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 2020

The board (the "**Board**") of directors (the "**Directors**") of Burwill Holdings Limited (Provisional Liquidators Appointed) (the "**Company**") announces the results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**") with comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	3	**412,093**	934,402
Cost of sales		**(400,969)**	(927,508)
Gross profit		**11,124**	6,894
Other expenses, gains and losses	4	**–**	(59,048)
Selling and distribution expenses		**–**	(15,029)
General and administrative expenses		**(3,880)**	(26,135)
Net impairment losses on financial assets		**–**	(140,993)
Share option expense		**–**	(21,002)
Operating profit/(loss)		**7,244**	(255,313)
Finance costs	5	**(104)**	(35,482)
Loss on deconsolidation and derecognition of deconsolidated subsidiaries and derecognised associates		**–**	(990,693)
Share of profits of associates		**4,658**	2,504
Share of losses of joint ventures		**–**	(11,985)
Profit/(Loss) before income tax		**11,798**	(1,290,969)
Income tax (expense)/credit	6	**(1,568)**	1,061
Profit/(Loss) for the year		**10,230**	(1,289,908)
Profit/(Loss) attributable to owners of the Company		**10,230**	(1,289,908)
Earnings/(Loss) per share attributable to owners of the Company for the year	7		
Basic earnings/(loss) per share (HK cents)		**0.20**	(25.24)
Diluted earnings/(loss) per share (HK cents)		**0.20**	(25.24)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	**2020** **HK$'000**	2019 HK$'000
Profit/(Loss) for the year		**10,230**	(1,289,908)
Other comprehensive expense:			
Items that may be reclassified to profit or loss			
Share of other comprehensive income of associates		–	478
Release of translation adjustments upon deconsolidation and derecognition of deconsolidated subsidiaries and derecognised associates		–	14,341
Exchange differences on translation of foreign operations		**(461)**	(7,017)
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)
Other comprehensive (expense)/income for the year, net of tax		**(461)**	7,685
Total comprehensive income/(expense) for the year attributable to owners of the Company		**9,769**	(1,282,223)

CONSOLIDATED BALANCE SHEET
As at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**14**	–
Investment in an associate		**72,836**	68,617
Club debentures		**90**	90
Total non-current assets		**72,940**	68,707
Current assets			
Bills and accounts receivable	8	**8,242**	–
Deposits, prepayments and other receivables	8	**63**	–
Cash and bank balances		**1,154**	33
Total current assets		**9,459**	33
Total assets		**82,399**	68,740
EQUITY			
Equity attributable to owners of the Company			
Share capital	9	**511,162**	511,162
Other reserves		**1,165,358**	1,165,819
Accumulated losses		**(2,111,653)**	(2,121,883)
Capital deficiency		**(435,133)**	(444,902)
LIABILITIES			
Current liabilities			
Due to deconsolidated subsidiaries		**118,550**	118,550
Due to derecognised associates		**4**	4
Borrowings		**376,635**	376,635
Other payables and accruals		**20,775**	18,453
Income tax payable		**1,568**	–
Total current liabilities		**517,532**	513,642
Total liabilities		**517,532**	513,642
Total equity and liabilities		**82,399**	68,740
Net current liabilities		**(508,073)**	(513,609)
Total assets less current liabilities		**(435,133)**	(444,902)

NOTES

1. GENERAL INFORMATION

Burwill Holdings Limited (Provisional Liquidators Appointed) (the "**Company**") is an investment holding company. Its consolidated subsidiaries are principally engaged in investment holding and steel trading 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 (the "**Shares**") have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 1983.

Suspension of trading in Shares

Trading in the Shares on the Stock Exchange had been suspended since 19 August 2019. On 26 March 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange has decided to cancel the Company's listing under Rule 6.01A of the Listing Rules as the Company failed to satisfy all the Resumption Conditions by 18 February 2021 since the suspension of trading in the shares of the Company on 19 August 2019 (the "**Delisting Decision**"). The Company is considering the Delisting Decision and will seek appropriate advice from its professional advisers on the same.

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 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 the Company holds an interest; and consider and/or undertake a restructuring of the Company and/or the Group (including Deconsolidated Subsidiaries (as defined below) and Derecognised Associates (as defined below)).

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 approval for issuance of these consolidated financial statements, 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 companies of the Group (including Deconsolidated Subsidiaries and Derecognised Associates (as defined on note 2 to the consolidated financial statements)).

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.

Proposed restructuring of the Group

As part of the restructuring exercise, pursuant to a Court sanction, the Company established a wholly owned subsidiary, namely Burwill Resources Development Limited ("**BRD**") on 23 April 2020, 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 Alpha Pioneer Ventures Limited (the "**Investor**"), pursuant to which the Company will conduct a proposed restructuring (the "**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.

As part of the Proposed Restructuring, on 18 February 2021, (i) a side letter in respect of certain amendments to the Restructuring Agreement and a subscription agreement in respect of the subscription of new Shares by the Investor have been entered into among the Company, the Provisional Liquidators and the Investor; and (ii) a debt settlement agreement in respect of certain secured debts owed by the companies of the Group (including Deconsolidated Subsidiaries (as defined below) and Derecognised Associates (as defined below)) to a secured creditor of the Group has been entered into among the Company, the Provisional Liquidators and the relevant secured creditor.

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 companies of the Group (including Deconsolidated Subsidiaries (as defined below) and Derecognised Associates (as defined below)), please refer to the Company's announcement dated 4 February 2021. Capitalised terms used below shall have the same meaning as those defined in the aforementioned announcements unless otherwise defined.

(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 (including Deconsolidated Subsidiaries (as defined below) and Derecognised Associates (as defined below)) and the release of the relevant Collateral(s).

