, we were unable to determine whether any adjustments to these amounts, which are presented as comparative figures in the consolidated financial statements, were necessary. Any adjustments found to be necessary in respect of the above would affect the Group's net assets as at 31 December 2018 and the Group's consolidated financial performance for the year ended 31 December 2018, the opening balances of the Group's net assets, accumulated losses and other reserves as at 1 January 2019, and the related disclosures in these consolidated financial statements. In the consolidated financial statements of the Group for the year ended 31 December 2019, CLA is one of the Derecognised Associates for which the Group had lack of access to complete books and records and local management, details of which are described in paragraph (a) above.

(k) Material uncertainty related to going concern basis

As disclosed in note 2 to the consolidated financial statements, (i) the Group incurred a loss attributable to the owners of the Company of approximately HK$1,289,908,000 for the year ended 31 December 2019 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$513,609,000 and the Group was in net liabilities position of approximately HK$444,902,000; (ii) the Group had total borrowings of HK$376,635,000 which were matured and defaulted for repayment as at 31 December 2019; (iii) the Company announced on 29 August 2019 that a resumption guidance was received from the Stock Exchange for the Company to (a) demonstrate the Company's compliance with Rule 13.24 and (b) to inform the market of all material information for shareholders of the Company and investors to appraise its position. The Stock Exchange requested the Company to remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. The Company has a period until 18 February 2021 to remedy the matters which have rendered the Company unsuitable for listing, failing which the Listing Department will recommend the listing committee of the Stock Exchange to proceed with the cancellation of the Company's listing.

In addition, the adjustments found to be necessary to the Group's results for the year ended 31 December 2019 and closing balances of its assets and liabilities as at 31 December 2019 of the matters described in the paragraphs above may cause the operating results, liquidity position and financial position of the Group as presented in the consolidated financial statements for the year ended 31 December 2019 to be adversely affected.

These conditions indicate the existence of material uncertainties that may cast significant doubts about the Group's ability to continue as a going concern. Notwithstanding the abovementioned, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to repay or extend existing borrowings and liabilities upon their maturities or when they fall due through cash flows from operations and working capital to be provided through continuing support from financial institutions and the eventual successful completion of the proposed restructuring of the Group. The completion of the proposed restructuring is conditional upon, amongst other things, the schemes of arrangement for the restructuring of the Company's indebtedness being accepted by the Company's creditors and approved by the courts in Hong Kong and Bermuda, the relevant approvals being obtained from the shareholders of the Company and other Hong Kong regulatory authorities including The Stock Exchange of Hong Kong Limited and the Hong Kong Securities and Futures Commission, and the resumption of trading in the Company's shares on The Stock Exchange of Hong Kong Limited.

As of the date of this report, we have not obtained the Group's cash flow forecasts, including related reasonable and supportable bases for the underlying data and assumptions, which are necessary for us to assess the appropriateness of the use of the going concern assumption in the preparation of the consolidated financial statements. Because of the significance of these matters, we were unable to satisfy ourselves as to whether the use of going concern assumption in the preparation of the consolidated financial statements was appropriate. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The consolidated financial statements do not incorporate any adjustments that would result from a failure to attain favourable results in respect of the above matters. If the outcome in respect of any of the above matters turns to be unfavourable, the going concern basis might not be appropriate and, in such event, adjustments would have to be made to the consolidated financial statements to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets.

(l) Share option expense and share-based compensation reserve

As disclosed in the consolidated financial statements, the Group operates an equity-settled share-based plan. The share option expense recognised in the consolidated income statement for the year ended 31 December 2019 amounted to approximately HK$21,002,000 and the share-based compensation reserve of the Group was approximately HK$35,532,000 as at 31 December 2019. As explained in paragraph (a) above and disclosed in note 2 to the consolidated financial statements, the Provisional Liquidators had been unable to retrieve and reconstruct the books and records of the Company and its subsidiaries. Due to the lack of access to complete books and records there were no alternative audit procedures we could perform under the circumstances to obtain sufficient appropriate audit evidence to satisfy ourselves that the amounts of share option expense incurred during the year and the movements and balance of share-based compensation reserve for the year ended and as at 31 December 2019 were valid and complete and free from material misstatements. We were also unable to satisfy ourselves concerning the effects of any consequential adjustments to these figures on the calculations of basic and diluted earnings per share for the year ended 31 December 2019. In addition, the disclosure requirements about share-based payments required by HKFRS 2 "Share-based Payment" to be disclosed have not been disclosed in the consolidated financial statements.

