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WINSWAY[®]

WINSWAY ENTERPRISES HOLDINGS LIMITED

永暉實業控股股份有限公司

*(formerly known as “WINSWAY COKING COAL HOLDINGS LIMITED 永暉焦煤股份有限公司”)
(Incorporated in the British Virgin Islands with limited liability)*

(Stock Code: 1733)

- (1) PROPOSED SHARE CONSOLIDATION;**
- (2) PROPOSED RIGHTS ISSUE IN THE PROPORTION OF 3 RIGHTS SHARES AND 9 ANTI-DILUTION SHARES FOR EVERY 1 CONSOLIDATED SHARE HELD ON THE RECORD DATE AT HK\$0.69 PER RIGHTS SHARE;**
- (3) CONNECTED TRANSACTION IN RELATION TO THE ENTERING INTO OF UNDERWRITING AGREEMENT;**
- (4) PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION;**
- (5) SPECIFIC MANDATE TO ISSUE NEW SHARES;**
- (6) SPECIFIC MANDATE TO ISSUE CVR SHARES;**
- (7) ISSUANCE OF CVRS;**
- (8) APPLICATION FOR WHITEWASH WAIVER;**
- AND**
- (9) SPECIAL DEAL**

Financial Advisor to the Company



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

 **SOMERLEY CAPITAL LIMITED**

Underwriter

Famous Speech Limited

Reference is made to the Announcement in relation to, amongst others, (i) the Company entering into the Restructuring Support Agreement with the Subsidiary Guarantors and certain of the Consenting Bondholders on 25 November 2015 pursuant to which they have agreed to support the proposed Debt Restructuring subject to the terms and conditions of such agreement; and (ii) Mr. Wang executing the conditional Irrevocable Undertaking on 25 November 2015.

Details of the major proposed terms and conditions of the Debt Restructuring, as well as the Irrevocable Undertaking are set out in the Announcement and together with developments in relation to the Irrevocable Undertaking under the section headed “Introduction” in this announcement.

Completion of the Debt Restructuring will be conditional on, amongst other things, completion of the Rights Issue. Shareholders are therefore urged to exercise extreme caution in dealing in the Shares.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) Existing Shares be consolidated into one (1) Consolidated Share, with fractional entitlements being disregarded.

The Share Consolidation is conditional on: (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM; (ii) the passing of a special resolution by the Shareholders to approve the amendments to the Articles at the EGM and the filing of the amended Articles with the BVI Companies Registry; and (iii) the Listing Division of the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective. The Share Consolidation will become effective on the next Business Day following the fulfilment of all of the above conditions.

The Company notes that under Rules 13.64 of the Listing Rules, where the market price of the securities of a company listed on the Stock Exchange approaches the extremity of HK\$0.01, the Stock Exchange reserves the right to require the Company either to change the trading method or consolidate the Shares. The Existing Shares were trading at around HK\$0.134 per Share (being the average closing price per Share as quoted on the Stock Exchange for the five consecutive days up to and including 28 August 2015, the last trading day before trading was suspended on 31 August 2015) and accordingly the cost of one board lot of 1,000 Existing Shares was less than HK\$135. The proposed Restructuring, including the issue of the Rights Shares, the Anti-dilution Shares and the Scheme Shares based on the number of the Existing Shares would result in the Company having 60,371,179,088 Existing Shares in issue which would very likely move the purchase price to the extremity of HK\$0.01 per Share. The proposed Share Consolidation is intended to drive the market price per Consolidated Share away from the base price extremity in anticipation of the issue of the Rights Shares, the Anti-dilution Shares and the Scheme Shares whilst lowering transaction dealing costs in a board lot of 1,000 Consolidated Shares as compared with dealing in 20 board lots of 1,000 Existing Shares for the same overall value. The proposed Share Consolidation would reduce the total number of Shares of the Company in issue.

PROPOSED RIGHTS ISSUE

On 17 December 2015, the Irrevocable Undertaking became unconditional when the condition in the Irrevocable Undertaking that Consenting Bondholders holding more than 30% of the outstanding principal amount of the Senior Notes accede to the Restructuring Support Agreement was satisfied. On 24 February 2016 (after trading hours), the Board resolved to raise approximately US\$50 million (approximately HK\$387.5 million) by way of the Rights Issue. On 11 March 2016, Famous Speech as the underwriter, the Company, Mr. Wang and the Controlling Shareholder Group entered into the Underwriting Agreement, pursuant to which Famous Speech has conditionally agreed to fully underwrite the Rights Issue. As the Rights Issue will increase the issued Shares by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders by way of poll at the EGM. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “4. THE UNDERWRITING AGREEMENT” in this announcement. The gross proceeds from the Rights Issue are expected to be approximately US\$50 million (approximately HK\$387.5 million), in aggregate, of which the entire amount will be used to pay the Cash Consideration to the Bondholders in the Debt Restructuring, the Consent Fee under the Restructuring Support Agreement and the success fee to Houlihan Lokey.

Taking into account the estimated expenses in connection with the Rights Issue of approximately HK\$3.875 million, the net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.68.

The Rights Issue is inter-conditional with the Debt Restructuring.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 28 April 2016 to Thursday, 5 May 2016 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Consolidated Shares will be registered.

PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to amend the Articles to enable the Company to deal with any fractional Consolidated Share to which an individual Shareholder would be entitled, which will not be issued by the Company to such Shareholder, but will be aggregated, sold (if a premium, net of expenses, can be obtained) and retained for the benefit of the Company, if feasible and applicable.

SPECIFIC MANDATE TO ISSUE NEW SHARES

An ordinary resolution will be proposed at the EGM to seek the Independent Shareholders’ approval for the grant of the Specific Mandate to authorize the Directors to allot and issue the New Shares, comprising the Rights Shares, the Scheme Shares and the Anti-dilution Shares.

SPECIFIC MANDATE TO ISSUE CVR SHARES

An ordinary resolution will be proposed at the EGM to seek the Independent Shareholders' approval for the grant of the CVR Specific Mandate to authorize the Directors to allot and issue the CVR Shares.

APPLICATION FOR WHITEWASH WAIVER AND TAKEOVERS CODE IMPLICATIONS

Pursuant to the Underwriting Agreement, Famous Speech has conditionally agreed to fully underwrite the Rights Issue. Mr. Wang has undertaken in the Underwriting Agreement to procure that each company of the Controlling Shareholder Group will not take up its entitlement under the Rights Issue and the Rights Shares underlying such entitlements will be subject to subscription by Famous Speech under the Underwriting Agreement. Upon the Controlling Shareholder Group's renunciation of their entitlements and assuming no acceptances by the other Qualifying Shareholders of its Rights Issue entitlements, Famous Speech would be required to take up 565,979,787 Underwritten Shares and would also receive 1,697,939,361 Anti-dilution Shares. In such circumstances, the total shareholding of Famous Speech and its concert parties, including, but not limited to the Controlling Shareholder Group, upon issuance of the Rights Shares, the Anti-dilution Shares and the Scheme Shares, would amount to a maximum of approximately 77.52% of the then issued Consolidated Shares as enlarged by the issue of the Rights Shares, the Anti-dilution Shares and the Scheme Shares, and the Scheme Shares would amount to 18.75% of such enlarged total issued Consolidated Shares. Famous Speech will enter into sub-underwriting arrangement with one or more parties independent of the Company, its connected persons and their associates and qualified as members of the public for the purposes of Rule 8.08 and Rule 8.24 of the Listing Rules, to the extent necessary to ensure that the Company maintains its public float under the Listing Rules immediately after the completion of the Underwriting Agreement and the Rights Issue. Therefore, the maximum number of Consolidated Shares to be held by Famous Speech, the Controlling Shareholder Group and parties acting in concert with them will be not more than 75% of the then issued Consolidated Shares immediately after completion of the Rights Issue and a shareholding interest of 2.52% will be held by the sub-underwriter assuming none of the Rights Shares were taken up by the existing Shareholders other than Famous Speech.

The fulfilment by Famous Speech of its underwriting commitment would result in an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code by Famous Speech and parties acting in concert with it for all Shares other than those already owned or agreed to be acquired by them. The Controlling Shareholder Group and Amy Wang are acting in concert with Famous Speech and subject to completion of the Share Subscription Agreement, Magnificent Gardenia is presumed to be acting in concert with Famous Speech pursuant to Class (1) of the definition of “acting in concert” under the Takeovers Code. Accordingly, the Rights Issue is conditional upon, among other things, the Executive granting the Whitewash Waiver which condition is not waivable. An application will be made by Famous Speech to the Executive for the Whitewash Waiver which, if granted by the Executive, would be subject to, inter alia, the approval of the Independent Shareholders taken on a poll at the EGM. If the Whitewash Waiver is not granted, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed.

SPECIAL DEAL

To the best knowledge of the Company, certain Bondholders holding an aggregate principal amount of US\$1,280,000 (representing approximately 0.41% of the outstanding Senior Notes) also hold 28,802,000 Shares in total (representing approximately 0.76% of the total issued shares of the Company) as of the date of this announcement.

Such Bondholders who are also Shareholders and their respective concert parties and those who are involved in and/or interested in the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the issuance of the CVRs, the Specific Mandate, the CVR Specific Mandate and the Special Deal including but not limited to the Controlling Shareholder Group, Famous Speech (although currently not a Shareholder) and its concert parties and Minmetals Cheerglory Limited together with its concert parties and its associates shall abstain from voting on resolution(s) relating to the Rights Issue and the transactions contemplated thereunder, including the Underwriting Agreement, the Whitewash Waiver, the issuance of the CVRs, the Specific Mandate, the CVR Specific Mandate as well as the Special Deal.

The payment of the Consent Fee and the distribution of the Cash Consideration will be paid out of the proceeds of the Rights Issue. The payment of the Consent Fee and the distribution of the Scheme Consideration to Bondholders are not capable of being extended to all Shareholders and will constitute a special deal under Note 5 to Rule 25 of the Takeovers Code so far as those Bondholders who are also Shareholders are concerned. This will require the consent of the Executive to proceed. The Executive’s consent, if granted, will be conditional upon (i) the independent financial adviser to the Independent Board Committee publicly giving an opinion that the terms of the Special Deal are fair and reasonable; and (ii) the approval of the Independent Shareholders of the Special Deal at a shareholders’ meeting by way of poll. The Company will seek the consent of the Executive to the Special Deal under Note 5 to Rule 25 of the Takeovers Code.

IMPLICATIONS UNDER LISTING RULES

Mr. Wang is a substantial Shareholder and a Director in the prior 12 months and therefore a connected person of the Company and Famous Speech is deemed to be a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules. Pursuant to Rule 7.21(2) of the Listing Rules, as the Company has not made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Issue or to dispose of Rights Shares not taken by Qualifying Shareholders in the market as contemplated by Rule 7.21(1) of the Listing Rules, the Underwriting Agreement is subject to the approval of Shareholders, excluding those with a material interest in the arrangement.

Further, as the Rights Issue will increase the number of issued Shares by more than 50%, pursuant to Rule 7.19(6) of the Listing Rules, the Rights Issue is conditional on approval by the Independent Shareholders by way of poll at the EGM and any controlling shareholder and their associates shall abstain from voting on resolution(s) relating to the Rights Issue and the Underwriting Agreement and the transactions contemplated thereunder. Accordingly, Mr. Wang, the controlling shareholder of the Company, and his associates (including the Controlling Shareholder Group) shall abstain from voting on resolution(s) relating to the Rights Issue and the transactions contemplated thereunder, including the Underwriting Agreement, the Whitewash Waiver, the issue of the CVRs, the Specific Mandate, the CVR Specific Mandate as well as the Special Deal.

Furthermore, Minmetals Cheerglory Limited, a subsidiary indirectly owned by China Minmetals Corporation, being a state-owned enterprise incorporated in the PRC, is a Shareholder, holding 70,391,376 Shares in total, representing approximately 1.87% of the total issued number of shares of the Company as at the date of this announcement. Magnificent Gardenia, a company which is indirectly majority owned by China Minmetals Corporation, has conditionally agreed to subscribe for ordinary shares in Famous Speech pursuant to the Share Subscription Agreement, upon completion of which Famous Speech will be owned as to 73.3% and 26.7% by Amy Wang and Magnificent Gardenia, respectively. Accordingly, Minmetals Cheerglory Limited, its concert parties and its associates shall abstain from voting on resolution(s) relating to the Rights Issue and the transactions contemplated thereunder, including the Underwriting Agreement, the Whitewash Waiver, the issuance of the CVRs, the Specific Mandate, the CVR Specific Mandate as well as the Special Deal.

Save as disclosed in the sections headed “12. Special Deal”, “13. Implications under Listing Rules” and “EGM”, no Shareholder is required to abstain from voting at the EGM in respect of the resolution(s) relating to the Rights Issue and the transactions contemplated thereunder, including the Underwriting Agreement, the Whitewash Waiver, the issuance of the CVRs, the Specific Mandate, the CVR Specific Mandate and the Special Deal.

GENERAL

Formation of Independent Board Committee and appointment of the Independent Financial Advisor

The Independent Board Committee has been formed to advise the Independent Shareholders, and the Independent Board Committee has approved the appointment of the Independent Financial Advisor, Somerley Capital Limited, to advise the Independent Board Committee and the Independent Shareholders, in connection with the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the Special Deal.

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Rights Issue; (ii) the Underwriting Agreement (iii) the Whitewash Waiver; (iv) the Amendment of Articles; (v) the Specific Mandate; (vi) the issuance of the CVRs; (vii) the CVR Specific Mandate; (viii) the Special Deal and (ix) the Share Consolidation. Only the Independent Shareholders will be entitled to vote on the resolutions to approve the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the issue of the CVRs, the Specific Mandate, the CVR Specific Mandate and the Special Deal at the EGM.

Circular

A circular containing, among other things, further details of (a) the Debt Restructuring; (b) the proposed Share Consolidation; (c) the proposed Rights Issue, including the Underwriting Agreement; (d) the proposed Amendment of Articles; (e) the Specific Mandate; (f) the application for Whitewash Waiver; (g) the Special Deal; (h) the issuance of the CVRs; (i) the CVR Specific Mandate; (j) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (k) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; and (l) a notice of the EGM setting out the relevant resolutions in respect of the Restructuring, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code. It is expected that the circular will be despatched to the Shareholders on or before 6 April 2016.

