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Hidili Industry International Development Limited
恒鼎實業國際發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01393)

PROPOSED DEBT RESTRUCTURING INVOLVING:

- (1) THE SCHEME;**
- (2) ISSUE OF PREFERRED SHARES TO CERTAIN PRC LENDING BANKS;**
- (3) SETTLEMENT AGREEMENTS WITH ONSHORE OPERATING CREDITORS;**
- (4) SPECIFIC MANDATE TO ISSUE NEW SHARES;**
- (5) SPECIFIC MANDATE TO ISSUE PREFERRED SHARES; AND**
- (6) PROPOSED AMENDMENTS TO MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION**

PROPOSED DEBT RESTRUCTURING

Reference is made to the Announcements and the RSA Announcement in which the Board announced the entering of the RSA to seek the support of the Noteholders.

THE SCHEME

The Company has proposed to implement the Scheme to compromise the obligations of the Company and the Note Subsidiary Guarantors under and in connection with the Notes to maximise returns to the Scheme Creditors and to ensure that the Group will be able to continue to operate on a going concern basis. The Scheme was approved by the Scheme Creditors at the Scheme Meeting held on 24 May 2022. The Scheme was sanctioned by the High Court on 6 June 2022 and the Scheme Effective Date is on 20 June 2022.

The Scheme, if implemented, will release the Company and the Note Subsidiary Guarantors from the Scheme Claims of the Scheme Creditors. The Scheme Claims will be fully, irrevocably and unconditionally released, and in return, subject to the terms of the Scheme, the Participating Scheme Creditors will be entitled to receive the Scheme Consideration, which comprise (i) the Scheme Shares; (ii) the Zero-coupon Bonds; and (iii) the Cash Payment. In addition, the Consent

Fee, RSA Fee and Work Fee will also be payable to certain eligible Scheme Creditors. As at the Voting Instruction Deadline, 141 Scheme Creditors representing Notes in the principal amount of US\$150,761,000 have submitted the Account Holder Letters.

Each Scheme Creditor could elect to participate in the SPP whereupon the Company must use its best efforts to sell or procure the sales of all of the SPP Shares for the SPP Participants. For those Scheme Creditors who elected to participate in the SPP, the Scheme Shares to which they are entitled, will be issued directly to the Creditor SPV (as the sole beneficial holder/owner of those SPP Shares) and will be held by the Creditor SPV in the SPP Shares Account on behalf, and solely for the benefit, of the SPP Participants. As at the Voting Instruction Deadline, out of the 141 Scheme Creditors who have submitted the Account Holder Letters, 94 Scheme Creditors representing Notes in the principal amount of US\$75,454,000 have elected to participate in the SPP.

The Company will issue the New USD Senior Notes in the aggregate principal amount equal to the Issue Date Principal Amount (rounded up to US\$78,800,000) to the Creditor SPV which will hold the same for the benefit of the SPP Participants in accordance with the terms of the SPP Deed as an added measure of protection to the SPP Participants. The Creditor SPV (initially, as the sole noteholder of the New USD Senior Notes) will hold the New USD Senior Notes on trust absolutely for the benefit of the SPP Participants until the Notes Transfer Date (if any) and will, on that date, transfer and otherwise deal with the New USD Senior Notes in accordance with the terms of the SPP Deed.

ISSUE OF PREFERRED SHARES TO CERTAIN PRC LENDING BANKS

Reference is made to the announcement of the Company dated 21 April 2020 in relation to, among other matters, the Preliminary Restructuring Framework. The PRC Lending Banks (other than CM Bank) have confirmed that the Conversion Interest due from the Group will be fully satisfied and discharged by the issue of Preferred Shares instead of Shares.

The Conversion Interest of approximately RMB948 million calculated as at 31 December 2018 will be fully satisfied and discharged by the Company issuing and allotting the Preferred Shares to Oriental Toprich, an entity which is entrusted by the PRC Lending Banks to hold the Preferred Shares on trust for the PRC Lending Banks (other than CM Bank).

SETTLEMENT AGREEMENTS WITH ONSHORE OPERATING CREDITORS

On 23 November 2022 (after trading hours), the Settlement Agreements were entered into between the Company and a total of 125 Onshore Operating Creditors (representing Outstanding Debts in the amount of approximately RMB149.4 million) in relation to the settlement of their respective Outstanding Debts due from the Group by the issue and allotment of an aggregate of 282,844,625 Onshore Operating Creditors Converted Shares.