(m) Non-compliance with HKFRSs and omission of disclosures

Due to the lack of access to complete books and records of the Group, the Provisional Liquidators determined that the information required to be disclosed under the disclosure requirements set out in HKFRS 7 "Financial Instruments: Disclosures", HKFRS 8 "Operating Segments", HKFRS 13 "*Fair Value Measurement*" and HKFRS 15 "Revenue from Contracts with Customers" could not be disclosed in the consolidated financial statements. Given these circumstances, which are more fully described in note 2, we were unable to determine the effects of these non-disclosures of information required to be disclosed under these accounting standards and the extent and effects of other non-disclosure of information required to be disclosed under other accounting standards. There were no practicable audit procedures that we could perform to quantify or determine the extent of adjustments or further disclosures that might be necessary in respect of the Group's consolidated financial statements.

Responsibilities of Directors, the Provisional Liquidators and those charged with governance for the consolidated financial statements

Based on the limited information available to the Provisional Liquidators and the Directors, the Provisional Liquidators and the Directors were not able to ascertain the accuracy and completeness of the information in this Report.

The Provisional Liquidators have presented in these consolidated financial statements the financial information provided by the Company's former management and based on all available information to the extent provided to them in their capacity as Provisional Liquidators subsequent to their appointment on 21 November 2019. The Provisional Liquidators note that the historical information in respect of the Company prior to such appointment date as provided to them may not be accurate, complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position and may contain errors. The Provisional Liquidators and the Directors provide no assurance for the consolidated financial statements, financial position and results contained herein which are presented solely for the purpose of meeting the listing requirements. The Provisional Liquidators and the Directors do not accept or assume responsibility for these financial statements for any purpose or to any person to whom these financial statements are shown or into whose hands they may come.

The directors of the Company and the Provisional Liquidators are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors and the Provisional Liquidators are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors and the Provisional Liquidators either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA and to issue an auditors' report. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Report on other matters under sections 407(2) and 407(3) of the Hong Kong Companies Ordinance

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the matters described in the *Basis for disclaimer of opinion* section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and

- we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of Burwill Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement, the consolidated statement comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Business and Financial Review

The Provisional Liquidators were appointed as joint and several provisional liquidators of the Company pursuant to an order granted by the High Court of the Hong Kong Special Administrative Region (the "High Court") on 21 November 2019. Further, following the resignation of Mr. Cheung Sing Din on 22 August 2019, Mr. Tsang Kwok Wa on 23 August 2019 and, Mr. Cui Shu Ming on 18 October 2019, the Audit Committee is vacant as at 31 December 2019. On 14 September 2020, two independent non-executive Directors, namely Messrs. Chan Kai Nang and Wong Wai Keung, Frederick, were appointed, and the Audit Committee of the Company has been established on 16 November 2020.

Due to (i) improper maintenance of IT systems of the Company caused by the temporary business disruption prior to the appointment of Provisional Liquidators and (ii) the fact that the Provisional Liquidators have not been able to have contact with a number of key accounting personnel and management personnel of the Group, all of whom had left the Group before the date of this report, the Provisional Liquidators were unable to retrieve a complete set of the Group's accounting and other records. As such, the Provisional Liquidators and the Directors has no information in relation to the Group prior to their appointments, and the Provisional Liquidators and the Directors are not in a position to confirm the completeness, existence and accuracy of the historical results of the Group. The information contained in this results announcement has been presented to the best knowledge of the Provisional Liquidators based on information made available to them up to the date of this results announcement.

