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百信集團
PASHUN GROUP

Pa Shun International Holdings Limited
百信國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 574)

SUPPLEMENTAL ANNOUNCEMENT
INSIDE INFORMATION
UPDATE ON THE RESTRUCTURING AND
SCHEME OF ARRANGEMENT
AND
CONTINUED SUSPENSION OF TRADING

This announcement is made by Pa Shun International Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 8 September 2023 (“**Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

BACKGROUND OF THE SCHEME OF ARRANGEMENT

Since 2020, various winding-up petitions were presented against the Company. At present, the Re-Re-Amended Petition remains subsisting.

In or around early June 2023, in view of the winding-up petitions, the Company contemplates a restructuring of its overall indebtedness position in order to address the liquidity issue faced by the Company. The Company, through its legal advisors in the PRC, began discussions with its creditors.

On 20 July 2023, the Company, through its legal advisors, made an ex parte application to the High Court of Hong Kong to apply for leave to convene the Scheme Meeting for the purpose of considering and, if thought fit, approving, the Scheme of Arrangement and related directions.

PROPOSED TERMS OF THE SCHEME OF ARRANGEMENT

The principal terms of the Scheme of Arrangement proposed are as follows:

1. all unsecured and non-preferential claims (“**Scheme Claims**”) shall be discharged and released in full as against the Company on the date on which the Scheme of Arrangement becomes unconditional and comes into effect (“**Effective Date**”);
2. creditors with Scheme Claims (“**Scheme Creditors**”) which have been admitted by the administrators of the Scheme of Arrangement (“**Scheme Administrators**”) or the adjudicator (“**Admitted Claims**”), will be entitled to the following in proportion to their Admitted Claims on a pari passu basis:
 - (i) an initial cash payment representing 1% of the Admitted Claims (“**Initial Cash Payment**”); and
 - (ii) annual cash payments from 2024 to 2028 (“**Yearly Payments**”).

The Yearly Payments comprise a cash amount which shall be the higher of (i) HK\$5 million for the year 2024 and HK\$10 million annually for the years 2025 to 2028; and (ii) a cash amount representing the relevant proportion of the Company’s audited consolidated net profits for the relevant financial year.

If the aggregate of the Initial Cash Payment and all the Yearly Payments are insufficient to settle all the Admitted Claims, the Company shall allot and issue new shares (“**Scheme Shares**”) to the Scheme Creditors, subject to the approval of the shareholders of the Company (if applicable) and the Stock Exchange and the requirements of the Listing Rules. The exact number of Scheme Shares to be issued and the issue price per share are to be determined after all the Yearly Payments have been settled in 2028.

Notwithstanding the above, the entire outstanding amount of the Admitted Claims shall become due and payable by the Company as a lump sum cash payment 1 year following the yearly distribution date for 2028 should (i) the necessary approval(s) for issuance of the Scheme Shares not be obtained; (ii) the Scheme Shares could not be issued pursuant to the terms of the Scheme of Arrangement; (iii) the listing of the Shares be cancelled by the Stock Exchange; (iv) the total market capitalisation of the Scheme Shares be less in value than the total amount of the outstanding Admitted Claims.

The Scheme of Arrangement will become effective and binding on the Company and its Scheme Creditors if the following conditions are satisfied:

- (1) over 50% in number of, and representing not less than 75% in value of the claims of, the creditors present and voting in person or by proxy at the Scheme Meeting, vote in favour of the Scheme of Arrangement;
- (2) the Hong Kong Court sanctions the Scheme of Arrangement;
- (3) an office copy of the Court Order sanctioning the Scheme of Arrangement is filed with and registered by the Companies Registry of Hong Kong;
- (4) the Scheme Administrators receiving, in a form which is reasonably satisfactory to the Scheme Administrators, the guarantee and the securities made by the Group in accordance with the terms of the Scheme of Arrangement; and
- (5) an amount, which the Scheme Administrators are satisfied that is reasonably likely to be sufficient to cover the Initial Cash Payment and the costs of Scheme of Arrangement, is received by the Scheme Administrators.

The Scheme Meeting will be held on 18 October 2023 and the hearing for sanction of the Scheme of Arrangement has been fixed for 1 November 2023. It is expected that conditions (3)–(5) would be fulfilled by the Company shortly after the Scheme of Arrangement having been sanctioned by the Hong Kong Court.

The Company believes that the Scheme of Arrangement would facilitate the Company to recover from the adverse impact of COVID-19 pandemic and allow the Company to deploy more financial resources as working capital in order to expand its production in aid of the recovery of its profitability.

Since the Scheme of Arrangement is, in substance, a debt rescheduling arrangement, the direct impact on the Company's overall financial position is expected to be minimal. However, a substantial part of the liabilities which are classified as current liabilities will be classified as non-current liabilities as a result of the Scheme of Arrangement.

Further announcement(s) will be published as and when necessary to keep the shareholders and potential investors of the Company informed of any significant development of the Scheme of Arrangement.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 1:18 p.m. on 12 May 2022 and will continue to be suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares and other securities of the Company.

On behalf of the Board
Pa Shun International Holdings Limited
Professor Xiao Kai
Chairman and Executive Director

Hong Kong, 15 September 2023

As at the date of this announcement, the executive Directors are Professor Xiao Kai, Mr. Yuan Hongbing, Mr. Feng Junzheng and Mr. Shen Shun; the non-executive Directors are Mr. Zhang Tong and Mr. Chen Yunwei; and the independent non-executive Directors are Mr. Cao Lei, Ms. Li Yan and Mr. Khor Khie Liem Alex.

All Directors jointly and severally accept full responsibility for the accuracy of 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.