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**Burwill** Holdings Limited

寶威控股有限公司

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 24)

## **ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

### **ISSUE OF CONVERTIBLE BONDS**

The Board is pleased to announce that on 25 September 2017 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber in relation to the issue of Convertible Bonds in the aggregate principal amount of not more than US\$20,000,000.

Upon full conversion of the Convertible Bonds at the Conversion Price of HK\$0.26 per Conversion Share (subject to adjustments), a total of 603,846,000 Conversion Shares will be issued, representing approximately 12.16% of the existing issued share capital of the Company and approximately 10.85% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be allotted and issued pursuant to the General Mandate.

The gross proceeds from the issue of the Convertible Bonds will be approximately HK\$156,000,000. The estimated net proceeds from the issue of the Convertible Bonds (after deduction of expenses) will be approximately HK\$152,230,000, which is intended to be applied for general working capital purpose as well as the up-stream lithium resources business. Based on the Conversion Price of HK\$0.26 per Conversion Share (subject to adjustments), the estimated net proceeds to be raised per Conversion Share will be approximately HK\$0.252.

The Subscription Agreement and the issue of Conversion Shares under the General Mandate are not subject to Shareholders' approval. No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

**Since the Subscription is subject to the conditions set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## THE SUBSCRIPTION AGREEMENT

### Date

25 September 2017 (after trading hours)

### Parties

- (i) Issuer : the Company
- (ii) Subscriber : Haitong Singapore
- (iii) Guarantors : Mr. Chan, Favor King and Glory Add

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties. Based on information provided to the Company, the Subscriber is incorporated and domiciled in Singapore with principal activity as investment holding investing in various bonds and funds in order to achieve capital appreciation and interest income in the medium to long term.

Mr. Chan Shing is the chairman and the managing Director and, through his controlled entities including Favor King and Glory Add and his personal interests, a substantial shareholder of the Company. Glory Add is a wholly-owned subsidiary of Favor King, which is in turn wholly-owned by Mr. Chan and his spouse. As at the date of this announcement, Favor King is holding approximately 17.24% of the issued share capital of the Company.

### Subscription

Subject to the fulfilment or waived (where appropriate) of the conditions precedent set out in the section headed "Conditions precedent" below, the Company has agreed to issue the Convertible Bonds in the aggregate principal amount of not more than US\$20,000,000, and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of not more than US\$20,000,000.

The proceeds from the issue of the Convertible Bonds (net of expenses) will be used as general working capital of the Company as well as for the up-stream lithium resources business.

### Arrangement Fee

The Company shall pay to the Subscriber an arrangement fee which equals to 2% of the Subscription Price (the "**Arrangement Fee**"). The payment of the Arrangement Fee shall be payable upon completion of the Subscription and shall be deducted from the Subscription Price payable to the Company by the Subscriber.

### Conditions precedent

The obligations of the Subscriber to subscribe for the Convertible Bonds from the Company are subject to the fulfilment (or waiver) of, among others, the following conditions precedent:

- (a) the Company having (i) duly complied with all requirements under applicable laws and its constitutional documents necessary for the validity and enforceability of the Subscription Agreement and the other transaction documents and the issuance of Convertible Bonds thereunder; (ii) duly completed all procedural requirements (including without limitation, notification, filing, registration, disclosure, and/or announcement requirements) required by any relevant governmental authority and its constitutional documents in connection with the signing of the Subscription Agreement and the other transaction documents and the proposed issuance of the Convertible Bonds thereunder that is capable of being completed prior to completion; and (iii) obtained all consents and approvals by the relevant governmental authority (if required) and under its constitutional documents in connection with the

Subscription Agreement and the other transaction documents and the proposed issuance of the Convertible Bonds thereunder that is capable of being completed prior to completion;

- (b) there shall not have been (i) any suspension of the trading of the Shares on the Stock Exchange for five consecutive trading days for any reason during the period between the date of the Subscription Agreement and the date of completion, or (ii) cessation of trading of the Shares on the Stock Exchange for any reason;
- (c) the approval for the listing of and the permission to deal in the new Shares issuable upon the exercise of the conversion right under the Convertible Bonds (subject to customary conditions as may be imposed by the Stock Exchange) on the Stock Exchange shall have been obtained; and
- (d) from the date of the Subscription Agreement to the date of completion, there being no change in the principal business, operations, properties, conditions (financial or otherwise), personnel or prospects of the Group, nor the happening of any events which may have a material adverse effect.