Business Operations

Immediately prior to the suspension of trading in the shares of the Company (the "Shares") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in November 2019 (the "Suspension"), the Group was principally engaged in two businesses, which were (i) steel trading and (ii) lithium business, which were capital intensive in nature. Following the Suspension, the Group's business operation substantially diminished due to the Group's severe financial distress.

The Winding-up Proceedings and the Appointment of the Joint and Several Provisional Liquidators

On 4 September 2019, Strong Petrochemical Limited (the "Petitioner") has filed a petition (the "Petition") to the High Court for the winding up of the Company.

On 25 October 2019, Bangkok Bank Public Company Limited (the "Applicant" or "Bangkok Bank") applied to the High Court for an order that provisional liquidators be appointed over the Company on an ex parte on notice basis pursuant to section 193 of the Companies (Winding-up and Miscellaneous Provisions) Ordinance (the "PL Application"). At the inter partes hearing on the PL Application on 21 November 2019, an order was granted by the High Court appointing Mr. So Man Chun and Mr. Jong Yat Kit of PricewaterhouseCoopers as joint and several provisional liquidators of the Company (the "Provisional Liquidators"). Pursuant to the Court orders dated 21 November 2019 and 16 April 2020 made by the High Court, the Provisional Liquidators are empowered to, inter alia, preserve the assets of the Company; take control of and exercise all rights which the Company may have in relation to entities in which it holds an interest; and consider and/or undertake a restructuring of the Company and/or the Group.

On 25 November 2019, the Petitioner served the summons for leave to, inter alia, withdraw the Petition filed on 4 September 2019 and the Applicant served the summons for leave to, inter alia, substitute as the petitioner and amend the Petition. As at the date of this report, the High Court adjourned the hearing of the Petition to 21 April 2021 in order to give sufficient time for the Provisional Liquidators to consider and if thought feasible progress a restructuring of the Company and/or the Group.

Following their appointment, the Provisional Liquidators have sought to identify and secure any assets of the Company including securing the Hong Kong office premises, taking possession of limited books and records in Hong Kong, requesting Statements of Affairs from the directors of the Company and seeking to transfer any bank balances to the Provisional Liquidators' designated accounts.

Suspension of trading in shares of the Company and the Resumption Conditions

Trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 19 August 2019. The Stock Exchange imposed, firstly on 27 August 2019 and subsequently on 2 September 2019 and 20 March 2020, four resumption conditions to the Company, details are as follows:-

(i) to demonstrate the Company's compliance with Rule 13.24 of the rules governing the listing of securities on the Stock Exchange (the "Listing Rules");

(ii) to inform the market of all material information for the shareholders of the Company (the "Shareholders") and investors to appraise the Company's position;

(iii) to publish all outstanding financial results and reports of the Company and address any audit modifications thereof; and

(iv) to have the winding up petitions (or the winding up order, if made) against the Company withdrawn or dismissed and the appointment of the Provisional Liquidators discharged.

The Company is also required to comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption. The Stock Exchange may modify any of the above and/or impose further conditions if the situation changes.

Restructuring of the Company

Following their appointment, the Provisional Liquidators have sought to identify and secure any assets of the Company including securing the Hong Kong office premises, taking possession of limited books and records in Hong Kong, requesting Statements of Affairs from the Directors and seeking to transfer any bank balances to the Provisional Liquidators' designated accounts. With the assistance of Asian Capital Limited which acted as the financial adviser to the Company, the Provisional Liquidators also sought to identify potential investors for the Company with a view to recapitalizing the Company and restructuring the Company's operations.

On 24 September 2020, the Company and the Provisional Liquidators entered into a restructuring agreement (the "Restructuring Agreement") with Alpha Pioneer Ventures Limited ("Alpha Pioneer" or the "Investor"). Pursuant to the Restructuring Agreement, the Company would conduct a restructuring (the "Proposed Restructuting") which comprises (i) debt restructuring (which consists of debt settlement and scheme of arrangement); (ii) capital reorganisation; (iii) subscription of new shares; and (iv) open offer, with a view to resume trading in the Shares on the Stock Exchange.

