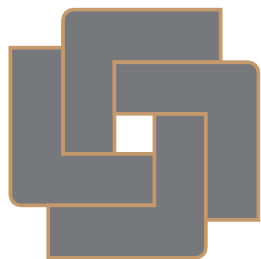


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林達控股有限公司

LAMTEX HOLDINGS LTD.

STOCK CODE 股份代號1041

(Incorporated in Bermuda with limited liability)
(Provisional Liquidators Appointed)
(For Restructuring Purposes Only)
(Stock Code: 1041)

REVIEW AND UPDATE OF THE RECENT CORPORATE AFFAIRS AND REDESIGNATION OF DIRECTOR

The board (the “**Board**”) of directors (the “**Directors**”) of Lamtex Holdings Limited (the “**Company**”) together with its subsidiaries, the “**Group**”) wishes to update the shareholders and investors of the Company in relation to the latest development of the Group as follows:

1. Hard-time and difficulties after arrival and change of the Board since March 2020

On 19 March 2020, Mr. Huang Bin (“**Mr. Huang**”), Mr. Cheng Tun Nei, Mr. Xu Lin, Mr. Liu Kam Lung and Mr. Li Ming Guo were appointed as Directors to reconstitute the former management in good faith and manage the daily operations of the Company. These new members are mainly entrepreneurs with extensive commercial background. Since the appointment as the chairman of the Company on 23 March 2020, the Board led by Mr. Huang has been instrumental in assisting the Company on its proposed restructuring. In particular, the Board has endeavoured to maintain ongoing dialogue with the former directors and management of the Company to facilitate handover.

The former management however was unable to facilitate the completion of the 2019 annual audit on 31 March 2020 amid the outbreak of COVID-19. The major outstanding audit issue was the review on the Group’s cashflow projection for the coming months with underlying assumptions and physical inspection of relevant supporting documentations in the PRC, pending information on (i) the justification of recoverability of the loan receivables and deposits by obtaining direct confirmations from borrowers and associated parties respectively in the PRC to provide repayment schedule and details to the Group and (ii) the evidence to verify the bondholders agreement to the delay repayment arrangement. Due to travel restrictions that were in force in the PRC, the management was unable to contact directly with the borrowers/associated partners in relation to the debts and deposits previously made nor discuss with the bondholders individually in relation to the proposed repayment schedule on the bonds that were already due. Even up to July 2020, the former management were not able to resolve the audit issues and internally reported the draft audited report for the year ended 31 December 2019 under disclaimer

of opinion and qualified as to the aforementioned outstanding audit issues.

As a result of the aforementioned outstanding audit issues, which might indicate possible mis-conducts in the Group's affairs, some of these Board members namely Mr. Cheng Tun Nei, Mr. Xu Lin and Mr. Li Ming Guo collectively resigned by the end of July 2020. Due to insufficient quorum of the audit committee, the draft audited report for the year ended 31 December 2019 could not be discussed. The Company requested trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") be suspended with effect from 3 August 2020, pending completion of the 2019 annual audit.

Furthermore, the Board experienced difficulties to deploy the financial and human resources of the Group due to the lack of assistance from the former management. At the material times, working capital funds of the Group were controlled and managed by the former management. The Board encountered difficulties in obtaining relevant information of the Group and its daily operation was not transparent. The Board could not practically perform its function with empty power and literally no resources and support needed. The Company was unable to pay its on-going operating expenses such as Directors' fees, staff salaries, mandatory provident fund, Directors' insurance policy, rent and other operating expenses. The former management also failed to allow and facilitate the Company to timely make interest payments to bondholders and repay the principal amounts, leading to a petition to wind up the Company was received on 20 August 2020.

2. Another reshuffle of the Board after suspension of the shares trading and the new crisis

Unlike the appointment of directors in March 2020 and with possible mis-conducts in mind, the Board appointed Mr. Sze Ka King, Mr. Cheung Chi Man Dennis, Mr. Fung Kim Shun and Dr. Wen Yanfeng as Directors on 28 August 2020 to continue to support the affairs of the Company. These Board members are mainly professionals with regulatory, legal or law enforcement background.

