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Burwill Holdings Limited
寶威控股有限公司
(Provisional Liquidators Appointed)
(Incorporated in Bermuda with limited liability)
(Stock Code: 24)

**(1) RESTRUCTURING AGREEMENT IN RELATION TO
THE PROPOSED RESTRUCTURING OF THE COMPANY
AND
(2) APPLICATION FOR WHITEWASH WAIVER**

Financial Adviser to the Company



**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



References are made to the Company's announcements dated 19 August 2019, 21 August 2019, 24 March 2020, 4 February 2021, 1 March 2021, 5 March 2021, 19 March 2021, 30 March 2021 and 16 April 2021.

RESTRUCTURING AGREEMENT

On 24 September 2020, the Company, the Provisional Liquidators and the Investor entered into the Restructuring Agreement (as amended and supplemented by the Side Letter dated 18 February 2021), pursuant to which the parties agreed on the principal terms of the Proposed Restructuring which comprises (i) the Debt Restructuring (which consists of the Debt Settlement and the Schemes); (ii) the Capital Reorganisation; (iii) the Subscription; and (iv) the Open Offer.

Debt Restructuring

Based on the books and records of the Company available to the Provisional Liquidators, approximately HK\$191.45 million and approximately HK\$383.45 million are due to the Secured Creditors and unsecured creditors of the Company respectively.

The Company shall use reasonable endeavours to negotiate and enter into debt settlement agreement(s) with the Secured Creditors, who have claims purported to be secured by Collaterals provided by the subsidiaries of the Company as known to the Provisional Liquidators, to settle their secured debts. Pursuant to the Restructuring Agreement, the Secured Creditor(s) who enters into a debt settlement agreement will be excluded from participating in the Schemes as a Scheme Creditor(s). For any Secured Creditor(s) who does not eventually enter into a debt settlement agreement, the relevant debts owed by the Company to the extent that they are unsecured as against the Company will be recognised as unsecured debts and shall be included in and settled by the Scheme, and the relevant Secured Creditor(s) will be entitled to enforce the Collateral(s) in parallel to the Schemes to recover its debt provided that it agrees (via the Scheme) to pay to the Administrators or the Scheme Company any amount(s) it receives in excess of the aggregate amount of its claims within seven (7) days of receipt of such amount(s). Upon the Schemes becoming effective, all Scheme Creditors shall be bound by the terms of the Schemes.

As at the date of this announcement, only Secured Creditor A has entered into a debt settlement agreement with the Company. Accordingly, Secured Creditor A will be excluded from participating in the Schemes as a Scheme Creditor.

Since both Secured Creditor B and Secured Creditor C did not enter into any debt settlement agreement with the Company, their relevant debts owed by the Company are expected to be recognised as unsecured debts and shall be included in and settled by the Schemes.

For unsecured creditors of the Company, the relevant debts owed by the Company shall be included in and settled by the Scheme.

Pursuant to the Restructuring Agreement, it is proposed that the Company will apply not more than HK\$135.00 million in aggregate (in cash, principal amount and/or redemption price of instruments, as the case may be) to settle its obligations under the Debt Settlement and the Schemes after making provision for such costs associated with the Debt Restructuring, including all provisions that the Administrators consider, in their sole discretion, are required to be made.

Debt Settlement

On 18 February 2021, the Company, the Provisional Liquidators and Secured Creditor A entered into Debt Settlement Agreement A, pursuant to which Secured Creditor A shall release and discharge the BC Collateral held by it, and all claims, rights and interests against the Company and certain Group companies with effect from the Completion.

Scheme

Pursuant to the Restructuring Agreement, it is envisaged that the Schemes will involve a *pari passu* distribution of the Scheme Cash, the Convertible Bonds, the Redeemable Preference Shares or other options or instruments (such other options or instruments shall not confer on the holder any right to convert such options or instruments into any Shares) that the Company may consider appropriate for the settlement of claims of the Scheme Creditors.

Upon completion of the Debt Restructuring, the claims of the Secured Creditor(s) who entered into a debt settlement agreement (i.e. Secured Creditor A) and Scheme Creditors (including Secured Creditor B and Secured Creditor C) against the Company (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) will be discharged and released in full.

Capital Reorganisation

Pursuant to the Restructuring Agreement, the Capital Reorganisation will entail the Capital Reduction, the Share Premium Cancellation, the Share Consolidation and the Increase in Authorised Share Capital.

Upon completion of the Capital Reorganisation, the authorised share capital of the Company will be increased to HK\$700.00 million, divided into (i) 25,000,000,000 Consolidated Shares of HK\$0.004 each and (ii) 600,000,000 Redeemable Preference Shares of HK\$1.00 each, of which 127,790,555 Consolidated Shares will have been issued and credited as fully paid up for the amount of HK\$511,162.22, and the Company will propose the Consolidated Shares be traded in a board lot size of 20,000 Consolidated Shares each.

The Share Consolidation and the Increase in Authorised Share Capital will be subject to approval by the Shareholders at the SGM by way of poll.

Subscription

Pursuant to the Restructuring Agreement, 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. On 18 February 2021, the Company, the Provisional Liquidators and the Investor entered into the Subscription Agreement, pursuant to which the Company shall agree to issue and allot, and the Investor shall agree to subscribe for, 1,032,000,000 Subscription Shares at the Issue Price of HK\$0.16 per Subscription Share for the Subscription Consideration, being HK\$165.12 million.

The 1,032,000,000 Subscription Shares represent approximately (i) 20.19% of the existing issued share capital of the Company; and (ii) 84.34% of the issued share capital of the Company upon completion of the Capital Reorganisation as enlarged by the issuance and allotment of the Subscription Shares and the Offer Shares.

Open Offer

Pursuant to the Restructuring Agreement, the Company will propose the Open Offer on the basis of one (1) Offer Share for every two (2) Consolidated Shares held by the Qualifying Shareholders on the Open Offer Record Date. A total of 63,895,277 Offer Shares will be issued and allotted by the Company at the Issue Price of HK\$0.16 per Offer Shares and the funds to be raised before expenses via the issuance of the Offer Shares will be approximately HK\$10.22 million.

The 63,895,277 Offer Shares represents approximately (i) 1.25% of the existing issued share capital of the Company; and (ii) 5.22% of the issued share capital of the Company upon completion of the Capital Reorganisation as enlarged by the issuance and allotment of the Subscription Shares and the Offer Shares.

Public float

Pursuant to the Restructuring Agreement, the Investor undertakes to ensure compliance with the minimum public float requirement of Rule 8.08 of the Listing Rules.

As at the date of this announcement, the Investor intends to engage independent placing agent(s) to place down such number of Subscription Shares as may be required to restore the public float to placee(s) who and whose ultimate beneficial owner(s) will be third parties independent of the Investor and parties acting in concert with it, subject to the terms and conditions of such placing agreement(s) to be entered into between the Investor and the placing agent(s).

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placings that would result in a theoretical dilution effect of 25% or more, unless the Stock Exchange is satisfied that there are exceptional circumstances. The Subscription, Open Offer and issuance of Conversion Shares upon conversion in full of all the Convertible Bonds will result in a theoretical dilution effect of 87.84%, which is over the 25% threshold as specified under Rule 7.27B of the Listing Rules. The Company considers there are exceptional circumstances for the Company.

The Subscription, the Open Offer and the specific mandate for the issuance and allotment of the Subscription Shares, the Offer Shares and the Conversion Shares will be subject to approval by the Independent Shareholders at the SGM by way of poll.

As at the date of this announcement, since the Company has no controlling shareholder (as ascribed in the Listing Rules), the Directors (other than the independent non-executive Directors), the chief executive of the Company and their associates will abstain from voting in favour of the resolution to approve the Open Offer at the SGM pursuant to the Listing Rules. Mr. Huang Shenglan, a non-executive Director, holds 2,250,000 Shares as at the date of this announcement (representing approximately 0.04% of the total issued share capital of the Company) and shall abstain from voting in favour of the proposed resolution(s) to approve the Open Offer, by virtue of Rule 7.24A of the Listing Rules.

Save as disclosed above, as at the date of this announcement, no other Shareholders has any material interest in the Restructuring Agreement and is required to abstain from voting on any resolutions to be proposed at the SGM.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR THE WHITEWASH WAIVER

As at the date of the Restructuring Agreement and this announcement, the Investor and parties acting in concert with it do not hold any Shares.

Immediately upon completion of the Subscription, the Investor will hold 1,032,000,000 Consolidated Shares, representing approximately 84.34% of the issued share capital of the Company as enlarged by the Subscription Shares and the Offer Shares and approximately 55.82% of the issued share capital of the Company as enlarged by the Subscription Shares, the Offer Shares and the Conversion Shares, assuming all of the Scheme Creditors opt for the Convertible Bond option under the Schemes and the conversion rights thereunder are exercised in full.

Pursuant to Rule 26 of the Takeovers Code and in the absence of the Whitewash Waiver, as a result of the completion of the Subscription, an obligation to make a mandatory general offer would be triggered on the part of the Investor for all the Shares other than those already owned or agreed to be acquired by the Investor and its concert parties. In this respect, the Investor will make an application to the Executive under the Takeovers Code for the Whitewash Waiver to relieve it from its obligation to make a mandatory general offer as a result of the completion of the Subscription, and such grant will be subject to, among others, approval of the Independent Shareholders in respect of the Proposed Restructuring, the transactions contemplated thereunder and the Whitewash Waiver at the SGM by way of poll.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, the Whitewash Waiver and the underlying transactions of the Proposed Restructuring shall respectively be approved by at least 75% and more than 50% of the independent votes that are cast by the Independent Shareholders, either in person or by proxy at the SGM.

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, the Investor will not be required to make a mandatory offer which would otherwise be required as a result of the Subscription. If the Whitewash Waiver is not granted, the Restructuring Agreement will terminate forthwith.

As the shareholding of the Investor will exceed 50% of the issued share capital of the Company following the completion of the Subscription, the Investor may increase its shareholding in the Company without incurring any further obligation to make a general offer under the Takeovers Code.

As at the date of this announcement, the Company is not aware that the Proposed Restructuring, the Whitewash Waiver and any transactions contemplated under the Restructuring Agreement give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver consent if the Proposed Restructuring, the Whitewash Waiver and any transactions contemplated under the Restructuring Agreement do not comply with other applicable rules and regulations.

GENERAL

All resolutions in respect of the transactions including the Proposed Restructuring, the Whitewash Waiver or any transactions contemplated under the Restructuring Agreement at the SGM will be subject to approval by the Independent Shareholders by way of poll.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Consolidated Shares, the Subscription Shares, the Offer Shares and the Conversion Shares.

HeungKong Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, among others, the Proposed Restructuring, the transactions contemplated thereunder and the Whitewash Waiver.

Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders a Circular containing, among others, details of (a) the Restructuring Agreement, which include, among others, (i) the Debt Restructuring; (ii) the Capital Reorganisation; (iii) the Subscription; and (iv) the Open Offer; (b) the Whitewash Waiver; (c) the letter from the Independent Board Committee; (d) the letter from the independent financial adviser to the Independent Shareholders and the Independent Board Committee; and (e) a notice of the SGM within 21 days from the date of publication of this announcement, that is, on or before 26 May 2021.

The transactions contemplated under the Restructuring Agreement are subject to the fulfilment of a number of conditions precedent, and therefore may or may not materialise. The publication of this announcement does not indicate that the Proposed Restructuring will be completed, nor does it indicate any decision or conclusion from the Stock Exchange or warrant any approval from the Stock Exchange on the Resumption. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

References are made to the Company's announcements dated 19 August 2019, 21 August 2019, 24 March 2020 and 30 March 2021 in relation to, *inter alia*, the suspension of trading in the Shares listed on the Stock Exchange. Reference is also made to the Company's announcement dated 4 February 2021 in relation to the entering into of the Restructuring Agreement.

Trading in the Shares on the Stock Exchange has been suspended since 19 August 2019. As disclosed in the Company's announcement dated 21 August 2019, the Company received demand letters from Secured Creditor B due to failure in fulfilling its repayment obligation. Such event of default has triggered cross-defaults under other loan facilities entered into between members of the Group and its other lenders. As a result, the Group's business operations have been materially affected due to the aforesaid financial difficulties.

