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SAMSON PAPER HOLDINGS LIMITED

森信紙業集團有限公司*

(Provisional Liquidators Appointed)

(For Restructuring Purposes Only)

(Incorporated in Bermuda with limited liability)

(Stock Code: 731)

ANNOUNCEMENT IN RELATION TO TERM SHEET REGARDING RESTRUCTURING AND CONTINUED SUSPENSION OF TRADING

THE PROPOSED RESTRUCTURING

On 13 April 2021, the Company, the JPLs and the Investors entered into the Term Sheet in relation to the proposed Restructuring of the Group, which shall include, among others, (i) the Capital Reorganisation, (ii) the Subscription, (iii) the Group Reorganisation, (iv) the Open Offer, (v) the Listco Scheme, and (vi) the Resumption.

The Term Sheet may or may not lead to the entering of the Restructuring Agreement and the Restructuring may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference are made to the announcements made by the Company dated 20 July 2020, 22 July 2020, 23 July 2020, 26 July 2020, 29 July 2020, 14 August 2020, 30 September 2020, 4 January 2021 and 9 February 2021 in relation to, among other things, the Petition (the “**Announcements**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

THE TERM SHEET

The principal terms of the Term Sheet are set out below:

Date

13 April 2021

Parties

- (1) the Company;
- (2) the JPLs; and
- (3) the Investors.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Investors and their respective ultimate beneficial owners are Independent Third Parties.

The Restructuring

The Restructuring shall be comprised of, *inter alia*,:

- (a) the Capital Reorganisation, which may include, among others, capital reduction, share premium reduction, consolidation and/or cancellation of Shares, and increase in authorised share capital of the Company;
- (b) the Subscription, which shall involve the subscription of the Subscription Shares by the Investors at the Subscription Proceeds of the HK\$ equivalent of RMB100,000,000, representing approximately 70% of the Enlarged Capital. The Subscription Proceeds shall be used for restructuring indebtedness of the Company under the Listco Scheme or such other purpose as agreed by the parties in the Term Sheet;
- (c) the Group Reorganisation, which shall involve:
 - (i) the incorporation of the SPV1 in a jurisdiction other than the PRC, which shall be wholly-owned by the Company;
 - (ii) the incorporation of the SPV2 in the PRC, which shall be wholly-owned by the SPV1;

- (iii) the onshore bankruptcy reorganisation plan in respect of UPPSD involving, *inter alia*, restructuring of UPPSD's indebtedness and UPPSD becoming a wholly-owned subsidiary of the SPV2;
 - (iv) the transfer of the Excluded Subsidiaries to the SchemeCo. The Retained Group will be principally engaged in manufacturing of paper products; and
 - (v) the provision of interim financing credit line in the amount not less than RMB80,000,000 in cash by the Investors to UPPSD for its operational purpose;
- (d) the Open Offer, which shall involve the allotment and issue of Offer Shares to the qualifying Shareholders on the date which such Shareholders are entitled to on the basis to be agreed between the Investors and the Company. The number of Offer Shares shall represent no more than 4% of the Enlarged Capital. The Investors shall underwrite each Offer Share at the Subscription Price;
- (e) the Listco Scheme, which shall involve:
- (i) the injection of the Subscription Proceeds (after deducting costs and expenses for the implementation of the Restructuring) into the Listco Scheme to discharge the debts owed by the Company to the scheme creditors under the Listco Scheme;
 - (ii) the issue of the Creditors' Shares to the scheme creditors under the Listco Scheme, representing approximately 17% of the Enlarged Capital. The scheme creditors under the Listco Scheme shall have the right to require the Investors to purchase from the scheme creditors the Creditors' Shares held by them at the Subscription Price per Creditors' Share within the 12-months period after completion of the Restructuring, subject to the requirements in the Listing Rules and applicable laws and regulations;
 - (iii) the transfer of the Excluded Subsidiaries to the SchemeCo; and
 - (iv) the assignment of inter-company receivables due from the Excluded Subsidiaries to the Retained Group (if any) to the SchemeCo; and
- (f) The Resumption.

Conditions precedent

The completion of the Restructuring shall be conditional upon, *inter alia*, the fulfilment of the conditions precedent to be set out in the Restructuring Agreement, including but not limited to:

- (a) the Stock Exchange has unconditionally granting the listing of, and permission to deal in, the Subscription Shares, the Creditors' Shares and the Offer Shares;

- (b) the passing of the necessary resolutions by the Shareholders (who are permitted to vote under the Listing Rules and the Takeovers Code) at the Company's extraordinary general meeting to approve, among others, the following:
 - (i) the Restructuring Agreement and the Restructuring contemplated thereunder;
 - (ii) the agreement(s) relating to the Subscription together with the transactions contemplated thereunder;
 - (iii) the allotment and issue of the Subscription Shares, the Creditors' Shares and the Offer Shares; and
 - (iv) the Whitewash Waiver, if any;
- (c) the Listco Scheme becoming effective and completion of the transfer of the Excluded Subsidiaries;
- (d) the granting of the Whitewash Waiver by the SFC and the satisfaction of any conditions attached thereto, if any;
- (e) obtaining the relevant PRC court's confirmation on the completion of the implementation of the bankruptcy reorganisation plan in respect of UPPSD as contemplated under the Term Sheet or as recognised by the Investors;
- (f) fulfilment of the resumption conditions imposed by the Stock Exchange; and
- (g) all PRC governmental approvals in connection with the Restructuring having been obtained by the Investors.

The Restructuring Agreement

The parties shall use their best endeavor to enter into the Restructuring Agreement by 30 April 2021.