As part of the Proposed Restructuring, the debt restructuring will enable the Company to settle and compromise its debts with the proceeds to be raised from the subscription of new shares and open offer through scheme of arrangement in Hong Kong. Upon completion of the Proposed Restructuring, the Company is expected to be solvent and the Provisional Liquidators will be discharged.

Apart from the financial restructuring as mentioned above, the Group also restructured and revitalised its business operation. On 23 April 2020, pursuant to a Court sanction, the Company established a wholly owned subsidiary namely BRD for the purpose of restructuring and continuation of the trading business of the Group. BRD commenced its trading business in June 2020, and has so far attained fruitful financial results in year 2020. Further information in relation to the performance of BRD and the business of BRD are set out in the paragraph headed "Prospect" in this results announcement.

Financial performance

During the Reporting Period, the Group recorded revenue of HK$934.40 million (2018: HK$2,305.47 million) and gross profit of HK$6.89 million and (2018: HK$39.37 million) respectively. As detailed in note 2 to the Company's consolidated financial statements for the year ended 31 December 2019, the Group lost control of certain subsidiaries within the Group following the appointment of the Provisional Liquidators, and, for financial reporting purpose, results of these subsidiaries were deconsolidated from the Group's consolidated financial statements for the year ended 31 December 2019. The Group as a result recognised one-off loss on deconsolidation amounting to HK$990.69 million during the Reporting Period, and the Group incurred loss for the year from continuing operations was HK$1,289.91 million for the year ended 31 December 2019 (2018: HK$204.21 million).

Assets and Liabilities

As at 31 December 2019, the Group had total assets of approximately HK$68.74 million (2018: HK$1,818.63 million), total liabilities of approximately HK$513.64 million (2018: HK$1,002.58 million). The net liabilities of the Group as at 31 December 2019 were approximately HK$444.90 million (2018: net assets of HK$816.05 million).

Assuming (i) the Proposed Restructuring had completed on 31 December 2019 and (ii) the Company had settled all its debts through a scheme of arrangement in cash, the remaining Company would have total assets of HK$142.57 million, nil total liabilities and net assets of HK$142.57 million.

Liquidity and Financial Resources

As at 31 December 2019, bank and cash balances of the Group were approximately HK$0.03 million (2018: HK$70.25 million). Total borrowings as at 31 December 2019 amounted to approximately HK$376.64 million (2018: HK$665.17 million). The gearing ratio (measured as total borrowings over total assets) as at 31 December 2019 was 5.48 (2018: 0.37).

Finance Costs

The finance costs amounted to approximately HK$35.48 million for the year ended 31 December 2019 (2018: HK$57.94 million).

Employees and Remuneration Policy

Based on the books and records of the Group available to the Provisional Liquidators and the Board, the Group had no employees in Hong Kong and Mainland China as at 31 December 2019.

Charges on Group Assets

Due to the loss of the Group's certain accounting and other records, the Provisional Liquidators and the Directors believe that, as at the date of this report, it is almost impossible, and not practical, to ascertain the details of any charge of the Group's assets as at 31 December 2019 (2018: HK$221.76 million). However, charges on asset in the remaining Group have been ascertained and accounted for in these financial statements as appropriate.

Capital Commitments

Based on books and records of the Group available to the Provisional Liquidators, no information of the capital commitments of the Group is made available.

Dividends

No dividend was paid or declared during/for the year ended 31 December 2019 (2018: HK$Nil). Based on the available books and records to the Provisional Liquidators, the Directors did not recommend any dividend for the Reporting Period.

Contingent Liabilities and litigations

Based on the information available to the Provisional Liquidators, as at 31 December 2019, the Company has provided corporate guarantees to certain bank borrowings made to deconsolidated subsidiaries. Further, since the appointment of the Provisional Liquidators, and based on limited available information, the following legal proceedings have come to the Provisional Liquidators' attention:

Legal proceeding in Hong Kong in relation to BCHL

Based on last known information, on 4 November 2016, Burwill Commercial Holdings Limited ("BCHL"), a wholly-owned subsidiary of the Company, as plaintiff issued a writ of summons in the High Court against Charm Best Investments Inc. and Mr. IP Kwok Kin as defendants ("HCA 2895/2016").