On 27 August 2019, 2 September 2019 and 20 March 2020, the Stock Exchange imposed four Resumption conditions in total, 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 and investors to appraise its position;
- (iii) to publish all outstanding financial results and report 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.

Since the suspension, the Company has published its financial results and reports for the two years ended 31 December 2019 and 2020 and the six months ended 30 June 2020. The audit modifications thereof, which mainly related to loss of accounting records and de-consolidation of certain subsidiaries and derecognition of certain associates and joint ventures of the Group, and the plan for addressing such audit modifications are set out in the Company's financial reports for the two years ended 31 December 2019 and 2020 and the six months ended 30 June 2020 published on 16 February 2021, 25 April 2021 and 2 March 2021 respectively. It is expected that the remaining Resumption conditions will be fulfilled upon Completion of the Proposed Restructuring, details of which are set out in the Company's announcement dated 4 February 2021 and this announcement. The fulfilment of the Resumption conditions is subject to the Stock Exchange's satisfaction, and the Stock Exchange may modify or supplement the Resumption conditions if the Company's situation changes.

On 26 March 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee has decided to cancel the Company's listing under Rule 6.01A(1) of the Listing Rules as the Company failed to satisfy all the Resumption conditions by 18 February 2021. On 9 April 2021, the Company submitted an application requesting the delisting decision be referred to the Listing Review Committee of the Stock Exchange for review pursuant to Chapter 2B of the Listing Rules. Further announcement(s) in relation to material development of the aforementioned matters will be made by the Company as and when appropriate.

Pursuant to the court orders dated 21 November 2019 and 16 April 2020 made by the Hong Kong Court, the Provisional Liquidators are empowered to, among others, to consider and/or undertake a restructuring of the Company and/or the Group. Since then, the Provisional Liquidators have initiated work relating to the Company's restructuring, including the incorporation of special purpose vehicles for the continuation of the Group's trading business, and identified a suitable investor who would be able to assist the Company to continue the business operations of the Group.

References are also made to the Company's announcements dated 4 February 2021, 5 March 2021, 19 March 2021 and 16 April 2021 in relation to the Proposed Restructuring. As disclosed in the Company's announcement dated 4 February 2021, on 24 September 2020, the Company, the Provisional Liquidators and the Investor entered into the Restructuring Agreement, pursuant to which the parties thereto agreed on the principal terms of the Proposed Restructuring. On 18 February 2021, (i) Debt Settlement Agreement A has been entered into among the Company, the Provisional Liquidators and Secured Creditor A; and (ii) the Subscription Agreement, and the Side Letter which amends and supplements the Restructuring Agreement, have been entered into among the Company, the Provisional Liquidators and the Investor. Further, as disclosed in the Company's announcements dated 19 March 2021 and 16 April 2021, by the Orders of the Hong Kong Court and the Bermuda Court, the Scheme Meetings for the Hong Kong Scheme and the Bermuda Scheme were held on 15 April 2021 and the Schemes have been approved by the requisite majority of the Scheme Creditors (including Secured Creditor B and Secured Creditor C) attending and voting in the Scheme Meetings in person or by proxy.

RESTRUCTURING AGREEMENT

Principal terms of the Restructuring Agreement (as amended and supplemented by the Side Letter dated 18 February 2021) are set out below:–

- Date : 24 September 2020
- Parties : (i) the Company
- (ii) the Provisional Liquidators; and
- (iii) the Investor

The Investor is independent of the Company and its connected persons.

Pursuant to the Restructuring Agreement, the Proposed Restructuring will comprise (i) the Debt Restructuring (which consists of the Debt Settlement and the Scheme); (ii) the Capital Reorganisation; (iii) the Subscription; and (iv) the Open Offer.

(I) Debt Restructuring

As at the date of this announcement, based on the books and records of the Company available to the Provisional Liquidators, the total indebtedness of the Company amounts to approximately HK\$574.90 million, among which, approximately HK\$191.45 million and approximately HK\$383.45 million are due to the Secured Creditors and unsecured creditors of the Company respectively, details of which are summarised as follows:–

Creditors	Purported Collaterals possessed/claimed by such creditors	Approximate amount of claims (HK\$ million)
Secured Creditor A	<ul style="list-style-type: none">• Share charge over equity interests of Burwill China which owns the Steel JV (i.e. the BC Collateral) ⁽¹⁾• Share charge over equity interests of certain Group companies which indirectly own a shopping mall in Yangzhou, the PRC ⁽²⁾• Share charge over equity interests of a Group company which owns a joint venture in the PRC specialising in lithium business ⁽³⁾	100.17
Secured Creditor B	<ul style="list-style-type: none">• Share charge over equity interests of certain Group companies which indirectly own a shopping mall in Yangzhou, the PRC ⁽²⁾	70.03
Secured Creditor C	<ul style="list-style-type: none">• Share charge over equity interests of certain Group companies which indirectly own a shopping mall in Yangzhou, the PRC ⁽²⁾• Share charge over equity interests of a Group company which owns certain club debentures ⁽⁴⁾• Share charge over equity interests of a Group company which owns wine brewery ⁽⁵⁾	21.24
Unsecured creditors of the Company	N/A	383.45
Total		574.90

Notes:

1. Based on the latest audit report of the Company and the Company's books and records currently available to the Provisional Liquidators, the net book value of the BC Collateral as at 31 December 2020 was approximately HK\$72.84 million. Such value may not reflect the current market or fair value of the Collateral.
2. Based on the books and records currently available to the Provisional Liquidators, each of the Secured Creditors holds purported interest in share charge over equity interests of certain Group companies which indirectly own a shopping mall in Yangzhou, the PRC, being the major asset of such Group companies. Based on the audit report of the Company for the year ended 31 December 2018, the net book value of the entity directly holding the shopping mall was approximately RMB135.00 million. Such value may not reflect the current market or fair value of the BC Collateral. Further, the Provisional Liquidators are unable to verify the accuracy of such value and the validity and/or ownership interest in such underlying asset as may be held by each Secured Creditor. According to the Company's annual reports for the years ended 31 December 2019 and 2020, all relevant Group companies involved have been deconsolidated as the Provisional Liquidators considered that the Group did not have the necessary information about such Group companies for the inclusion of these entities in the consolidated financial statements of the Group.
3. Based on the Company's books and records currently available to the Provisional Liquidators, the net liability value of the relevant Collateral as at 31 December 2018 was approximately HK\$24.07 million. Such value may not reflect the current market or fair value of the Collateral. According to the Company's annual reports for the years ended 31 December 2019 and 2020, such Group company has been deconsolidated as the Provisional Liquidators considered that the Group did not have the necessary information about such Group company for its inclusion in the consolidated financial statements of the Group.
4. Based on the Company's books and records currently available to the Provisional Liquidators, the net book value of the relevant Collateral as at 31 December 2018 was approximately HK\$25.87 million. Such value may not reflect the current market or fair value of the Collateral. According to the Company's annual reports for the years ended 31 December 2019 and 2020, such Group company has been deconsolidated as the Provisional Liquidators considered that the Group did not have the necessary information about such Group company for its inclusion in the consolidated financial statements of the Group.
5. Based on the Company's books and records currently available to the Provisional Liquidators, the net liability value of the relevant Collateral as at 31 December 2018 was approximately HK\$15,000. Such value may not reflect the current market or fair value of the Collateral. According to the Company's annual reports for the years ended 31 December 2019 and 2020, such Group company has been deconsolidated as the Provisional Liquidators considered that the Group did not have the necessary information about such Group company for its inclusion in the consolidated financial statements of the Group.
6. The creditors and the respective amounts as listed in the table above are subject to further verification/ adjudication upon receipt of supporting documents from these creditors.
7. Figures in the table above may not add up to the total due to rounding.

As at the date of this announcement, none of the creditors of the Company or the Provisional Liquidators are Shareholders.

The Company shall use reasonable endeavours to negotiate and enter into debt settlement agreement(s) with the Secured Creditors, who have claims purported to be secured by Collaterals provided by the subsidiaries of the Company as known to the Provisional Liquidators, to settle their secured debts. Pursuant to the Restructuring Agreement, the Secured Creditor(s) who enters into a debt settlement agreement will be excluded from the participation of the Schemes as a Scheme Creditor(s). For any Secured Creditor(s) who does not eventually enter into a debt settlement agreement, the relevant debts owed by the Company to the extent that they are unsecured as against the Company will be recognised as unsecured debts and shall be included in and settled by the Schemes, and the relevant Secured Creditor(s) will be entitled to enforce the Collateral(s) in parallel to the Schemes to recover its debt provided that it agrees (via the Schemes) to pay to the Administrators or the Scheme Company any amount(s) it receives in excess of the aggregate amount of its claims within seven (7) days of receipt of such amount(s). Upon the Schemes becoming effective, all Scheme Creditors shall be bound by the terms of the Schemes.

As at the date of this announcement, only Secured Creditor A has entered into a debt settlement agreement with the Company. Accordingly, Secured Creditor A will be excluded from participating in the Schemes as a Scheme Creditor.

Since both Secured Creditor B and Secured Creditor C did not enter into any debt settlement agreement with the Company, their relevant debts owed by the Company are expected to be recognised as unsecured debts and shall be included in and settled by the Schemes.

For unsecured creditors of the Company, the relevant debts owed by the Company shall be included in and settled by the Schemes.

Pursuant to the Restructuring Agreement, it is proposed that the Company will apply not more than HK\$135.00 million in aggregate (in cash, principal amount and/or redemption price of instruments, as the case may be) to settle its obligations under the Debt Settlement and the Schemes after making provision for such costs associated with the Debt Restructuring, including all provisions that the Administrators consider, in their sole discretion, are required to be made.

Debt Settlement

On 18 February 2021, the Company, the Provisional Liquidators and Secured Creditor A entered into Debt Settlement Agreement A, pursuant to which Secured Creditor A shall release and discharge the security held by it in respect of the BC Collateral, and all claims, rights and interests against the Company and certain Group companies with effect from Completion. As at the date of this announcement, Debt A amounts to approximately HK\$100.17 million.

As at the date of this announcement, Burwill China has ongoing legal proceedings in the PRC in respect of certain disputes over the ownership of its associate, namely the Steel JV. Hearings in respect of the Proceedings were held on 19 March 2021 and 19 April 2021 in the Yichun Intermediate People's Court, Jiangxi Province, the PRC, and the Court is in the process of making a determination and handing down a judgment. Further announcement(s) in this regard will be made by the Company as and when appropriate. Pursuant to Debt Settlement Agreement A, the amount to be received by Secured Creditor A for the settlement of Debt A shall depend on the results of the Proceedings.

Should the Proceedings be finally determined in favour of Burwill China and there is no further right of appeal by the parties to the Proceedings, or the counterparty(ies) withdraw(s) from the Proceedings other than by way of a settlement, such that the Group retains equity interest in the Steel JV without incurring additional costs (i.e. the Successful Scenario), Secured Creditor A would be entitled to HK\$35.00 million (i.e. the Secured Settlement Amount) and an amount equating to **X** calculated as below.

Should the Proceedings be finally determined in favour of the counterparty(ies) to the Proceedings and there is no further right of appeal by the parties to the Proceedings, or Burwill China withdraws from the Proceedings, or under any other scenarios (including without limit a settlement amongst the parties) which result in the cessation of the Proceedings (i.e. the Other Scenarios), the BC Collateral would be rendered valueless and the entire amount of Debt A (including the Secured Settlement Amount) shall be regarded as unsecured debt, and Secured Creditor A would be entitled to an amount equating to **Y** calculated as below.

Pursuant to Debt Settlement Agreement A, the Administrators shall hold an amount equating to **B** as calculated below until the Proceedings have been finally determined and there is no further right of appeal by the parties to the Proceedings or the occurrence of any Other Scenarios (including without limit a settlement amongst the parties) which result in the cessation of the Proceedings.

Details of the settlement payment to Secured Creditor A under different scenarios are summarised as follows:-

- (i) In the Successful Scenario, Secured Creditor A shall be entitled to:-
 - (a) a sum of HK\$35,000,000 (i.e. the Secured Settlement Amount), which comprises the amounts equating to **A** and **B** calculated as follows:-

$$\mathbf{A = Secured Settlement Amount \times Distribution Rate}$$

$$\mathbf{B = Secured Settlement Amount - A}$$

and

- (b) an amount equating to **X** calculated as follows:-

$$\mathbf{X = (Debt A - Secured Settlement Amount) \times Distribution Rate}$$

where Distribution Rate means:-

$$\frac{\mathbf{(HK\$135,000,000^{(Note)} - Secured Settlement Amount)}}{\mathbf{Scheme Debts + (Debt A - Secured Settlement Amount)}}$$

Note: Subject to costs associated with the Debt Restructuring including all provisions that the Administrators consider, in their sole discretion, are required to be made.