The Secured Creditors who enter into the 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 company of the Group (including Deconsolidated Subsidiaries (as defined below) and Derecognised Associates (as defined below)) 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

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) 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, the share premium cancellation, the share consolidation and the increase in authorised share capital. Upon completion of the Capital Reorganisation, the Company shall propose the change in board lot size.

(iii) 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) 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 30 March 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 these consolidated financial statements.

The comparative figures in respect of the year ended 31 December 2019 presented or disclosed in these consolidated financial statements and the other historical financial information presented or disclosed in these consolidated financial statements are based on all available information to the extent provided to the 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 and its subsidiaries 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 the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Provisional Liquidators and the Directors do not accept or assume responsibility for these consolidated financial statements for any purpose or to any person to whom these consolidated 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 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 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 treatments of balances and transactions of the Company and its subsidiaries. Under these circumstances, the Provisional Liquidators are unable to assess the effects of these matters for the years ended 31 December 2020 and 2019, 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 2020 and 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, 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 years ended 31 December 2020 and 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, the date after the end of the reporting period of the interim condensed consolidated financial statements of the Group for the interim period of six-month ended 30 June 2019 prepared by the former management of the Group and published by the Company on 27 September 2019 prior to the appointment of the Provisional Liquidators; 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 view of the Provisional Liquidators, it is impracticable to prepare consolidated financial statements of the Group 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 with effect from 1 July 2019 resulted in the exclusion of their assets and liabilities as at 30 June 2020 and 31 December 2019 and their revenue, income, expenses, and cash flows for the year ended 31 December 2020.

(ii) Material uncertainties related to going concern

As presented in the consolidated financial statements, (i) as at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK$508,073,000 and the Group was in net liabilities position of HK$435,133,000; and (ii) the Group had total borrowings of HK$376,635,000 which were matured and defaulted for repayment as at 31 December 2020. On 26 March 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange has decided to cancel the Company's listing under Rule 6.01A of the Listing Rules as the Company failed to satisfy all the Resumption Conditions by 18 February 2021 since the suspension of trading in the shares of the Company on 19 August 2019. As part of the Proposed Restructuring, on 18 February 2021, (i) a subscription agreement in respect of the subscription of new shares of the Company by the Investor have been entered into among the Company, the Provisional Liquidators and the Investor; and (ii) a debt settlement agreement in respect of certain secured debts owed by the companies of the Group (including Deconsolidated Subsidiaries and Derecognised Associates) to a secured creditor of the Group has been entered into among the Company, the Provisional Liquidators and the relevant secured creditor. Upon the successful implementation of the Proposed Restructuring, all claims against, and liabilities (other than the normal operating liabilities incurred during the ordinary course of business operations of the Group, such as daily operating expenses and administrative expenses) of the Company will be discharged and compromised in full by way of schemes of arrangement in Hong Kong and/or Bermuda.

In addition, the adjustments found to be necessary to the Group's results for the years ended 31 December 2020 and 2019 and closing balances of its assets and liabilities as at 31 December 2020 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 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.

(iii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(iv) 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 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future period.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year is as follows:

	2020 *HK$'000*	2019 *HK$'000*
Sale of goods	**412,093**	934,402

The geographical analysis of revenue by location of customers are as follows:

	2020 *HK$'000*
Mainland China	**412,093**

Information about major customers

For the year ended 31 December 2020, revenue from major customers who contributed more than 10% of total revenue of the Group are as follows:

	2020 *HK$'000*
Customer A	**132,180**
Customer B	**73,463**
Customer C	**144,895**
Customer D	**61,555**

The Group only had one principal activity during the year ended 31 December 2020, which is steel trading and represents the only operating segment of the Group. Accordingly, no segment information analysed by operating segment is presented in respect of the year ended 31 December 2020.

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

4. OTHER EXPENSES, GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
Fair value losses on:		
– financial assets at fair value through profit or loss	**–**	(55,100)
Interest income on:		
– bank deposits	**–**	37
– other receivables	**–**	79
– due from associates	**–**	1,170
Unidentifiable payments *(Note)*	**–**	(7,589)
Others	**–**	2,355
	–	(59,048)

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 of 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 other expenses, gains and losses of the Group as of the date of publication of these consolidated financial statements.

5. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on:		
– bank borrowings	**–**	5,181
– finance lease liabilities	**–**	123
– convertible bonds	**–**	17,757
– notes payables	**–**	7,515
– other loans	**104**	4,906
	104	35,482

As disclosed in note 2, on the basis of 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.

6. INCOME TAX EXPENSE/(CREDIT)

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% (2019: 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% (2019: 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.

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
Current tax on profits for the year		
– Hong Kong taxation	**1,568**	–
Deferred tax:		
Origination and reversal of temporary differences	**–**	(1,061)
Income tax expense/(credit)	**1,568**	(1,061)

As disclosed in note 2, on the basis of 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 expense/(credit) of the Group as of the date of publication of these consolidated financial statements.

7. EARNINGS/(LOSS) PER SHARE

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

	2020	2019
Profit/(Loss) for the year attributable to owners of the Company (HK$'000)	**10,230**	(1,289,908)
Weighted average number of ordinary shares in issue (thousands)	**5,111,623**	5,111,129
Basic and diluted earnings/(loss) per share (HK cents)	**0.20**	(25.24)

As disclosed in note 2, on the basis of 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 earnings/(loss) per share as of the date of publication of these consolidated financial statements.

The outstanding share options and convertible bonds during the year ended 31 December 2019 had an anti-dilutive effect on the basic loss per share. The outstanding share options during the year ended 31 December 2020 have an anti-dilutive effect on the basic earnings per share.