SPECIFIC MANDATE TO ISSUE NEW SHARES

Subject to the satisfaction of the Scheme Conditions, the Company will allot and issue 2,342,838,557 Scheme Shares as part of the Scheme Consideration on the Restructuring Effective Date. Out of the 2,342,838,557 Scheme Shares, on the Restructuring Effective Date, 965,423,665 Initial Scheme Shares will be allotted and issued to the Initial Participating Scheme Creditors (other than the Creditor SPV) and 967,308,177 Initial Scheme Shares will be allotted and issued to the Creditor SPV. The remaining 410,106,715 Surplus Scheme Shares will be allotted and issued to the Scheme Consideration Trustee which will be distributed to the Participating Scheme Creditors (other than the Initial Participating Scheme Creditors), if any, on the Final Distribution Date.

The Scheme Shares Issue Price is HK\$0.631 per Scheme Share.

Subject to the satisfaction of the Scheme Conditions and the terms of each Settlement Agreement, the Company shall issue and allot 282,844,625 Onshore Operating Creditors Converted Shares to each Onshore Operating Creditor or its designated entity who have entered into the Settlement Agreements in full satisfaction of their Outstanding Debts. The issue price of the Onshore Operating Creditors Converted Shares is HK\$0.631.

The Scheme Shares and the Onshore Operating Creditors Converted Shares will be allotted and issued under the New Shares Specific Mandate to be sought from the Shareholders at the EGM.

SPECIFIC MANDATE TO ISSUE PREFERRED SHARES

Subject to the satisfaction of the Scheme Conditions, the Company will allot and issue the Preferred Shares to Oriental Toprich to hold the Preferred Shares on trust for the PRC Lending Banks (other than CM Bank). The Preferred Shares Issue Price is HK\$0.631 per Preferred Share.

The Preferred Shares will be allotted and issued under the Preferred Shares Specific Mandate to be sought from the Shareholders at the EGM.

PROPOSED AMENDMENTS TO MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

The Memorandum and the Articles will be amended to incorporate the terms of the Preferred Shares and the other relevant amendments. The Proposed Amendments to the Memorandum and Articles will be subject to the approval of the Shareholders at the EGM by a special resolution. The text of the Proposed Amendments to the Memorandum and the Articles will be set out in the circular to the despatched to the Shareholders.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving (i) the grant of the New Shares Specific Mandate; (ii) the grant of the Preferred Shares Specific Mandate; and (iii) the Proposed Amendments to the Memorandum and Articles.

Any Shareholder who is interested in the Scheme, the agreements in relation to the Onshore Restructuring and the transactions contemplated thereunder shall abstain from voting on the resolution(s) to be proposed at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Scheme, the agreements in relation to the Onshore Restructuring and the transactions contemplated thereunder and no Shareholder is required to abstain from voting at the EGM.

It is expected that a circular containing, among other things, (i) further details of the Scheme and the transactions contemplated thereunder; (ii) the grant of the New Shares Specific Mandate; (iii) the grant of the Preferred Shares Specific Mandate; (iv) the Proposed Amendments to the Memorandum and Articles; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 31 December 2022 so as to allow sufficient time for the preparation of the relevant information to be included in the circular.

Shareholders and potential investors of the Company should note that the completion of the Scheme are subject to satisfaction of the Scheme Conditions and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Reference is made to the Announcements and the RSA Announcement in which the Board announced the entering of the RSA to seek the support of the Noteholders.

PROPOSED DEBT RESTRUCTURING

The Offshore Restructuring

In around 2015, approximately RMB6 billion of onshore bank loans were due within 12 months on or around the maturity dates of the Notes. As such, the Group suffered from lack of cashflow to redeem the Notes.

On 13 July 2020, the Company and the Steering Committee entered into the Termsheet (as amended and supplemented by an amended and restated termsheet dated 30 April 2021) pursuant to which they agreed to the key commercial terms for the proposed Offshore Restructuring.

On 1 November 2021, the Company, the Subsidiary Guarantors and the Steering Committee entered into the RSA. On 28 January 2022, 29 April 2022 and 30 September 2022, the Company, the Subsidiary Guarantors and the Steering Committee entered into extension letters to the RSA to extend certain deadlines in the RSA.