- (ii) In the Other Scenarios, Secured Creditor A shall be entitled to the amount equating to **Y** calculated as follows, which is equivalent to the aggregate of **A** and **X** as calculated above:-

$$\mathbf{Y = Debt A \times Distribution Rate}$$

For illustration purpose only, assuming (i) there are no additional claims identified by the Provisional Liquidators apart from those indicated in the table above; and (ii) costs associated with the Debt Restructuring is zero, it is envisaged that the maximum Distribution Rate as calculated above shall be approximately 18.52%, and the maximum of the amounts equating to **A**, **B**, **X** and **Y** as calculated above shall be approximately HK\$6.48 million, HK\$28.52 million, HK\$12.07 million and HK\$18.55 million respectively. Such estimations may deviate from the final outcome, subject to final adjudications of claims filed by the creditors of the Company and the actual associated costs incurred in the Debt Restructuring (excluding the Professional Fees), which is currently estimated to be in the range of HK\$3.00 million to HK\$4.00 million.

The aforementioned settlement amounts shall be paid in cash in the following manner:–

- (i) the amount equating to **Y** as calculated above (which is equivalent to the aggregate of **A** and **X**) shall be paid on the Distribution Date under both the Successful Scenario and the Other Scenarios; and
- (ii) the amount equating to **B** as calculated above, which shall only be made available to Secured Creditor A under the Successful Scenario, shall be paid within 30 days after the date a determination is given by the relevant Court becomes final and no longer appealable by the parties to the Proceedings. In the event that the Other Scenarios occur, Secured Creditor A shall not be entitled to the amount equating to **B** as calculated above.

Pursuant to Debt Settlement Agreement A, in the event where there are amounts received arising from the Collateral(s) held by Secured Creditor A other than BC Collateral which are in excess of the remaining debt (i.e. Debt A less the total amount paid by the Company to Secured Creditor A under Debt Settlement Agreement A), Secured Creditor A shall pay to the Administrators or, if the Administrators are no longer in office, the Company, all such amounts received in excess of the remaining debt within seven (7) days of receipt of such amounts.

Schemes

Upon finalisation of the adjudications of claims filed by the Scheme Creditors, the Company will implement the Schemes for the full and final settlement of all debts and claims of all Scheme Creditors. Upon the Schemes becoming effective, the Company will be discharged from all the adjudicated Scheme claims, including (i) the admitted claims of the unsecured creditors of the Company; and (ii) any relevant debts due to the Secured Creditors who do not enter into a debt settlement agreement (i.e. Secured Creditor B and Secured Creditor C).

As at the date of this announcement, based on the books and records of the Company available to the Provisional Liquidators, the claims of the unsecured creditors of the Company are approximately HK\$383.45 million. As both Secured Creditor B and Secured Creditor C did not enter into any debt settlement agreement, the total debts due to the Secured Creditors who have not participated in the Debt Settlement are expected to be approximately HK\$91.27 million, which comprises claims of approximately HK\$70.03 million and approximately HK\$21.24 million from Secured Creditor B and Secured Creditor C respectively). Accordingly, the Scheme Debts shall be approximately HK\$474.72 million.

Pursuant to the Restructuring Agreement, it is envisaged that the Schemes will involve a *pari passu* distribution of the Scheme Cash, the Convertible Bonds, the Redeemable Preference Shares, or other options or instruments (such other options or instruments shall not confer on the holder any right to convert such options or instruments into any Shares) that the Company may consider appropriate for the settlement of claims of the Scheme Creditors. The Scheme Creditors can only elect one of the options, but not a combination, and are required to elect at the time when they submit the notice of Scheme claims. Regardless of the instrument that the Scheme Creditors may choose, the consideration payable by the Company to the Scheme Creditors under the Schemes is limited to the extent of HK\$135.00 million in aggregate (in cash, principal amount and/or redemption price of instruments, as the case may be) minus such associated costs to be made under the Debt Settlement (including the Secured Settlement Amount and the amount X as calculated above), including all provisions that the Administrators consider, in their sole discretion, are required to be made. If Scheme Creditors opt for Convertible Bonds or Redeemable Preference Shares, the remaining cash will be retained by the Company and used for any possible redemption of such instrument in the future and/or working capital purposes.

Based on the Company's books and records currently available to the Provisional Liquidators, having taken into consideration Debt Settlement Agreement A and the claim amounts as indicated above (subject to further verification/adjudication upon receipt of supporting documents from the creditors of the Company), it is envisaged that the consideration payable by the Company to the Scheme Creditors under the Schemes is approximately HK\$87.93 million in aggregate (in cash, principal amount and/or redemption price of instruments, as the case may be), and hence the Scheme Distribution Rate is estimated to be approximately 18.52%. Such estimations may deviate from the final outcome, subject to final adjudications of claims filed by the creditors of the Company and the actual associated costs incurred in the Debt Restructuring (excluding the Professional Fees), which is currently estimated to be in the range of HK\$3.00 million to HK\$4.00 million.

A Scheme Creditor is only entitled to receive either a distribution under the Hong Kong Scheme or a distribution under the Bermuda Scheme, but not both. A distribution by the Company and/or the Administrators to a Scheme Creditor under one Scheme will operate to discharge the corresponding obligation to make a distribution to the Scheme Creditor under the other Scheme.

As a minimum amount of HK\$35.00 million will be set aside to settle the Company's obligation under the Debt Settlement, it is expected that a maximum consideration payable by the Company to the Scheme Creditors under the Scheme shall be HK\$100.00 million in aggregate (in cash, principal amount and/or redemption price of instruments, as the case may be).

The principal terms of the Convertible Bonds and the Redeemable Preference Shares options under the Schemes are summarised as follows:–

(i) *Convertible Bonds*

Maximum principal amount	:	HK\$100.00 million, assuming (a) the Successful Scenario occurs; (b) the amount Y as calculated above and to be paid is zero; and (c) all Scheme Creditors opt for the Convertible Bonds option under the Schemes
Conversion price	:	HK\$0.16 per Conversion Share
Maximum number of Conversion Shares to be issued	:	625,000,000 Conversion Shares
Maturity date	:	On the second (2 nd) anniversary of the date of issuance of the Convertible Bonds
Interest rate	:	1% per annum payable semi-annually in arrears
Status	:	The obligations of the Company arising under the Convertible Bonds constitute general unsecured and unsubordinated obligations of the Company and rank, and shall rank equally among themselves and <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Company, except for obligations accorded preference by mandatory provisions of applicable laws.
Transferability	:	Transferable
Conversion period	:	From the first (1 st) anniversary date of the date of issuance of the Convertible Bonds until the maturity date
Redemption	:	The Company may redeem, at its option, the Convertible Bonds, prior to the maturity date in whole or in part at 105% of the principal amount of the Convertible Bonds plus interest.
Voting rights	:	The Convertible Bonds shall not confer on the holder of the Convertible Bonds any right to receive notices of, or to attend or vote at any meeting of the Company.
Application for listing	:	No application for the listing of the Convertible Bonds will be sought from the Stock Exchange or any other stock exchange.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

(ii) *Redeemable Preference Shares*

Maximum face value	:	HK\$474.72 million, assuming (a) the Successful Scenario occurs; (b) the amount Y as calculated above and to be paid is zero; and (c) all Scheme Creditors opt for the Redeemable Preference Share option under the Schemes
Subscription price	:	HK\$1.00 per Redeemable Preference Share
Maximum number of Redeemable Preference Shares to be issued	:	474,720,737 Redeemable Preference Shares
Non-cumulative Preference dividend	:	Each Redeemable Preference Share will confer on the holder thereof the right to receive a non-cumulative fixed preferential dividend at the rate of not more than 0.2% per annum of the subscription price out of profits of the Company available for distribution under the applicable laws and regulations, and the finalised rate shall be determined by the Company at its sole and absolute discretion taking into account the general business conditions and strategies of the Company and any other factors it may deem relevant.
Repayment of capital upon winding up	:	In the event of liquidation of the Company, the holders of the Redeemable Preference Shares will be paid out of the assets of the Company legally available for distribution to its members an amount equal to the redemption price before any distribution is made to holders of any ordinary Shares.
Redemption right	:	The Redeemable Preference Shares may be redeemed at the option of the holder or the Company after five (5) years of their issue.
Redemption price	:	Face value of the Redeemable Preference Shares multiplied by the Scheme Distribution Rate, which gives a maximum total redemption amount of HK\$100.00 million (or in the case that the redemption rights are exercised by the Company, such higher rate of not more than 5% above the Scheme Distribution Rate as determined at the sole and absolute discretion of the Company)
Conversion rights	:	The Redeemable Preference Shares shall not confer on the holder of the Redeemable Preference Shares any right to convert the Redeemable Preference Shares into any ordinary Shares.

- Voting rights : The Redeemable Preference Shares shall not confer on the holder of the Redeemable Preference Shares any right to receive notices of, or to attend or vote at any meeting of the Company.
- Application for listing : No application for the listing of the Redeemable Preference Shares will be sought from the Stock Exchange or any other stock exchange.

As at the date of this announcement, none of the Scheme Creditors has indicated its intention to elect any of the abovementioned options under the Schemes.

The terms of the Convertible Bonds and the Redeemable Preference Shares are subject to further negotiation and amendment. Further announcement(s) on the terms will be made by the Company upon the finalisation of the Schemes.

The Scheme which, in the case of the Hong Kong Scheme, is subject to sanction of the Hong Kong Court and, in the case of the Bermuda Scheme, is subject to sanction of the Bermuda Court, shall become effective and legally binding on the Company and all the Scheme Creditors, including those voting against the Scheme and those not voting, if the requisite majority (representing more than 50% in number and not less than 75% in value of the claims of the Scheme Creditors who, either in person or by proxy, attend the Scheme Meeting(s) convened with the leave of the relevant courts and vote thereat) votes in favour of the Scheme which, in the case of the Hong Kong Scheme, the Hong Kong Court thereafter sanctions and a copy of the Court Order sanctioning the Hong Kong Scheme is registered with the Registrar of Companies in Hong Kong, and, in the case of the Bermuda Scheme, the Bermuda Court sanctions and a copy of the Court Order sanctioning the Bermuda Scheme having been delivered to the Registrar of Companies in Bermuda for registration.

By the Orders of the Hong Kong Court dated 2 March 2021 and the Bermuda Court dated 5 March 2021, the Scheme Meetings for the Hong Kong Scheme and the Bermuda Scheme were held on 15 April 2021 and the Schemes have been approved by the requisite majority of the Scheme Creditors (including Secured Creditor B and Secured Creditor C) attending and voting in the Scheme Meetings in person or by proxy. The sanction hearings on the Schemes are scheduled to be held on 6 May 2021 (in Hong Kong) and 7 May 2021 (in Bermuda) respectively.

Upon completion of the Debt Restructuring, the claims of the Secured Creditor(s) who entered into a debt settlement agreement (i.e. Secured Creditor A) and the Scheme Creditors (including Secured Creditor B and Secured Creditor C) against the Company (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) will be discharged and released in full.

For avoidance of doubt, the aggregate value of the payments to be made under the Debt Settlement, the Scheme Cash, the principal amount of the Convertible Bonds and the redemption amount of the Redeemable Preference Shares shall not exceed HK\$135.00 million in any event.

(II) Capital Reorganisation

As at the date of this announcement, the existing authorised share capital of the Company is HK\$880.00 million, divided into 8,800,000,000 Shares of HK\$0.10 each, of which 5,111,622,235 Shares were issued and credited as fully paid up for the amount of HK\$511,162,223.50.

Pursuant to the Restructuring Agreement, the Capital Reorganisation will entail the Capital Reduction, the Share Premium Cancellation, the Share Consolidation and the Increase in Authorised Share Capital, and upon completion of the Capital Reorganisation, the Company will propose the Change in Board Lot Size, under which, the board lot size will be increased from 2,000 Shares to 20,000 Shares each.