The Provisional Liquidators were advised that as at the date of this report, the date of trial of HCA 2895/2016 has not been fixed. There are no further updates for the case.

Legal proceeding in the PRC in relation to 萊陽泰鑫礦業有限公司 and 青島泰鑫礦業有限公司

The Company has been provided with a writ dated 16 June 2015 (the "Writ") filed with the Shandong Province Yantai City Intermediate People's Court of the People's Republic of China ("PRC") under which an individual (the "Plaintiff") alleged that he is the beneficial owner of 50% of the equity interest in 萊陽泰鑫礦業有限公司 (the "Allegation") and that 青島泰鑫礦業有限公司 holds such 50% equity interest in 萊陽泰鑫礦業有限公司 ("萊陽泰鑫 50% Equity Interest") as nominee for the Plaintiff. In the Writ, 萊陽泰鑫礦業有限公司 has been named as defendant. In the interim, as a result of the Allegation, the Shandong Province Yantai City Intermediate People's Court of the PRC had imposed a freezing order in respect of 35% equity interest in 萊陽泰鑫礦業有限公司 held by 青島泰鑫礦業有限公司 (the "Freezing Order"). The frozen equity interest was restricted from transfer or pledge during the existence of the Freezing Order but the operations of 萊陽泰鑫礦業有限公司 will not be hindered by the imposition of the Freezing Order. The trial of the Allegation was held in August 2016 that the Plaintiff lost a lawsuit and the judgement was received in the early 2017 that 萊陽泰鑫礦業有限公司 was not liable to any claim and the Plaintiff alleged that he owned 萊陽泰鑫 50% Equity Interest was not in fact. The Plaintiff served a notice of appeal to the judgement. The trial of the final appeal was held in December 2017 and it was judged that the Plaintiff should have 0.67% of the equity interest in 萊陽泰鑫礦業有限公司.

On 15 May 2018, the Company sold the entire issued shares of Smart Task Limited to Zaozhuang Dongya Enterprise Company Limited (棗莊東亞實業有限公司). The Provisional Liquidators were advised that all matters of this litigation remained unchanged on or before 15 May 2018 and there was no further information available after the disposal.

(a) Since appointment of the Provisional Liquidators to date, and based on limited available information, the following three legal proceedings have come to their attention:

(i) In October 2019, the Company, has been involved in a litigation in Singapore in the capacity of a corporate guarantor in relation to an outstanding loan facility provided by Haitong International Financial Products (Singapore) Pte Ltd, to one of the deconsolidated indirect wholly-owned subsidiary, Burwill Lithium Company Limited. It was subsequently advised that the proceeding concluded with a summary judgement obtained against the Company and Burwill Lithium Company Limited on or around February 2020. However, the Provisional Liquidators did not have further details about the judgement.

(ii) In the later part of 2020, the Provisional Liquidators learned more details about a legal proceeding in relation to a joint venture interest held in the Group.

Based on available information, it appeared back in 30 August 2019, Yichun Yinli New Energy Co., Ltd. (宜春銀鋰新能源有限責任公司) ("Yichun"), the Company's indirectly wholly-owned subsidiary, Burwill (China) Limited and Jiangxi Bao Jiang Lithium Industrial Limited (江西寶江鋰業有限公司) purportedly entered into a share pledge and guarantee agreement, by which shares of 馬鋼(揚州), an associate held by Burwill (China) Limited was charged to Yichun. The Provisional Liquidators were also aware that on the same day, the Company's wholly-owned subsidiary, Burwill Steel Holdings Limited and Bangkok Bank Public Company Limited ("Bangkok Bank") entered into a share charge agreement, by which shares of Burwill (China) Limited held by Burwill Steel Holdings Limited was charged to Bangkok Bank. Yichun subsequently commenced a legal proceeding in the PRC to enforce its share charge on 馬鋼(揚州).

Since 馬鋼(揚州) holds considerable asset value to the Company, the Provisional Liquidators have approached a PRC lawyer to participate in the legal proceeding. The litigation is currently still ongoing.