Despite the aforementioned and the trading suspension in the Company's shares, the Board continued to facilitate the Company's financial restructuring. Mr. Osman Mohammed Arab and Mr. Wong Kwok Keung, both of RSM Corporate Advisory (Hong Kong) Limited and Mr. Edward Alexander Niles Whittaker of R&H Services Limited were appointed as joint and several provisional liquidators (the "**JPLs**") on a "light touch" basis for restructuring purposes pursuant to an order made by the Supreme Court of Bermuda on 10 November 2020, and a recognition order was made by the High Court in Hong Kong on 23 November 2020 (details of which were disclosed in the announcements of the Company dated 11 November 2020 and 2 December 2020).

Following the resignations of Mr. Wen Wenfeng and Mr. Wu Xiaolin (being part of the former management and key directors/contact persons of certain subsidiaries of the Company) as executive directors of the Company with effect from 15 July 2020 and 4 September 2020 respectively, the Board has encountered various obstacles in fully taking control of certain subsidiaries of the Group. As disclosed in the announcement of the Company dated 25 September 2020, the former management failed to provide sufficient information for the Board to assess the latest status of certain subsidiaries of the Group. The former management and subsidiaries' directors stonewalled the Board to legally take control of those subsidiaries (the "**Control Issue**"). As disclosed in the announcement of the Company dated 14 October 2020, the Company found

that certain corporate documents (the “**Corporate Documents**”) of the Group (such as company chop, company secretarial records, human resources records, administration records, business contracts, bank records and cheque books, accounting and computer records) were lost. Other than the Company’s board of directors and company secretary, the only 2 managerial staff who served at the headquarters of the Group left on 30 September 2020. The Board did not receive any response from the former management on requests for handover and was unable to locate records or any documents and proof of assets (the “**Handover Problem**”). Accordingly, the Company reported the lost of Corporate Documents to the Hong Kong Police. Furthermore, as disclosed in the announcement of the Company dated 4 December 2020, the Group received a PRC lawyer’s investigation report (the “**PRC Report**”) on 1 December 2020 in respect of the ownership and current status of a hotel owned by the Group in Guiyang, PRC (the “**Guiyang Hotel**”), the audited carrying value of which as at 31 December 2018 was approximately HK\$78 million, representing approximately 12% of the total assets of the Group. Pursuant to the PRC Report, it would appear that the controlling interest of the Company’s PRC subsidiary in respect of the Guiyang Hotel might have been misappropriated through unauthorised share allotment and share transfer in June and September 2020 respectively (the “**Misappropriation Issue**”). The Company has been in discussion with the PRC lawyer as to, *inter alia*, reporting the Misappropriation Issue to the PRC Police and to further investigate the Misappropriation Issue so as to carrying out necessary and appropriate recovery measures.

Given the aforementioned Control Issue, Handover Problem and Misappropriation Issue, the Board was unable to complete the relevant accounts for the 2019 annual audit. In the process of taking over the control of the subsidiaries identified, the Board has also found that there is a deterioration in the business of the Group.

Furthermore, on 21 October 2020, the Company was further notified by the Stock Exchange of the following additional resumption guidance:

- (i) demonstrate the Company’s compliance with Rule 13.24; and
- (ii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules.

Since most of the Company’s subsidiaries have ceased operations, re-activation of the business operations is of paramount important to demonstrate the compliance of Rule 13.24 by the Company.

In summary, the foregoing further reaffirmed by the abrupt departure of former chairman, Mr. Tse Ping, that there might be significant corporate governance weaknesses.