As disclosed in the Company's circular dated 17 June 2020, the Company proposed to implement the following:–

- (i) *Capital Reduction* – under which, (a) the issued share capital of the Company will be reduced by cancelling the paid up capital of the Company to the extent of HK\$0.0999 on each of the issued Existing Shares such that the par value of each issued Existing Share will be reduced from HK\$0.10 to HK\$0.0001; and (b) the authorised share capital of the Company will be reduced from HK\$880,000,000 divided into 8,800,000,000 Existing Shares to HK\$880,000 divided into 8,800,000,000 New Shares by reducing the par value of each authorised but unissued Existing Share from HK\$0.10 to HK\$0.0001 each.
- (ii) *Share Premium Cancellation* – under which, upon the Capital Reduction becoming effective, the entire amount standing to the credit of the share premium account of the Company, being the aggregate amount subscribed for the Existing Shares in excess of such Existing Shares' par value at that time will be cancelled.

Subsequent to the passing of the resolution by the Shareholders at the special general meeting held on 8 July 2020, the Capital Reduction and the Share Premium Cancellation are still subject to certain conditions precedent, including but not limited to having the Stock Exchange granted the listing of, and the permission to deal in, the New Shares of the Company of HK\$0.0001 each, which shall be subject to the Stock Exchange's satisfaction that the Company has fulfilled all Resumption conditions the Stock Exchange imposed on the Company (details of which are set out in the Company's announcement dated 24 March 2020) and approval for the Resumption.

Upon the Capital Reduction and the Share Premium Cancellation becoming effective, the Company shall implement the following:–

- (i) *Share Consolidation* – under which, every forty (40) New Shares of HK\$0.0001 each will be consolidated into one (1) Consolidated Share of HK\$0.004 each.

- (ii) *Increase in Authorised Share Capital* – under which, upon the Capital Reduction, the Share Premium Cancellation and the Share Consolidation becoming effective, the Company’s authorised share capital will be increased from HK\$880,000 divided into 220,000,000 Consolidated Shares to HK\$700.00 million divided into 25,000,000,000 Consolidated Shares of HK\$0.004 each by the creation of additional 24,780,000,000 new Consolidated Shares and 600,000,000 Redeemable Preference Shares of HK\$1.00 each by the creation of additional 600,000,000 new Redeemable Preference Shares.

Assuming no further Existing Shares will be issued or repurchased prior to the effective date of the Capital Reorganisation, the effect of the Capital Reorganisation and the share capital structure of the Company is summarised below:–

	As at the date of this announcement	Immediately after the Capital Reduction and the Share Premium Cancellation	Immediately after the Capital Reduction, the Share Premium Cancellation and the Share Consolidation	Immediately after the Capital Reorganisation
Par value of ordinary Shares	HK\$0.10 per Existing Share	HK\$0.0001 per New Share	HK\$0.004 per Consolidated Share	HK\$0.004 per Consolidated Share
Authorised:				
Number of authorised shares	8,800,000,000 Existing Shares	8,800,000,000 New Shares	220,000,000 Consolidated Shares	25,000,000,000 Consolidated Shares and 600,000,000 Redeemable Preference Shares
Authorised share capital	HK\$880,000,000.00	HK\$880,000.00	HK\$880,000.00	HK\$700,000,000.00
Issued:				
Number of issued shares	5,111,622,235 Existing Shares	5,111,622,235 New Shares	127,790,555 Consolidated Shares	127,790,555 Consolidated Shares
Issued share capital	HK\$511,162,223.50	HK\$511,162.22	HK\$511,162.22	HK\$511,162.22

Fractional Consolidated Shares arising from the Capital Reorganisation will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company.

The Share Consolidation and the Increase in Authorised Share Capital will be subject to approval by the Shareholders at the SGM by way of poll.

(III) Subscription

Pursuant to the Restructuring Agreement, 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. On 18 February 2021, the Company, the Provisional Liquidators and the Investor entered into the Subscription Agreement, pursuant to which the Company shall agree to issue and allot, and the Investor shall agree to subscribe for, 1,032,000,000 Subscription Shares at the Issue Price of HK\$0.16 per Subscription Share for the Subscription Consideration, being HK\$165.12 million.

Conditions precedent of the Subscription

Pursuant to the Subscription Agreement, completion of the Subscription is conditional on each of the following conditions precedent being satisfied (or waived by the Company, the Provisional Liquidators and the Investor in writing) on or before the Long Stop Date:–

- (i) Debt Settlement Agreement A remaining in full force and effect and not having been terminated in accordance with its terms or otherwise;
- (ii) the Schemes having become effective;
- (iii) the Whitewash Waiver having been granted by the Executive under the Takeovers Code, and such Whitewash Waiver not having been revoked or withdrawn;
- (iv) all of the required resolutions for the following:–
 - (a) the Capital Reorganisation;
 - (b) the Subscription;
 - (c) the Open Offer;
 - (d) the Scheme; and
 - (e) the Whitewash Waiverhaving been passed by the Independent Shareholders at a general meeting of the Company and not revoked or vitiated;
- (v) the Capital Reorganisation becoming effective;
- (vi) the minimum public float requirements under Rule 8.08 of the Listing Rules having been satisfied;
- (vii) all consents, approvals, sanctions, despatch and filing of documents (including the Scheme documents) necessary for the purpose of making the Schemes effective having been obtained and done in accordance with the applicable laws and regulations;

- (viii) the representations, warranties and undertakings given by the Company under the Restructuring Agreement and the Subscription Agreement being true and accurate in all respect and not misleading in any respect as at completion of the Proposed Restructuring and the Subscription;
- (ix) any other waivers, consents, authorisations, clearances and approvals which are required to be obtained by the Company from the relevant courts, governmental or regulatory authorities in Hong Kong and Bermuda, and any confirmations, declarations and certificates of any kind required to be obtained by the Company, for the Subscription Agreement and the transactions contemplated therein (including but not limited to the issuance and allotment and free transferability of the Subscription Shares) having been granted, fulfilled or given;
- (x) the listing of and permission to deal in all of the existing Consolidated Shares upon completion of the Capital Reorganisation, the Offer Shares to be issued under the Open Offer, the Subscription Shares to be issued pursuant to the Subscription, and the Conversion Shares to be issued upon conversion of the Convertible Bonds, having been granted by the Listing Committee of the Stock Exchange (either unconditionally or subject to conditions) and such permission not having been revoked or withdrawn;
- (xi) the approval in principle of the Resumption having been received from the Stock Exchange and such approval not having been revoked or withdrawn;
- (xii) the Shares remaining listed on the Main Board of the Stock Exchange;
- (xiii) the Hong Kong Court (and other court(s) of relevant jurisdiction(s)) ordering the discharge and release of the Provisional Liquidators as provisional liquidators or liquidators of the Company; and
- (xiv) the other debt settlement agreement(s) or arrangement(s) having been entered into with the other Secured Creditor(s) (other than Secured Creditor A) to settle their secured debts.

Satisfaction of condition precedent (ii) is subject to (a) the grant of approval from the Courts for the convening of the Scheme Meetings; (b) the obtaining of the requisite majority of the Independent Shareholders approving the Schemes at the SGM; (c) the obtaining of the requisite majority of the Scheme Creditors in the Scheme Meetings approving the Schemes; and (d) the sanction of the Courts in the form of a sealed order with respect to the Schemes and registration of the same with the registrars of companies in Hong Kong and in Bermuda.

With reference to condition precedent (vii), other than that for the fulfilment of condition precedent (ii) as set out above, as at the date of this announcement, the Provisional Liquidators are not aware of any such necessary consents, approvals, sanctions, despatch and filing of documents which are required to be obtained and done.

With reference to condition precedent (ix), as at the date of this announcement, save for such other waivers, consents, authorisations, clearances, approvals, confirmations, declarations and certificates which may be required to be obtained by the Company as the Stock Exchange and the SFC may direct from time to time, the Provisional Liquidators are not aware of any such other waivers, consents, authorisations, clearances, approvals, confirmations, declarations and certificates from any other relevant courts, governmental or regulatory authorities in Hong Kong and Bermuda which are required to be obtained by the Company.

Save for conditions precedent (i), (viii) and (xiv), which can be waived by the Company, the Provisional Liquidators and the Investor in writing, none of the above conditions precedent can be waived by any party to the Subscription Agreement. If any of the above conditions precedent are not satisfied (or waived by the Company, the Provisional Liquidators and the Investor in writing) on the Long Stop Date, the Subscription Agreement shall be terminated forthwith.

In respect of condition precedent (xiv), having taken into account that (i) the relevant debts owed to Secured Creditor B and Secured Creditor C are expected to be settled through the Schemes; and (ii) the relevant Group companies, which shares are the subject of share charges purportedly held by Secured Creditor B and Secured Creditor C, have been deconsolidated, the parties to the Restructuring Agreement will be minded to consent to waive condition precedent (xiv) as and when appropriate.

As at the date of this announcement, save for condition precedent (i), none of the above conditions precedent has been fulfilled.

The completion of the Subscription shall take place (i) on the day all of the above condition precedents can be satisfied unless previously waived (or such other date as is agreed between the Parties); and (ii) simultaneously with the completion of the Open Offer and the Placing upon Completion on or before 31 December 2021, or such other date as the parties to the Restructuring Agreement may otherwise agree in writing (i.e. the Long Stop Date).

Payment of Subscription Consideration

Pursuant to the Subscription Agreement, the Subscription Consideration shall be payable by the Investor to the Company in the following manner:–

- (i) as to HK\$5.00 million, as deposit (the “**1st Deposit**”) within five Business Days from the date of the Restructuring Agreement;
- (ii) as to HK\$5.00 million, as deposit (the “**2nd Deposit**”) on (a) the date the Company publishes its announcement of the Proposed Restructuring following the entering into of the Restructuring Agreement, or (b) within one month from the date of the Restructuring Agreement, whichever is later;
- (iii) as to HK\$10.00 million, as deposit (the “**3rd Deposit**”) on the earlier of (a) the date of despatch of the Circular, or (b) the date the Stock Exchange gives its approval in principle to the Resumption, but in any event not earlier than the date of the Subscription Agreement;
- (iv) as to HK\$10.00 million, as deposit (together with the 1st Deposit, 2nd Deposit and 3rd Deposit, the “**Deposits**”) on the closing date of the Open Offer; and
- (v) the remaining balance of the Subscription Consideration of HK\$135.12 million, on the date of completion of the Subscription.

As at the date of this announcement, payment of the 1st Deposit and the 2nd Deposit have been made by the Investor from its internal resources. At completion of the Subscription, subject to the terms and conditions of the Restructuring Agreement and the Subscription Agreement, the Deposits shall be applied as a part payment of the Subscription Consideration.

For the use of proceeds from the Subscription, please refer to the section headed “Use of proceeds from the Subscription and the Open Offer” of this announcement.

(IV) Open Offer

Pursuant to the Restructuring Agreement, the Company will 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.

As at the date of this announcement, the issued share capital of the Company comprises 5,111,622,235 Existing Shares. Assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Open Offer Record Date, a total of 63,895,277 Offer Shares, representing approximately 5.22% of the enlarged issued share capital of the Company upon completion of the Capital Reorganisation, the Subscription and the Open Offer, will be issued and allotted by the Company to the Qualifying Shareholders at the Issue Price of HK\$0.16 per Offer Share.

The proposed terms of the Open Offer are summarised as follows:–

Basis of the Open Offer	:	One (1) Offer Share for every two (2) Consolidated Shares
Number of Shares in issue as at the date of this announcement	:	5,111,622,235 Existing Shares
Number of Consolidated Shares expected to be in issue as at the Open Offer Record Date	:	127,790,555 Consolidated Shares
Number of Offer Shares	:	63,895,277 Offer Shares
Issue Price	:	HK\$0.16 per Offer Share
Funds to be raised before expenses	:	Approximately HK\$10,223,244

The completion of the Subscription, the Open Offer and the Placing shall take place simultaneously upon Completion.