Prospectus

The Prospectus containing further information regarding, among other things, the Rights Issue, including information regarding applications and acceptances under the Rights Issue, and other information in respect of the Group and the PAL is expected to be despatched to the Qualifying Shareholders on or before 9 May 2016. The Prospectus (without the PAL) will be despatched to the Non-Qualifying Shareholders for their information only.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares, the New Shares and the CVR Shares.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

The Rights Issue is conditional upon the satisfaction of certain conditions as described in the section headed “Conditions of the Rights Issue” and is inter-conditional with the Debt Restructuring. In particular, attention is drawn to the following conditions that must be satisfied (i) the Underwriting Agreement having become unconditional and not having been terminated (see the section headed “Termination of the Underwriting Agreement” in this announcement); (ii) the parties to the Underwriting Agreement complying with their obligations thereunder; (iii) the Executive granting the Whitewash Waiver; (iv) the Schemes being sanctioned and all conditions precedent to the Schemes (and any other documentation giving effect to the Debt Restructuring), other than the completion of the Rights Issue, having been satisfied; and (v) the Independent Shareholders approving the Rights Issue and the transactions contemplated thereunder, including the Underwriting Agreement, the Whitewash Waiver, the issue of the CVRs, the Specific Mandate, the CVR Specific Mandate and the Special Deal. Famous Speech is a special purpose vehicle whose ordinary course of business does not include underwriting. It is reliant upon external funding to underwrite the Rights Issue and such funding is not at this stage committed. If the conditions of the Rights Issue are not fulfilled or if Famous Speech exercises the right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed. Alternatively, if Famous Speech fails to secure its external funding it will unlikely be able to comply with its obligations under the Underwriting Agreement and the Rights Issue will not proceed.

Should the Rights Issue not proceed, the conditions to the Debt Restructuring will not be fulfilled. Accordingly, the Debt Restructuring will not proceed and the ability of the Company to continue trading on a solvent basis will be in material doubt. Any Shareholders or potential investors contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue remain to be fulfilled will bear the risk that the Rights Issue might not become unconditional and might not proceed. Dealings in the Shares on an ex-rights basis are expected from Tuesday, 26 April 2016. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 11 May 2016 to Wednesday, 18 May 2016 (both days inclusive).

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

At the request of the Company, trading in the Shares was halted with effect from 9:00 a.m. on 31 August 2015, pending the release of the interim results of the Company for the six month ended 30 June 2015. The interim results of the Company has been released on 13 March 2016 and an application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 14 March 2016.

1. INTRODUCTION

Reference is made to the Announcement in relation to, amongst others, (i) the Company entering into the Restructuring Support Agreement with the Subsidiary Guarantors and certain of the Consenting Bondholders on 25 November 2015 pursuant to which they have agreed to support the proposed Debt Restructuring subject to the terms and conditions of such agreement; and (ii) Mr. Wang executing the conditional Irrevocable Undertaking on 25 November 2015.

Details of the major proposed terms and conditions of the Debt Restructuring, as well as the Irrevocable Undertaking are set out in the Announcement and together with developments in relation to the Irrevocable Undertaking, are set out below.

Proposed Debt Restructuring

The proposed Debt Restructuring will consist of a redemption of the outstanding Senior Notes and all accrued but unpaid interest thereon up to the date of the settlement (including, without limitation, the Interest Payments) at a discount, with Bondholders accepting a combination of the Cash Consideration, the Scheme Shares and the CVRs in full settlement. As at 19 February 2016, the outstanding Senior Notes and all accrued but unpaid interest thereon in aggregate amounted to approximately US\$346.5 million. Each participating Bondholder will receive a pro rata allocation of the CVRs and, at its election (subject to certain conditions described below), a combination of Cash Consideration and Scheme Shares. Upon completion of the Debt Restructuring, the aggregate amount of the Cash Consideration and the aggregate number of Scheme Shares and CVRs will be completely allocated among the Bondholders in consideration of all claims in respect of the Senior Notes being extinguished.

The Debt Restructuring will be implemented by the Schemes, for which recognition will be sought in the U.S. under Chapter 15 of the U.S. Bankruptcy Code. To initiate this process, the Company has applied to the Hong Kong Court and the BVI Court for orders granting leave to convene meetings of the Bondholders to vote on the Schemes (the “**Scheme Meetings**”). These applications will be heard before the BVI Court on 17 March 2016 and before the Hong Kong Court on 21 March 2016. To enable the Bondholders to understand the Schemes and to make an informed decision when deciding whether to approve them, a detailed explanatory statement (“**Explanatory Statement**”) will be distributed to the Bondholders in accordance with the procedures required by Hong Kong and BVI law and practice. The Explanatory Statement will include information as to the background of the Company and why the Restructuring is necessary, the process undertaken to arrive at the proposed Restructuring, financial information relating to the Company, definitive documentation relating to the CVRs and other related documents required to give effect to the Schemes. The Explanatory

Statement also includes a liquidation analysis, which the Company retained AlixPartners to perform in order to analyse estimated recoveries to creditors in a theoretical liquidation scenario (if the Restructuring were not to be implemented).

Prior to concluding the terms of the Debt Restructuring, the Company considered various factors. The Company has, since May 2015, been in default under the Senior Notes (by reason of its failure to make the first Interest Payment). This led the Company to negotiate a restructuring with the Steering Committee in relation to the Senior Notes to avoid a potential liquidation of the Company. In order to fund the cash component of the settlement with Bondholders, the Company sought investors for a potential issue of new equity in the Company. In this regard, the Company approached various potential equity investors in relation to different possible fund-raising structures, including a rights issue, open offer or placing. Some of these discussions progressed to an advanced stage, but none resulted in a firm investment proposal.

Eventually, discussions between the Company and the Steering Committee resulted in agreement on the terms of the Restructuring Support Agreement (and appended Term Sheet), which were founded on the willingness of Mr. Wang to underwrite a rights issue to raise an agreed cash component of the Debt Restructuring. This is the amount of US\$50 million to fund the Cash Consideration, the Consent Fee and success fee to Houlihan Lokey. Bondholders holding at least 83% of the principal amount of the outstanding Senior Notes have now acceded to the Restructuring Support Agreement.

Scheme Conditions

The Schemes shall become fully effective upon the Restructuring Effective Date, being the date on which the following conditions are satisfied:

- (i) the sanction with or without modification (but subject to any such modification being acceptable to the Company and in accordance with the terms of the Schemes) of the BVI Scheme and the Hong Kong Scheme by the BVI Court and the Hong Kong Court (respectively);
- (ii) the court order sanctioning the BVI Scheme and the court order sanctioning the Hong Kong Scheme having been delivered to the BVI Registrar of Companies and the Hong Kong Registrar of Companies (respectively) for registration;
- (iii) the US Bankruptcy Court having made an order under Chapter 15 of the U.S. Bankruptcy Code recognising and giving effect to certain aspects of the compromise and arrangement set out in the Hong Kong Scheme, including the release of the Company from its obligations in respect of the Senior Notes;
- (iv) an appropriate resolution having been passed by the Shareholders to approve the issuance of the CVRs;
- (v) the Listing Committee of the Stock Exchange listing and granting permission to deal in the Scheme Shares;

- (vi) the Rights Issue having completed and all of the proceeds therefrom (including for the avoidance of doubt the proceeds from any and all underwriting arrangements in respect thereof) having been transferred to the Scheme Consideration Trustee;
- (vii) each of the restructuring documents having been executed by each of the parties thereto; and
- (viii) the Company having paid all fees, costs and expenses of the advisers, the Trustee, the collateral agent, the registrar, and the Scheme Consideration Trustee that have been duly invoiced to the Company by 17 May 2016 (or such later date as may be agreed by the Company with the relevant party or parties), which fees shall not include the success fee payable to Houlihan Lokey.

Scheme Consideration

The proposed Scheme Consideration comprises:

- (a) the Cash Consideration, representing the sum of US\$41,703,334;
- (b) the Scheme Shares with an attributed value of US\$12.5 million, which shall represent 18.75% of the total issued Shares on a fully diluted basis upon completion of the Restructuring and after completion of the Share Consolidation and issuance of all of the Rights Shares, Anti-dilution Shares and Scheme Shares; the issue price for the Scheme Shares is approximately HK\$0.17 per Scheme Share; and
- (c) the CVRs with an aggregate notional value of US\$10 million, which, subject to terms and conditions, may be settled in cash or CVR Shares or a combination of both at the discretion of the Company. For details regarding the major terms and conditions of the CVRs, please refer to “Principal Terms of the CVRs” in this announcement.

All Bondholders that submit a claim in the Schemes by the requisite Bar Date (see below) will be entitled to receive a pro rata share of the Scheme Consideration. All such Bondholders will receive CVRs, but whether they receive Cash Consideration and/or Scheme Shares will depend on the operation of the election mechanism described below.

Treatment of the Senior Notes

Upon completion of the Debt Restructuring, the outstanding Senior Notes will be cancelled and all guarantees and security in connection with the Senior Notes will be released.

Election and distribution of Scheme Consideration

All Bondholders that submit a claim in the Schemes by a prescribed date (to be set one Business Day before the date of the Scheme Meetings) (the “**Initial Deadline**”) will have the option to elect to receive, in addition to the CVRs to which they are entitled, Cash Consideration or Scheme Shares or any combination thereof. If the aggregate

amount of the Cash Consideration that the Bondholders elect to receive exceeds the actual amount of the Cash Consideration, the Bondholders will be allocated the Cash Consideration on a pro rata basis and the shortfall will be settled on a pro rata basis through the issuance of Scheme Shares. Equally, if the aggregate number of Scheme Shares that the Bondholders elect to receive exceeds the actual number of the Scheme Shares, the Bondholders will be allocated the Scheme Shares on a pro rata basis and the shortfall will be settled on a pro rata basis through the payment of part of the Cash Consideration. Bondholders who submit a claim, without making an election with respect to the Scheme Consideration or who submit a claim before the Bar Date but after the Initial Deadline, will be deemed to have elected to receive Scheme Shares only. For the purposes of this election mechanism, the Scheme Shares will be attributed a value of US\$12.5 million (approximately HK\$96.9 million).

On the Initial Distribution Date, each Initial Bondholder will receive a proportion of the total Scheme Consideration pro rata to the proportion that its Scheme claim value bears to all potential Scheme claims, being the total value of the outstanding Notes and accrued, but unpaid interest (including the Interest Payments) up to the Initial Deadline, including the CVRs to which such Initial Bondholders would be entitled. The remaining Cash Consideration to which Bondholders who have not submitted a claim by such date would otherwise be entitled will be held by the Scheme Consideration Trustee and the remaining Scheme Shares and all the remaining CVRs to which such Bondholders would be entitled will not be issued by the Company until the Final Distribution Date. Any Bondholder that submits a claim after the Initial Deadline, but before the Bar Date will receive its entitlements all on the Final Distribution Date.

Bar Date

Any Bondholders that fail to submit a claim in the Schemes by the requisite bar date, being the date falling three months after the Restructuring Effective Date, (the “**Bar Date**”), will receive nil Scheme Consideration but their claims against the Company and the other Group companies will be irrevocably released. The Scheme Consideration to which any such Bondholder would otherwise have been entitled shall be distributed pro rata on the Final Distribution Date to those Bondholders who have validly submitted their claims by the Bar Date.

Consent Fee

On the Restructuring Effective Date, the Scheme Consideration Trustee will pay the Consent Fee of approximately US\$6.8 million (approximately HK\$52.7 million), the total amount of which equals to 2% of the outstanding principal and accrued but unpaid interest in respect of the Senior Notes as at 25 November 2015 (being the date of the Restructuring Support Agreement). The Consent Fee will be shared pro rata among those Consenting Bondholders that have become a party to the Restructuring Support Agreement in accordance with the Restructuring Support Agreement.

Principal terms of the CVRs

Notional Value: US\$10 million, which will be a one-off payment to the Bondholders upon the occurrence of the Triggering Event as more particularly described below.

Triggering Event: The triggering event will be when the Company's cash profit before taxation in any financial year exceeds US\$100 million. Such cash profit before taxation is defined as the sum of "Profit before Taxation" and "Non-cash costs". "Profit before Taxation" shall be the figure reported in the consolidated statement of profit or loss of the annual audited financial statements of the Company. "Non-cash costs" shall be defined as the sum of "Depreciation", "Amortization", and "Equity settled share-based transactions" reported in the consolidated cash flow statement of the annual audited financial statements of the Company. Such cash profit before taxation shall also exclude any extraordinary gains and losses and write downs outside normal course of business operations of the Company.

Maturity Date: 5 years from the issue date of the CVRs (being the Initial Distribution Date).

Settlement: The Company shall have the right to choose to use cash or CVR Shares (at the prevailing 30-day volume-weighted average price "**CVR Settlement Price**") to settle the CVRs within 30 days upon the occurrence of the Triggering Event. The hypothetical price of HK\$0.69 has been adopted by the Company as a floor price for the purpose of the CVR Specific Mandate.

In any event, if the Triggering Event were to occur before the Maturity Date, meaning that the Company's cash profit before taxation in the relevant financial year would have exceeded US\$100 million, the Company would expect to have sufficient cash to be able to settle CVRs wholly in cash should it choose to do so and if the relevant CVR Settlement Price were lower than HK\$0.69 (equivalent to the Subscription Price), subject to adjustment for share consolidations, sub-divisions and so forth, the Company would not settle CVRs through the issuance of CVR Shares without seeking a renewed specific mandate from Shareholders at the relevant time.

- Expiry:** The CVRs will expire (and no payment shall be due from the Company) if the Triggering Event does not occur prior to the Maturity Date.
- Listing:** No application will be made for the listing of, and permission to deal in, the CVRs on the Stock Exchange or any other stock exchange.
- Conditions Precedent:** The ability of the Company to settle the CVRs by the issuance of CVR Shares is conditional on, amongst other, the following:
- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the CVR Shares;
 - (ii) the approval of Independent Shareholders of the CVR Specific Mandate; and
 - (iii) all other relevant consents and approvals being obtained from all relevant governmental and regulatory authorities.