8. BILLS, ACCOUNTS AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Bills and accounts receivable		
Gross carrying amount at 31 December 2020		
(2019: at date of deconsolidation)	**8,242**	641,251
Less: Allowance for impairment of accounts receivable	**–**	(4,235)
	8,242	637,016
Deconsolidation of subsidiaries	**–**	(637,016)
Bills and accounts receivable, net *(Note)*	**8,242**	–
Deposits, prepayments and other receivables		
Gross carrying amount at 31 December 2020		
(2019: at date of deconsolidation)	**63**	433,034
Less: Allowance for impairment of deposits, prepayments and other receivables	**–**	(67,832)
	63	365,202
Deconsolidation of subsidiaries	**–**	(365,202)
Deposits, prepayments and other receivables, net	**63**	–
	8,305	–

Note:

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:

	2020	2019
	HK$'000	*HK$'000*
Within three months	**8,242**	–

As disclosed in note 2, on the basis of 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.

9. SHARE CAPITAL

	Number of ordinary shares *(thousands)*	Nominal value *HK$'000*
Authorised		
At 1 January 2019	6,800,000	680,000
Creation of additional new shares	2,000,000	200,000
At 31 December 2019, 1 January 2020 and 31 December 2020	**8,800,000**	**880,000**
Issued and fully paid		
At 1 January 2019	5,109,623	510,962
Share options exercised	2,000	200
At 31 December 2019, 1 January 2020 and 31 December 2020	**5,111,623**	**511,162**

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the underlying share capital of the Company as at the date of publication of these consolidated financial statements.

10. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

As disclosed in note 2, on the basis of 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 2020, 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 described in the Basis for disclaimer of opinion section of our auditors' report dated 10 February 2021 on the consolidated financial statements of the Group for the financial year ended 31 December 2019 (the "**2019 Financial Statements**") and disclosed in note 2 to the 2019 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 of the Company 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 and 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. 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 years ended 31 December 2020 and 2019 and had irregular or problematic balances as at the end of the financial years 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 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 years ended 31 December 2020 and 2019 and hence on the net liabilities of the Group as at 31 December 2020 and 2019 and the profit or loss attributable to the owners of the Company and net cash flows from operating activities for the years 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, 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. 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, the date after the interim condensed consolidated financial statements of the Group for the interim period of six-month ended 30 June 2019 (the "**2019 Interim Financial Statements**") prepared by the former management of the Group and published by the Company on 27 September 2019 prior to the appointment of the Provisional Liquidator; 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 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 with effect from 1 July 2019 also resulted in the exclusion of their assets and liabilities as at 31 December 2020 and 2019 and their revenue, income, expenses, and cash flows for the year ended 31 December 2020 and for the period 1 July 2019 to 31 December 2019 from the Consolidated Financial Statements. 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 the Consolidated Financial Statements if control over the subsidiaries had not been lost. Had the Deconsolidated Subsidiaries been consolidated, many elements in the Consolidated Financial Statements 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 income statement of the share of the profits or losses of the Derecognised Associates for the year ended 31 December 2020 and for the period from 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 year ended 31 December 2020 and the period from 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 balance sheet of the share of net assets or liabilities of the Derecognised Associates as at 31 December 2020 and 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 the Consolidated Financial Statements 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 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.

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 Financial Statements. However, as stated above, we have not been able to satisfy ourselves about 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 2020 and 2019 and the Group's results and cash flows for the years then ended and the fair presentation of the elements in the Consolidated Financial Statements.

(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$72,836,000 and HK$68,617,000 on the consolidated balance sheet as at 31 December 2020 and 2019 respectively, and the Group's share of the profits of 馬鋼(揚州) of approximately HK$4,658,000 and HK$3,094,000 for the years ended 31 December 2020 and 2019 respectively and other comprehensive expense attributable to 馬鋼(揚州) of approximately HK$439,000 and HK$2,113,000 for the years ended 31 December 2020 and 2019 respectively, were included in the Group's consolidated income statement and consolidated statement of comprehensive income respectively. Due to the lack of access to complete books and records of 馬鋼(揚州) made available to us as explained in sub-paragraph (a) above, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the financial information of 馬鋼(揚州) 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 years ended 31 December 2020 and 2019 did 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 attributable to the associate recognised in the Consolidated Financial Statements as at 31 December 2020 and 2019 and for the years ended 31 December 2020 and 2019. Any adjustments found to be required may have consequential significant effects on the net liabilities of the Group as at 31 December 2020 and 2019 and the profit or loss attributable to the owners of the Company for the years ended 31 December 2020 and 2019. 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 2020 and 2019 and of the profit or loss attributable to the owners of the Company for the years ended 31 December 2020 and 2019 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 ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") have been complied with in the Consolidated Financial Statements. Given these circumstances, 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 Consolidated Financial Statements.

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

As disclosed in note 21 to the Consolidated Financial Statements, the Group recorded amounts due to the Deconsolidated Subsidiaries of approximately HK$118,550,000 and HK$118,550,000 as at 31 December 2020 and 2019 respectively and amounts due to the Derecognised Associates of approximately HK$4,000 and HK$4,000 as at 31 December 2020 and 2019 respectively. As explained in sub-paragraph (a) above, 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 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 2020 and 2019 and that relevant transactions entered into with the Deconsolidated Subsidiaries and Derecognised Associates during the years then ended 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 as at 31 December 2020 and 2019 and the amounts and description of the relevant transactions with the Deconsolidated Subsidiaries and Derecognised Associates for the years ended 31 December 2020 and 2019, and other elements in the Consolidated Financial Statements, and hence on the net liabilities of the Group as at 31 December 2020 and 2019 and the profit or loss attributable to the owners of the Company and net cash flows from operating activities for the years ended 31 December 2020 and 2019.