As at the date of this announcement, other than the 495,800,000 outstanding share options and the Existing Convertible Bonds (being part of the debts to be compromised under the Debt Restructuring) entitling the holders thereof to subscribe for or convert into 495,800,000 Existing Shares and 920,721,000 Existing Shares respectively (equivalent to 12,395,000 Consolidated Shares and 23,018,025 Consolidated Shares upon the Capital Reorganisation becoming effective), the Company does not have any other outstanding options, warrants or securities in issue which are convertible or exchangeable into the Shares. The Company intends to cancel the outstanding share options. As at the date of this announcement, 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. Upon implementation of the Debt Restructuring, all Existing Convertible Bonds shall be cancelled.

Fractions of the Offer Shares will not be allotted to the Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares.

As at the date of this announcement, the parties to the Restructuring Agreement are identifying and shall appoint underwriter(s) independent of and not acting in concert with the Investor and Ms. Chen to underwrite the Offer Shares which are not taken up by the Qualifying Shareholders (if any). Further announcement(s) on the details of the Open Offer and the underwriting arrangement (if any) will be made by the Company as and when appropriate.

Public float

Pursuant to the Restructuring Agreement, the Investor undertakes to ensure compliance with the minimum public float requirement of Rule 8.08 of the Listing Rules.

As at the date of this announcement, the Investor intends to engage independent placing agent(s) to place down such number of Subscription Shares as may be required to restore the public float to placee(s) who and whose ultimate beneficial owner(s) will be third parties independent of the Investor and parties acting in concert with it, subject to the terms and conditions of such placing agreement(s) to be entered into between the Investor and the placing agent(s).

The completion of the Subscription, the Open Offer and the Placing shall take place simultaneously upon Completion.

Conditions precedent of the Proposed Restructuring

Pursuant to the Restructuring Agreement, the Completion is conditional on each of the following conditions precedent being satisfied (or waived by the Company, the Provisional Liquidators and the Investor in writing) on or before the Long Stop Date:—

- (i) Debt Settlement Agreement A remaining in full force and effect and not having been terminated in accordance with its terms or otherwise;
- (ii) the Schemes having become effective;
- (iii) the Whitewash Waiver having been granted by the Executive under the Takeovers Code, and such Whitewash Waiver not having been revoked or withdrawn;

- (iv) the requisite majority of the Independent Shareholders having approved the Capital Reorganisation, the Subscription, the Open Offer, the Schemes (which are conditional on approval by at least 50% of the independent votes cast by the Independent Shareholders) and the Whitewash Waiver (which is conditional on approval by at least 75% of the independent votes cast by the Independent Shareholders) at the SGM, and such approvals not having been revoked or vitiated;
- (v) the Capital Reorganisation becoming effective;
- (vi) the minimum public float requirements under Rule 8.08 of the Listing Rules having been satisfied;
- (vii) all consents, approvals, sanctions, despatch and filing of documents (including the Scheme documents) necessary for the purpose of making the Schemes effective having been obtained and done in accordance with the applicable laws and regulations;
- (viii) the representations, warranties and undertakings given by the Company under the Restructuring Agreement and the Subscription Agreement being true and accurate in all respect and not misleading in any respect as at completion of the Proposed Restructuring and the Subscription;
- (ix) any other waivers, consents, authorisations, clearances and approvals which are required to be obtained by the Company from the relevant courts, governmental or regulatory authorities in Hong Kong and Bermuda, and any confirmations, declarations and certificates of any kind required to be obtained by the Company, for the Subscription Agreement and the transactions contemplated therein (including but not limited to the issuance and allotment and free transferability of the Subscription Shares) having been granted, fulfilled or given;
- (x) the listing of and permission to deal in all of the existing Consolidated Shares upon completion of the Capital Reorganisation, the Offer Shares to be issued under the Open Offer, the Subscription Shares to be issued pursuant to the Subscription, and the Conversion Shares to be issued upon conversion of the Convertible Bonds, having been granted by the Listing Committee of the Stock Exchange (either unconditionally or subject to conditions) and such permission not having been revoked or withdrawn;
- (xi) the approval in principle of the Resumption having been received from the Stock Exchange and such approval not having been revoked or withdrawn;
- (xii) the Shares remaining listed on the Main Board of the Stock Exchange;
- (xiii) the Hong Kong Court (and other court(s) of relevant jurisdiction(s)) ordering the discharge and release of the Provisional Liquidators as provisional liquidators or liquidators of the Company; and
- (xiv) the other debt settlement agreement(s) or arrangement(s) having been entered into with the other Secured Creditor(s) (other than Secured Creditor A) to settle their secured debts.

Satisfaction of condition precedent (ii) is subject to (a) the grant of approval from the Courts for the convening of the Scheme Meetings; (b) the obtaining of the requisite majority of the Independent Shareholders approving the Schemes at the SGM; (c) the obtaining of the requisite majority of the Scheme Creditors in the Scheme Meetings approving the Schemes; and (d) the sanction of the Courts in the form of a sealed order with respect to the Schemes and registration of the same with the registrars of companies in Hong Kong and in Bermuda.

With reference to condition precedent (vii), other than that for the fulfilment of condition precedent (ii) as set out above, as at the date of this announcement, the Provisional Liquidators are not aware of any such necessary consents, approvals, sanctions, despatch and filing of documents which are required to be obtained and done.

With reference to condition precedent (ix), as at the date of this announcement, save for such other waivers, consents, authorisations, clearances, approvals, confirmations, declarations and certificates which may be required to be obtained by the Company as the Stock Exchange and the SFC may direct from time to time, the Provisional Liquidators are not aware of any such other waivers, consents, authorisations, clearances, approvals, confirmations, declarations and certificates from any other relevant courts, governmental or regulatory authorities in Hong Kong and Bermuda which are required to be obtained by the Company.

Save for conditions precedent (i), (viii) and (xiv), which can be waived by the Company, the Provisional Liquidators and the Investor in writing, none of the above conditions precedent can be waived by any party to the Restructuring Agreement. If any of the above conditions precedent are not satisfied (or waived by the Company, the Provisional Liquidators and the Investor in writing) on the Long Stop Date, the Restructuring Agreement shall be terminated forthwith.

In respect of condition precedent (xiv), having taken into account that (i) the relevant debts owed to Secured Creditor B and Secured Creditor C are expected to be settled through the Schemes; and (ii) the relevant Group companies, which shares are the subject of share charges purportedly held by Secured Creditor B and Secured Creditor C, have been deconsolidated, the parties to the Restructuring Agreement will be minded to consent to waive condition precedent (xiv) as and when appropriate.

As at the date of this announcement, save for condition (i), none of the above conditions precedent has been fulfilled.

Termination

Unless the Company, the Provisional Liquidators and the Investor otherwise agree in writing, the provisions of the Restructuring Agreement shall:–

- (i) automatically terminate upon completion of the Proposed Restructuring;
- (ii) automatically terminate on the Long Stop Date;
- (iii) automatically terminate in the event that resolutions in relation to the Proposed Restructuring are not approved by the Shareholders;

- (iv) automatically terminate in the event that the Scheme(s) is not approved by the requisite majority of the Scheme Creditors in the Scheme Meeting(s), provided however, that such automatic termination shall not occur if such Scheme Meeting(s) is adjourned to a date falling within 60 days of the date of the initial Scheme Meeting(s) and the Scheme(s) is approved at such adjourned Scheme Meeting(s) by the requisite majority of the Scheme Creditors;
- (v) automatically terminate upon the Court rejecting the Company's application to convene the Scheme Meeting(s) in circumstances where there is no reasonable prospect of the Proposed Restructuring being effected even on appeal (but without any obligation on the Company to pursue an appeal of the Court's decision);
- (vi) automatically terminate upon the Subscription Agreement and/or any of the other material documents, agreements and instruments necessary to implement or consummate the Proposed Restructuring in accordance with the Restructuring Agreement being terminated, voided or nullified;
- (vii) automatically terminate in the event that the Court(s) does not grant an order sanctioning the Scheme(s) and there is no reasonable prospect of the Proposed Restructuring being effected even on appeal (but without any obligation on the Company to pursue an appeal of the Court's decision);
- (viii) automatically terminate in the event that the Executive refuses to grant the Whitewash Waiver, and/or the Whitewash Waiver is revoked or withdrawn at any time prior to the completion of the Subscription and the Proposed Restructuring;
- (ix) be terminated by the Investor in the event the Company and/or the Provisional Liquidators does/do not comply with any provision of the Restructuring Agreement in any material respect, and in a manner reasonably likely to cause the Proposed Restructuring not to become effective on substantially the same terms or timetable as contemplated by the Restructuring Agreement, unless the failure to comply (i) has been contributed to or caused by any acts or omissions of the Investor; or (ii) results from compliance with any order, directions or rules of a court or any governmental or regulatory authority; or (iii) is capable of remedy and is remedied within five (5) Business Days of delivery of a notice of termination by the Investor to the Company and the Provisional Liquidators, and in such circumstances the termination shall be with effect from immediately after the five (5) Business Days but only if the failure to comply is not remedied within the five (5) Business Days; or
- (x) be terminated by the Company or the Provisional Liquidators in the event the Investor does not comply with any provision of the Restructuring Agreement in any material respect, and in a manner reasonably likely to cause the Proposed Restructuring not to become effective on substantially the same terms or timetable as contemplated by the Restructuring Agreement, unless the failure to comply is capable of remedy and is remedied within five (5) Business Days of delivery of a notice of termination by the Company or the Provisional Liquidators to the Investor, and in such circumstances the termination shall be with effect from immediately after the five (5) Business Days but only if the failure to comply is not remedied within the five (5) Business Days.

SUBSCRIPTION SHARES, OFFER SHARES AND CONVERSION SHARES

Number of the Subscription Shares, the Offer Shares and the Conversion Shares

Upon the Capital Reorganisation becoming effective, the Company will issue and allot 1,032,000,000 Subscription Shares upon completion of the Subscription, 63,895,277 Offer Shares upon completion of the Open Offer and a maximum of 625,000,000 Conversion Shares upon conversion in full of all the Convertible Bonds to be issued under the Schemes respectively, assuming (i) all of the existing Shareholders take up their respective entitlements to the Offer Shares under the Open Offer; (ii) all of the Scheme Creditors opt for the Convertible Bond option under the Schemes and the conversion rights under which are fully exercised; and (iii) there is no change in issued share capital of the Company (save for the effect of the Capital Reorganisation) from the date of this announcement up to the Open Offer Record Date.

The number of 1,032,000,000 Subscription Shares represents:–

- (i) approximately 20.19% of the existing issued share capital of the Company;
- (ii) approximately 807.57% of the issued share capital of the Company upon completion of the Capital Reorganisation;
- (iii) approximately 84.34% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the issuance and allotment of the Subscription Shares and the Offer Shares; and
- (iv) approximately 55.82% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the issuance and allotment of the Subscription Shares, the Offer Shares and the Conversion Shares, assuming all of the Scheme Creditors opt for the Convertible Bond option under the Schemes and the conversion rights under which are exercised in full.

The number of Subscription Shares to be subscribed by the Investor was determined by the parties of the Restructuring Agreement after arm's length negotiations having taken into account of (i) the estimated amount of funds required to finance the Company for its engagement in the Debt Restructuring and continuance of its existing business operations; and (ii) the Issue Price, which was determined after arm's length negotiations between the Company and the Investor considering the Investor's genuine and unequivocal intention to support the Proposed Restructuring and make sufficient funds available by way of the Subscription, and the need to provide an opportunity for existing Shareholders to participate in the Proposed Restructuring through the Open Offer for the purpose of reducing the dilution effect on their shareholding in the Company upon Completion.

The number of 63,895,277 Offer Shares represents:–

- (i) approximately 1.25% of the existing issued share capital of the Company;
- (ii) approximately 50.00% of the issued share capital of the Company upon completion of the Capital Reorganisation;
- (iii) approximately 5.22% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the issuance and allotment of the Subscription Shares and the Offer Shares; and
- (iv) approximately 3.46% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the issuance and allotment of the Subscription Shares, the Offer Shares and the Conversion Shares, assuming all of the Scheme Creditors opt for the Convertible Bond option under the Schemes and the conversion rights under which are exercised in full.