Application for listing of the CVR Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the CVR Shares to be issued and allotted pursuant to the CVR.

Subject to the granting of the listing of, and permission to deal in, the CVR Shares on the Stock Exchange, the CVR Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisors for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the CVR Shares which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Warning

Completion of the Debt Restructuring will be conditional on, amongst other things, completion of the Rights Issue. Shareholders are therefore urged to exercise extreme caution in dealing in the Shares.

Developments in relation to the Irrevocable Undertaking

Reference is also made to the announcement made by the Company on 22 December 2015 in relation to, amongst other things, the Irrevocable Undertaking becoming unconditional following satisfaction on 17 December 2015 of the condition therein that Consenting Bondholders holding more than 30% of the outstanding principal amount of the Senior Notes accede to the Restructuring Support Agreement.

Pursuant to the Underwriting Agreement, Mr. Wang has irrevocably undertaken to the Company and the Underwriter to procure that each company in the Controlling Shareholder Group will not dispose of the Shares giving rise to the assured entitlements of Rights Shares under the Rights Issue, or such assured entitlements of Rights Shares, on or before the Acceptance Date and will procure that the Shares currently held by Winsway Resources and Winsway International will remain registered in their respective names at the close of business on the Acceptance Date. Mr. Wang further irrevocably undertakes to the Company and the Underwriter that he will not, and will procure the Controlling Shareholder Group will not, take up the entitlements of Rights Shares under the Rights Issue.

Subsequently, on 11 March 2016, the Irrevocable Undertaking was modified by the Famous Speech Undertaking and the Supplemental Irrevocable Undertaking to provide for Famous Speech to take up the Controlling Shareholder Group's assured entitlements under the Rights Issue as Underwritten Shares and to underwrite the Rights Issue on the terms of the Underwriting Agreement. Famous Speech has also undertaken to enter into a facility agreement with a commercial bank, pursuant to which the commercial bank shall provide a term loan in the principal amount of up to US\$50 million to Famous Speech for the purpose of making available sufficient funds in Hong Kong dollars for underwriting the Rights Issue in full.

2. PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every 20 Existing Shares be consolidated into one (1) Consolidated Share, with fractional entitlements being disregarded.

Effect of the Share Consolidation

As at the date of this announcement, the authorized Existing Shares are 6,000,000,000 Shares, of which 3,773,198,693 Existing Shares have been issued.

Upon the proposed Share Consolidation becoming effective (assuming no further Shares will be issued and/or repurchased prior to the date of the EGM), since the Company does not have share capital and the Shares have no par value, the number of authorized Shares will remain as 6,000,000,000, of which up to 188,659,929 Consolidated Shares

(subject to the treatment of fractional Consolidated Shares) will be in issue. The Consolidated Shares will rank *pari passu* in all aspects with each other in accordance with the Articles.

Subject to the passing of the resolution at the EGM to amend the Articles as more fully described under the heading — “PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION” below, any fractional Consolidated Share(s) to which an individual Shareholder is entitled will not be issued by the Company to such Shareholder, but will be aggregated, sold (if a premium, net of expenses, can be obtained) and retained for the benefit of the Company, if feasible and applicable.

Other than the necessary expenses, including professional fees and printing charges, to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

Application for Listing of the Consolidated Shares

An application will be made by the Company to the Listing Division of the Stock Exchange for granting the listing of, and permission to deal in, the Consolidated Shares arising from the proposed Share Consolidation. All necessary arrangements will be made for the Consolidated Shares to be admitted into the CCASS.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. The Consolidated Shares will be identical and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Conditions of the Share Consolidation

The Share Consolidation is conditional on:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the passing of a special resolution by the Shareholders to approve the amendments to the Articles at the EGM and the filing of the amended Articles with the BVI Companies Registry; and

- (iii) the Listing Division of the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

The Share Consolidation will become effective on the next Business Day following the fulfilment of all of the above conditions. To the best information, knowledge and belief of the Directors, as at the date of this announcement, no Shareholder has an interest in the Share Consolidation that is materially different from the other Shareholders. Therefore, no Shareholder is required to abstain from voting on the resolution to be proposed at the EGM to approve the Share Consolidation.

Reasons for the Share Consolidation

The Company notes that under Rule 13.64 of the Listing Rules, where the market price of the securities of a company listed on the Stock Exchange approaches the extremity of HK\$0.01, the Stock Exchange reserves the right to require the Company either to change the trading method or consolidate the Shares. The Existing Shares were trading at around HK\$0.134 per Share (being the average closing price per Share as quoted on the Stock Exchange for the five consecutive days up to and including 28 August 2015, the last trading day before trading was suspended on 31 August 2015) and accordingly the cost of one board lot of 1,000 Existing Shares was less than HK\$135. The proposed Restructuring, including the issue of the Rights Shares, the Anti-dilution Shares and the Scheme Shares based on the number of the Existing Shares would result in the Company having 60,371,179,088 Existing Shares in issue which would likely move the purchase price to the extremity of HK\$0.01 per Share. The proposed Share Consolidation is intended to drive the market price per Consolidated Share away from the base price extremity in anticipation of the issue of the Rights Shares, the Anti-dilution Shares and the Scheme Shares whilst lowering transaction dealing costs in a board lot of 1,000 Consolidated Shares as compared with dealing in 20 board lots of 1,000 Existing Shares for the same overall value. The proposed Share Consolidation will reduce the total number of Shares of the Company in issue.

Furthermore, the proposed Share Consolidation is expected to facilitate the Company's ability to conduct future fund-raising activities without the need to seek prior shareholders' approval for a share consolidation in future if the market price at that time would be close to the extremity. Save as disclosed in this announcement, as at the date hereof, the Company has no intention to conduct other future fund-raising activities.

Implementation of the Share Consolidation will not, of itself, alter the underlying assets, liabilities, business, operations, management, financial position or the share capital of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Share Consolidation will not have any adverse effect on the financial position of the Company and the Board believes that on the effective date of the Share Consolidation, there will be no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due. No capital of the Company will be lost as a result of the Share Consolidation and, except for the expenses involved in relation to the Share Consolidation, which are expected to be insignificant to the net

asset value of the Company, the net asset value of the Company will remain unchanged immediately before and after the Share Consolidation becoming effective. The Share Consolidation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

The Board is of the opinion that the Share Consolidation would give the Company greater flexibility in pricing and future issue of the Shares, including but not limited to the Consolidated Shares to be issued under the Rights Issue. In view of the foregoing, the Board considers that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Arrangement of odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares, the Company will appoint a securities firm to provide a matching service, on a best-efforts basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular.

Shareholders should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Exchange of Share Certificates

Subject to the Share Consolidation becoming effective, Shareholders may submit existing share certificates for Existing Shares to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, between 22 April 2016 to 31 May 2016 (both days inclusive) during business hours, to exchange, at the expense of the Company, for the new share certificates in respect of Consolidated Shares. It is expected that the new certificates for Consolidated Shares will be available for collection within 10 Business Days after the surrender of the existing share certificate to the Registrar for exchange. Thereafter, the existing share certificates for the Existing Shares will cease to be valid for delivery, trading and settlement purpose but will remain effective as documents of legal title and will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by Stock Exchange) per existing share certificate cancelled or new share certificate issued (whichever is the higher) by the Shareholders. The existing share certificates are in red colour and the new share certificates will be in blue colour.

The expected timetable for the Share Consolidation is set out in the section headed “Expected Timetable” in this announcement.

Warning

Shareholders and potential investors should also be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Share Consolidation” in the section headed “2. Proposed Share Consolidation” of this announcement.

Therefore, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

3. PROPOSED RIGHTS ISSUE

On 24 February 2016 (after trading hours), the Board resolved to raise approximately US\$50 million (approximately HK\$387.5 million) by way of the Rights Issue (assuming no further issue of new Shares and there being no repurchase of Shares by the Company on or before the Record Date).

Basis of the Rights Issue:	3 Rights Shares for every 1 Consolidated Share held on the Record Date ¹
Subscription Price:	HK\$0.69 per Rights Share
Number of Existing Shares in issue as at the date of this announcement:	3,773,198,693 Existing Shares (resulting in up to 188,659,929 Consolidated Shares (subject to the treatment of fractional Consolidated Shares) upon the Share Consolidation becoming effective)
Number of Rights Shares:	not more than 565,979,787 Rights Shares (assuming no further increase in the number of issued Shares on or before the Record Date) ²
Number of Rights Shares and Anti-dilution Shares upon completion of the Rights Issue:	not more than 2,263,919,148 Consolidated Shares
Amount to be raised:	Approximately US\$50 million (approximately HK\$387.5 million)

Assuming no further issue of new Shares and there being no repurchase of Shares by the Company on or before the Record Date, the 565,979,787 Rights Shares will represent 300% of the Company's issued Consolidated Shares based upon the Existing Shares as at the date of this announcement and will represent approximately 75% of the Company's issued Consolidated Shares upon completion of the Rights Issue, but before the issue of the Anti-dilution Shares and the Scheme Shares.

Pursuant to the terms of the Irrevocable Undertaking, Mr. Wang originally agreed to underwrite the Rights Issue. Subsequently, pursuant to the Famous Speech Irrevocable Undertaking and the Supplemental Irrevocable Undertaking from Mr. Wang, it was agreed that Famous Speech, rather than a vehicle wholly or majority owned by Mr. Wang and/or members of the Controlling Shareholder Group would do so instead

Note 1: In addition, a further three Anti-dilution Shares will be issued to those Qualifying Shareholders subscribing for every one Rights Share under the Rights Issue pursuant to the issuance of the Anti-dilution Shares. See "Anti-dilution Protection of the Rights Shares" below for more details.

Note 2: For the avoidance of doubt, Scheme Shares would not give rise to an entitlement to Rights Shares.

because of constraints placed on Mr. Wang and the Controlling Shareholder Group by their existing financial commitments. Mr. Wang originally issued the Irrevocable Undertaking on the basis that the Rights Shares would amount to 75% of the issued Shares post-Rights Issue. It was agreed with the Steering Committee that the Scheme Consideration under the Debt Restructuring should include an equity component to augment the Cash Consideration. It was agreed that the Scheme Shares to be issued to Bondholders would amount to 18.75% (being 75% of the remaining shareholding of 25%) of the issued Shares post-Rights Issue. The implementation of the Rights Issue by issuing three Rights Shares for every one Existing Share, was the agreed structure between the Company, the Steering Committee and Mr. Wang to raise the requisite US\$50 million with the Rights Shares representing 75% of the issued Shares post-Rights Issue.

The Board decided to proceed with the Rights Issue underwritten by Mr. Wang (in fact a company, Famous Speech, currently wholly owned by Mr. Wang's daughter, Amy Wang and upon completion of the Share Subscription Agreement, owned as to 73.3% by Amy Wang and 26.7% by Magnificent Gardenia, respectively) after considering (i) the limited financing options available to the Company; (ii) the pressing need to complete the Debt Restructuring; and (iii) the fact that the Restructuring had been negotiated with the Steering Committee on the basis that Mr. Wang would remain as Controlling Shareholder. For details about how the Irrevocable Undertaking given by Mr. Wang was modified by the Famous Speech Undertaking and the Supplemental Irrevocable Undertaking, please refer to the section headed "Developments in relation to the Irrevocable Undertaking" in this announcement.

Anti-dilution Protection of the Rights Shares

As the issue of the Scheme Shares would dilute the 75% shareholding of those taking up the Rights Shares (including Famous Speech), the issue of the Anti-dilution Shares for no further consideration in the ratio of three Anti-dilution Shares for each one Rights Share subscribed, is a mechanism to counter this dilutive effect as agreed in the Term Sheet. This means in the case of Qualifying Shareholders who opt not to take up their entitlements under the Rights Issue, their shareholding interests will be diluted by a maximum of approximately 93.8% upon completion of the Rights Issue (including the issuance of the Rights Shares and all the Anti-dilution Shares) and the Debt Restructuring (including the issuance of the Scheme Shares). The 1,697,939,361 Anti-dilution Shares will represent 900% of the Company's issued Consolidated Shares based upon the Existing Shares as at the date of this announcement.

Unless 100% of the Bondholders submit a claim before the Initial Deadline and/or the Scheme Shares are "overdistributed" as described in the section headed "Election and distribution of Scheme Consideration" in this announcement above, the Scheme Shares will be issued in two instalments: on the Initial Distribution Date and the Final Distribution Date. Anti-dilution Shares will correspondingly be issued in two instalments on the same dates. The Initial Anti-dilution Shares, rounded up to the nearest whole Share, as applicable, will be issued in the same ratio to all Anti-dilution Shares as the Initial Scheme Shares bear to all the Scheme Shares. The remaining Anti-dilution Shares, rounded up to the nearest whole Share, as applicable, will be issued along with the remaining Scheme Shares on the Final Distribution Date. Further

announcement(s) will be made by the Company (when appropriate) when the number of Initial Scheme Shares and therefore the number of Initial Anti-dilution Shares has been ascertained.

A table showing the shareholding structure of the Group (assuming no Shares will be issued and none repurchased on or before the Record Date) (i) as at the date of this announcement; (ii) immediately upon the Share Consolidation becoming effective but before completion of the Rights Issue (including the issuance of the Anti-dilution Shares) and the Debt Restructuring (including the issuance of the Scheme Shares); (iii) immediately upon completion of the Rights Issue (including the issuance of the Anti-dilution Shares) and the Debt Restructuring (including the issuance of the Scheme Shares) and (iv) immediately upon completion of the Rights Issue (including the issuance of the Anti-dilution Shares) and the Debt Restructuring (including the issuance of all the Scheme Shares) and assuming all the CVR Shares are all issued to Bondholders in settlement of the CVRs are set out in “6. SHAREHOLDING STRUCTURE OF THE COMPANY”.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be very materially diluted through the issuance of the Rights Shares, the Scheme Shares and the Anti-dilution Shares and if applicable, the issuance of the CVR shares.

As at the date of this announcement, there are no outstanding share options under the share option scheme adopted by the Company on 6 June 2014, and no restricted share unit awards have been granted pursuant to a restricted share unit scheme approved and adopted by the Shareholders at the annual general meeting held on 11 June 2012.