(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, including 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 sub-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, equity, income, expenses and cash flows of these entities that have been included in the Consolidated Financial Statements as at 31 December 2020 and 2019 and for the years then ended. Further, as disclosed in note 10 to the Consolidated Financial Statements, there are pending litigations regarding the share charges over the shares of 馬鋼(揚州) (the principal associate of the Group) and the Provisional Liquidators are still in the process of gathering information about the facts and circumstances relating to the share charges over the shares of 馬鋼(揚州) and of Burwill (China) Limited, the principal consolidated subsidiary of the Group which holds the shares of 馬鋼(揚州). Any adjustments found to be required to the accounts of the entities that have been included in the Consolidated Financial Statements and their balances may have consequential significant effects on the net liabilities of the Group and equity attributable to the owners of the Company as at 31 December 2020 and 2019, the profit or loss and total comprehensive income or expense attributable to the owners of the Company and cash flows from operating, investing and financing activities for the years ended 31 December 2020 and 2019, and the related disclosures thereof in the Consolidated Financial Statements.

(f) Company level balance sheet

Included in the Company-level balance sheet as at 31 December 2020 and 31 December 2019 were investments in subsidiaries of approximately HK$100,000 and HK$nil respectively, amounts due to the Deconsolidated Subsidiaries of approximately HK$11,106,000 and HK$11,106,000 respectively and amounts due to the Derecognised Associates of approximately HK$4,000 and HK$4,000 respectively as at 31 December 2020 and 2019 as disclosed in note 37 to the Consolidated Financial Statements. Due to the scope limitations as described in sub-paragraph (a) above, we were unable to satisfy ourselves as to whether these carrying amounts in the Company-level balance sheet contain material misstatements. Any adjustments found to be necessary might have a consequential significant effect on the net liabilities of the Company as at 31 December 2020 and 2019 and the related disclosures concerning the Company-level balance sheet and reserves in the notes to the Consolidated Financial Statements.

(g) Contingent liabilities and commitments

As explained in sub-paragraph (a) above, the Group should have consolidated the Deconsolidated Subsidiaries in the Consolidated Financial Statements 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 as disclosed in note 34 to the Consolidated Financial Statements 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 or other forms of 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 note 34 to 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. Any undisclosed material amounts of contingent or actual liabilities and commitments as at 31 December 2020 and 2019 which were related to the Deconsolidated Subsidiaries found to be in existence may have a consequential significant effect on the amounts recognised in and the fair presentation of the net liabilities of the Group as at 31 December 2020 and 2019 and of the profit or loss attributable to the owners of the Company for the years ended 31 December 2020 and 2019 and the related disclosures thereof in the Consolidated Financial Statements.

(h) Events after the reporting period

As explained in sub-paragraph (a) above, the Group should have consolidated the Deconsolidated Subsidiaries in the Consolidated Financial Statements 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 note 36 to 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 had 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 note 36 to the consolidated financial statements and there were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there had occurred significant events or transactions after the end of the reporting period 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 and hence on the net liabilities of the Group as at 31 December 2020 and 2019 and the profit or loss attributable to the owners of the Company for the years ended 31 December 2020 and 2019 or on the fair presentation of these net liabilities and profit or loss and the related disclosures in the Consolidated Financial Statements.

(i) Related party transactions and balances

As explained in sub-paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries in its Consolidated Financial Statements 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 note 35 to 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 had 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 2020 and 2019 and of the profit or loss attributable to the owners of the Company for the years ended 31 December 2020 and 2019 and the related disclosures thereof in the Consolidated Financial Statements.

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

The Group operates an equity-settled share-based plan. The share option expense recognised in the consolidated income statement amounted to approximately HK$nil and HK$21,002,000 for the years ended 31 December 2020 and 2019 respectively and the share-based compensation reserve of the Group was approximately HK$35,532,000 and HK$35,532,000 as at 31 December 2020 and 2019 respectively. As explained in sub-paragraph (a) above, 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 to obtain sufficient appropriate audit evidence to satisfy ourselves that the amounts of share option expense incurred and the movements and balances of share-based compensation reserve as at and for the years ended 31 December 2020 and 2019 were valid and complete and free from material misstatements. Hence we were unable to satisfy ourselves as to whether any adjustments were necessary to these share option expense and share-based compensation reserve balances recognised in the Consolidated Financial Statements and the effects of any consequential adjustments to these figures on the calculations of basic and diluted earnings per share for the years ended 31 December 2020 and 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.

Any adjustments found to be required in respect of the matters described in sub-paragraphs (a) to (j) above may have consequential significant effects on the elements in the Consolidated Financial Statements and on the net liabilities of the Group as at 31 December 2020 and 31 December 2019 and the profit or loss attributable to the owners of the Company and net cash flows from operating activities for the years ended 31 December 2020 and 31 December 2019.

(k) Material uncertainties related to going concern basis

As disclosed in note 2 to the Consolidated Financial Statements, (i) as at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK$508,073,000 and the Group was in net liabilities position of approximately HK$435,133,000; and (ii) the Group had total borrowings of HK$376,635,000 which were matured and defaulted for repayment as at 31 December 2020. On 26 March 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange has decided to cancel the Company's listing under Rule 6.01A of the Listing Rules as the Company failed to satisfy all the Resumption Conditions by 18 February 2021 since the suspension of trading in the shares of the Company on 19 August 2019. As part of the Proposed Restructuring, on 18 February 2021, (i) a subscription agreement in respect of the subscription of new shares of the Company by Alpha Pioneer Ventures Limited (the "**Investor**") have been entered into among the Company, the Provisional Liquidators and the Investor; and (ii) a debt settlement agreement in respect of certain secured debts owed by the companies of the Group (including Deconsolidated Subsidiaries and Derecognised Associates) to a secured creditor of the Group has been entered into among the Company, the Provisional Liquidators and the relevant secured creditor. If and upon the successful implementation of the Proposed Restructuring, all claims against, and liabilities (other than the normal operating liabilities incurred during the ordinary course of business operations of the Group, such as daily operating expenses and administrative expenses) of the Company will be discharged and compromised in full by way of schemes of arrangement in Hong Kong and/or Bermuda. However, as at the date of this report, the Proposed Restructuring has not been completed and the outcome cannot be determined.