(iii) On 8 July 2020, a winding-up hearing was held before the High Court of the Hong Kong Special Administrative Region (the "High Court") in relation to a claim presented by a former employee against a wholly-owned subsidiary of the Company, Burwill Properties Limited ("Burwill Properties").

Based on information available to the Provisional Liquidators, the Provisional Liquidators noted that on 17 July 2020 the High Court has ordered that (i) Burwill Properties be wound up; and (ii) Messrs. Huen Ho Yin and Huen Yuen Fun of Huen & Partners Solicitors be appointed as the joint and several provisional liquidators of Burwill Properties.

Purchase, Sale or Redemption of the Company's Securities

Due to the limitation as to incomplete books and records and information available, the Provisional Liquidators and the Directors were unable to ascertain whether the Company has conducted any purchases, sales or redemptions of its listed securities during the year ended 31 December 2019.

Significant Investments and Acquisition

Based on books and records of the Group available to the Provisional Liquidators and the Board, save for the investments in associates of HK$68.62 million (details of which are set out in notes to the consolidated financial statements) and the pledged properties owned by the deconsolidated Group companies, the Group did not have any significant investment nor did it make any material acquisition or disposal of subsidiaries and associates throughout the Reporting Period.

PROSPECT

The Provisional Liquidators have been striving for preserving the Group's assets and operations since their appointment in November 2019. Under the Provisional Liquidators' stewardship, and with the working capital funding support received as disclosed in the Company's announcement dated 25 May 2020 from the Investor, the Company has resumed its trading operation in June 2020 through establishment of BRD in April 2020 to continue with the Group's steel trading business that was previously operated by other subsidiaries of the Group. BRD has carried on steel trading businesses in Australia and China. The Provisional Liquidators' initiative of reviving the Group's steel trading business received unequivocal support from the Group's creditors and investor, and brought significant financial success to the Group for the year ended 31 December 2020. The Group expects to generate revenue with reasonable prospects from its steel trading business during the year ended 31 December 2020. Further information in relation to the business conducted through BRD has been set out in the paragraph headed "Business of BRD" below.

Year 2020 will likely be the Group's first profit-making year for some years. Considering this financial turnaround was achieved during the period when the Group had been under financial distress and the impact of COVID-19 which came in wave after wave, the Provisional Liquidators consider it clearly demonstrate the Group's sustainability once its debts are under control, and believe the revitalisation of the Group's steel trading business lays solid foundation for the Group's restructuring plan. In the future, it is envisaged that the Group's steel trading businesses will be expanded to Europe and the wider Asia, including the South-East Asia. The expansion plan would be subject to multiple factors including the completion of the current restructuring exercise and resumption of trading in the shares of the Company.

The Company's operation was stabilised since trade resumption, and accordingly has been able to negotiate and enter into the Restructuring Agreement with the Investor (key details of which are set out in the Company's announcement dated 6 February 2021), under which the Investor will substantially finance the Company to compromise with the Company's existing creditors and to continue the Group's existing business operations.

The Provisional Liquidators have been working closely with the Investor since entering into the Restructuring Agreement. With the support of its creditors and Alpha Pioneer, the Group has successfully steadily revived its business operations. The Proposed Restructuring of the Company, if successfully implemented, will achieve the following:

– business operations of the Group to continue that would satisfy the requirements under Rule 13.24 of the Listing Rules;

– a restructuring of the share capital of the Company through a capital reduction, a capital cancellation, a share consolidation;

– an issue of new shares of the Company by way of share subscription by the Investor and open offer to qualifying Shareholders;

– all claims against, and liabilities of, the Company will be discharged and compromised in full by way of schemes of arrangement in Hong Kong and Bermuda; and

– the resumption of trading in the Shares.

Further announcement(s) will be made by the Company regarding the progress of Proposed Restructuring leading to the resumption of trading in the Shares as and when appropriate.