Save as disclosed herein, the Company has no outstanding convertible securities or options in issue or other similar rights which confer any right to convert into or subscribe for Shares as at the date of this announcement.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders, being those persons who are registered as members of the Company at the close of business on the Record Date and are not Non-Qualifying Shareholders.

In order to be registered as a member of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged by a Shareholder with the Registrar at 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 27 April 2016.

Investors with their Shares held by a nominee (or CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own name(s) prior to the Record Date. For investors whose Shares are held by a nominee (or CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar at 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 27 April 2016.

Closure of register of members

The register of members of the Company will be closed from Thursday, 28 April 2016 to Thursday, 5 May 2016 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Consolidated Shares will be registered.

Basis of provisional allotment

The basis of the provisional allotment shall be 3 Rights Shares (in nil-paid form) for every 1 Consolidated Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Acceptance Date.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders, if any. If, based on legal opinions to be provided by the legal advisors to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place of his registered address or the requirement of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be extended to such Overseas Shareholders and neither would such Overseas Shareholders be eligible to receive any Anti-dilution Shares.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid on a pro-rata basis to the relevant Non-Qualifying Shareholders. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares will be taken up by Famous Speech pursuant to the terms of the Underwriting Agreement. For the avoidance of doubt, Non-Qualifying Shareholders (if any) who are also Independent Shareholders will be entitled to vote on the resolution in respect of the Rights Issue (as well as the other resolutions to be considered) at the EGM.

Overseas Shareholders should note that they may or may not be entitled to participate in the Rights Issue (including any right to Anti-dilution Shares), subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.69 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 76% to the adjusted closing price of HK\$2.90 per Consolidated Share, based on the closing price of HK\$0.145 per existing Shares as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (b) a discount of approximately 44% to the adjusted theoretical ex-rights price of approximately HK\$1.243 per Consolidated Share based on the closing price of HK\$0.145 per existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (c) a discount of approximately 74% to the adjusted average closing price of approximately HK\$2.676 per Consolidated Share, based on the average closing price of HK\$0.1338 per existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (d) a discount of approximately 82% to the adjusted average closing price of approximately HK\$3.786 per Consolidated Share, based on the average closing price of HK\$0.1893 per existing Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation.

The terms of the Rights Issue, including the Subscription Price and the subscription ratio, were determined after arm's-length negotiations between the Company, Mr. Wang and Famous Speech taking into account the following factors: (i) the terms set out in the Term Sheet negotiated between the Company and the Bondholders including the amount of US\$50 million (approximately HK\$387.5 million) needed to satisfy the Company's obligations under the terms of the Schemes and in connection with the proposed Debt Restructuring; (ii) as at 30 June 2015, the unaudited net liabilities of the Group amount to approximately HK\$1,404 million, equivalent to approximately negative HK\$0.372 per Existing Share, based on 3,773,198,693 Existing Shares in issue at the date of the Underwriting Agreement; (iii) the market price of the Existing Shares under prevailing market and economic conditions; (iv) the net loss of the Group for the three consecutive financial years since 2012; and (v) the capital needs and financial position of the Group. The Directors (excluding the Independent Board Committee whose views will be provided after taking into consideration the advice of the Independent Financial Advisor) consider that the terms of the Rights Issue,

including the subscription ratio and the Subscription Price which they believe has been set at a reasonable discount to the recent closing prices of the Shares, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Taking into account the estimated expenses in connection with the Rights Issue of approximately HK\$3.875 million, the net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.68.

Status of Rights Shares, Anti-dilution Shares and Scheme Shares

The Rights Shares, when allotted and fully paid, the Anti-dilution Shares and the Scheme Shares will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares, Anti-dilution Shares and/or Scheme Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form and after the date of allotment of the Anti-dilution Shares and the Scheme Shares, respectively.

Share certificates for Rights Issue and Initial Anti-dilution Shares

Subject to the authorization of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares together with certificates for the Initial Anti-dilution Shares are expected to be posted on or about Friday, 3 June 2016 by ordinary post to the allottees, at their own risk, to their registered addresses. Share certificates for the final issue of Anti-dilution Shares are expected to be posted on the Final Distribution Date.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form or proportional fractions of Anti-dilution Shares to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares, arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved. Any unsold fractions of Rights Shares will be taken up by Famous Speech pursuant to the terms of the Underwriting Agreement.

No applications for excess Rights Shares

The Board considers that no application for excess Rights Shares will be offered to Qualifying Shareholders and any Untaken Shares will be taken up by Famous Speech pursuant to the terms of the Underwriting Agreement.

The Board believes that each Qualifying Shareholder will be given equal and fair opportunity to maintain its pro rata shareholding interest in the Company through the Rights Issue and accordingly for the following reasons has resolved not to adopt an excess application mechanism, (i) the excess application mechanism may result in an unexpected introduction of a new substantial shareholder or controlling shareholder to the Company which may cast uncertainties on the Company's future direction and accordingly may not be in the interests of the Company and the Shareholders as a whole; (ii) the excess application mechanism may be abused by the Qualifying

Shareholders by splitting their shareholdings into odd lots to enable them to submit multiple top-up applications and be possibly allocated more excess Rights Shares, which is not considered to be fair and equitable.

The terms of the Debt Restructuring were finalised with the Steering Committee on the expectation that Mr. Wang would remain as the Controlling Shareholder immediately after the Restructuring and that the Company would implement its new business model, which the Company believes was one of the factors that the Bondholders considered before agreeing to an equity component of the Scheme Consideration (negotiated as 18.75% of the total issued Consolidated Shares on a fully diluted basis in addition to the Cash Consideration and the CVRs). The Irrevocable Undertaking given by Mr. Wang to take up his Rights Shares and underwrite the Rights Issue was an essential element leading to the execution of the Restructuring Support Agreement. Should an unknown potential controlling shareholder or a shareholder with a stake significant enough to disrupt the implementation of the new business model were to emerge this could have a destabilising effect and create uncertainty about the Company's future operational direction. The Company believes it is desirable for the chances of the Rights Issue's success and the approval of the Schemes by Bondholders and therefore in the interests of the Company's stakeholders generally to avoid uncertainty so far as practicable and hence not to adopt an excess application mechanism in the Rights Issue. For details about how the Irrevocable Undertaking given by Mr. Wang was modified by the Famous Speech Undertaking and the Supplemental Irrevocable Undertaking, please refer to the section headed "Developments in relation to the Irrevocable Undertaking" in this announcement.

In light of the above and given that the Independent Shareholders are provided the opportunity to express their views on the terms of the Rights Issue (including no application for excess Rights Shares) through their votes at the EGM, the Board believes that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess applications to the Qualifying Shareholders; and the additional work which would be required to prepare for and administer the excess application arrangement (such as printing excess application forms and incurring professional fees to process and handle the excess applications) may not be justified as the Company is seeking to reduce all unnecessary expenses so as to receive the maximum net proceeds from the Rights Issue. It is estimated by the Company that the additional costs and expenses, including additional fees payable to the Registrar, legal advisers and other professional services providers, would be approximately HK\$150,000, representing approximately 0.04% of the gross proceeds from the Rights Issue.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue and for the listing of, and permission to deal in, the Anti-dilution Shares and the Scheme Shares.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms and the Anti-dilution Shares and the Scheme Shares on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid

forms and the Anti-dilution Shares and the Scheme Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisors for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, the Anti-dilution Shares and the Scheme Shares which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

4. THE UNDERWRITING AGREEMENT

On 11 March 2016, Famous Speech as the underwriter, the Company, Mr. Wang and the Controlling Shareholder Group entered into the Underwriting Agreement, pursuant to which Famous Speech has conditionally agreed to subscribe for all Underwritten Shares that are not taken up under the Rights Issue. Details of the underwriting arrangement are as follows:

The Underwriter:	Famous Speech is wholly owned by Amy Wang as at the date of this announcement, and subject to and upon completion of the Share Subscription Agreement, will be owned as to 73.3% by Amy Wang and 26.7% by Magnificent Gardenia, respectively.
Total number of Rights Shares being underwritten by the Underwriter:	Not less than 565,979,787 Rights Shares (assuming no new Shares are issued and there being no repurchase of Shares by the Company on or before the Record Date) including the 227,737,515 Rights Shares which represent the Controlling Shareholder Group's entitlements under the Rights Issue and which will be subscribed by Famous Speech. For the avoidance of doubt, the Anti-dilution Shares will be issued in respect of all Rights Shares taken up by the Underwriter (as well as relevant Qualifying Shareholders).
Commission:	Famous Speech will not be entitled to any commission or fees.

Famous Speech will enter into sub-underwriting arrangements with one or more parties independent of the Company, its connected persons and their associates to the extent necessary to ensure that the Company maintains its public float under the Listing Rules immediately after the completion of the Underwriting Agreement.

It is not in the ordinary course of business of Famous Speech to underwrite issues of shares.

The terms of the Underwriting Agreement were determined after arm's-length negotiations between the Company and Famous Speech with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Board (excluding the Independent Board Committee whose views will be provided after taking into consideration the advice of the Independent Financial Advisor) considers the terms of the Underwriting Agreement are fair and reasonable so far as the Company and the Shareholders are concerned.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting Famous Speech, by notice in writing to the Company, the right to terminate its obligations thereunder on the occurrence of certain events. Famous Speech may terminate the arrangements set out in the Underwriting Agreement by notice in writing to the Company issued by in its sole discretion at any time prior to the Latest Time for Termination if there occurs:

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the opinion of Famous Speech acting reasonably, such change would or would likely have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue.

The Underwriting Agreement also contains a provision granting the Company, by notice in writing to Famous Speech, the right to terminate the Underwriting Agreement if Famous Speech fails to satisfy its funding obligations under the Underwriting Agreement to the Company by 4:00 p.m. on the Settlement Date.

If the Restructuring Effective Date has not occurred by the Longstop Date, the Underwriting Agreement shall terminate and no party shall have any obligation to any other party save for any antecedent breach.

If the Underwriter or the Company terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made if the Underwriting Agreement is terminated by the Underwriter or the Company.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) the passing at the EGM by Independent Shareholders of ordinary resolutions by way of poll to approve the Rights Issue, the Underwriting Agreement, the issue of the CVRs, the Special Deal, the Whitewash Waiver, the Specific Mandate and the CVR Specific Mandate; and by Shareholders of an ordinary resolution by way of poll to approve, the Share Consolidation, and by Shareholders of a special resolution to approve the Amendment of Articles;

- (ii) the Whitewash Waiver being granted by the Executive;
- (iii) the consent of the Executive having been obtained to proceed with the Special Deal in accordance with Rule 25 of the Takeovers Code;
- (iv) the Hong Kong Scheme and the BVI Scheme being sanctioned by the Hong Kong Court and the BVI Court, respectively;
- (v) the delivery to the Stock Exchange and registration by Registrar of Companies in Hong Kong on or prior to the Posting Date of the Prospectus Documents, each duly certified in compliance with Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and all other documents required by law to be filed or delivered for registration no later than the Record Date;
- (vi) the posting of the Prospectus Documents to the Qualifying Shareholders on or prior to the Posting Date;
- (vii) the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms, as well as, the Anti-dilution Shares and the Scheme Shares, and such listing and permission not being revoked prior to the Latest Time for Termination;
- (viii) compliance in all material respects by each of the parties with its obligations under the Underwriting Agreement;
- (ix) the Shares remaining listed on the Stock Exchange at all time prior to the Latest Time for Termination and the Listing of the Shares have not been withdrawn;
- (x) the Restructuring Support Agreement remaining effective and not having been terminated (other than termination due to the completion of the Debt Restructuring and Rights Issue under such agreement) before the Restructuring Effective Date; and
- (xi) all conditions precedent to the Schemes, other than the completion of the Rights Issue, having been satisfied or as applicable, waived.

Other than the condition set out in paragraph (viii) which can be waived by Famous Speech in relation to the Company obligations, all other conditions for the Rights Issue are incapable of being waived. In the event that the conditions to the Rights Issue have not been satisfied on or before the Latest Time for Termination (or in the case of conditions (v) and (vi) on or before the Posting Date (or in each case, such later date as Famous Speech and the Company and the Steering Committee Majority may agree), the Rights Issue will not proceed and consequently the Debt Restructuring will also not proceed.

The Rights Issue is inter-conditional with the Debt Restructuring. Dealings in the fully-paid Rights Shares, the Initial Anti-dilution Shares and the Initial Scheme Shares shall commence on the same day, being the next Business Day after the

Initial Distribution Date. Dealings in the remaining Scheme Shares and remaining Anti-dilution Shares shall commence on the same day, being the next Business Day after the Final Distribution Date.

Alternative Fund Raising Activities

Since the fourth quarter of 2014 the Company and its advisors approached potential equity investors for the Company, in conjunction with a possible restructuring of the Senior Notes. The Company approached nine potential strategic investors (including listed and private companies in industries such as steel, mining, asset management and commodity trading), five global and regional private equity funds, three special situation funds and six alternative investors specialising in the acquisition of listed shell companies. These investors included individuals and corporations of various financial backgrounds, geographical locations and nature of business.

The Company's (and its advisor's) approach to the various potential equity investors seeking alternative fund raising methods (including debt, equity investment, issuance of convertible securities), involved numerous meetings, physical site visits to the Company's major border-crossing assets, commercial due diligence and commercial negotiations. The reasons for negotiations not proceeding with such alternatives to concrete agreements ranged from the initial lack of deal interest by the potential investors or termination of discussions by the potential investors' management due ultimately to lack of approval by the potential investors' management or investment committee. The Company has also considered alternative debt fund raising methods in relation to the Debt Restructuring. However, given the current financial situation of the Company, the Company was either unable or it was not considered practicable to obtain further funding through: (a) a further senior debt or bond issuance; (b) further lending from commercial banks; and (c) lending from any "white knight" the Company had approached.