In addition, the adjustments found to be necessary to the Group's results for the year ended 31 December 2020 and closing balances of its assets and liabilities as at 31 December 2020 of the matters described in the sub-paragraphs above may cause the operating results, liquidity position and financial position of the Group as presented in the Consolidated Financial Statements 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.

As of the date of this report, we have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the Consolidated Financial Statements because the Provisional Liquidators' plans for future actions in relation to its going concern assessment, in particular the Proposed Restructuring, has not been finalised. 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 outcomes 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) 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 Consolidated Financial Statements.

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

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 HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors and the Provisional Liquidators 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 the Company and the Group, which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated income statement, the consolidated statement of 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 2020

Business and Financial Review

The board (the "**Board**") of directors (the "**Directors**") of Burwill Holdings Limited (Provisional Liquidators Appointed) (the "**Company**") herein presents its report together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**").

On 21 November 2019, Mr. So Man Chun and Mr. Jong Yat Kit of PricewaterhouseCoopers were appointed as joint and several provisional liquidators of the Company (the "**Provisional Liquidators**") pursuant to an order granted by the High Court of the Hong Kong Special Administrative Region (the "**High Court**"). Further, following the resignation of the former Directors, namely 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 of the Company remained vacant until its re-establishment on 16 November 2020 subsequent to the appointment of two independent non-executive Directors, namely Mr. Chan Kai Nang and Mr. Wong Wai Keung, Frederick on 14 September 2020 with Mr. Wong, (chairman), Mr. Chan and the non-executive Director, Mr. Huang Shenglan being appointed as members.

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 contact 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 have no information in relation to the Group prior to their respective appointments, and the Provisional Liquidators and the Directors therefore are not in a position to confirm the completeness, existence and accuracy of the historical results of the Group. Furthermore, the Provisional Liquidators and the Directors do not accept or assume responsibility for the consolidated financial statements for any purpose or to any person to whom the consolidated financial statements are shown or into whose hands they may come. The information contained in this result announcement has been presented to the best knowledge of the Provisional Liquidators based on limited information made available to them up to the date of this result announcement.

Notes be taken that, 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 in 2019, as well as their inability to have access to financial information and management of the associates and joint ventures of the Group (with an exception of a 29% owned associate namely 馬鋼(揚州)鋼材加工有限公司 ("**馬鋼(揚州)**") (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 2020. 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 ceased to be equity accounted for in the consolidated financial statements of the Group with effect from 1 July 2019. Further details of which are set out in the Company's annual report for the year ended 31 December 2019 released by the Company on 16 February 2021.

Business Operations

Immediately prior to the suspension of trading (the "**Suspension**") in the shares of the Company (the "**Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in August 2019, 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.

(i) Lithium-related business

As disclosed in the Company's Interim Report 2019, the Group has engaged in lithium-related business during the first half of the year ended 31 December 2019.

Prior to the Suspension, in terms of business operations, the Group planned to transform into an integrated supplier in the upstream of new energy materials. In view of the volatile price change of lithium compound in domestic market, the Group amended the offtake contract in January 2019, changing the buying entity to Jiangxi Baojiang Lithium Industrial Limited ("**Baojiang Lithium**"), a joint venture that the Group owns a 50% stake and also the eventual processing plant for the contracted lithium concentrate. Besides, the pricing mechanism was adjusted from fixed price to a market-based floating price. It is advised that Baojiang Lithium begun trial production at the end of 2018. Commissioning and processing optimisation work has been organised by the production technology department. The plant produced industry-grade lithium carbonates after completing the single machine commissioning, water linkage test and feeding test.

Based on information available to the Provisional Liquidators, it is believed that the Group's lithium-related business was suspended since the appointment of the Provisional Liquidators in November 2019 and there was a lack of information on further details on the above arrangement.

(ii) Steel trading business

Based on available information, the Group engaged in steel trading business during the Reporting Period. The steel trading business mainly covered Asia, Oceania and the Chinese markets.

Prior to the Suspension, the Group adjusted its business strategies to procure part of its steel export resources from regions outside of China. The Group's European branch was exploring resources in Europe and the Mediterranean regions in an effort to reduce its dependence on Chinese steel resources. In addition to the European market, the Group also enhanced its marketing efforts in Southeast Asia and continuously strengthen its relationship with domestic and foreign steel procurement channels, with the aim to improve competitiveness and business performance. Yet, following the Suspension, the Group's steel trading business substantially diminished due to the Group's severe financial distress in 2019.

In April 2020, with the sanction from the High Court, the Provisional Liquidators led the Group in reviving its steel trading business through its wholly-owned subsidiary, Burwill Resources Development Limited ("**BRD**"). Subsequently, Burwill Resources Development AG was established in November 2020 to path the way for development of European business. Currently, BRD's steel trading business covers trading of steel and iron ore in Western Pacific region, which the Group has operated for decades prior to the Suspension. The current business of the Group's steel trading business can be summarised as follows:–

Sales and marketing

During the marketing stage, BRD closely communicates with its customers in understanding their preferences on product specifications, and expected demand for steel products. From time to time, BRD gathered from its customers details of orders to be placed with BRD so that it could source and order those steel products beforehand. During the year ended 31 December 2020, credit terms BRD granted to its customers ranged from 30 days to 180 days.

Procurement and sourcing

Since its incorporation, BRD sourced most of the steel products originated from Australia. As mentioned above, close communication between BRD and its customers enabled it to anticipate its forthcoming demand from its customers with sufficient details, BRD can aggregate the anticipated demand from a number of its customers and place its orders with suppliers in bulk to lower the average unit costs of its steel products. As the Group is still facing severe financial difficulties, the Group has limited source to obtain debt financing to support its capital-intensive trading business. In view of such, BRD as a general practice placed orders with its suppliers only when it has reasonable confidence that those products can be sold within a short timeframe so that it can minimise working capital required for maintaining stocks available for sale. Further, considering the better operational flexibility offered and lower financial commitment required by short-term sales contracts, BRD did not to enter into any iron ore supply contract like what the Group did prior to the Suspension. During the year ended 31 December 2020, credit terms suppliers granted to BRD ranged from 30 days to 180 days.