3. **Proposed restructuring of the Group and frustrations**

As part of the proposed restructuring, the Board has been actively procuring potential investors and subscribers to provide the necessary funding for the restructuring while resuming daily operations of the Group. Details of which are as follows:

- (i) On 10 June 2020, the Company and China United Capital Limited (華聯資本有限公司, the “**Potential Investor**”) entered into a term sheet in relation to a possible restructuring

plan to raise approximately HK\$180 million by way of share subscription and/or open offer. It was expected that the proceeds raised from the relevant restructuring proposal would be used for (i) the payment of outstanding debts due to creditors; (ii) restructuring cost; (iii) new business opportunities; and (iv) general working capital of the Company (details of which were disclosed in the announcement of the Company dated 10 June 2020). This term sheet later developed into a legally binding term sheet on 20 November 2020, with the Potential Investor acting as underwriter for approximately HK\$100 million by way of an open offer, and Radiant Assets Management Limited (the “**Potential Subscriber**”) as a subscriber for approximately HK\$80 million by way of new shares. The Potential Investor is owned as to 40% by Mr. Tse Ping (former chairman of the Company). Due to the subsequent mis-conducts and irregularities in the Group’s affairs, the Potential Investor withdrew.

- (ii) Nevertheless, on 30 November 2020, the Potential Subscriber and AMC Wanhai Securities Limited as a Potential Underwriter continued the restructuring by entering into a replacement term sheet in relation to the proposed restructuring plan consists of, *inter alia*, (i) capital restructuring; (ii) share subscription; (iii) proposed open offer; and (iv) creditors’ schemes of arrangement. The expected total amount of fund to be raised remained approximately HK\$180 million. The proceeds raised would be used for the implementation of the creditors’ schemes of arrangement and general working capital of the Group. Unfortunately, due to recent crisis and illegal behaviors happened in the Group’s affairs, the Potential Subscriber also withdrew. However, the Potential Underwriter is still interested in support of a possible restructuring plan and may facilitate the Group in its business development for resumption.
- (iii) On 12 December 2020, the Company entered into a loan facility agreement with a new potential subscriber, Silk Road Renaissance Group Limited, and the JPLs pursuant to which an unsecured term loan in an aggregate amount equal to HK\$10,000,000 would be made available to the Company in order to provide the Group with short term financial resources and necessary funding to meet necessary expenses and continue the business operations of the Group. Furthermore, the Company also entered into a memorandum of understanding with the potential subscriber in relation to a possible restructuring plan to raise approximately HK\$180 million by way of (i) share subscription and (ii) open offer provided that certain conditions precedent would be satisfied (details of which were disclosed in the announcement of the Company dated 14 December 2020).

It is also worth mentioning that as chairman of the Company, Mr. Huang has utilized his own resources, experience and expertise to support the Company’s resumption. This includes drawing upon his connections as such Radiant Assets Management Limited, which is a wholly owned subsidiary of CITIC Merchant Company Limited, and China United Capital Limited, which is 40% owned by Mr. Tse Ping. Mr. Huang is currently acting in capacity of director of the aforesaid companies as well as Silk Road Renaissance Group Limited.

REDESIGNATION OF DIRECTOR

Despite the foregoing difficulties and limited resources, Mr. Huang and the Board remain committed to restructuring and reactivating the business activities of the Group. However, Mr. Huang does not see much progress can be made until and unless the respective interests of creditors, new investors and shareholders are reconciled, the Control Issue, Handover Problem and Misappropriation Issue are appropriately resolved, so as to comply with the resumption conditions imposed by the Stock Exchange. Accordingly, Mr. Huang has resigned from the executive function but will remain as a non-executive director and Chairman as from 31 December 2020.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 3 August 2020 and will remain suspended until further notice.

The Company will keep the public informed by making further announcement as and when appropriate.

By the order of the Board
Lamtex Holdings Limited
(Provisional Liquidators Appointed)
(For Restructuring Purposes Only)
Yiu Sin Yi
Company Secretary

Hong Kong, 31 December 2020

As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Ni Xian and Mr. Lin Tong; two Non-Executive Directors, namely Mr. Huang Bin and Ms. Zang Yanxia; and three Independent Non-Executive Directors, namely Mr. Li Changhui, Mr. Fung Kim Shun and Dr. Wen Yanfeng.