THE SCHEME

The Company has proposed the Scheme to compromise the obligations of the Company and the Note Subsidiary Guarantors under and in connection with the Notes to maximise returns to the Scheme Creditors and to ensure that the Group will be able to continue to operate on a going concern basis.

The Scheme was approved by the Scheme Creditors at the Scheme Meeting held on 24 May 2022. The Scheme was sanctioned by the High Court on 6 June 2022 and the Scheme Effective Date is on 20 June 2022.

The Scheme, if implemented, will release the Company and the Note Subsidiary Guarantors from the Scheme Claims of the Scheme Creditors. The Scheme Claims will be fully, irrevocably and unconditionally released, and in return, subject to the terms of the Scheme, the Participating Scheme Creditors will be entitled to receive the Scheme Consideration, which comprise (i) the Scheme Shares; (ii) the Zero-coupon Bonds and (iii) the Cash Payment. In addition, the Consent Fee, RSA Fee and Work Fee will also be payable to certain eligible Scheme Creditors. As at the Voting Instruction Deadline, 141 Scheme Creditors representing Notes in the principal amount of US\$150,761,000 have submitted the Account Holder Letters.

As the Scheme was approved by the Scheme Creditors and sanctioned by the High Court, the Company has filed a petition under Chapter 15 of the US Bankruptcy Code on 16 June 2022 such that the Scheme will be recognised by the US Bankruptcy Court. The Recognition Hearing was held on 12 July 2022 (New York time) and the Recognition Order was entered by the US Bankruptcy Court on the same day.

The Scheme Conditions

The Scheme will only become effective on the date on which all of the Scheme Conditions have been satisfied or, to the extent permissible by law and the RSA and agreed in writing by the Steering Committee, waived by the Company:

- (a) the occurrence of the Scheme Effective Date;
- (b) the obtaining of the Recognition Order;
- (c) the Listing Committee of the Stock Exchange granting listing and permission to deal in the Scheme Shares;

- (d) all necessary consents, approvals or authorisations in connection with the Offshore Restructuring in accordance with the terms of the Scheme having been obtained, including, without limitation, all necessary consents, approvals or authorisations from the Shareholders, the Stock Exchange, the SGX-ST, the SFC and any and all other relevant governmental bodies;
- (e) completion of the Onshore Restructuring;
- (f) each of the Restructuring Documents and the Deed of Undertaking having been executed by or on behalf of each of the parties thereto;
- (g) the Restructuring Documents becoming effective subject only to the satisfaction of all other Scheme Conditions and release of the Restructuring Documents on the Restructuring Effective Date;
- (h) the Company having paid the Work Fee to members of the Steering Committee; and
- (i) the Company having paid all fees, costs and expenses of the professional parties that are payable in accordance with the terms of the Scheme, the RSA or any Restructuring Document, that have been duly invoiced to the Company by no later than five (5) Business Days before the Restructuring Effective Date or such later date as may be agreed by the Company with the relevant party or parties.

As at the date of this announcement, conditions (a) and (b) have been fulfilled.

If the Restructuring Effective Date has not occurred (i.e. the Scheme Conditions above have not been fulfilled) and the Scheme has not become fully effective by the Scheme Longstop Date, the Scheme shall lapse and no provisions of the Scheme shall have any force or effect.

If the Scheme Longstop Date is extended by agreement between the Company and the Steering Committee, the Company will also notify the Scheme Creditors of the same.

The Scheme Consideration

The Scheme Consideration comprises:

- (a) the Scheme Shares to be issued and allotted to the Participating Scheme Creditors (or, if applicable, the Creditor SPV) in accordance with the terms of the Scheme and the SPP Deed. The Scheme Shares shall be listed and tradeable on the Stock Exchange;
- (b) the Zero-coupon Bonds to be issued to the Participating Scheme Creditors in an aggregate principal amount equal to 13/16 of the Total Accrued Interest Amount. The Total Accrued Interest Amount is defined as the sum of (i) the Accrued Interest Amount (pre-Original Termsheet Signing Date) (i.e. US\$24,319,362.50) and (ii) the Accrued Interest Amount (post-Original Termsheet Signing Date). The maturity date of the Zero-coupon Bonds will be 30

November 2022 and it will be subject to amortization redemption. As the Restructuring Effective Date will occur after the maturity date of the Zero-coupon Bonds, the Company will distribute the Zero-coupon Bonds in the form of cash instead of the definitive bonds to the Participating Scheme Creditors; and

- (c) the Cash Payment to be issued to the Participating Scheme Creditors in a total amount equal to 3/16 of the Total Accrued Interest Amount which will be paid in cash.