Delivery and settlement

BRD sought to have its suppliers deliver the products to main ports in the PRC, and delivered the products to its customers in the PRC so that it could minimise its burden in managing international shipment, which included insurance coverage, sea freight transportation and customs clearance. In case where the products cannot be directly delivered to the customers from the ports, BRD is responsible for the transitional storage.

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. 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 result announcement, 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 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 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 recapitalising the Company and restructuring the Company's operations.

On 24 September 2020, the Company and the Provisional Liquidators entered into the Restructuring Agreement with the Investor. Pursuant to the Restructuring Agreement, the Company would conduct the 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, 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 and Bermuda. Upon completion of the Proposed Restructuring, the Company is expected to be solvent and the Provisional Liquidators will be discharged.

On 18 February 2021, (i) a side letter in respect of certain amendments to the Restructuring Agreement (the "**Side Letter**") and a subscription agreement in respect of the subscription of new Shares by the Investor (the "**Subscription Agreement**") have been entered into among the Company, the Provisional Liquidators and the Investor; and (ii) a debt settlement agreement in respect of certain secured debts owed by the companies of the Group (including Deconsolidated Subsidiaries and Derecognised Associates) to a secured creditor of the Group has been entered into among the Company, the Provisional Liquidators and the relevant secured creditor.

It is envisaged that the proposed 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.

For further details of the Proposed Restructuring, please refer to the Company's announcement dated 4 February 2021.

Financial performance

During the Reporting Period, the Group recorded revenue of approximately HK$412.09 million (2019: HK$934.40 million) and gross profit of approximately HK$11.12 million (2019: HK$6.89 million) respectively from its steel trading business which has resumed since June 2020.

As detailed in note 2 to the consolidated financial statements for the year ended 31 December 2020, 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 have been deconsolidated from the Group's consolidated financial statements since 1 July 2019.

Finance costs for the Reporting Period amounted to approximately HK$0.10 million (2019: HK$35.48 million). Profit for the year improved from the loss of approximately HK$1,289.91 million for the year ended 31 December 2019 to a profit of HK$10.23 million for the Reporting Period.

Assets and liabilities

As at 31 December 2020, the Group had total assets of approximately HK$82.40 million (2019: HK$68.74 million), total liabilities of approximately HK$517.53 million (2019: HK$513.64 million). The net liabilities of the Group as at 31 December 2020 was approximately HK$435.13 million (2019: HK$444.90 million).

Assuming (i) the Proposed Restructuring had completed on 31 December 2020 and (ii) the Company had settled all its debts through a scheme of arrangement in cash, the remaining Group would have total assets of HK$122.74 million, HK$ Nil total liabilities and net assets of HK$122.74 million.

Liquidity and financial resources

As at 31 December 2020, bank and cash balances of the Group were approximately HK$1.15 million (2019: HK$0.03 million). Total borrowings as at 31 December 2020 amounted to approximately HK$376.64 million (2019: HK$376.64 million). The borrowings included convertible bonds and notes payables. The Provisional Liquidators envisage that all of the borrowings or claims against the Company will be discharged under the debt settlement and scheme of arrangement contemplated under the Proposed Restructuring.

The gearing ratio (measured as total borrowings over total assets) as at 31 December 2020 was 4.57 (2019: 5.48).

Charges on Group assets

There is no charge on Group assets as at 31 December 2020. Due to the loss of the Group's certain accounting and other records, the Provisional Liquidators and the Directors believe that, it is almost impossible, and not practical, to ascertain the details of any charge of the Group's assets as at 31 December 2019.

Capital commitments

Based on the information available to the Provisional Liquidators, the Group and the Company did not have any significant capital commitments as at 31 December 2020 and as at 31 December 2019.

Employees and Remuneration

As at 31 December 2020, there were 3 employees and 8 directors with the Group. Staff remuneration packages are structured and reviewed by reference to market terms and individual merits during their past involvement in the Group. The Group also provides other staff benefits which include contributory provident fund and housing allowances.

As the Group only initiated its business turnaround during the latter part of the Reporting Period, it faced substantial difficulties in recruiting full-time employees with the Provisional Liquidators appointed. As such, the Group sought support from the Provisional Liquidators and their professional advisers in assisting its daily operations (including financial reporting, human resources management and treasury management) and financial restructuring. As at the date of this announcement, based on information available to the Provisional Liquidators, more than 10 individuals were deployed in this regard. The Group expects to recruit a team with similar size to take on these functions upon resumption of trading in its Shares.

Dividends

No dividend was paid or declared during/for the Reporting Period (2019: HK$Nil). The Directors do not recommend the payment of any dividend for the Reporting Period (2019: HK$Nil).

Contingent liabilities and litigations

Based on the information available to the Provisional Liquidators, as at 31 December 2020, the Company has provided corporate guarantees to certain bank borrowings made to Deconsolidated Subsidiaries. Furthermore, since the appointment of the Provisional Liquidators, and based on limited available information, the following legal proceedings have come to the Provisional Liquidators' attention:

(i) 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 result announcement, the date of trial of HCA 2895/2016 has not been fixed. There are no further updates for the case.

(ii) 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.

(iii) Other litigations

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

(1) In October 2019, the Company, was 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 subsidiaries, 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.

(2) In the latter part of 2020, the Provisional Liquidators learned more details about the legal proceeding in relation to 馬鋼(揚州)鋼材加工有限公司, a 29% owned associate of the Group ("**Masteel**").