The Company selected Famous Speech as the sole underwriter because it was willing to engage in negotiations in finalizing the Debt Restructuring and the Rights Issue on terms favourable for the Debt Restructuring balancing the interests of the Shareholders and Bondholders. Famous Speech is a special purpose vehicle which is reliant upon external funding to underwrite the Rights Issue and such funding is not at this stage committed. The Rights Issue is being underwritten by Famous Speech, a company wholly owned by Amy Wang at the date of this announcement, and which will be majority owned by Amy Wang subject to and upon completion of the Share Subscription Agreement, rather than a vehicle wholly or majority owned by Mr. Wang and/or members of the Controlling Shareholder Group, because of constraints placed on Mr. Wang and the Controlling Shareholder Group by their existing financial commitments. The Company has considered the proposed funding arrangements for Famous Speech and considers its entry into of the Underwriting Agreement to be in the Company's best interests, taking into account the lack of suitable attractive alternatives.

5. EXPECTED TIMETABLE

The expected timetable of the Share Consolidation and the Rights Issue is set out below. All the times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

Event	2016 (Hong Kong time)
Despatch of circular with notice and proxy forms for the EGM	Thursday, 24 March
Latest time for lodging proxy forms for the EGM.....	10:00 a.m. on Tuesday, 19 April
Expected date and time of the EGM.....	10:00 a.m. on Thursday, 21 April
Announcement of the poll results of the EGM	Thursday, 21 April
Effective date of the Share Consolidation	Friday, 22 April
Commencement of dealings in the Consolidated Shares.....	9:00 a.m. on Friday, 22 April
Original counter for trading in the Existing Shares in board lot of 1,000 Existing Shares (in the form of existing Share certificates) temporarily closes	9:00 a.m. on Friday, 22 April
Temporary counter for trading in the Consolidated Shares in board lot of 50 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Friday, 22 April
First day of free exchange of existing certificates for new share certificates for the Consolidated Shares commences	Friday, 22 April
Last day of dealings in the Consolidated Shares on cum-rights basis	Monday, 25 April
First day of dealings in the Consolidated Shares on ex-rights basis	Tuesday, 26 April
Latest time for lodging transfer of the Consolidated Shares in order to qualify for the Rights Issue.....	4:30 p.m. on Wednesday, 27 April

Event	2016 (Hong Kong time)
Closure of register of members to determine eligibility for the Rights Issue (both dates inclusive).....	Thursday, 28 April to Thursday, 5 May
Scheme Meetings	Tuesday, 3 May
Record Date for determining entitlements to the Rights Issue.....	Thursday, 5 May
Register of members of the Company re-opens.....	Friday, 6 May
Prospectus Documents expected to be despatched.....	Monday, 9 May
Original counter for trading in the Consolidated Shares in board lot of 1,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Monday, 9 May
Parallel trading in Consolidated Shares in the form of new Consolidated Share certificates and existing Share certificates commences.....	9:00 a.m. on Monday, 9 May
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	9:00 a.m. on Monday, 9 May
BVI Court Sanction Hearing.....	Wednesday, 11 May
First day of dealing in nil-paid Rights Shares	9:00 a.m. on Wednesday, 11 May
Latest time for splitting in nil-paid Rights Shares	4:30 p.m. on Friday, 13 May
Hong Kong Court Sanction Hearing.....	Tuesday, 17 May
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Wednesday, 18 May
Latest time for Acceptance of, and payment for, the Rights Shares	4:00 p.m. on Monday, 23 May
Temporary counter for trading in the Consolidated Shares in board lot of 50 Consolidated Shares (in the form of existing Share certificates) closes.....	4:00 p.m. on Friday, 27 May

Event**2016
(Hong Kong time)**

Parallel trading in Consolidated Shares in the form of new Consolidated Share certificates and existing Share certificates closes.....	4:00 p.m. on Friday, 27 May
Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares	4:00 p.m. on Friday, 27 May
Latest time for Termination of the Underwriting Agreement	4:00 p.m. on Monday, 30 May
Last day for free exchange of existing share certificates for the existing Shares or the Shares for new share certificates for the Consolidated Shares.....	Tuesday, 31 May
Restructuring Effective Date.....	Tuesday, 31 May
Announcement of allotment results of the Rights Issue.....	Thursday, 2 June
Certificates for the Rights Shares (together with certificates for the Initial Anti-dilution Shares) expected to be despatched, and Initial Distribution Date for despatch of the certificates for the Initial Scheme Shares and CVRs to Initial Bondholders.....	on or before Friday, 3 June
Refund cheques (if any) in respect of Rights Shares expected to be posted on or before	Friday, 3 June
Dealings in fully-paid Rights Shares (and Initial Anti-dilution Shares and Initial Scheme Shares) commence.....	9:00 a.m. on Monday, 6 June
Final Distribution Date for despatch of the certificates for the remaining Scheme Shares (together with certificates for the remaining Anti-Dilution Shares) and remaining CVRs	Wednesday, 14 September

Notes:

1. All dates and time set out in this announcement refer to Hong Kong dates and time.
2. Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) at the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.winsway.com as and when appropriate and in accordance with the Listing Rules.

6. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 3,773,198,693 Existing Shares in issue. Set out below is the table showing the shareholding structure of the Group (assuming no Shares will be issued and none repurchased on or before the Record Date) (i) as at the date of this announcement; (ii) immediately upon the Share Consolidation becoming effective but before completion of the Rights Issue (including the issuance of the Anti-dilution Shares) and the Debt Restructuring (including the issuance of the Scheme Shares); (iii) immediately upon completion of the Rights Issue (including the issuance of the Anti-dilution Shares), the Debt Restructuring (including the issuance of the Scheme Shares) and (iv) immediately upon completion of the Rights Issue (including the issuance of the Anti-dilution Shares) and the Debt Restructuring (including the issuance of all the Scheme Shares) and assuming all the CVR Shares are all issued to Bondholders in settlement of the CVRs:

Name of Shareholder	At the date of this announcement		Immediately upon the Share Consolidation becoming effective but before completion of the Rights Issue (including the issuance of all of the Anti-dilution Shares) and the Debt Restructuring (including the issuance of all the Scheme Shares)		Immediately upon completion of the Rights Issue (including the issuance of all the Anti-dilution Shares) and the Debt Restructuring (including the issuance of all the Scheme Shares) ^{1, 3}			
	Aggregate No. of Shares	Approximate % of the total issued Shares	No. of Consolidated Shares	Approximate % of the total issued Shares	Assuming 100% taken up by the existing Shareholders ²		Assuming 0% taken up by the existing Shareholders other than Famous Speech	
	No. of Shares	% of the total issued Shares	Shares	% of the total issued Shares	No. of Consolidated Shares	Approximate % of the total issued Shares	No. of Consolidated Shares	Approximate % of the total issued Shares
Controlling Shareholder Group	1,518,250,109	40.24%	75,912,505	40.24%	75,912,505	2.52%	75,912,505	2.52%
Underwriter	—	—	—	—	910,950,060	30.18%	2,188,006,643	72.48%
Sub-total of the Underwriter and its concert parties (including Controlling Shareholder Group)	—	—	—	—	986,862,565	32.7%	2,263,919,148	75.00% ⁵
Sub-underwriter	—	—	—	—	—	—	75,912,505	2.52% ⁵
Other public Shareholders	2,254,948,584	59.76%	112,747,424	59.76%	1,465,716,512	48.55%	112,747,424	3.73%
Bondholders	—	—	—	—	565,979,787	18.75%	565,979,787	18.75% ⁶
Total	3,773,198,693	100.00%	188,659,929	100.00%	3,018,558,864	100.00%	3,018,558,864	100.00%

**Immediately upon completion of the Rights Issue
(including the issuance of all the Anti-dilution Shares) and
the Debt Restructuring (including the issuance of all the Scheme Shares) and
assuming all the CVR Shares are all issued to Bondholders
in settlement of the CVRs^{3, 4}**

Name of Shareholder	Assuming 100% taken up by the existing Shareholders ²		Assuming 0% taken up by the existing Shareholders other than Famous Speech	
	No. of Consolidated Shares	Approximate % of the total issued Shares	No. of Consolidated Shares	Approximate % of the total issued Shares
Controlling Shareholder Group	75,912,505	2.43%	75,912,505	2.43%
Underwriter	<u>910,950,060</u>	<u>29.10%</u>	<u>2,188,006,643</u>	<u>69.88%</u>
Sub-total of the Underwriter and its concert parties (including Controlling Shareholder Group)	<u>986,862,565</u>	<u>31.53%</u>	<u>2,263,919,148</u>	<u>72.31%</u>⁵
Sub-underwriter	<u>—</u>	<u>—</u>	<u>75,912,505</u>	<u>2.43%</u> ⁵
Other public Shareholders	1,465,716,512	46.81%	112,747,424	3.60%
Bondholders	<u>678,298,637</u>	<u>21.66%</u>	<u>678,298,637</u>	<u>21.66%</u>
Total	<u>3,130,877,714</u>	<u>100.00%</u>	<u>3,130,877,714</u>	<u>100.00%</u>

Notes:

1. Takes no account of any Shares that may be issued by the Company in settlement of any CVRs.
2. Rights Shares of Controlling Shareholder Group's entitlement under the Rights Issue will be taken up by Famous Speech pursuant to the Famous Speech Undertaking and the Underwriting Agreement.
3. Assuming all Scheme Shares and all Anti-dilution Shares are issued on the Initial Distribution Date. Unless 100% of the Bondholders submit a claim before the Initial Deadline and /or the Scheme Shares are "overdistributed" as described in the section headed "Election and distribution of Scheme Consideration" in this announcement above, the Scheme Shares will be issued in two instalments on the Initial Distribution Date or the Final Distribution Date. The Initial Scheme Shares and the Initial Anti-dilution Shares shall be issued on the Initial Distribution Date, the Company will issue the remaining Scheme Shares and the remaining Anti-dilution Shares on the Final Distribution Date.
4. The number of CVR Shares to be issued is assumed to be a maximum of 112,318,850 CVR Shares, calculated by the total CVR amount US\$10 million (HK\$77.5 million) divided by the minimum CVR Settlement Price HK\$0.69.
5. Famous Speech will enter into sub-underwriting arrangement with one or more parties independent of the Company, its connected persons and their associates which will be qualified as members of the public for the purposes of Rule 8.08 and Rule 8.24 of the Listing Rules, to the extent necessary to ensure that the Company maintains its public float under the Listing Rules immediately after the completion of the Underwriting Agreement and the Rights Issue. Therefore, the maximum number

of Consolidated Shares to be held by Famous Speech, the Controlling Shareholder Group and parties acting in concert with them will be not more than 75% of the then issued Consolidated Shares immediately after completion of the Rights Issue.

6. For the avoidance of doubt, the Scheme Shares which will be issued to the Bondholders will constitute part of the public float.

As at the date of this announcement, the Company does not have any other options, warrants or convertible securities in issue.

7. REASONS FOR THE RIGHTS ISSUE AND THE DEBT RESTRUCTURING

The Group is principally engaged in the processing and trading of coking coal and other products and rendering of logistics services.

As mentioned in the Company's 2014 annual report, the Company's financial and liquidity position has been adversely impacted due to the depressed price of coking coal and the on-going oversupply and declining demand in the PRC coal market. These market forces contributed to a very difficult trading environment.

Under such circumstances, the Group has been streamlining its current operations to lower its operational costs in the logistics and mining sector as well as strictly controlling the cash flow of the Group to maintain the Group's daily operations.

Against the backdrop of the softening Chinese macro economy and real estate market, the coal industry in China has been facing increasing challenges. Global commodity prices have decreased significantly over the past few years. Mongolian and seaborne coal sales prices in China dropped 54.68% and 57.47%, respectively, from 2011 through first half of 2015. As all-in cost, insurance and freight (CIF) to China's east coast has become uncompetitive, given the long transportation distance for Mongolian coal, the volume of imported Mongolian coal into China has decreased consequently. The prices of both Mongolian and seaborne coal are not expected to pick up significantly in the coming years.

In the light of the above conditions, the Group has since 2012 been actively implementing cost controls and business rationalization measures to preserve cash and Shareholder value in the Company.

Reducing the coal inventory and Mongolian coal procurement

In order to strengthen its cash flow management to support daily operations, the Group has taken several measures including, amongst others, reducing inventory and maintaining low inventory of coal. Specifically, due to the difficulty in obtaining working capital, the Group implemented a strategy to draw down existing inventory levels and very significantly reduced the volume of procurement of Mongolian coal in 2014 and much of 2015. However, in late 2015, the Inner Mongolian Railway Bureau started to deeply discount coal railway transportation fees, presenting the Group with a potential new opportunity to render integrated supply chain services of Mongolian coal to end customers (procurement, customs clearance, transportation and sales). This has reversed the trend mentioned above to some extent.

Maintaining seaborne coal volumes and the market share occupied by the Group

Facing a decreasing market demand for Mongolian coal in China, the Group made great efforts to maintain seaborne coal volumes and its market share despite the slim margins generated. However, as a result of the Group's continuous losses over recent years and worsening asset and liability position, the Group started to lose meaningful banking facility support from 2013, which has adversely impacted the sustainability of its high-volume seaborne coal business since the seaborne coal sector relies heavily on credit facilities.

Disposal of equity interest in Grande Cache Coal Corporation ("GCCC") and partnership interest in Grande Cache Coal LP ("GCC LP", together with GCCC, "GCC")

GCC is engaged in the production and sales of premium hard coking coal. Owing to the depressed coal market and continuous operating losses of GCC, the Group did not have sufficient cash to meet the substantial capital requirements of its upstream coal mining business. From March 2014, the Company ceased any financial support to GCC and proactively sought purchasers to acquire its equity interest in GCC. The Company completed the disposal of the majority of its interest in GCC on 2 September 2015, leaving the Company holding an approximately 14.69% in GCC and following which GCC ceased to be a subsidiary of the Company.

Missing Interest Payments under the Senior Notes

On 8 April 2011, the Company issued the Senior Notes in the aggregate principal amount of US\$500,000,000. The Senior Notes bear interest at 8.50% per annum, payable semi-annually in arrears. During the year ended 31 December 2013, the Company repurchased Senior Notes in aggregate principal amount of US\$153,190,000 with a cash consideration of US\$73,595,000 in the open market. The outstanding Senior Notes with principal amount of US\$309,310,000 will mature on 8 April 2016. The Company did not make the scheduled interest payments of US\$13.15 million which were due on 8 April 2015 and 8 October 2015 and, if the Debt Restructuring were not to proceed, the Company does not expect to be able to have the funds to repay the Senior Notes, such Interest Payments and the final interest payment of US\$13.15 million that would fall due on 8 April 2016.