On the Restructuring Effective Date, the Company shall distribute the Pro Rata share of the Scheme Consideration to the Initial Participating Scheme Creditors. The remaining Scheme Consideration shall be distributed to the Scheme Consideration Trustee who will hold the Scheme Consideration on trust for the Participating Scheme Creditors (other than the Initial Participating Scheme Creditors).

The final deadline for a Scheme Creditor to submit to the Information Agent the necessary documentation in order to receive any Scheme Consideration under the Scheme is the Bar Date. The Scheme Consideration Trustee shall distribute the relevant portion of the Surplus Scheme Consideration to the Participating Scheme Creditors who are not Initial Participating Scheme Creditors, if any, on the Final Distribution Date.

In the event that there is any remaining Surplus Scheme Shares, Surplus Zero-coupon Bonds and Surplus Cash Payment, the Scheme Consideration Trustee shall surrender or return to the Company (for no consideration) any remaining Surplus Scheme Shares subject to compliance with the Hong Kong Code on Takeovers and Mergers, the applicable rules and regulations and any shares surrendered or returned to the Company shall be treated as cancelled; the Scheme Consideration Trustee shall transfer the cash equivalent of the remaining amount of the Surplus Zero-coupon Bonds and Surplus Cash Payment to the Company as soon as practicable after the Final Distribution Date.

Any Scheme Creditor that fails to submit the Account Holder Letter to the Information Agent by the Bar Date shall not receive any Scheme Consideration or any other benefits under the terms of the Scheme but shall have its Scheme Claim released irrevocably in accordance with the terms of the Scheme and shall be bound by the terms of the Scheme.

The Share Placement Programme

Each Scheme Creditor could elect to participate in the SPP whereupon the Company must use its best efforts to sell or procure the sales of all of the SPP Shares for the SPP Participants. For those Scheme Creditors who elected to participate in the SPP, the Scheme Shares to which they are entitled, will be issued directly to the Creditor SPV (as the sole beneficial holder/owner of those SPP Shares) and will be held by the Creditor SPV in the SPP Shares Account on behalf, and solely for the benefit, of the SPP Participants.

The Creditor SPV will hold all the assets of the Creditor SPV on trust absolutely for the benefit of the SPP Participants until such assets are sold or otherwise dealt with in accordance with the terms of the SPP Deed.

As at the Voting Instruction Deadline, out of the 141 Scheme Creditors who have submitted the Account Holder Letters, 94 Scheme Creditors representing Notes in the principal amount of US\$75,454,000 have elected to participate in the SPP.

Pursuant to the terms of the Scheme and the SPP Deed, the Company will use its best efforts to sell or procure the sales of the SPP Shares for the benefit of the SPP Participants under the following sales conditions:

Minimum Threshold

- (a) at least 30% of the SPP Shares on or before 12-month anniversary of the Restructuring Effective Date;
- (b) at least 75% of the SPP Shares on or before 18-month anniversary of the Restructuring Effective Date;
- (c) at least 90% of the SPP Shares on or before 27-month anniversary of the Restructuring Effective Date; and
- (d) 100% of the SPP Shares on or before 36-month anniversary of the Restructuring Effective Date.

Minimum SPP Share Sale Price

- (a) if the SPP Shares are sold on the Stock Exchange (other than by way of a SPP Issuer Buyback), 75% of the Conversion Price;
- (b) unless prior approval of the SPP Shares Account Secondary Manager has been obtained, if the SPP Shares are sold by way of an over-the-counter transaction (other than by way of a SPP Issuer Buyback), 90% of the higher of the (i) the Conversion Price; (ii) the previous closing price of the SPP Shares; and (iii) average-daily volume weighted average price of the SPP Shares for the last ten (10) trading days (including the date of the placing); or
- (c) if the SPP Shares are sold by way of a SPP Issuer Buyback, the minimum price applicable to the SPP Issuer Buyback as specified in the paragraph below.