Based on available information, it appeared that back on 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 indirect wholly-owned subsidiary, Burwill (China) Limited and Jiangxi Bao Jiang Lithium Industrial Limited (江西寶江鋰業有限公司) ("**Jiangxi Bao Jiang**") purportedly entered into a share pledge and guarantee agreement, by which shares of Masteel held by Burwill (China) Limited were charged to Yichun (the "**Share Charge**"). The Provisional Liquidators were also aware on the same day that the Company's wholly owned subsidiary, Burwill Steel Holdings Limited and Bangkok Bank entered into a share charge agreement, by which shares of Burwill (China) Limited held by Burwill Steel Holdings Limited were charged to Bangkok Bank. Yichun subsequently commenced a legal proceeding in the PRC to enforce its rights under the share charge on the Masteel.

Since the Masteel has a considerable value of assets available to the Company, the Provisional Liquidators have approached a PRC lawyer in December 2020 to participate in the legal proceeding of the litigation.

On 19 March 2021, the case was heard in the Yichun Intermediate People's Court, Jiangxi Province. During the hearing, Yichun provided further supporting documents in relation to the trade arrangement with Jiangxi Bao Jiang. As new evidences are now provided, the hearing was further adjourned to be heard on 19 April 2021 to allow sufficient time for the parties to inspect and consider the new documents.

The litigation is currently still ongoing and further updates would be provided when available.

(3) On 8 July 2020, a winding-up hearing was held before 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**"), one of the deconsolidated direct wholly-owned subsidiaries of the Company.

Based on information available to the Provisional Liquidators, it was noted that on 17 July 2020 the High Court has ordered that (i) Burwill Properties be wound up; and (ii) Mr. Huen Ho Yin and Mr. 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

Based on the available information to the Provisional Liquidators, the Company has not redeemed, and neither the Company nor any of its subsidiaries has purchased or sold, any of the Shares during the year ended 31 December 2020.

Sufficiency of public float

Up to the date of this announcement, the Company has maintained a sufficient public float.

Significant investments and acquisitions

Based on books and records of the Group available to the Provisional Liquidators and the Board, save for the investments in associates of HK$72.8 million and the pledged properties owned by the companies of the group (including Deconsolidated Subsidiaries and Derecognised Associates), 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 2020 through BRD to continue with the Group's steel trading business that was previously operated by other subsidiaries of the Group. 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 with a net profit generated for the Group. The Group expects to continue generating revenue with reasonable prospects from its steel trading business during the year ended 31 December 2021. Further information in relation to the business conducted through BRD has been set out in the paragraphs headed "Business operations – Steel trading business" above.

Considering this financial turnaround was achieved during the year when the Group had been under financial distress and the impact of COVID-19 which come 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, further funding made available by the Investor and resumption of trading in the Shares.

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 4 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 the Investor, 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 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 pandemic 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 pandemic, 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 pandemic remains until early 2021 and is foreseen to carry on until vaccine is readily and widely available. As at the date of this result announcement, 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 pandemic and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 pandemic, 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 of this result announcement.

AUDIT OPINION

HLB Hodgson Impey Cheng Limited have expressed disclaimer of opinion on the audited consolidated financial statements for the year ended 31 December 2020, details of which and the relevant basis are set out in the Independent Auditors' Report dated 30 March 2021.

The Company discussed with its auditors in this regard and has explored with the auditors how the audit qualifications could be resolved. The Company understands that the audit qualifications could be resolved on a condition that: (i) following the completion of the Proposed Restructuring when all of these deconsolidated subsidiaries and derecognised associates and joint ventures (the "**Deconsolidated Entities**") are actually no longer part of the Group (e.g. dissolved or disposal under the process of restructuring), therefore the effects of the loss of accounting records and de-consolidation of certain subsidiaries and derecognition of certain associates and joint ventures of the Group will not have enduring effects to the Group's future consolidated financial statements; (ii) the auditors are able to satisfy themselves that the Group has, in fact, lost control, significant influence or joint control over these Deconsolidated Entities; (iii) the auditors are able to obtain sufficient appropriate audit evidence regarding the financial information of the Company and its remaining entities (the "**Remaining Entities**"); and (iv) the auditors are able to obtain sufficient appropriate audit evidence to satisfy themselves that the use of going concern assumption in the preparation of the consolidated financial statements of the Group is appropriate.

The Company's auditors noted that the Provisional Liquidators and the Directors are taking proactive procedures to address the auditors' concern over the financial information of the Group with an aim to meet the conditions set out by the auditors for addressing the audit qualifications in coming financial years.

In respect of the above conditions (i) and (ii), the Company declares that it has lost control over and/or the books and records of all of its subsidiaries, associates and/or joint ventures except for 2 entities, namely Burwill Steel Holdings Limited and Burwill (China) Limited, which remain as part of the Group for the purpose of executing of debt settlement (the agreement of which was entered into among the Company, the Provisional Liquidators and the relevant secured creditor of the Group on 18 February 2021 (the "**Debt Settlement**")).

The Company's auditor further noted that the Company filed originating summons to convene creditors' meetings regarding the scheme of arrangement in respect of the Company under Part 13 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**HK Scheme**") and the scheme of arrangement in respect of the Company under Part VII of the Companies Act 1981 as applicable in Bermuda (the "**Bermuda Scheme**", together with the HK Scheme, the "**Schemes**") with the High Court and the Supreme Court of Bermuda (the "**Bermuda Court**") on 25 February 2021 and 1 March 2021 respectively:–

(i) Pursuant to the Schemes, upon the Schemes becoming effective, all of the equity interests in the Deconsolidated Entities, currently held by the Group would be transferred to the Schemes as part of the consideration for the Schemes; and

(ii) The transfers of equity interests in the Deconsolidated Entities depicted above will be sanctioned by the Hong Kong Court and the Bermuda Court as part of the Schemes, and therefore the Group will lose the control and legal ownership over the Deconsolidated Entities for certain under Hong Kong laws and Bermuda laws upon the Schemes becoming effective.

