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(Incorporated in Bermuda with limited liability)

(Stock code: 1201)

RESTRUCTURING DEED

This announcement is made pursuant to Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the SFO.

References are made to the Announcements. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

RESTRUCTURING DEED

On 16 June 2014, the Company, the Provisional Liquidators and the Investor entered into the Restructuring Deed to implement the restructuring of the indebtedness of the Group which contemplates, among others, the Schemes and the Secured Debt Purchase. The Investor shall make available an amount up to HK\$485,600,000 for the Restructuring.

The Restructuring shall take effect upon, inter alia, the Provisional Liquidators having obtained the order of the Hong Kong Court authorising the Provisional Liquidators to enter into an agreement providing for a restructuring, the execution of an interim management deed and the payment of the Good Faith Deposit to the Escrow Agent. On 16 June 2014, the remaining balance of HK\$32,000,000 of the Good Faith Deposit was paid by the Investor and the interim management deed was executed.

THE SCHEMES

Pursuant to the terms of the Restructuring Deed, it is proposed that each Scheme Creditor will assign all its rights and interests to its Admitted Claim to NewCo in return for a pro-rata entitlement of the scheme cash consideration from NewCo in accordance with the terms of the Schemes.

The taking effect of the Schemes will be subject to the satisfaction of a number of conditions precedent including (without limitation) the approval of the Schemes by the requisite majorities of the EH Creditors and the Company Creditors and the relevant sanction from the Courts unless otherwise amended or waived by the Provisional Liquidators and/or the Investor pursuant to the terms of the Restructuring Deed.

SECURED DEBT PURCHASE

Pursuant to the terms of the Restructuring Deed, it is contemplated as part of the Restructuring that, each Bank shall assign and transfer all its Bank Claims to NewCo. The Secured Debt Purchase shall be subject to, inter alia, definitive agreement(s) to be entered with the Banks.

According to the Restructuring Deed, the assignment of the Admitted Claims pursuant to the Schemes and the completion of the Secured Debt Purchase will be inter-conditional upon each other.

TERMINATION

The Restructuring Deed shall terminate, and cease to have effect automatically without any further action being taken by any Party, on the earlier of:

- (i) 30 September 2014, if the Restructuring do not take effect on or before that date; and
- (ii) the Long Stop Date unless the Restructuring is completed before that date,

unless otherwise agreed between the Provisional Liquidators and the Investor in writing.

The Restructuring Deed shall also terminate upon, inter alia, if a final non-appealable direction or order of a court of competent jurisdiction is made prohibiting the consummation of the Restructuring and a modification of the terms of the Restructuring has not been agreed between the Provisional Liquidators and the Investor.

INFORMATION ON THE INVESTOR

Information on the Investor is set out in the “Letter from Crosby Securities” of the Offer Document.

The proposed debt restructuring of the Company may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares and other securities of the Company.

GENERAL

As at the date of this announcement, the Directors of the Company are Mr. Zhou Jin, Mr. Tao Fei Hu, Mr. Wang Feng Wu, Ms. Cheng Hung Mui, Mr. Zhang Xiaofeng, Mr. Liu Qingchang, Mr. Wei Ren and Mr. Liu Shihong as executive Directors, Mr. Guo Min and Ms. Connie Xiaohua Zhang as non-executive Directors, Mr. Lai Canhui and Mr. Ho Chun Chung, Patrick as independent non-executive Directors.

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 18 December 2013. Trading in the Shares will remain suspended until further notice.

DEFINITIONS

For the purposes of this announcement, capitalised terms appearing herein shall, unless the context otherwise admits, have the meanings set out below:

- “Admitted Claim”** means an unsecured claim (other than a Preferential Claim) against the Company or EH which is admitted in the the Company Schemes or the EH Scheme (as the case may be) by the Scheme Administrators or the adjudicator in accordance with the terms of the Schemes;
- “Announcements”** means the announcements of the Company dated 23 April 2013 and 29 April 2014;
- “Bank Claims”** means all of present and future rights of any Bank under, inter alia, the Debenture and the finance documents as defined therein, except to the extent that any of such claims are transferred to NewCo pursuant to the Schemes;
- “Bermuda Court”** means The Supreme Court of Bermuda;
- “Company Creditors”** means all unsecured creditors (other than Preferential Creditors) of the Company;
- “Company Schemes”** means a scheme of arrangement in Bermuda, the Company’s jurisdiction of incorporation, pursuant to section 99(1) of Bermuda Companies Act 1981 and a scheme of arrangement in Hong Kong, the jurisdiction where the Company is listed on the stock exchange, pursuant to Part 13, Division 2 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) between the Company and its unsecured creditors (other than Preferential Creditors);
- “Courts”** means the Hong Kong Court and the Bermuda Court;
- “EH”** means Ever Honest Industries Limited, a company incorporated in Hong Kong;
- “EH Creditors”** means all unsecured creditors (other than Preferential Creditors) of EH;

“EH Scheme”	means a scheme of arrangement in Hong Kong, EH’s jurisdiction of incorporation and the jurisdiction where EH carries on its business and the majority of its creditors are located, pursuant to Part 13, Division 2 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) between EH and its unsecured creditors (other than preferential creditors);
“Good Faith Deposit”	means HK\$42,000,000 to be paid to the Escrow Agent
“Hong Kong Court”	means the Court of First Instance of the High Court of Hong Kong;
“Investor”	means Double Key International Limited, a company incorporated in the British Virgin Islands;
“Long Stop Date”	means:- <ul style="list-style-type: none"> (a) six (6) months from the date on which the Hong Kong Court and the Bermuda Court order the convening of the Scheme meetings with respect to the Schemes; or (b) such later date as the Investor and the Provisional Liquidators may agree in writing;
“NewCo”	means a special purpose company incorporated in Hong Kong or British Virgin Islands (or other jurisdiction agreed by the Parties) to be held by the Provisional Liquidators for the purpose of holding the Admitted Claims pursuant to the Schemes and holding the Bank Claims pursuant to the Secured Debt Purchase;
“Restructuring”	means the restructuring of the indebtedness of the Group pursuant to the Schemes and the Secured Debt Purchase;
“Restructuring Deed”	means the restructuring deed entered into on 16 June 2014 by the Company, the Provisional Liquidators and the Investor to implement the restructuring of the indebtedness of the Group which contemplates, among others, the Schemes and the Secured Debt Purchase;

“**Scheme Creditors**” means Scheme Creditors of EH and the Company;

“**Schemes**” means the Company Schemes and the EH Scheme; and

“**Secured Debt Purchase**” means the purchase of and transfer to NewCo of the Bank Claims.

For and on behalf of
Kith Holdings Limited
(Provisional Liquidators Appointed)
Lai Kar Yan (Derek)
Darach E. Haughey
Ho Kwok Leung Glen
Yeung Lui Ming (Edmund)
Joint and Several Provisional Liquidators
Acting as agents without personal liability

Hong Kong, 3 July 2014

* *For identification purpose only*