Assuming (i) the Successful Scenario occurs; (ii) the amount **Y** as calculated above and to be paid is zero; and (iii) all of the Scheme Creditors opt for the Convertible Bond option under the Scheme, the principal amount of Convertible Bonds to be issued under the Schemes will be HK\$100.00 million. Based on the conversion price of HK\$0.16 per Conversion Share, the maximum number of 625,000,000 Conversion Shares represents:–

- (i) approximately 12.23% of the existing issued share capital of the Company;
- (ii) approximately 489.08% of the issued share capital of the Company upon completion of the Capital Reorganisation;
- (iii) approximately 51.08% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the issuance and allotment of the Subscription Shares and the Offer Shares; and
- (iv) approximately 33.81% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the issuance and allotment of the Subscription Shares, the Offer Shares and the Conversion Shares, assuming all of the Scheme Creditors opt for the Convertible Bond option under the Schemes and the conversion rights under which are exercised in full.

Price of the Subscription Shares, the Offer Shares and the Conversion Shares

Pursuant to the Restructuring Agreement, the Issue Price for the Subscription Shares, the Offer Shares and the Conversion Shares is HK\$0.16 each.

The Issue Price of HK\$0.16 represents:–

- (i) a premium of approximately 125.35% of the closing price of HK\$0.071 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 94.37% to the theoretical closing price of HK\$2.840 per Consolidated Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK\$0.071 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 94.76% to the average theoretical closing price of HK\$3.056 per Consolidated Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of HK\$0.0764 per Existing Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 94.92% to the average theoretical closing price of HK\$3.148 per Consolidated Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of HK\$0.0787 per Existing Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Issue Price was determined after arm's length negotiations between the Company and the Investor having regard to the fact that the Provisional Liquidators have been appointed and the Shares are under prolonged suspension of trading on the Stock Exchange, as well as the prevailing economic and stock market conditions and the prospects of the business operations of the Group.

Status of Consolidated Shares, Subscription Shares, Offer Shares and Conversion Shares

The Consolidated Shares in issue upon completion of Capital Reorganisation, the Subscription Shares, the Offer Shares and the Conversion Shares will be identical and rank *pari passu* in all respects with each other.

ILLUSTRATIVE CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, the tables below set out the changes in the Company's shareholding structure, assuming (i) the Capital Reorganisation, the Subscription, the Open Offer and the Schemes will take place as set out above; (ii) the holders of the Existing Convertible Bonds will not exercise their right to convert the Existing Convertible Bonds into ordinary Shares; (iii) the holder of the outstanding share option will not exercise his right to subscribe for ordinary Shares; and (iv) the Open Offer will proceed on a fully underwritten basis:–

Scenario A: Assuming all of the existing Shareholders take up their respective entitlements to the Offer Shares under the Open Offer

	As at the date of this announcement		Immediately after completion of Capital Reorganisation		Immediately after completion of Capital Reorganisation, Subscription and Open Offer ^{(1),(2)}		Immediately after completion of Capital Reorganisation, Subscription, Open Offer, and full conversion of Convertible Bonds ⁽³⁾	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Consolidated Shares</i>	<i>%</i>	<i>No. of Consolidated Shares</i>	<i>%</i>	<i>No. of Consolidated Shares</i>	<i>%</i>
Investor ⁽⁴⁾	-	-	-	-	1,032,000,000	84.34	1,032,000,000	55.82
Scheme Creditors	-	-	-	-	-	-	625,000,000	33.81
<u>Existing substantial Shareholders and existing Director</u>								
Mr. Chan Shing	1,366,301,271	26.73	34,157,531	26.73	51,236,296	4.19	51,236,296	2.77
Mr. Cheung Kwan	662,110,000	12.95	16,552,750	12.95	24,829,125	2.03	24,829,125	1.34
Mr. Huang Shenglan	2,250,000	0.04	56,250	0.04	84,375	0.01	84,375	0.00
<i>Sub-total</i>	2,030,661,271	39.73	50,766,531	39.73	76,149,796	6.22	76,149,796	4.12
Other existing public Shareholders	3,080,960,964	60.27	77,024,024	60.27	115,536,036	9.44	115,536,036	6.25
Underwriter	-	-	-	-	-	-	-	-
Total	5,111,622,235	100.00	127,790,555	100.00	1,223,685,832	100.00	1,848,685,832	100.00

Scenario B: Assuming none of the existing Shareholders take up their respective entitlements to the Offer Shares under the Open Offer

	As at the date of this announcement		Immediately after completion of Capital Reorganisation		Immediately after completion of Capital Reorganisation, Subscription and Open Offer ^{(1),(2)}		Immediately after completion of Capital Reorganisation, Subscription, Open Offer, and full conversion of Convertible Bonds ⁽³⁾	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Consolidated Shares</i>	<i>%</i>	<i>No. of Consolidated Shares</i>	<i>%</i>	<i>No. of Consolidated Shares</i>	<i>%</i>
Investor ⁽⁴⁾	-	-	-	-	1,032,000,000	84.34	1,032,000,000	55.82
Scheme Creditors	-	-	-	-	-	-	625,000,000	33.81
<u>Existing substantial Shareholders and existing Director</u>								
Mr. Chan Shing	1,366,301,271	26.73	34,157,531	26.73	34,157,531	2.79	34,157,531	1.85
Mr. Cheung Kwan	662,110,000	12.95	16,552,750	12.95	16,552,750	1.35	16,552,750	0.90
Mr. Huang Shenglan	2,250,000	0.04	56,250	0.04	56,250	0.00	56,250	0.00
<i>Sub-total</i>	2,030,661,271	39.73	50,766,531	39.73	50,766,531	4.15	50,766,531	2.75
Other existing public Shareholders	3,080,960,964	60.27	77,024,024	60.27	77,024,024	6.29	77,024,024	4.17
Underwriter	-	-	-	-	63,895,277	5.22	63,895,277	3.46
Total	5,111,622,235	100.00	127,790,555	100.00	1,223,685,832	100.00	1,848,685,832	100.00

Notes:–

1. The scenario also represents the shareholding structure upon completion of the Proposed Restructuring, assuming (i) none of the Scheme Creditors opts for the Convertible Bond option under the Scheme; and (ii) all of the Scheme Creditors opt for the Scheme Cash option or the Redeemable Preference Share option under the Scheme.
2. Assuming (i) the Successful Scenario occurs; (ii) the amount **Y** as calculated above and to be paid is zero; (iii) all of the Scheme Creditors opt for the Redeemable Preference Share option under the Scheme; and (iv) none of the Scheme Creditors opts for the Scheme Cash option or the Convertible Bond option under the Scheme, the Secured Creditors will hold 91,270,405 Redeemable Preference Shares with an aggregate face value of approximately HK\$91.27 million and the unsecured creditors of the Company will hold 383,450,332 Redeemable Preference Shares with an aggregate face value of approximately HK\$383.45 million. Since the holders of the Redeemable Preference Shares are not conferred any right to convert the Redeemable Preference Shares into any ordinary Shares, the issuance of the Redeemable Preference Shares will not affect the shareholding structure of the Company.
3. The scenario also represents the shareholding structure upon completion of the Proposed Restructuring and full conversion of Convertible Bonds, assuming (i) the Successful Scenario occurs; (ii) the amount **Y** as calculated above and to be paid is zero; (iii) all of the Scheme Creditors opt for the Convertible Bond option under the Scheme; and (iv) none of the Scheme Creditors opts for the Scheme Cash option or the Redeemable Preference Share option under the Scheme.
4. The Investor undertakes to ensure compliance with the minimum public float requirement of Rule 8.08 of the Listing Rules. As at the date of this announcement, the Investor intends to restore with the public float by way of placing down of the Subscription Shares to third parties independent of the Investor and parties acting in concert with it. Accordingly, the figure demonstrates the maximum number of Consolidated Shares which can be owned by the Investor upon completion of the Subscription, and the shareholding percentages of the Investor are for illustration purpose only and will likely alter as the number of Subscription Shares to be placed down is uncertain as at the date of this announcement.
5. For illustrative purpose only and may not occur in the above manner.
6. Certain percentage figures included in the above table are subject to rounding adjustments.

REASONS FOR THE ENTERING INTO OF THE RESTRUCTURING AGREEMENT

The Group is principally engaged in steel trading, which requires the Group to maintain substantial working capital for its business operations, and the Group had long been financing its operations with debts. Yet, the Group was unable to service its debts in August 2019, which led to the suspension of trading in the Shares on the Stock Exchange and the appointment of the Provisional Liquidators, and the Group's business operation was materially affected.

As at the date of this announcement, there is (i) an ongoing winding up petition against the Company, which was presented by Strong Petrochemical Limited and in respect of which Bangkok Bank Public Company Limited has subsequently substituted as the petitioner (and the hearing of which has been adjourned to 21 April 2021); (ii) a winding-up order granted against Burwill Properties Limited (In Liquidation), a wholly-owned subsidiary of the Company, with joint and several provisional liquidators appointed on 8 July 2020; and (iii) a legal proceeding commenced by Secured Creditor B against the Company and Burwill Lithium Company Limited, a wholly-owned subsidiary of the Company, summary judgments of which have been handed down by the Supreme Court of Singapore favourable to Secured Creditor B, by which Burwill Lithium Company Limited and the Company (being the corporate guarantor) are liable to pay an amount of approximately SGD11.6 million plus costs and the relevant interest of 5.33% per annum from the date of judgement to Secured Creditor B (whose claim against the Company pursuant to the corporate guarantee will be settled by the Schemes). The Company is not aware of any further legal actions taken out by Secured Creditor B.

Based on the Company's books and records currently available to the Provisional Liquidators, the total indebtedness of the Company amounts to approximately HK\$574.90 million, among which, approximately HK\$191.45 million and approximately HK\$383.45 million are due to the Secured Creditors and unsecured creditors of the Company respectively.

While the Provisional Liquidators were keen to revitalise the Group's business operations since their appointment, the Company faced insurmountable difficulties to revitalise its business operations without seeking external financial support as the Group was heavily indebted and had only limited working capital. Accordingly, the Provisional Liquidators are working with the Secured Creditors to obtain support for the Proposed Restructuring, with restructuring and working capital funding support received as disclosed in the Company's announcement dated 25 May 2020. Following that, with the Company's business has stabilised, and the Company has been able to negotiate and enter into the recapitalisation plans as now set out in this announcement.

After arm's length negotiations among the parties, on 24 September 2020, the Company, the Provisional Liquidators and the Investor entered into the Restructuring Agreement (as amended and supplemented by the Side Letter), which sets out the terms of the Proposed Restructuring, 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 terms and conditions of the Subscription has been finalised and agreed by the Company, the Provisional Liquidators and the Investor on 18 February 2021 following the execution of the Subscription Agreement.

The Subscription and the Open Offer will introduce new investment into the Company whilst the proceeds raised from the Subscription and the Open Offer will enable the Group to relieve the indebtedness level of the Company and provide financial resources to the Group to continue its existing business operations. The Open Offer will also provide an opportunity to the existing Shareholders to participate in the Proposed Restructuring and business development of the Group to reduce the dilution effect on the shareholding of the existing Shareholders and raise funds for working capital. In addition, the Provisional Liquidators believe that it is in the interests of the Company and the Shareholders as a whole to implement the Debt Restructuring as the Debt Restructuring will facilitate the Group to discharge claims by Secured Creditors and the Scheme Creditors against the Company. It is expected that with the options available under the Debt Restructuring, creditors can have equity participation in the eventual recovery of the Company.

In view of the foregoing, the Provisional Liquidators consider that the Proposed Restructuring will (i) establish a long term sustainable capital structure that provides the Company with the flexibility to navigate through the current financial difficulties and conduct equity fund raising activities in the future; (ii) improve the Company's credit profile and provide for the long-term viability of the Company; and (iii) allow the Company to refocus on improving its performance in the business operation. It is expected that the entering into the Restructuring Agreement will also facilitate the Company's fulfilment of the conditions for Resumption imposed by the Stock Exchange, details of which are set out in the Company's announcement dated 24 March 2020.

Having considered the factors above, the Provisional Liquidators and the Directors (excluding the independent non-executive Directors, whose view will be included in the Circular to be despatched to the Shareholders) consider that the terms of the Restructuring Agreement are fair and reasonable and the entering into of the Restructuring Agreement is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE SUBSCRIPTION AND THE OPEN OFFER

The total gross proceeds of approximately HK\$175.34 million (including HK\$165.12 million and approximately HK\$10.22 million to be raised from the Subscription and the Open Offer respectively) is expected to be applied as follows:–

- (i) up to HK\$135.00 million shall be applied for the payment of the Company's obligations under the Debt Restructuring after making provision for the associated costs, including all provisions that the Administrators consider, in their sole discretion, are required to be made; and
- (ii) approximately HK\$40.34 million shall be retained as general working capital of the Group for the payment of, among others, all fees, costs and expenses associated with the Proposed Restructuring and the Resumption, including but not limited to Professional Fees of approximately HK\$30.00 million and the repayment of working capital loans that the Group may raise from third party financier(s) from time to time for maintaining its steel trading business.