In respect of the above condition (iii), given that there are no missing books and records for the Remaining Entities (excluding the Company, where the audit opinion concerning which will be addressed upon implementation of the Schemes, and Burwill Steel Holdings Limited and Burwill (China) Limited, which are now fully controlled by new nominee directors and the issue of missing books and records is expected to be rectified), it is envisaged that the Company will be able to provide sufficient appropriate audit evidence regarding the financial information of the Company and its remaining entities upon completion of the Proposed Restructuring and the Debt Settlement.

In respect of the above condition (iii), the Company auditors noted that the Provisional Liquidators are in the course of negotiation with the option holders in respect of the cancellation of the outstanding share options as allowed in the share option scheme adopted by the Company on 7 June 2018. In any event, such outstanding share options will expire on 31 May 2022. As such, the lack of books and records in relation to the share option expense incurred and the movements and balances of share-based compensation reserve will not have enduring effects to the Group's future consolidated financial statements.

In respect of the above condition (iv), the Company auditors noted that the going concern issue is being addressed by the implementation of the Proposed Restructuring and the debt restructuring (which consists of Debt Settlement and Schemes).

Based on the above and the discussion with the auditors, the Provisional Liquidators and the Directors are of the view that the conditions for resolving the audit qualifications set out above would be met upon (i) the Schemes becoming effective; (ii) the completion of the Proposed Restructuring and the Company's debt restructuring; and (iii) the cancellation or the expiration of the outstanding share options. The Provisional Liquidators and the Directors reasonably expect the above (i) and (ii) can be completed by the end of 2021 and the event in (iii) be completed no later than middle of 2022.

CODE ON CORPORATE GOVERNANCE PRACTICES

Compliance with the Corporate Governance code

During the Reporting Period, the Company appeared to comply, based on the limited information available to the Provisional Liquidators, with 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. However, as the Company is currently going through the Proposed Restructuring with limited resources, there are practical difficulties for the Company to comply with the following requirements:

– Pursuant to the Code Provision A.1.1 of the CG Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. As the Company is currently going through the Proposed Restructuring with limited resources, no Board meetings were convened during the Reporting Period

– Pursuant to 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 2020 and the date of this result announcement (the "**CG Report**"), the office of the Chairman and the chief executive officer of the Company were vacant.

– Pursuant to Code Provision A.2.7 of the CG Code, 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. As at 31 December 2020 and the date of the CG Report, the office of the Chairman was vacant.

– Pursuant to 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. The Nomination Committee was vacant as at 31 December 2020 and the date of the CG Report.

– Pursuant to 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. The Risk Committee was vacant as at 31 December 2020 and the date of the CG Report.

– Pursuant to Code Provision B.1.1 of the CG Code, a remuneration committee with specific written terms of reference should be established, and 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. The Remuneration Committee was vacant as at 31 December 2020 and the date of the CG Report.

– Pursuant to Rules 3.10(1) and (2), and 3.10A of the Listing Rules, 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. As at 31 December 2020 and as at the date of the CG Report, the Board comprised of only two independent non-executive Directors.

Board meeting and Directors' Attendance

As the Company is currently going through the Proposed Restructuring with limited resources, no Board meetings were convened during the Reporting Period. Only one written resolution was passed on 14 September 2020 for the approval of the nomination of Mr Wong Wai Keung, Frederick and Mr Chan Kai Nang as the independent non-executive Directors.

Chairman and Chief Executive Officer

As at 31 December 2020 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 remained vacant until its re-establishment on 16 November 2020. The Audit Committee currently comprises two independent non-executive Directors, namely Mr. Wong Wai Keung, Frederick (chairman) and Mr. Chan Kai Nang, and the non-executive Director, namely Mr. Huang Shenglan.

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.

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 Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors.

Under Rule A.3(b) of the Model Code, the listed issuer must notify the Exchange in advance of the commencement of each period during which directors are not allowed to deal in the securities of the issuer. During the Reporting Period, the Company had not notified the Stock Exchange in advance of the commencement of the 60-days period immediately preceding the publication date of the interim results for the Reporting Period, as required by Rule A.3(b), as the Company had practical difficulties in estimating the publication time of the annual results.

Save as disclosed above, having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

1. On 18 February 2021, (i) the Side Letter and the Subscription Agreement have been entered into among the Company, the Provisional Liquidators and the Investor; and (ii) a debt settlement agreement in respect of certain secured debts owed by the companies of the Group (including Deconsolidated Subsidiaries and Derecognised Associates) to a secured creditor of the Group has been entered into among the Company, the Provisional Liquidators and the relevant secured creditor.

2. The Company filed originating summons to convene creditors' meetings regarding the scheme of arrangement in respect of the Company under Part 13 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**HK Scheme**") and the scheme of arrangement in respect of the Company under Part VII of the Companies Act 1981 as applicable in Bermuda (the "**Bermuda Scheme**") with the High Court and the Supreme Court of Bermuda (the "**Bermuda Court**") on 25 February 2021 and 1 March 2021 respectively.

3. Subsequently, hearings of the Originating Summons were held on 2 March 2021 (for the High Court) and 5 March 2021 (for the Bermuda Court), pursuant to which, the tentative dates for (i) the Scheme Meetings are 15 April 2021 for both the HK Scheme and the Bermuda Scheme; and (ii) the High Court hearing and Bermuda Court hearing for the sanction of the HK Scheme and Bermuda Scheme are 6 May 2021 and 7 May 2021 respectively.

4. On 26 March 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange has decided to cancel the Company's listing under Rule 6.01A of the Listing Rules as the Company failed to satisfy all the Resumption Conditions by 18 February 2021 since the suspension of trading in the shares of the Company on 19 August 2019 (the "**Delisting Decision**"). The Company is considering the Delisting Decision and will seek appropriate advice from its professional advisers on the same.

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 2020 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, 30 March 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.