Impact of the COVID-19 pandemic

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been implemented across the globe. These measures are believed to be effective in containing the outbreak, but the lock downs at the same time have significantly disrupted the movement of people and goods, supply chains and general economic conditions, and in turn affected the overall demand of steel products around the globe.

Although the Group has successfully revived its steel trading business in this tough condition, it has experienced negative impact of the COVID-19 pandemic in various ways, from limitation of marketing efforts to disruptions of product delivery to the Group's customers. The negative impact of COVID-19 remains until early 2021 and is foreseen to carry on until vaccine is readily available. As at the date of this report, uncertainties remain on the virus situation which may affect the future trading prospects of the Group.

The Group is paying close attention to the evolving development of, and the disruption to business and economic activities caused by the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, cash flows and operating results at the date on which these financial statements are authorised for issue.

CODE ON CORPORATE GOVERNANCE PRACTICES

Compliance with the Corporate Governance code

On 21 November 2019, the Provisional Liquidators were appointed by the High Court to, among others, take control and possession of the assets and books and records of the Company. As certain books and records of the Company could not be located, the corporate governance report was prepared based on the best knowledge and the limited information available to the Provisional Liquidators.

The Company appeared to comply, based on the limited information available to the Provisional Liquidators, with the principles (the "Principles") and code provisions (the "Code Provisions") as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") stipulated by the Stock Exchange in Appendix 14 of the Listing Rules, except for the following:

– Pursuant to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive of the Company should be separate and should not be performed by the same individual. As at 31 December 2019 and the date of this report (the "CG Report"), the office of the Chairman and the chief executive officer of the Company were vacant.

– Code Provision A.2.7 of the CG Code states that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the presence of the executive directors. Based on the limited information available to the Provisional Liquidators, the Provisional Liquidators are unable to ascertain whether the meeting was held during the Reporting Period.

– Pursuant to the Listing Rules 3.10(1) and (2), and 3.10A, an issuer must include at least three independent non-executive directors, with at least one of the independent non-executive directors having appropriate professional qualifications or accounting or related financial management expertise, and the number of independent non-executive directors must represent at least one-third of the Board. Based on the information available to the Provisional Liquidators, following the resignation of Mr. Cheung Sing Din on 22 August 2019, Mr. Tsang Kwok Wa on 23 August 2019 and Mr. Cui Shu Ming on 18 October 2019, the number of independent non-executive Directors on the Board is nil as at 31 December 2019. As at the date of the CG Report, following the appointment of Messrs. Chan Kai Nang and Wong Wai Keung, Frederick as independent non-executive Directors on 14 September 2020, the Board comprised of two independent non-executive Directors.

– Pursuant to the Listing Rules 3.21, the Audit Committee should comprise non-executive directors only. Based on the information available to the Provisional Liquidators, following the resignation of Mr. Cheung Sing Din on 22 August 2019, Mr. Tsang Kwok Wa on 23 August 2019 and, Mr. Cui Shu Ming on 18 October 2019, the Audit Committee is vacant as at 31 December 2019. As at the date of this Report, with the appointment of Messrs. Huang Shenglan, Chan Kai Nang and Wong Wai Keung, Frederick as members of the Audit Committee, the Company has recompiled with such requirement.

– Pursuant to the code provision A.5 of the CG Code, an issuer should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. As at 31 December 2019 and the date of this CG Report, the Nomination Committee was vacant. Based on information available to the Provisional Liquidators, following the resignation of Mr. Cheung Sing Din, Mr. Tsang Kwok Wa, Mr. Cui Shu Ming, Mr. Sit Hoi Tung and Mr. Chan Shing on 22 August 2019, 23 August 2019, 18 October 2019, 5 November 2019 and 22 November 2019 respectively, the Nomination Committee was vacant as at 31 December 2019 and the date of the CG Report.

– Pursuant to Rule 3.25 of the Listing Rules, an issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors. Based on information available to the Provisional Liquidators, following the resignation of Mr. Cheung Sing Din, Mr. Tsang Kwok Wa, Mr. Cui Shu Ming and Mr. Sit Hoi Tung on 22 August 2019, 23 August 2019, 18 October 2019 and 5 November 2019 respectively, the Remuneration Committee was vacant as at 31 December 2019 and the date of the CG Report.