If any of the condition precedents is not fulfilled (or waived (where applicable) on or before the Long Stop Date, all rights, obligations and liabilities of the parties under the Subscription Agreement shall cease and the Subscription Agreement shall forthwith terminate and cease to be of any effect and save as aforesaid, neither party shall have any claim against the other for any costs, damages, compensation or loss in respect thereof (save for antecedent breaches).

### **Completion**

Completion of the Subscription Agreement shall take place on the same Business Day when all the conditions precedent have been satisfied or waived (or such other date and at such place as may be agreed in writing between the Subscriber and the Company). The Subscriber shall pay or cause the Company to be paid the Subscription Price (after deduction of the Arrangement Fee and the expenses incurred by the Subscriber in relation to the Subscription) by telegraphic transfer to the bank account designated by the Company.

### **Guarantee**

The Convertible Bonds are guaranteed by the Deed of Guarantee. Pursuant to the Deed of Guarantee, the Guarantors jointly and severally, guarantee, as a continuing obligation in favour of the Subscriber, among others, the due and punctual performance and observance by the Company and the Guarantors of their respective obligations under the Subscription Agreement, the Convertible Bonds and the Deed of Guarantee.

Mr. Chan Shing has undertaken to remain as a substantial shareholder of the Company during the term of the Convertible Bonds, and the Guarantors have undertaken at all times during the term of the Convertible Bonds, together hold, directly or indirectly, such number of Shares, representing not less than approximately 25% (in respect of Mr. Chan), deemed interests of 16% (in respect of Favor King) and 16% (in respect of Glory Add) of the then outstanding Shares, respectively.

## **THE CONVERTIBLE BONDS**

The principal terms of the Convertible Bonds to be issued by the Company are set out as follows:

### **Aggregate principal amount**

Not more than US\$20,000,000.

### **Denomination**

In denomination and integral multiples of US\$2,000,000.

## **Interest**

The Convertible Bonds shall bear interest at rate of 7% per annum and is payable in arrears every six (6) calendar months and calculated on the basis of 365 days per year.

## **Maturity**

The Convertible Bonds will mature on the date falling two (2) years from (and including) the date of issue.

## **Conversion**

The Bondholder(s) shall have the right to convert all or any part of the outstanding principal amount of the Convertible Bonds into Shares at any time commencing on the beginning of the ninth (9<sup>th</sup>) calendar month from the issue date up to the close of business on the Business Day immediately preceding the Maturity Date at the Conversion Price (subject to adjustments).

## **Conversion Price**

The Conversion Price of HK\$0.26 per Conversion Share was arrived at after arm's length negotiations between the Company and the Subscriber taking into account the prospects of the Group, the current situation of Hong Kong stock market and the closing price of the Shares on the Last Trading Day. The Conversion Price represents:

- (i) a discount of approximately 10.34% to the closing price of HK\$0.29 per Share as quoted on the Stock Exchange on 25 September 2017, being the Last Trading Day; and
- (ii) a premium of approximately 4.92% to the average of the closing prices of approximately HK\$0.2478 per Share for the five trading days of the Shares up to and including the Last Trading Day.