Further actions proposed to be taken by the Group to overcome the challenges

Development of new business model

In response to prevailing market conditions and the challenges to the existing business model of the Group, the Company is planning to expand its business activities to embrace a broader model in which the Company will also explore opportunities to provide integrated e-commerce supply chain services such as trading and matching, logistics and distribution, collateral management and financing services to small and medium-sized end-customers as well as banks.

The Company plans in future to continue to monitor market conditions and balance volumes of imports of Mongolian coking coal and seaborne coking coal accordingly. However, with the logistics infrastructure and storage facilities owned by the Company, its expertise in bank commodities trading and specialised industry experience, the Company is aiming to expand its existing trading and logistics platform and transform itself into a one-stop service centre providing an integrated services proposition to its customers. Under the new expanded business model, the Company plans to evolve to provide a total supply chain solution to a greater market including small and medium-sized customers engaged in bulk commodity trading. In particular, it is expected that the one-stop integrated e-commerce platform will (i) improve supply chain management and enhance efficiencies for end-customers; (ii) provide end-customers with facilities without the need to provide additional collateral and at reasonable low cost, and enable banks to enhance effective collateral management to control risks; (iii) provide matching services in connection with the provision of existing trading services and facilitate the sharing of relevant information and data between the customers and suppliers through the whole bulk commodity transaction process; and (iv) provide timely information in relation to suppliers and customers backgrounds, transaction records, credit records, financial strength and market information to all related parties in the value chain and to facilitate the logistics process. Through implementing the abovementioned changes, the Company will strive to enhance the utilization and profitability of its existing logistics facilities.

Using the proposed one-stop integrated platform the Company plans to explore opportunities to expand its trading services to include other commodities such as oil, chemicals, iron ore and copper, in addition to its existing coking coal trading services and to engage in back-to-back transactions both for coking coal and also for an expanded range of commodities with the use of hedging derivatives to control price risks. The expanded services would be complemented by (i) matching services in connection with the expanding range of trading services that include, connecting customers with suppliers of various types from different locations, providing market information and transaction-related data; (ii) logistics and distribution services that include, utilizing the Company's current logistics infrastructure, leveraging its internal Enterprise Resource Planning (ERP) system to provide warehousing and logistics management, storage, allocation, transportation, handling, transshipment, processing, blending, customs clearance, quality inspection and distribution services; (iii) financing services that include, providing settlement, stock financing, commercial invoice discounting and factoring services; and (iv) collateral management services in connection with financing services that including comprehensive monitoring of collateral assets, providing collateral management services to banks which would be able to provide facilities otherwise not available without the Company's services.

A one-stop integrated platform with an expanded and broadened trading portfolio will afford the Company the opportunities to provide better supply-chain management solutions as well as improve and diversify its cash-generating ability through a its established logistics infrastructure.

Risks associated with the new business model

The new business model may have different operational parameters and carry a higher risk profile. In addition, the implementation of the new business model may expose the Company to new challenges and risks, including but not limited to (i) insufficient experience, expertise and skills in offering new services; (ii) stricter regulation and increased credit risks, market risks and operational risks; (iii) failure to achieve investment returns from its new businesses; (iv) lack of market and customer acceptance of the integrated service platform and services; (v) failure to accurately analyse or judge market conditions; (vi) failure to obtain sufficient financing from internal and external sources to support its business segments which facilities are critically important to growing the business and will be used as back-to-back financing for the trading segment and to facilitate the supply-chain financing segment; (vii) failure to enhance its risk management capabilities and IT systems in a timely manner to support its new businesses and a broader range of products and services.

Disposing of non-core assets

The Company is in the process of identifying further idle and non-core assets that are not essential to the business going forward. The Company is carefully considering certain opportunities to dispose of relevant assets, and it is expected that the Company will dispose of relevant assets in order to support near-term liquidity requirements and the transformation of the existing business model into the proposed new business model.

Debt Restructuring and the proposed Rights Issue

According to the annual report of the Company for the year ended 31 December 2014, and the interim results announcement of the Company for the six months ended 30 June 2015, the Company recorded a net loss for the year ended 31 December 2014 of approximately HK\$5,897 million and a net loss for the six months ended 30 June 2015 of HK\$1,783 million, respectively. As noted above, pursuant to the Debt Restructuring, it is proposed that the gross proceeds from the Right Issue of US\$50 million (approximately HK\$387.5 million) would be applied (together with the issuance of the Scheme Shares and the CVRs) in full and final discharge of all amounts outstanding under the Senior Notes, reducing the indebtedness of the Group by HK\$2,547 million and hence significantly enhancing the financial position and profitability of the Group.

After a review of the available strategic alternatives, and having considered the likely recoveries to all stakeholders on a liquidation of the Company, the Directors believe that the Debt Restructuring represents the best outcome available for the Shareholders and the Bondholders, particularly in light of the current lack of alternatives to raise new capital.

The Directors consider that it is prudent for the Company to raise funds through the Rights Issue and complete the Debt Restructuring to discharge all amounts owing in respect of the Senior Notes, as this is expected to be necessary for the near-term sustainability of the Group and beneficial to its long-term growth. The Rights Issue will provide an opportunity for the Qualifying Shareholders, through subscribing for the

Rights Shares according to their respective shareholding interests in the Company, to maintain their respective pro rata shareholding interests and to continue to participate in the future development of the Group. Based on the reasons disclosed in this section, notwithstanding the potential dilution impact, given the structure of the Rights Issue and the basis and factors the Board considered in connection with the Rights Issue and the Debt Restructuring, the Directors (excluding members of the IBC who will express their opinion on the Rights Issue once they have considered the advice of the Independent Financial Adviser, which will be set out in the Circular) consider that the terms of the Rights Issue, including the Subscription Price and the discounts to the relative values as indicated above and the Debt Restructuring, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

8. USE OF PROCEEDS AND FUNDING NEEDS

The gross proceeds from the Rights Issue are expected to be approximately US\$50 million (approximately HK\$387.5 million), in aggregate, of which the entire amount will be used to pay the Cash Consideration of approximately US\$41.7 million (approximately HK\$323.2 million) to the Bondholders in the Debt Restructuring, the Consent Fee of approximately US\$6.8 million (approximately HK\$52.7 million) under the Restructuring Support Agreement and the success fee to Houlihan Lokey.

Other than the need to raise this US\$50 million, the Company expects to be able to fund its regular business activities for the coming 12 months as well as the other costs of the Restructuring through its own working capital. Such expectation is based upon a number of assumptions, including that the prices of Mongolian coking coal and seaborne coking coal will not fall significantly below present levels, the level of demand for coking coal procured by the Company for its top 10 customers will not fall significantly below 2015 levels and any activities undertaken by the Company pursuant to the Company's new business model will not have an adverse effect on the financial position of the Company.

9. EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

No other fund-raising exercise has been carried out by the Company during the 12-month period immediately preceding the date of this announcement.

10. PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to amend the Articles to enable the Company to deal with any fractional Consolidated Share to which an individual Shareholder would be entitled to, which will not be issued by the Company to such Shareholder, but will be aggregated, sold (if a premium, net of expenses, can be obtained) and retained for the benefit of the Company, if feasible and applicable.

The Board has resolved to submit to the Shareholders the following proposed amendment to the Articles for their consideration and approval:

New Article 7A of the Articles:

“7A. Consolidation of Issued Shares

The Company may from time to time, by Resolution of Members, consolidate all or any of its issued shares. On any consolidation, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing and notwithstanding any other provision of the Memorandum and these Articles), may compulsorily repurchase fractions of a consolidated share on such terms as it considers appropriate (including by the payment of a nominal sum at the Board’s discretion), or, as between the holders of shares to be consolidated, determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company’s benefit”,

to be inserted into the Articles after the existing Article 7.

The proposed amendment to the Articles shall be subject to approval of the Shareholders at the forthcoming EGM. A circular containing, among other things, details of the proposed amendment to the Articles together with the notice of the EGM will be dispatched to the Shareholders in due course.

Specific Mandate to Issue New Shares

An ordinary resolution will be proposed at the EGM to seek the Independent Shareholders’ approval for the grant of the Specific Mandate to authorize the Directors to allot and issue the New Shares, comprising the Rights Shares, the Scheme Shares and the Anti-Dilution Shares.

Specific Mandate to Issue CVR Shares

An ordinary resolution will be proposed at the EGM to seek the Independent Shareholders’ approval for the grant of the CVR Specific Mandate to authorize the Directors to allot and issue the CVR Shares.

11. APPLICATION FOR WHITEWASH WAIVER AND TAKEOVERS CODE IMPLICATIONS

As at the date of this announcement, Mr. Wang directly holds the entire issued share capital of Winsway Group. Winsway Group directly holds the entire issued share capital of (i) Winsway Resources, which directly holds 1,310,143,688 Existing Shares, representing approximately 34.72% of the issued Shares; and (ii) Great Start, which

holds the entire issued share capital of Winsway International, which directly holds 208,106,421 Existing Shares, representing approximately 5.52% of the issued Shares. Accordingly, Mr. Wang is the controlling shareholder of the Company who is beneficially interested in 1,518,250,109 Existing Shares, representing approximately 40.24% of the issued Shares.

As at the date of this announcement, Famous Speech is wholly owned by Amy Wang and Magnificent Gardenia has conditionally agreed to subscribe for ordinary shares in Famous Speech pursuant to the Share Subscription Agreement, upon completion of which Famous Speech will be owned as to 73.3% and 26.7% by Amy Wang and Magnificent Gardenia, respectively. On 11 March 2016, Famous Speech, the Company, Mr. Wang and the Controlling Shareholder Group entered into the Underwriting Agreement under which Famous Speech has conditionally agreed to fully underwrite the Rights Issue. Mr. Wang has undertaken in the Underwriting Agreement to procure that each Company of the Controlling Shareholder Group will not take up its entitlement under the Rights Issue and the Rights Shares underlying such entitlements will be subject to subscription by Famous Speech under the Underwriting Agreement. Upon the Controlling Shareholder Group's renunciation of their entitlements and assuming no acceptances by the other Qualifying Shareholders of their Rights Issue entitlements, Famous Speech would be required to take up 565,979,787 Underwritten Shares and would also receive 1,697,939,361 Anti-dilution Shares. In such circumstances, the total shareholding of Famous Speech and its concert parties including but not limited to the Controlling Shareholder Group, upon issuance of the Rights Shares, the Anti-dilution Shares and the Scheme Shares would amount to a maximum of approximately 77.52% of the then issued Consolidated Shares as enlarged by the issue of the Rights Shares, the Anti-dilution Shares and the Scheme Shares, and the Scheme Shares would amount to 18.75% of such enlarged total issued Consolidated Shares. Famous Speech will enter into sub-underwriting arrangement with one or more parties independent of the Company, its connected persons and their associates and qualified as members of the public for the purposes of Rule 8.08 and Rule 8.24 of the Listing Rules, to the extent necessary to ensure that the Company maintains its public float under the Listing Rules immediately after the completion of the Underwriting Agreement and the Rights Issue. Therefore, the maximum number of Consolidated Shares to be held by Famous Speech, the Controlling Shareholder Group and parties acting in concert with them will be not more than 75% of the then issued Consolidated Shares immediately after completion of the Rights Issue and a shareholding interest of 2.52% will be held by the sub-underwriter assuming none of the Rights Shares were taken up by the existing Shareholders other than Famous Speech.

The fulfilment by Famous Speech of its underwriting commitment would result an obligation to a mandatory general offer under Rule 26 of the Takeovers Code by Famous Speech and parties acting in concert with it for all Shares other than those already owned or agreed to be acquired by them. The Controlling Shareholder Group and Amy Wang are acting in concert with Famous Speech and subject to completion of the Share Subscription Agreement, Magnificent Gardenia is presumed to be acting in concert with Famous Speech pursuant to Class (1) of the definition of "acting in concert" under the Takeovers Code. Accordingly, the Rights Issue is conditional upon, among other things, the Executive granting the Whitewash Waiver which condition is not waivable. An application will be made by Famous Speech to the Executive for the Whitewash Waiver which, if granted by the Executive, would be subject to, inter alia,

the approval of the Independent Shareholders taken on a poll at the EGM. If the Whitewash Waiver is not granted, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed.

12. SPECIAL DEAL

To the best knowledge of the Company, certain Bondholders holding an aggregate principal amount of US\$1,280,000 (representing approximately 0.41% of the outstanding Senior Notes) also hold 28,802,000 Shares in total (representing approximately 0.76% of the total issued shares of the Company) as of the date of this announcement.

Such Bondholders who are also Shareholders and their respective concert parties and those who are involved in and/or interested in the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the issuance of the CVRs, the Specific Mandate, the CVR Specific Mandate and the Special Deal including but not limited to the Controlling Shareholder Group, Famous Speech (although currently not a Shareholder) and its concert parties and Minmetals Cheerglory Limited together with its concert parties and its associates shall abstain from voting on resolution(s) relating to the Rights Issue and the transactions contemplated thereunder, including the Underwriting Agreement, the Whitewash Waiver, the issuance of the CVRs, the Specific Mandate, the CVR Specific Mandate as well as the Special Deal.

The payment of the Consent Fee and the distribution of the Cash Consideration will be paid out of the proceeds of the Rights Issue. The payment of the Consent Fee and the distribution of the Scheme Consideration to Bondholders are not capable of being extended to all Shareholders and will constitute a special deal under Note 5 to Rule 25 of the Takeovers Code so far as those Bondholders who are also Shareholders are concerned. This will require the consent of the Executive to proceed. The Executive's consent, if granted, will be conditional upon (i) the independent financial adviser to the Independent Board Committee publicly giving an opinion that the terms of the Special Deal are fair and reasonable; and (ii) the approval of the Independent Shareholders of the Special Deal at a shareholders' meeting by way of poll. The Company will seek the consent of the Executive to the Special Deal under Note 5 to Rule 25 of the Takeovers Code.