– Pursuant to the code provision C.2.1 of the CG Code, the Board should oversee the issuer's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems has been conducted at least annually. Based on information available to the Provisional Liquidators, following the resignation of Mr. Kwok Wai Lam, Mr. Sit Hoi Tung, Mr. Sham Kai Man, Mr. Ng Man Fai, Matthew and Mr. Chan Shing on 23 August 2019, 5 November 2019, 11 November 2019, 20 November 2019 and 22 November 2019 respectively, the Risk Committee was vacant as at 31 December 2019 and the date of this report. Based on the limited information available to the Provisional Liquidators, the Provisional Liquidators are unable to ascertain whether the Board had conducted review of the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems during the Reporting Period.

– Pursuant to the Listing Rules 13.91, an issuer must present the Environment, Social and Governance Report (the "ESG Report") in its annual report or as a standalone report as the issuer so chooses. However, due to the limited information available to the Provisional Liquidators in relation to the Reporting Period, the Company is unable to present the required ESG Report either in its annual report or as a standalone report.

Board meeting and Directors' Attendance

Due to the limitation of incomplete books and records made available to the Provisional Liquidators, the Provisional Liquidators were unable to ascertain the numbers of Board meetings convened and the attendance of such meetings by the Directors during the Reporting Period.

Chairman and Chief Executive Officer

During the Reporting Period and based on the information available to the Provisional Liquidators, Mr. Chan Shing (resigned on 22 November 2019) was the Chairman and the Managing Director of the Company. As at 31 December 2019 and the date of the CG Report, the office of the Chairman and the chief executive officer of the Company were vacant.

Audit Committee

Mr. Cheung Sing Din, Mr. Tsang Kwok Wa and Mr. Cui Shu Ming resigned from the Board on 22 August 2019, 23 August 2019 and 18 October 2019 respectively and ceased to act as members of the Audit Committee with effect from the respective dates of their resignations. As a result, the Audit Committee was vacant as at 31 December 2019.

Due to the limitation of incomplete books and records, the above information was disclosed based on the information available to the Provisional Liquidators. The Provisional Liquidators and the Directors were unable to ascertain the accuracy and completeness of such information.

On 16 November 2020, the Company has established an Audit Committee which currently comprises two independent non-executive Directors of the Company, Mr. Wong Wai Keung, Frederick (chairman) and Mr. Chan Kai Nang, and the non-executive Director of the Company, Mr. Huang Shenglan.

The terms of reference of the Audit Committee follow the guidelines as set out in the CG Code and are available on the websites of the Stock Exchange and the Company.

The main duties of the Audit Committee are to assist the Board in reviewing the financial statements and reports and significant financial reporting judgements, effectiveness of internal audit function, risk management and internal control systems, audit process, appointment, reappointment and removal of the external auditors, arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

Due to the limitation of incomplete books and records, the Provisional Liquidators and the Directors were unable to ascertain the number of meetings convened by the Audit Committee during the Reporting Period.

Directors' Securities Transactions

Due to the limitation of incomplete books and records made available to the Provisional Liquidators, the Provisional Liquidators were unable to ascertain whether the Company has adopted the Model Code for Securities Transactions of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions during the Reporting Period.

Based on the limited information available to the Provisional Liquidators, the Provisional Liquidators were not able to confirm whether all Directors of the Company have complied with, or whether there has been any non-compliance with, the required standards set out in the Model Code during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the Reporting Period are set out in the notes to the consolidated financial statements.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is available for viewing on the Company's website at www.burwill.com and the Stock Exchange's website at www.hkexnews.hk. The 2019 annual report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

On behalf of the Board
Burwill Holdings Limited
(Provisional Liquidators Appointed)
WONG Wai Keung Frederick
Director

Hong Kong, 10 February 2021

As at the date of this announcement, the Board comprises Mr. Huang Shenglan as non-executive director; and Mr. Chan Kai Nang and Mr. Wong Wai Keung, Frederick as independent non-executive Directors.