The Conversion Price is subject to adjustment for, among others, the following events:

- (i) consolidation or subdivision of Shares;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution;
- (iv) rights issues of Shares or options over Shares or other securities at a price which is less than the initial Conversion Price and 95% of the then market price of the Shares;
- (v) other issues at a price which is less than the initial Conversion Price and 95% of the then market price of the Shares; and
- (vi) any modification of the rights of conversion or exchange or subscription attaching to securities in (v) above resulting in total effective consideration per Share being less than at a price which is less than the initial Conversion Price and 95% of the then market price of the Shares; and
- (vii) other offers to shareholders of the Company at a price which is less than the initial Conversion Price and 95% of the then market price of the Shares.

## **Conversion Shares**

Assuming the exercise in full of the conversion rights attaching to the Convertible Bonds at the Conversion Price of HK\$0.26 per Share, a total of 603,846,000 Conversion Shares may be issued, representing approximately 12.16% of the number of Shares in issue as of the date of this announcement and approximately 10.85% of the enlarged number of Shares in issue assuming exercise of the conversion right attaching to the Convertible Bonds in full. The Conversion Shares shall rank pari passu in all respects with all other existing Shares and shall be entitled to all dividends and other distributions.

No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## **General Mandate**

The Conversion Shares will be issued under the General Mandate granted to the Directors at the AGM. The Company was authorised to issue and allot 992,685,647 Shares, being 20% of the share capital of the Company in issue as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

The Subscription Agreement and the issue of Conversion Shares under the General Mandate are not subject to Shareholders' approval.

## **Redemption**

Unless previously converted or redeemed, the Convertible Bonds will be redeemed by the Company on the Maturity Date at its principal amount outstanding.

The Bondholder(s) may require the Company to redeem the Convertible Bonds at the Redemption Amount on occurrence of any event of default specified in the terms of the Convertible Bonds.

## **Events of default**

The Convertible Bonds will contain events of default provisions which provide that on the occurrence of certain events of default specified in the conditions of the Convertible Bonds (e.g. default of the Company in the performance or observance of or compliance with its obligations set out in the Subscription Agreement, insolvency and liquidation), each of the Bondholder(s) shall be entitled to demand for immediate redemption of the principal amount of outstanding Convertible Bonds.

## **Status**

The Convertible Bonds constitute direct, unsubordinated, unconditional and guaranteed obligations of the Company and the Convertible Bonds shall at all times rank pari passu in all respects and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and guaranteed obligations. The Conversion Shares shall rank pari passu in all respects with all other existing Shares and shall be entitled to all dividends and other distributions.

## **Transferability**

The Convertible Bonds are issued in registered form and may be assigned or transferred in whole or in part to any independent third party. The Convertible Bond may not be assigned or transferred to party or parties connected with or acting in concert with any of the directors, chief executives or substantial shareholders of the Company, any of its subsidiaries or any of their respective associates.

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Subscription and assuming full conversion of the Convertible Bonds at the conversion price of HK\$0.26, assuming there being no other change to the shareholding structure of the Company after the date of this announcement:

	As at the date of this announcement		Immediately after the Subscription and assuming full conversion of the Convertible Bonds	
	Shares	Approximate %	Shares	Approximate %
Mr. Chan Shing, Ms. Lau Ting ( <i>Note 1</i> ) and their respective associates	1,337,913,271	26.95	1,337,913,271	24.03
Ms. Cheung Kwan ( <i>Note 2</i> ) and her associate	713,428,000	14.37	713,428,000	12.81
Mr. Sit Hoi Tung ( <i>Note 2</i> )	5,413,869	0.11	5,413,869	0.10
Mr. Sham Kai Man ( <i>Note 2</i> )	1,000,000	0.02	1,000,000	0.02
Mr. Cui Shu Ming ( <i>Note 2</i> )	2,250,000	0.05	2,250,000	0.04
Mr. Chan Ming Fai ( <i>Note 2</i> )	1,250,000	0.03	1,250,000	0.02
Mr. Huang Shenglan ( <i>Note 2</i> )	2,250,000	0.05	2,250,000	0.04
The Subscriber	0	0.00	603,846,000	10.85
Public Shareholders	2,900,423,095	58.43	2,900,423,095	52.09
<b>Total</b>	<b>4,963,928,235</b>	<b>100.00</b>	<b>5,567,774,235</b>	<b>100.00</b>

Notes:

1. Mr. Chan Shing is a Director and Ms. Lau Ting is his spouse.
2. Each of Ms. Cheung Kwan, Mr. Sit Hoi Tung, Mr. Sham Kai Man, Mr. Cui Shu Ming, Mr. Chan Ming Fai and Mr. Huang Shenglan is a Director.

## REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in international metal and lithium concentrate trading, processing, sale of related product and mineral resources investment.

The Directors consider that the Subscription offers a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development. The Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital since it will not have an immediate dilution effect on the shareholding of the existing Shareholders. The Directors consider that the terms of the Subscription Agreement, which were arrived at arm's length negotiations between the Company and the Subscriber, are fair and reasonable, on normal and commercial terms and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Subscription is approximately HK\$156,000,000. The estimated net proceeds from the issue of the Convertible Bonds (after deduction of expenses) will be approximately HK\$152,230,000, which is intended to be applied for general working capital purpose as well as the up-stream lithium resources business. Based on the Conversion Price, the estimated net proceeds to be raised per Conversion Share will be approximately HK\$0.252.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not raised any funds by way of issue of Shares in the past twelve months before the date of this announcement.

### **GENERAL**

**Since the Subscription is subject to the conditions set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **DEFINITIONS**

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

“AGM”	the annual general meeting of the Company held on 30 June 2017
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bond
“Business Day”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Burwill Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 24)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Period”	the period commencing on the beginning of the ninth (9 <sup>th</sup> ) calendar month from the date of issue of the Convertible Bond and ending upon the Maturity Date
“Conversion Price”	the conversion price of HK\$0.26 per Conversion Share (subject to adjustment)
“Conversion Shares”	new Shares which may fall to be issued upon exercise of the conversion right under the Convertible Bond
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of US\$20,000,000 to be issued by the Company to the Subscriber
“Deed of Guarantee”	the deed of guarantee to be given by the Guarantors in favour of the Bondholder(s)
“Directors”	the directors of the Company

“Favor King”	Favor King Limited, a company incorporated in British Virgin Islands with limited liability
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Glory Add”	Glory Add Limited, a company incorporated in the Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Chan, Favor King and Glory Add
“Haitong Singapore”	Haitong International Financial Products (Singapore) Pte. Ltd., a company incorporated with limited liability under the laws of Singapore
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region
“Independent Third Party”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and connected persons of the Company
“Last Trading Day”	25 September 2017, being the last trading day immediately before the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“Long Stop Date”	15 October 2017 or any other date as agreed in writing between the Subscriber and the Company
“Maturity Date”	the maturity date of the Convertible Bond, being a date falling two (2) years from the date of issue of the Convertible Bonds
“Mr. Chan”	Mr. Chan Shing, the chairman and managing Director and a substantial shareholder of the Company
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)



“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Haitong Singapore
“Subscription”	the subscription of the Convertible Bonds pursuant to the terms and conditions set out in the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 25 September 2017 entered into among the Company, the Guarantors and the Subscriber in relation to the Subscription
“Subscription Price”	the aggregate principal amount of the Convertible Bonds to be issued to the Subscriber of not more than US\$20,000,000
“%”	per cent

By order of the Board  
**Burwill Holdings Limited**  
**KWOK Wai Lam**  
Director

Hong Kong, 25 September 2017

*As at the date of this announcement, the Board of the Company comprises Mr. Chan Shing, Ms. Cheung Kwan, Mr. Sit Hoi Tung, Mr. Kwok Wai Lam and Mr. Sham Kai Man as executive directors; Mr. Cui Shu Ming, Mr. Chan Ming Fai, Mr. Tsang Kwok Wa and Mr. Cheung Sing Din as independent non-executive directors; and Mr. Huang Shenglan as non-executive director.*