An ordinary resolution will be proposed at the EGM to approve the Special Deal by way of a poll by the Independent Shareholders.

13. IMPLICATIONS UNDER THE LISTING RULES

Mr. Wang is a substantial Shareholder and a Director in the prior 12 months and therefore a connected person of the Company and Famous Speech is deemed to be a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules. Pursuant to Rule 7.21(2) of the Listing Rules, as the Company has not made arrangements for the Qualifying Shareholders to apply for the Rights Shares in excess of their entitlements under the Rights Issue or to dispose of Rights Shares not taken by Qualifying

Shareholders in the market as contemplated by Rule 7.21(1) of the Listing Rules, the Underwriting Agreement is subject to the approval of Shareholders, excluding those with a material interest in the arrangement.

Further, as the Rights Issue will increase the number of issued Shares by more than 50%, pursuant to Rule 7.19(6) of the Listing Rules, the Rights Issue is conditional on approval by the Independent Shareholders by way of poll at the EGM and any controlling shareholder and their associates shall abstain from voting on the resolution(s) relating to the Rights Issue and the Underwriting Agreement and the transactions contemplated thereunder. Accordingly, Mr. Wang, the controlling shareholder of the Company, and his associates (including the Controlling Shareholder Group) shall abstain from voting on resolution(s) relating to the Rights Issue and the transactions contemplated thereunder, including the Underwriting Agreement, the Whitewash Waiver, the issue of the CVRs, the Specific Mandate, the CVR Specific Mandate as well as the Special Deal.

Furthermore, Minmetals Cheerglory Limited, a subsidiary indirectly owned by China Minmetals Corporation, being a state-owned enterprise incorporated in the PRC, is a Shareholder, holding 70,391,376 Shares in total, representing approximately 1.87% of the total issued number of shares of the Company as at the date of this announcement. Magnificent Gardenia, a company which is indirectly majority owned by China Minmetals Corporation, has conditionally agreed to subscribe for ordinary shares in Famous Speech pursuant to the Share Subscription Agreement, upon completion of which Famous Speech will be owned as to 73.3% and 26.7% by Amy Wang and Magnificent Gardenia, respectively. Accordingly, Minmetals Cheerglory Limited, its concert parties and its associates shall abstain from voting on resolution(s) relating to the Rights Issue and the transactions contemplated thereunder, including the Underwriting Agreement, the Whitewash Waiver, the issuance of the CVRs, the Specific Mandate, the CVR Specific Mandate as well as the Special Deal.

Save as disclosed in the sections headed “12. Special Deal”, “13. Implications under Listing Rules” and “EGM”, no Shareholder is required to abstain from voting at the EGM in respect of the resolution(s) relating to the Rights Issue and the transactions contemplated thereunder, including the Underwriting Agreement, the Whitewash Waiver, the issuance of the CVRs, the Specific Mandate, the CVR Specific Mandate and the Special Deal.

Assuming the Underwritten Shares will be fully taken up by Famous Speech, it is expected that immediately following the completion of the Rights Issue (including the issuance of the Anti-dilution Shares) and the Debt Restructuring (including the issuance of the Scheme Shares), Famous Speech and the Controlling Shareholder Group would in aggregate hold more than 75% of the issued enlarged ordinary Shares and, there would be less than 25% of the issued enlarged ordinary Shares held in public hands following the completion of the Rights Issue (including the issuance of the Anti-dilution Shares) and the Debt Restructuring (including the issuance of the Scheme Shares). Accordingly, Famous Speech will sub-underwrite such number of Rights Shares to one or more parties independent of the Company, its connected persons and their associates to the extent necessary to ensure that the Company maintains its public float under the Listing

Rules immediately after the completion of the Underwriting Agreement and the Rights Issue. For the avoidance of doubt, the Scheme Shares which will be issued to the Bondholders will constitute part of the public float.

14. GENERAL

Famous Speech is principally engaged in investment holding. Subject to and upon completion of the Share Subscription Agreement, Famous Speech will be owned by Amy Wang and Magnificent Gardenia as to 73.3% and 26.7%, respectively.

Magnificent Gardenia is a company incorporated in the BVI with limited liability and principally engaged in investment holding. The entire issued share capital of Magnificent Gardenia is directly wholly-owned by Minmetals South East Asia Corporation Pte Limited and ultimately majority owned by China Minmetals Corporation, being a state-owned enterprise incorporated in the PRC.

The Independent Board Committee has been formed to advise the Independent Shareholders, and the Independent Board Committee has approved the appointment of the Independent Financial Advisor, Somerley Capital Limited, to advise the Independent Board Committee and the Independent Shareholders, in connection with the Rights Issue and the transactions contemplated thereunder, the Underwriting Agreement, the Whitewash Waiver and the Special Deal.

Famous Speech, Mr. Wang (for himself and on behalf of the Controlling Shareholder Group), Amy Wang and Magnificent Gardenia have confirmed that none of themselves or any persons acting or presumed to be acting in concert with any of them has acquired voting rights in the Company in the six months prior to 26 November 2015 which would constitute a disqualifying transaction under the Takeovers Code.

As at the date of this announcement:

- (a) save as disclosed in the section headed “6. Shareholding Structure of the Company”, in this announcement, neither the Underwriter nor any person acting or presumed to be acting in concert with it owns or has control or direction over any voting right in or rights over any Shares or any convertible securities, warrants or options in respect of the Shares;
- (b) save as disclosed in the section headed “Developments in relation to the Irrevocable Undertaking” in this announcement, neither the Underwriter nor any persons acting or presumed to be acting in concert with it has received an irrevocable commitment to vote for or against the resolutions relating to the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and /or the Special Deal;
- (c) there are no outstanding derivatives in respect of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which have been entered into by the Underwriter or any person acting or presumed to be acting in concert with it;

- (d) save for the subscription of shares in the Underwriter by Magnificent Gardenia under the Shares Subscription Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Underwriter (as the case may be) which might be material to the Rights Issue and the transactions contemplated under the Underwriting Agreement, the Whitewash Waiver and/or the Special Deal;
- (e) neither the Underwriter nor any person acting or presumed to be acting in concert with it is a party to any agreements or arrangements to which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and transactions contemplated under the Underwriting Agreement, the Whitewash Waiver and/or the Special Deal; and
- (f) neither Underwriter nor any persons acting or presumed to be acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

EGM

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Rights Issue; (ii) the Underwriting Agreement; (iii) the Whitewash Waiver, (iv) the Amendment of Articles; (v) the Specific Mandate; (vi) the issuance of the CVRs, (vii) the CVR Specific Mandate; (viii) the Special Deal and (xi) the Share Consolidation. Only the Independent Shareholders will be entitled to vote on the resolutions to approve the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the issue of the CVRs, the Specific Mandate, the CVR Specific Mandate and the Special Deal at the EGM.

In accordance with the Listing Rules and the Takeovers Code, (i) the Underwriter and its respective associates; (ii) any parties acting in concert with the Underwriter; and (iii) Shareholders who are involved or interested in the Rights Issue, the Underwriting Agreement the Special Deal or the Whitewash Waiver or the Specific Mandate or the CVR Specific Mandate, including the controlling shareholder, Mr. Wang and his associates (including the Controlling Shareholder Group) and their respective concert parties and (iv) identified Bondholders who are also Shareholders, will be required to abstain from voting on the resolution(s) to approve the Rights Issue and the transactions contemplated thereunder, including the Underwriting Agreement, the Whitewash Waiver, the Specific Mandate, the CVR Specific Mandate and the Special Deal at the EGM. Save as disclosed, no other Shareholder has a material interest in the transactions contemplated under the Rights Issue, including the Underwriting Agreement, the Whitewash Waiver, the Specific Mandate, the CVR Specific Mandate and the Special Deal and will be required to abstain from voting on the resolution(s) to approve the Rights Issue and the transactions contemplated thereunder, including the Underwriting Agreement, the Whitewash Waiver, the Specific Mandate, the CVR Specific Mandate and the Special Deal at the EGM.

Circular

A circular containing, among other things, further details of (a) the Debt Restructuring; (b) the proposed Share Consolidation; (c) the proposed Rights Issue, including the Underwriting Agreement; (d) the proposed Amendment of Articles; (e) the Specific Mandate; (f) the

application for Whitewash Waiver; (g) the Special Deal; (h) the issuance of the CVRs; (i) the CVR Specific Mandate; (j) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (k) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; and (l) a notice of the EGM setting out the relevant resolutions in respect of the Restructuring, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code. Save as disclosed under the paragraphs headed “12. Special Deal”, “13. Implications under Listing Rules” and “EGM” above, no Shareholder will be required to abstain from voting at the resolutions in respect of the proposed Rights Issue, including the Underwriting Agreement, the Whitewash Waiver, the Specific Mandate, the Special Deal, the issuance of the CVRs and the CVR Specific Mandate. It is expected that the circular will be despatched to the Shareholders on or before 6 April 2016.

Prospectus

The Prospectus containing further information regarding, among other things, the Rights Issue, including information on application and acceptances of the Rights Issue and application for excess Rights Shares, and other information in respect of the Group, and the PAL are expected to be despatched to the Qualifying Shareholders on or before 9 May 2016. The Prospectus (without the PAL) will be despatched to the Non-Qualifying Shareholders for their information only.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares, the New Shares and the CVR Shares.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

The Rights Issue is conditional upon the satisfaction of certain conditions as described in the section headed “Conditions of the Rights Issue” and is inter-conditional with the Debt Restructuring. In particular, attention is drawn to the following conditions that must be satisfied (i) the Underwriting Agreement having become unconditional and not having been terminated (see the section headed “Termination of the Underwriting Agreement” in this announcement); (ii) the parties to the Underwriting Agreement complying with their obligations hereunder; (iii) the Executive granting the Whitewash Waiver; (iv) the Schemes being sanctioned and all conditions precedent to the Schemes (and any other documentation giving effect to the Debt Restructuring), other than the completion of the Rights Issue, having been satisfied; and (v) the Independent Shareholders approving the Rights Issue and the transactions contemplated thereunder, including the Underwriting Agreement, the Whitewash Waiver, the issue of the CVRs, the Specific Mandate, the CVR Specific Mandate and the Special Deal. Famous Speech is a special purpose vehicle whose ordinary course of business does not include underwriting. It is reliant upon external funding to underwrite the Rights Issue and such funding is not at this stage committed. If the conditions of the Rights Issue are not fulfilled or if Famous Speech exercises the right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Alternatively, if Famous Speech fails to secure its external funding it will unlikely be able to comply with its obligations under the Underwriting Agreement and the Rights Issue will not proceed.

Should the Rights Issue not proceed, the conditions to the Debt Restructuring will not be fulfilled. Accordingly, the Debt Restructuring will not proceed and the ability of the Company to continue trading on a solvent basis will be in material doubt. Any Shareholders or potential investors contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue remain to be fulfilled will bear the risk that the Rights Issue could not become unconditional and might not proceed. Dealings in the Shares on an ex-rights basis are expected from Tuesday, 26 April 2016. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 11 May 2016 to Wednesday, 18 May 2016 (both days inclusive).

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

At the request of the Company, trading in the Shares was halted with effect from 9:00 a.m. on 31 August 2015, pending the release of the interim results of the Company for the six month ended 30 June 2015. The interim results of the Company were released on 13 March 2016 and an application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares will effect from 9:00 a.m. on 14 March 2016.

DEFINITIONS

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

“Acceptance Date”	4:00 p.m. on the last business day on which payment and acceptance of the Rights Shares can be made under the Rights Issue, which shall be 23 May 2016 (or such other date as the Underwriter may agree in writing with the Company and the Steering Committee Majority)
“AlixPartners”	AlixPartners Services UK LLP, the financial advisor of the Company in relation to the Debt Restructuring

“Amendment of Articles”	the proposed amendment of the Articles, details of the proposed amendment of the Articles are set out in the section headed “10. PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION” in this announcement
“Amy Wang”	Ms. Wang Yi Han, the daughter of Mr. Wang
“Announcement”	the announcement which was made by the Company on 26 November 2015
“Anti-dilution Shares”	the new Consolidated Shares to be allotted and issued to Qualifying Shareholders, who elect to take up the Rights Shares, for the purpose of protecting the Rights Issue from the dilution effect of the issuance of Scheme Shares, for the avoidance of doubt, the Anti-dilution Shares are in addition to the Rights Shares
“Articles”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bar Date”	the date falling three months after the Restructuring Effective Date
“Board”	the board of Directors, as constituted from time to time
“Bondholder(s)”	beneficial holder(s) of the Senior Notes
“Business Day(s)”	any day (excluding Saturdays or Sundays or public holidays) on which banks in Hong Kong and in the PRC are generally open for business
“BVI”	the British Virgin Islands
“BVI Court”	the Commercial Court of the BVI
“BVI Scheme”	a scheme of arrangement between the Company and the Bondholders under section 179A of the Business Companies Act of the British Virgin Islands (2004) reflecting the terms of the Debt Restructuring
“Cash Consideration”	the sum of US\$41,703,334
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Communications Agent”	Bondholder Communications Group LLC, which was engaged by the Company to compile a list of holders of the Senior Notes to assist in this process and to improve investor communication channels
“Company”	Winsway Enterprises Holdings Limited, a company incorporated in the BVI with limited liability whose Shares are listed on the main board of the Stock Exchange (Stock Code: 1733)
“Consent Fee”	approximately US\$6.8 million (equivalent to approximately HK\$52.7 million), being the consent fee that will be shared pro rata among those Consenting Bondholders that became a party to the Restructuring Support Agreement on or prior to 5:00 p.m. (Hong Kong time) on 23 December 2015 in a total amount equal to 2% of the outstanding principal and accrued but unpaid interest in respect of the Senior Notes as at 25 November 2015
“Consenting Bondholders”	those Bondholders who have acceded to the Restructuring Support Agreement
“Consolidated Share(s)”	the ordinary share(s) of the Company immediately after the Share Consolidation
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder Group”	means Mr. Wang and his directly or indirectly wholly owned companies, Winsway Group, Winsway Resources, Great Start and Winsway International, which together own approximately 40.24% of the existing issued Shares as at the date of this announcement
“CVR(s)”	certain contingent value rights with an aggregate notional value of US\$10 million, which will be a one-off payment to the Bondholders pursuant to the Debt Restructuring upon the occurrence of certain trigger events. Details of the major terms and conditions of the CVRs, including such trigger events, are set out in the section headed “Principal Terms of the CVRs” in this announcement
“CVR Settlement Price”	has the meaning ascribed to it in the section headed “Principal terms of the CVRs” in this announcement
“CVR Share(s)”	up to 112,318,850 Consolidated Shares that might be issued in settlement of the CVRs