BACKGROUND AND FUTURE INTENTION OF THE INVESTOR

The Investor is a company incorporated in Samoa principally engaged in investment holding and is wholly and beneficially owned by Ms. Chen.

Apart from being the sole director of the Investor, Ms. Chen has extensive experience in corporate management and investment, covering both trading and mineral industries. She is a shareholder, executive director and manager of Quanzhou Yuanjin Trading Co., Ltd.* (泉州市元錦貿易有限責任公司), which is principally engaged in trading business in the PRC. She is also the shareholder and director of General Energy International Holdings Limited, which is principally engaged in investment activities, including the holding of shares in a mineral company listed on the Australian Securities Exchange. She holds a Master of Business Administration from Edinburgh Business School of the Heriot-Watt University of the United Kingdom.

The Investor will provide business and management support to the Group through its resources to enable the Group to continue and develop its existing business operations. Pursuant to the Restructuring Agreement, the Investor will inject capital to the Group through the Subscription.

As at the date of this announcement, the Investor confirms that it has no intention to change the existing principal business of the Group nor inject any assets or business into the Group. In addition, the Investor intends to continue the employment of the existing employees of the Group. Upon Completion, the Investor proposes to nominate new Directors to strengthen the management of the Group. Further details regarding the proposed Directors will be disclosed as and when appropriate in accordance with the requirements under the Listing Rules and the Takeovers Code.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 7.27B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placings that would result in a theoretical dilution effect of 25% or more, unless the Stock Exchange is satisfied that there are exceptional circumstances. The Subscription, Open Offer and issuance of Conversion Shares upon conversion in full of all the Convertible Bonds will result in a theoretical dilution effect of 87.84%, which is over the 25% threshold as specified under Rule 7.27B of the Listing Rules. However, the Company considers there are exceptional circumstances for the Company given that trading in the Shares on the Stock Exchange has been suspended since 19 August 2019 and the Group is currently insolvent and in financial difficulties, with very limited prospect of recovery. The Proposed Restructuring, which entails, among others, the Subscription and the Open Offer, will (i) provide funds to discharge the Company's liabilities under the Debt Restructuring and to continue the Group's business operation; and (ii) give the existing Shareholders equal opportunities to participate in the Proposed Restructuring through the Open Offer as well as enable the existing Shareholders to continue participating in the future development of the Group upon Completion. Upon Completion, the Company will be solvent and the Provisional Liquidators will be discharged.

In view of the foregoing, despite the significant theoretical dilution effect, the Directors (excluding the independent non-executive Directors, whose view will be included in the Circular to be despatched to the Shareholders) are of the view that the Subscription and the Open Offer are in the interest of the Company and its Shareholders as a whole.

The Subscription, the Open Offer and the specific mandate for the issuance and allotment of the Subscription Shares, the Offer Shares and the Conversion Shares will be subject to approval by the Independent Shareholders at the SGM by way of poll.

As at the date of this announcement, since the Company has no controlling shareholder (as ascribed in the Listing Rules), the Directors (other than the independent non-executive Directors), the chief executive of the Company and their associates will abstain from voting in favour of the resolution to approve the Open Offer at the SGM pursuant to the Listing Rules. Mr. Huang Shenglan, a non-executive Director, holds 2,250,000 Shares as at the date of this announcement (representing approximately 0.04% of the total issued share capital of the Company) and shall abstain from voting in favour of the proposed resolution(s) to approve the Open Offer by virtue of Rule 7.24A of the Listing Rules.

Save as disclosed above, as at the date of this announcement, no other Shareholder has any material interest in the Restructuring Agreement and is required to abstain from voting on any resolutions to be proposed at the SGM.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR THE WHITEWASH WAIVER

As at the date of the Restructuring Agreement and this announcement, the Investor and parties acting in concert with it do not hold any Shares.

Immediately upon completion of the Subscription, the Investor will hold 1,032,000,000 Consolidated Shares, representing approximately 84.34% of the issued share capital of the Company as enlarged by the Subscription Shares and the Offer Shares and approximately 55.82% of the issued share capital of the Company as enlarged by the Subscription Shares, the Offer Shares and the Conversion Shares, assuming all of the Scheme Creditors opt for the Convertible Bond option under the Schemes and the conversion rights thereunder are exercised in full.

Pursuant to Rule 26 of the Takeovers Code and in the absence of the Whitewash Waiver, as a result of the completion of the Subscription, an obligation to make a mandatory general offer would be triggered on the part of the Investor for all the Shares other than those already owned or agreed to be acquired by the Investor and its concert parties. In this respect, the Investor will make an application to the Executive under the Takeovers Code for the Whitewash Waiver to relieve it from its obligation to make a mandatory general offer as a result of the completion of the Subscription, and such grant will be subject to, among others, approval of the Independent Shareholders in respect of the Proposed Restructuring, the transactions contemplated thereunder and the Whitewash Waiver at the SGM by way of poll.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, the Whitewash Waiver and the underlying transactions of the Proposed Restructuring shall respectively be approved by at least 75% and more than 50% of the independent votes that are cast by the Independent Shareholders, either in person or by proxy at the SGM.

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, the Investor will not be required to make a mandatory offer which would otherwise be required as a result of the Subscription. If the Whitewash Waiver is not granted, the Restructuring Agreement will terminate forthwith.

As the shareholding of the Investor will exceed 50% of the issued share capital of the Company following the completion of the Subscription, the Investor may increase its shareholding in the Company without incurring any further obligation to make a general offer under the Takeovers Code.

As at the date of this announcement, the Company is not aware that the Proposed Restructuring, the Whitewash Waiver and any transactions contemplated under the Restructuring Agreement give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver consent if the Proposed Restructuring, the Whitewash Waiver and any transactions contemplated under the Restructuring Agreement do not comply with other applicable rules and regulations.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, save as disclosed in this announcement,

- (i) none of the Investor, Ms. Chen or parties acting in concert with any of them owns or has control or direction over any existing Shares, rights over Shares, convertible securities, warrants, options or derivatives in respect of the Shares;
- (ii) none of the Investor, Ms. Chen or parties acting in concert with any of them has received any irrevocable commitment in relation to voting of the resolutions in respect of the transactions including the Proposed Restructuring, the Whitewash Waiver or any transactions contemplated under the Restructuring Agreement at the SGM;
- (iii) there is no outstanding derivative in respect of the securities of the Company which has been entered into by the Investor, Ms. Chen or parties acting in concert with any of them;
- (iv) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Investor, Ms. Chen or parties acting in concert with any of them or the Company and which might be material to the transactions contemplated under the Proposed Restructuring, the Whitewash Waiver or any transactions contemplated under the Restructuring Agreement;
- (v) there is no agreement or arrangement to which the Investor, Ms. Chen or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Proposed Restructuring, the Whitewash Waiver or any transactions contemplated under the Restructuring Agreement, including any break fees being payable;
- (vi) none of the Investor, Ms. Chen or parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vii) there is no understanding, arrangement, agreement or special deal between the Investor, Ms. Chen or their respective concert parties on the one hand, and any Shareholder or the Company on the other hand; and
- (viii) there is no understanding, arrangement, agreement or special deal between any Shareholder and the Company, its subsidiaries or associated companies as at the date of this announcement.

Save for entering into the Restructuring Agreement and the Subscription Agreement, none of the Investor, Ms. Chen or their respective concert parties has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible into any Shares during the six-month period prior to 24 September 2020, being the date when the Restructuring Agreement was entered into, and up to the date of this announcement.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities involving issue of securities in the past twelve months before the date of this announcement.

GENERAL

All resolutions in respect of the transactions including the Proposed Restructuring, the Whitewash Waiver or any transactions contemplated under the Restructuring Agreement at the SGM will be subject to approval by the Independent Shareholders by way of poll.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Consolidated Shares, the Subscription Shares, the Offer Shares and the Conversion Shares.

HeungKong Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholder on, among others, the Proposed Restructuring, the transactions contemplated thereunder and the Whitewash Waiver.

Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders a Circular containing, among others, details of (a) the Restructuring Agreement, which includes, among others, (i) Debt Restructuring; (ii) the Capital Reorganisation; (iii) the Subscription; and (iv) the Open Offer; (b) the Whitewash Waiver; (c) the letter from the Independent Board Committee; (d) the letter from the independent financial adviser to the Independent Shareholders and the Independent Board Committee; and (e) a notice of the SGM within 21 days from the date of publication of this announcement, that is, on or before 26 May 2021.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange has been suspended since 19 August 2019 and will continue to be suspended until further notice.

The transactions contemplated under the Restructuring Agreement are subject to the fulfilment of a number of conditions precedent, and therefore may or may not materialise. The publication of this announcement does not indicate that the Proposed Restructuring will be completed, nor does it indicate any decision or conclusion from the Stock Exchange or warrant any approval from the Stock Exchange on the Resumption. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:-

“acting in concert”	having the meaning ascribed thereto under the Takeovers Code
“Administrators”	Mr. So Man Chun and Mr. Jong Yat Kit, acting jointly and severally as administrators of the Schemes or their successors appointed as administrators pursuant to the Schemes
“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“BC Collateral”	the share charge held by the Secured Creditor A over equity interests of Burwill China which owns the Steel JV specialising in the steel business in the PRC
“Bermuda Court”	the Supreme Court of Bermuda
“Bermuda Scheme”	the scheme of arrangement in respect of the Company under Part VII of the Companies Act 1981 as applicable in Bermuda to be proposed by the Company and/or the Provisional Liquidators on behalf of the Company to the Scheme Creditors on terms which provide for full and final settlement and discharge of the Scheme Debts, with or subject to, any modification, addition or condition approved or imposed by the Bermuda Court
“Board”	the board of Directors
“Burwill China”	Burwill (China) Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
“Business Day(s)”	a day (other than a Saturday, Sunday or day on which a typhoon signal No. 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
“Capital Reduction”	the reduction of (i) the issued share capital of the Company by cancelling the paid up capital of the Company to the extent of HK\$0.0999 on each of the issued Existing Share such that the par value of each issued Existing Share will be reduced from HK\$0.10 to HK\$0.0001; and (ii) the authorised share capital of the Company from HK\$880,000,000 to HK\$880,000 by reducing the par value of each authorised but unissued Existing Share from HK\$0.10 to HK\$0.0001 each
“Capital Reorganisation”	collectively, the Capital Reduction, the Share Premium Cancellation, the Share Consolidation and the Increase in Authorised Share Capital

“Change in Board Lot Size”	the change in board lot size for trading in the Existing Shares from 2,000 Existing Shares to 20,000 Consolidated Shares after and conditional upon the Capital Reorganisation becoming effective
“Circular”	the relevant circular containing, among others, details of (a) the Restructuring Agreement, which includes, among others, (i) the Debt Restructuring; (ii) the Capital Reorganisation; (iii) the Subscription; and (iv) the Open Offer; (b) the Whitewash Waiver; (c) the letter from the Independent Board Committee; (d) the letter from the independent financial adviser to the Independent Shareholders and the Independent Board Committee; and (e) a notice of the SGM to be despatched by the Company
“Collateral(s)”	the collateral(s) purported to be held by the Secured Creditors over certain assets of the Group as described in this announcement
“Company”	Burwill Holdings Limited (Provisional Liquidators Appointed), a company incorporated in Bermuda with limited liability, and the Existing Shares are listed on the Main Board of the Stock Exchange (stock code: 24)
“Completion”	the completion of the Proposed Restructuring
“concert parties”	the parties acting in concert within the meaning of the Takeovers Code
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Consolidated Shares”	ordinary share(s) of HK\$0.004 each in the issued share capital of the Company upon the Capital Reorganisation becoming effective
“Conversion Shares”	625,000,000 new Consolidated Shares to be issued upon conversion in full of all the Convertible Bonds to be issued under the Scheme, assuming (i) the Successful Scenario occurs; (ii) the amount Y as calculated in this announcement and to be paid is zero; and (iii) all of the Scheme Creditors opt for the Convertible Bond option under the Scheme
“Convertible Bonds”	subject to the Scheme Creditors’ selection, the convertible bonds that may be issued by the Company to the Scheme Creditors under the Schemes to settle all relevant costs and claims against, and liabilities of, the Company with the relevant Scheme Creditors under the Scheme, on the basis of convertible bonds with principal value of HK\$1.00 times the Scheme Distribution Rate for every HK\$1.00 of the amount of the accepted claims of the Scheme Creditors
“Court(s)”	the Hong Kong Court and/or the Bermuda Court