The Investors have the rights to assign their rights and obligations under the Term Sheet to the Investor Entity (which will be owned as to 55% and 45% by Investor A and Investor B, respectively) and to procure the Investor Entity to enter into the Restructuring Agreement in place of the Investors.

Termination

The Term Sheet shall be legally binding. The Term Sheet shall take effect from the signing date and shall be automatically terminated upon the earlier of (i) the long stop date (being 30 April 2021 or a later date otherwise agreed by the parties in writing); or (ii) the signing date of the Restructuring Agreement.

INFORMATION ON THE INVESTORS

Investor A, 廈門建發紙業有限公司 (Xiamen C&D Paper & Pulp Co., Ltd.*), is a limited liability company incorporated in the PRC. Investor A is a wholly-owned subsidiary of 廈門建發股份有限公司 (Xiamen C&D Inc*.,) a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600153). Investor A is principally engaged in sourcing and supplying of forest products such as paper, pulp, wood chips and household paper products.

Investor B, 浙江新勝大控股集團有限公司 (Zhejiang Xinshengda Holding Group Co., Ltd.*) is a limited liability company incorporated in the PRC. The principal businesses of Investor B include manufacturing and trading of paper, chemical products, plastic products and hardware products.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2020 and will remain suspended until further notice. The Company will keep its Shareholders and the public informed of the latest development by making further announcement(s) as and when appropriate.

WARNINGS

The Term Sheet may or may not lead to the entering of the Restructuring Agreement and the Restructuring may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Bermuda Court”	the Supreme Court of Bermuda
“Board”	the board of Directors
“Capital Reorganisation”	the reorganisation of the capital of the Company
“Company”	Samson Paper Holdings Limited (Provisional Liquidators Appointed) (for restructuring purposes only), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Creditors’ Shares”	New Shares to be allotted and issued under the Listco Scheme

“Directors”	directors of the Company
“Enlarged Capital”	the issued ordinary shares in the capital of the Company after the completion of the Capital Reorganisation as enlarged by the allotment and issue of the Subscription Shares, Creditors’ Shares and Offer Shares
“Excluded Subsidiaries”	the Subsidiaries of the Group to be transferred to the SchemeCo for the benefit of the creditors of the Listco Scheme
“Group”	the Company and its subsidiaries as at the date of this announcement
“Group Reorganisation”	the reorganisation of the Group involving, <i>inter alia</i> , the transfer of the Excluded Subsidiaries to the SchemeCo and the bankruptcy reorganisation of UPPSD
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Parties”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Investors”	collectively, the Investor A and the Investor B
“Investor A”	廈門建發紙業有限公司 (Xiamen C&D Paper & Pulp Co., Ltd.*), a company incorporated in the PRC with limited liability
“Investor B”	浙江新勝大控股集團有限公司 (Zhejiang Xinshengda Holding Group Co., Ltd.*), a company incorporated in the PRC with limited liability
“Investor Entity”	a special purpose vehicle to be jointly set up by the Investors
“JPLs”	Lai Kar Yan (Derek) and Ho Kwok Leung (Glen), both of Deloitte Touche Tohmatsu, and Rachelle Ann Frisby of Deloitte Ltd., in their capacity as joint provisional liquidators of the Company appointed by the Bermuda Court
“Listco Scheme”	the scheme of arrangement to be entered into between the Company and its creditors to be conducted in Hong Kong and Bermuda
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“New Share(s)”	ordinary share(s) of the Company of HK\$0.01 each in the capital of the Company immediately following the Capital Reorganisation becoming effective
“Offer Shares”	New Shares to be allotted and issued under the Open Offer
“Open Offer”	the proposed issue of the Offer Shares to the qualifying Shareholders on the date which such Shareholders are entitled to on the basis to be agreed between the Investors and the Company
“PRC”	the People’s Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Retained Group”	the Company and its subsidiaries upon the completion of the Restructuring
“Restructuring”	restructuring of the Group which shall involve the Capital Reorganisation, the Subscription, the Group Reorganisation, the Open Offer, the Listco Scheme and the Resumption
“Restructuring Agreement”	the formal agreements to be entered into among the Company, the JPLs and the Investors (or the Investor Entity in place of the Investors) in relation to the Restructuring
“Resumption”	resumption of trading in the Shares on the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“SchemeCo”	a special purpose vehicle to be set up by the administrators of the Listco Scheme
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the shares of the Company
“SPV1”	a special purpose vehicle to be incorporated under the law of a jurisdiction (other than the RPC) by the Company
“SPV2”	a special purpose vehicle to be incorporated under the law of the PRC by SPV1
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription by the Investors of the Subscription Shares
“Subscription Price”	the subscription price of each Subscription Share
“Subscription Proceeds”	proceeds from the Subscription
“Subscription Share(s)”	New Share(s) to be subscribed by the Investors under the Subscription
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“Term Sheet”	the term sheet regarding Restructuring of the Group dated 13 April 2021 entered into among the Company, the JPLs and the Investors
“UPPSD”	遠通紙業(山東)有限公司 (Universal Pulp & Paper (Shandong) Co. Ltd.*), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company, owned as to 80% by the Company
“Whitewash Waiver”	a waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of the Investor A to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Investor A and the parties acting in concert with it as a result of the completion of the Restructuring (which involves the Subscription)
“%”	per cent.

By order of the Board
SAMSON PAPER HOLDINGS LIMITED
(Provisional Liquidators Appointed)
(For Restructuring Purposes Only)
Mr. LEE Seng Jin
Chairman

Hong Kong, 13 April 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. LEE Seng Jin and Ms. SHAM Yee Lan, Peggy; and three independent non-executive Directors, namely Mr. CHOI Wai Hong, Clifford, Mr. LAU Wai Leung, Alfred and Mr. LEUNG Vincent Gar-gene.

* For identification purposes only