“CVR Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board at the EGM to authorise the Directors to allot and issue up to a maximum number of 112,318,850 CVR Shares
“Debt Restructuring”	the restructuring of the outstanding Senior Notes implemented through the Schemes
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving among other things, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Specific Mandate, the issuance of the CVRs, the CVR Specific Mandate, the Special Deal, the Share Consolidation and the Amendment of Articles
“Escrow Agent”	Deutsche Bank Trust Company Americas or such other escrow agent as may be appointed pursuant to the terms of the Escrow Agreement
“Escrow Agreement”	the escrow agreement proposed to be entered into between the Company, the Escrow Agent and Communications Agent in relation to the holding and distribution of the Scheme Consideration
“Executive”	the Executive Director of the Corporate Finance Division of the SFC, or any delegate of the Executive Director
“Existing Share(s)”	ordinary share(s) of the Company, before the Share Consolidation becoming effective
“Explanatory Statement”	has the meaning ascribed to it in the section headed “Proposed Debt Restructuring” in this announcement
“Famous Speech” or “Underwriter”	Famous Speech Limited, a company incorporated in the BVI with limited liability which is wholly owned by Amy Wang as at the date of this announcement, and will be 73.3% owned by Amy Wang and 26.7% by Magnificent Gardenia subject to and upon completion of the Share Subscription Agreement
“Famous Speech Undertaking”	the irrevocable undertaking letter dated 11 March 2016 given by Famous Speech in favour of the Company and the Trustee, for the benefit of the Bondholders
“Final Distribution Date”	the date falling 10 Business Days after the Bar Date

“Great Start”	Great Start Development Ltd., a company incorporated in the BVI
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	the High Court of Hong Kong
“Hong Kong Scheme”	a scheme of arrangement between the Company and the Bondholders pursuant to sections 673 and 674 of the Companies Ordinance (Cap. 622) (as amended) as applicable in Hong Kong reflecting the terms of the Debt Restructuring
“Houlihan Lokey”	the financial advisor to the Steering Committee, and as at the date of this announcement, it and none of its group companies hold any Shares or other relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) of the Company
“Indenture”	an indenture dated 8 April 2011 in relation to the Senior Notes between, amongst others, the Company, certain of its subsidiaries and the Trustee as amended, varied and supplemented from time to time including by a supplemental indenture dated 24 April 2012 and a second supplemental indenture dated 11 October 2013
“Independent Board Committee” or “IBC”	the independent board committee, comprising all independent non-executive Directors, namely Mr. James Downing, Mr. Ng Yuk Keung, Mr. Wang Wenfu and Mr. George Jay Hambro and the non-executive Director, namely Mr. Lu Chuan, which has been formed to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder including the Underwriting Agreement, the Whitewash Waiver and the Special Deal
“Independent Financial Advisor”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, independent financial advisor appointed by the Company to advise the Independent Shareholders as well as the Independent Board Committee on, the Rights Issue, the Whitewash Waiver, the Underwriting Agreement and the Special Deal

“Independent Shareholder(s)”	in relation to the Whitewash Waiver, the Rights Issue, the Underwriting Agreement, the issuance of the CVRs, the Specific Mandate, the CVR Specific Mandate and the Special Deal, the Shareholder(s) other than (i) Famous Speech and its concert parties (including but not limited to the Controlling Shareholder Group, Amy Wang, Magnificent Gardenia), Minmetal Cheerglory Limited, its concert parties and its associates; and (ii) those who are involved or interested in the Rights Issue, the Underwriting Agreement, the issuance of the CVRs, the Specific Mandate, the CVR Specific Mandate and the Special Deal, and/or the Whitewash Waiver and (iii) Bondholders who are also Shareholders and their respective concert parties
“independent third party”	party who is independent of and not connected with the Company and any of the Directors, chief executive and substantial Shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Initial Anti-dilution Shares”	the Anti-dilution Shares to be issued and allotted on the Initial Distribution Date
“Initial Bondholder(s)”	Bondholder(s) in respect of whom a duly completed account holder letter and distribution confirmation deed has been provided to and received by the information agent on or before the Initial Deadline
“Initial Deadline”	the date falling one Business Day before the Scheme Meetings
“Initial Distribution Date”	the date falling three Business Days after the Restructuring Effective Date
“Initial Scheme Share(s)”	the Scheme Shares to be issued and allotted to the Initial Bondholders on the Initial Distribution Date
“Interest Payments”	the scheduled interest payments of US\$13.15 million in relation to the Senior Notes which fell due on each of 8 April 2015 and 8 October 2015, respectively

“Irrevocable Undertaking”	the irrevocable undertaking letter dated 25 November 2015 given by Mr. Wang in favour of the Company and the Trustee for the benefit of the Bondholders, whereby Mr. Wang undertook that, assuming the launch of the Rights Issue, among other things, (a) he would, or procure companies controlled by him to (i) subscribe for all the Rights Shares provisionally allotted to him or the relevant companies; and (ii) lodge with the Company acceptances, in respect of such Rights Shares provisionally allotted to the relevant companies with payment in full in cash; or (b) he would, or procure companies controlled by him or his close relatives to, underwrite the Rights Shares provisionally allotted to but not subscribed by other existing Shareholders, at the subscription price of the Rights Issue pursuant to an underwriting agreement in respect of the Rights Issue to ensure that the Rights Issue raises at least US\$50 million in cash and that such funds shall be applied to satisfy payment of the Cash Consideration, Consent Fee and the success fee of Houlihan Lokey, details of which are set out in the Announcement
“Last Trading Day”	28 August 2015, being the last trading day of the Existing Shares on the Stock Exchange before the release of this announcement
“Latest Time for Termination”	4:00 p.m. on the Settlement Date, being the fifth Business Day following (but excluding) the Acceptance Date, or such other time as may be agreed between the Company and the Underwriter and the Steering Committee Majority
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“Longstop Date”	17 June 2016 (or such later date as may be agreed in writing by the Company, Famous Speech and the Steering Committee Majority)
“Magnificent Gardenia”	Magnificent Gardenia Limited, a company incorporated in the BVI with limited liability which is directly wholly-owned by Minmetal South East Asia Corporation Pte Limited and ultimately owned as to approximately 88.384% by China Minmetals Corporation, a state-owned enterprise incorporated in the PRC. Save as disclosed in the section headed “13. Implications Under the Listing Rules” in this announcement, none of China Minmetals Corporation’ group companies hold any Shares as at the date of this announcement

“Memorandum”	the Memorandum of Association of the Company, as amended from time to time
“Mr. Wang”	Wang Xingchun (王興春先生), the controlling shareholder of the Company and includes, where the context requires, any member or members of the Controlling Shareholder Group
“New Shares”	collectively, the Rights Shares, the Scheme Shares and the Anti-dilution Shares
“Non-Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown on such register (is) are outside Hong Kong where the Directors, based on legal advice, consider it necessary or expedient to exclude any such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“parties acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Posting Date”	Monday, 9 May 2016, or such other date as the Company may agree in writing with Famous Speech and the Steering Committee Majority, as the date on which the Prospectus Documents are expected to be despatched
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)
“Provisional Allotment Letter(s)” or “PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“Provisionally Allotted Rights Shares”	all the Rights Shares that are provisionally allotted to Mr. Wang or a company or companies controlled by Mr. Wang in respect of Controlling Shareholder Group’s interest in the Shares as at the Record Date under the Rights Issue, representing approximately 40.24% of the issued and outstanding Shares as at the date of this announcement

“Qualifying Shareholder(s)”	Shareholder(s) other than Non-Qualifying Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	the date for determining the entitlement of the Qualifying Shareholders whose name(s) appear(s) on the register of members of the Company on the date for determining the entitlement of the qualifying shareholders to the Rights Issue
“Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17 Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Restructuring”	the transactions contemplated under the Debt Restructuring and the proposed Rights Issue
“Restructuring Effective Date”	the day on which all Scheme Conditions are satisfied
“Restructuring Support Agreement”	the restructuring support agreement dated 25 November 2015 entered into between the Company, the Consenting Bondholders and the Subsidiary Guarantors
“Rights Issue”	the issue of the Rights Shares by the Company on the terms and subject to the conditions to be set out in the Prospectus Documents
“Rights Share(s)”	new Consolidated Shares proposed to be provisionally allotted and issued to the Qualifying Shareholders for subscription pursuant to the Rights Issue, for the avoidance of doubt, excluding the Anti-dilution Shares
“Scheme Conditions”	has the meaning ascribed to it under the section headed “Scheme Conditions” in this announcement
“Scheme Consideration”	has the meaning ascribed to it in the section headed “Scheme Consideration” in this announcement
“Scheme Consideration Trustee”	such party as is appointed to act as trustee of the Cash Consideration, the Consent Fee and the cash allocated to pay the Houlihan Lokey success fee in accordance with the Schemes

“Scheme Meetings”	collectively, (i) a meeting of the Bondholders in relation to the Hong Kong Scheme, as convened by order of the Hong Kong Court for the purpose of considering and, if thought fit, approving the Hong Kong Scheme; (ii) and a meeting of the Bondholders in relation to the BVI Scheme, as convened by order of the BVI Court for the purpose of considering and, if thought fit, approving the BVI Scheme; and “Scheme Meeting” shall mean either of them
“Scheme Share(s)”	new Consolidated Shares proposed to be provisionally allotted and issued to the Bondholders pursuant to the Debt Restructuring
“Schemes”	collectively, the BVI Scheme and the Hong Kong Scheme
“Senior Notes”	the US\$500,000,000 8.50% senior secured notes due 2016 issued by the Company on 8 April 2011 of which approximately US\$309,310,000 in principal amount remains outstanding as at the date of this announcement
“Settlement Date”	30 May 2016, being the fifth Business Day following the Acceptance Date (or such other time or date as the Underwriter, the Company and the Steering Committee Majority may agree in writing), subject to the terms of the Underwriting Agreement
“SFC”	the Hong Kong Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the existing ordinary share(s) of the Company or the Consolidated Share(s) (as the case may be)
“Share Consolidation”	the proposed consolidation of every twenty (20) Existing Shares into one (1) Consolidated Share
“Share Subscription Agreement”	the share subscription agreement dated on or around the date of this announcement between, among others, Magnificent Gardenia and Famous Speech in relation to, among other things, the subscription of shares in Famous Speech by Magnificent Gardenia
“Shareholder(s)”	the holder(s) of the Shares
“Special Deal”	the use of the proceeds from the Rights Issue to repay the Bondholders who are Shareholders, which constitute special deals under Rule 25 of the Takeovers Code

“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM to authorise the Directors to allot and issue up to a maximum number of 2,829,898,935 New Shares (subject to effect of treatment to fractional Consolidated Share)
“Steering Committee”	the ad hoc group of Bondholders, as constituted from time to time, formed for the purpose of facilitating discussions between the Bondholders and the Company about the Restructuring of the Senior Notes
“Steering Committee Majority”	any member or members of the Steering Committee who in aggregate own more than 50% of the total Senior Notes held by the Steering Committee.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.69 per Rights Share
“Subsidiary Guarantors”	certain wholly-owned subsidiaries of the Company which are guarantors under the Indenture and parties to the Restructuring Support Agreement
“Supplemental Irrevocable Undertaking”	the supplemental undertaking to the Irrevocable Undertaking dated 11 March 2016 given by Mr. Wang in favour of the Company and the Trustee, for the benefit of the Bondholders
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Term Sheet”	the term sheet appended to the Restructuring Support Agreement
“Trustee”	Deutsche Bank Trust Company Americas in its capacity as trustee who acts for the benefit of the Bondholders under the Indenture (or any successor trustee appointed under the terms of the Indenture) to perform certain duties and exercise rights on the terms of the Indenture
“Underwriting Agreement”	the underwriting agreement dated 11 March 2016 entered into between the Company, Mr. Wang, the Controlling Shareholder Group and Famous Speech in relation to the underwriting arrangements in respect of the Rights Issue
“Underwritten Shares”	all Rights Shares that are to be taken up by Famous Speech subject to the terms and conditions of the Underwriting Agreement. For the avoidance of doubt, Anti-dilution Shares will be issued in respect of all Rights Shares taken up by the Underwriter (as well as relevant Qualifying Shareholders)

“US”	the United States of America
“US\$” or “U.S. dollars”	United States dollars
“Whitewash Waiver”	the waiver by the Executive under Note 1 on Dispensations from Rule 26 of the Takeovers Code of the obligation on the part of Famous Speech to make a mandatory general offer to the Shareholders, for all the Shares, except those already owned or agreed to be acquired by Famous Speech and parties acting in concert with it (including but not limited to the Controlling Shareholder Group), which would otherwise arise as a result of the fulfilling its obligations under the Underwriting Agreement
“Winsway Group”	Winsway Group Holdings Limited, a company incorporated in the BVI
“Winsway International”	Winsway International Petroleum & Chemicals Limited, a company incorporated in the BVI
“Winsway Resources”	Winsway Resources Holdings Limited, a company incorporated in the BVI
“%”	per cent

By order of the Board
Winsway Enterprises Holdings Limited
Cao Xinyi
Chief Executive Officer and Company Secretary

Hong Kong, 13 March 2016

As at the date of this announcement, the executive Directors of the Company are Ms. Cao Xinyi, Ms. Zhu Hongchan, Mr. Wang Yaxu, and Mr. Feng Yi, the non-executive Director is Mr. Lu Chuan and the independent non-executive Directors are Mr. James Downing, Mr. Ng Yuk Keung, Mr. Wang Wenfu and Mr. George Jay Hambro.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, 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.

For the purpose of illustration only, amounts denominated in US\$ have been translated into HK\$ at the exchange rate of US\$1 to HK\$7.75.