“Debt A”	total outstanding indebtedness of approximately HK\$100.17 owed by Burwill Resources Limited to Secured Creditor A, which is guaranteed by the Company, including the sums paid by Secured Creditor A for the purposes of Burwill China contesting the Proceeding, which shall not exceed RMB600,000
“Debt Restructuring”	collectively, the Debt Settlement and the Scheme
“Debt Settlement”	the settlement of debts due to Secured Creditors
“Debt Settlement Agreement A”	the debt settlement agreement dated 18 February 2021 and entered into among the Company, the Provisional Liquidators and Secured Creditor A in relation to the settlement of Debt A and the release and discharge of security interest in the BC Collateral together with all its claims, rights and interests against the relevant Group companies
“Director(s)”	the director(s) of the Company
“Distribution Date”	(i) the date the Administrators are ready to make a distribution (whether interim or otherwise) under the Schemes to the Scheme Creditors; or (ii) 90 days from the effective date of the Scheme, whichever is earlier
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or its delegate
“Existing Convertible Bonds”	the convertible bonds with a principal amount of US\$33.00 million in aggregate held by Good Leader Enterprises INC., Mount Everest Fund, Coutts Investments Limited and Crowd Wisdom Investments Limited, which are part of the unsecured debts to be settled under the Scheme, details of which are set out in the Company’s announcements dated 25 September 2017 and 20 March 2018 respectively
“Existing Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company before the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	the High Court of Hong Kong

“Hong Kong Scheme”	the scheme of arrangement in respect of the Company under Part 13 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) to be proposed by the Company and/or the Provisional Liquidators on behalf of the Company to the Scheme Creditors on terms which provide for full and final settlement and discharge of the Scheme Debts, with or subject to, any modification, addition or condition approved or imposed by the Hong Kong Court
“Increase in Authorised Share Capital”	the proposed increase of the authorised share capital of the Company from HK\$880,000 to HK\$700.00 million, dividing into (i) 25,000,000,000 Consolidated Shares of HK\$0.004 each, by the creation of 24,780,000,000 Consolidated Shares; and (ii) 600,000,000 Redeemable Preference Shares of HK\$1.00 each, by the creation of 600,000,000 Redeemable Preference Shares
“Independent Board Committee”	a committee of the Board comprising Mr. Chan Kai Nang and Mr. Wong Wai Keung, Frederick, being the independent non-executive Directors, to be formed to advise the Independent Shareholders on, among others, the Restructuring Agreement, the Subscription, the Open Offer and the Whitewash Waiver
“Independent Shareholders”	(a) in relation to the Open Offer, Shareholders other than the Directors (other than the independent non-executive Directors), the chief executive of the Company and their respective associates; and (b) in relation to the Restructuring Agreement, the Subscription and the Whitewash Waiver, Shareholders other than (i) the Investor, Ms. Chen and their respective concert parties; and (ii) those Shareholders who are interested or involved in, the transactions contemplated under the Restructuring Agreement including the Subscription, the Open Offer and the Whitewash Waiver
“Investor”	Alpha Pioneer Ventures Limited, a company incorporated in Samoa and is wholly and beneficially owned by Ms. Chen, which shall subscribe for the Subscription Shares under the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Issue Price”	HK\$0.16 for each of the Subscription Shares, the Offer Shares and the Conversion Shares (as the case may be)
“Last Trading Day”	18 August 2019, being the last full trading day immediately before the suspension of trading in the Shares
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	31 December 2021, or such other date as the parties to the Restructuring Agreement may otherwise agree in writing
“Ms. Chen”	Ms. Chen Ping, the sole owner and the sole director of the Investor
“New Share(s)”	ordinary share(s) of HK\$0.0001 each in the issued share capital of the Company upon the Capital Reduction and the Share Premium Cancellation becoming effective but prior to the completion of the Share Consolidation and the Increase in Authorised Share Capital
“Offer Shares”	63,895,277 new Consolidated Shares to be issued and allotted to the Qualifying Shareholders under the Open Offer at the Issue Price
“Open Offer”	the proposed open offer of Offer Shares by the Company to the Qualifying Shareholders on the basis of one (1) Offer Share for every two (2) Consolidated Shares held on the Open Offer Record Date at the Issue Price
“Open Offer Record Date”	the date by reference to which entitlements under the Open Offer are to be determined
“Other Scenarios”	the scenario where the Proceedings be finally determined in favour of the counterparty(ies) to the Proceedings and there is no further right of appeal by the parties to the Proceedings, or Burwill China withdraws from the Proceedings, or under any other scenarios (including without limit a settlement amongst the parties) which result in the cessation of the Proceedings
“Placing”	the placing down of the Subscription Shares to third parties independent of the Investor and parties acting in concert with it for the fulfilment of the minimum public float requirement
“PRC”	the People’s Republic of China, but for the purposes of this announcement and for geographical reference only (unless otherwise indicated), excludes the Macao Special Administrative Region of the PRC, Hong Kong and Taiwan
“Proceedings”	the ongoing legal proceedings of Burwill China in the PRC in respect of certain disputes over the ownership of its associate, namely the Steel JV
“Professional Fees”	all the fees, costs and expenses incurred or to be incurred by the Company and/or the Provisional Liquidators in the negotiation, documentation and implementation of the Restructuring Agreement and/or the Proposed Restructuring including without limit fees, costs and expenses of its or their legal and other professional advisors, the fees and expenses of the Provisional Liquidators, PricewaterhouseCoopers, accountants, tax advisors and experts and other parties required for and/or involved in the Restructuring Agreement and/or the Proposed Restructuring

“Proposed Restructuring”	the proposed restructuring of the share capital, finances and debts and liabilities of the Company, which involves the Debt Restructuring (including the Debt Settlement and the Scheme), the Capital Reorganisation, the Subscription and the Open Offer
“Provisional Liquidators”	Messrs. Jong Yat Kit and So Man Chun, both of PricewaterhouseCoopers have been appointed jointly and severally as provisional liquidators of the Company, pursuant to the orders dated 21 November 2019 and 16 April 2020 made by the Hong Kong Court
“Qualifying Shareholders”	the Shareholders, other than the excluded Shareholders (i.e. Shareholders whose address(es) as shown on the register of members is/are in a jurisdiction the laws of which may prohibit the making of the Open Offer to such Shareholders or otherwise require the Company to comply with additional requirements which are (in the opinion of the Directors or the Provisional Liquidators) unduly onerous or burdensome), whose names appear on the register of members of the Company as at the close of business on the Open Offer Record Date
“Redeemable Preference Shares”	subject to the Scheme Creditors’ selection, the redeemable preference shares to be issued by the Company to the Scheme Creditors under the Schemes to settle all relevant costs and claims against, and liabilities of, the Company with the relevant Scheme Creditors under the Scheme, on the basis of redeemable preference shares with face value of HK\$1.00 for every HK\$1.00 of the amount of the accepted claims of the Scheme Creditors
“Restructuring Agreement”	the restructuring agreement dated 24 September 2020 entered into among the Company, the Provisional Liquidators and the Investor (as amended and supplemented by the Side Letter) in respect of the Proposed Restructuring
“Resumption”	the resumption of trading in the Shares on the Stock Exchange
“Scheme(s)”	the Hong Kong Scheme and/or the Bermuda Scheme
“Scheme Cash”	subject to the Scheme Creditors’ selection, the cash to be paid by the Company to the Scheme Creditors under the Schemes to settle all relevant costs and claims against, and liabilities of, the Company with the relevant Scheme Creditors under the Scheme, on the basis of HK\$1.00 times the Scheme Distribution Rate in cash for every HK\$1.00 of the amount of the accepted claims of the Scheme Creditors

“Scheme Company”	a special purpose vehicle wholly-owned and controlled by the Administrators for the purposes of the Schemes
“Scheme Creditors”	all creditors of the Company whose claims are admitted under the Scheme, as such claims are subject to adjudication by the scheme adjudicators
“Scheme Debts”	the adjudicated debts owed to Scheme Creditors other than the Secured Creditors who enter into a debt settlement agreement (i.e. including but not limited to Debt A as at the date of this announcement)
“Scheme Distribution Amount”	the amount made available to the Administrators for distribution under the Schemes (i.e. the amount made available for the Debt Restructuring less the payments to be made under the Debt Settlement) less all provisions that the Administrators consider, in their sole discretion, are required to be made
“Scheme Distribution Rate”	the Scheme Distribution Amount divided by the total value of Scheme Debts
“Scheme Meeting(s)”	the meeting(s) of the Scheme Creditors convened at the direction of the Hong Kong Court and/or the Bermuda Court on 15 April 2021
“Secured Creditors”	collectively, Secured Creditor A, Secured Creditor B and Secured Creditor C
“Secured Creditor A”	Bangkok Bank Public Company Limited
“Secured Creditor B”	Haitong International Financial Products (Singapore) Pte. Ltd.
“Secured Creditor C”	Strong Petrochemical Limited
“Secured Settlement Amount”	a sum of HK\$35,000,000 in cash, being the value of the BC Collateral based on arm’s length negotiation between the Provisional Liquidators and Secured Creditor A and having considered the quality of the collateral as well as the status of the Proceedings
“SFC”	the Securities and Futures Commission of Hong Kong
“SGD”	Singapore dollar(s), the lawful currency of Singapore
“SGM”	the special general meeting of the Company to be held to consider, among others, the resolutions necessary or appropriate in relation to the Proposed Restructuring, the transactions contemplated thereunder and the Whitewash Waiver

“Share(s)”	the share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Consolidation”	the proposed consolidation of every forty (40) New Shares of HK\$0.0001 each into one (1) Consolidated Share of HK\$0.004 each
“Share Premium Cancellation”	the cancellation of the entire amount standing to the credit of the share premium account of the Company
“Side Letter”	the side letter dated 18 February 2021 entered into among the Company, the Provisional Liquidators and the Investors in respect of certain amendments to the Restructuring Agreement
“Steel JV”	馬鋼(揚州)鋼材加工有限公司, a joint venture company specialising in steel business, established in the PRC with limited liability and owned as to 29% by Burwill China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription by the Investor of the Subscription Shares to be issued by the Company after completion of the Capital Reorganisation at the Issue Price
“Subscription Agreement”	the subscription agreement dated 18 February 2021 entered into among the Company, the Provisional Liquidators and the Investor in respect of the Subscription
“Subscription Consideration”	the aggregate consideration of HK\$165.12 million for the Subscription payable under the Restructuring Agreement
“Subscription Shares”	1,032,000,000 new Consolidated Shares to be subscribed for by the Investor at the Issue Price
“Successful Scenario”	the scenario where the Proceedings be finally determined in favour of Burwill China and there is no further right of appeal by the parties to the Proceedings, or the counterparty(ies) withdraws from the Proceedings other than by way of a settlement, such that the Group retains equity interest in the Steel JV without incurring additional costs
“Takeovers Code”	The Code on Takeovers and Mergers
“US\$”	United States dollar(s), the lawful currency of the United States of America

“Whitewash Waiver”

a waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to be granted by the Executive in respect of the obligations of the Investor to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares and securities of the Company not already owned or agreed to be acquired by the Investor and its concert parties as a result of the Subscription

“%”

per cent

For and on behalf of
Burwill Holdings Limited
(Provisional Liquidators Appointed)
So Man Chun
Jong Yat Kit
Joint and Several Provisional Liquidators
Acting as agents of the Company without personal liability

Hong Kong, 5 May 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.

The Directors and the Provisional Liquidators jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Investor) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, Ms. Chen is the sole director of the Investor. The sole director of the Investor accepts full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Group) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed (other than those expressed by the Directors and the Provisional Liquidators) in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification purpose only*