The SPP Issuer Buyback

Subject to applicable laws and regulations, the Company may use its own cash to buy back all or part of the unsold SPP Shares at the unsold SPP Shares (i) at 90% of the USD Conversion Price, if (and only if) the five-day-average daily volume weighted average price of the SPP Shares is less than 90% of the Conversion Price at the immediate close prior to the announcement of the buyback of the unsold SPP Shares; or else (ii) at the USD Conversion Price, provided that, at the time of such buyback, (i) the Zero-coupon Bonds have been fully repaid; and (ii) the SPP Shares Account Secondary Manager intervention has not been triggered.

New USD Senior Notes

The Company will issue the New USD Senior Notes in the aggregate principal amount equal to the Issue Date Principal Amount (i.e. rounded up to US\$78,800,000) to the Creditor SPV which will hold the same for the benefit of the SPP Participants in accordance with the terms of the SPP Deed as an added measure of protection to the SPP Participants. The Creditor SPV (initially, as the sole noteholder of the New USD Senior Notes) will hold the New USD Senior Notes on trust absolutely for the benefit of the SPP Participants until the Notes Transfer Date (if any) and will, on that date, transfer and otherwise deal with the New USD Senior Notes in accordance with the terms of the SPP Deed.

The maturity date of the New USD Senior Notes will be 31 January 2025, unless repurchased or redeemed earlier. Interest on the New USD Senior Notes will accrue at the interest rate on and from the interest calculation start date. The interest calculation start date commences on the relevant trigger date which preceded the Notes Transfer Date. Interest is payable semi-annually on each interest payment date, i.e. the date falling six months after the interest calculation start date and every six months thereafter.

Interest rate on the New USD Senior Notes shall be calculated as follows:

- (i) on and during the first year after the interest calculation start date: 12.5% per annum;
- (ii) on and during the second year after the interest calculation start date: 15% per annum;
- (iii) on and during the third year after the interest calculation start date: 20% per annum; and
- (iv) on and during the fourth year after the interest calculation start date and thereafter: 25% per annum.

Consent Fee

On or before the Restructuring Effective Date, the Company shall pay the Consent Fee in cash, which is equal to a Consent Fee Recipient's Pro Rata share of 0.25% of the Claim Amount on Default Date, to such Consent Fee Recipients who, on or before the Voting Instruction Deadline, submits its duly completed Account Holder Letter to the Information Agent and to vote its holding of the Notes in favour of the Scheme.

RSA Fee

On the Restructuring Effective Date, the Company shall pay a RSA Fee in cash, which is equal to a RSA Fee Participant's Pro Rata share of 1% of the Claim Amount on Default Date who: (a) becomes a party to the RSA on or prior to 31 January 2022; (b) validly holds or controls its Pro Rata Notes (in the case of a RSA Fee Recipient who is not a member of the Steering Committee, as specified in its accession letter) and still holds such Notes as at the Voting Instruction Deadline; (c) has voted all of

its Pro Rata Notes (in the case of a RSA Fee Recipient who is not a member of the Steering Committee, as specified in its accession letter) in favour of the Scheme at the Scheme Meeting and has not withdrawn or revoked its vote in favour of the Scheme; (d) has fully complied with the material provisions of the RSA and has not breached any provision of the RSA in any material respect; and (e) has not, as at the Restructuring Effective Date, exercised its rights (if any) to terminate the RSA.

Work Fee

The Company shall pay on the Scheme Effective Date to each of the three Participating Scheme Creditors which constitute the Steering Committee a work fee in cash and in US dollars equal to such Participating Scheme Creditor's pro rata share of the Work Fee, which is equal to 0.25% of the Claim Amount on Default Date. A Participating Scheme Creditor's pro rata share shall mean the proportion that the principal amount outstanding on the Notes beneficially owned, held or controlled by that Participating Scheme Creditor bears to the aggregate holding of the Notes, each as at the date of the RSA.

SPECIFIC MANDATE TO ISSUE SCHEME SHARES

Subject to the satisfaction of the Scheme Conditions, the Company will issue and allot 2,342,838,557 Scheme Shares to each Participating Scheme Creditor as part of the Scheme Consideration on the Restructuring Effective Date.

Out of the 2,342,838,557 Scheme Shares, on the Restructuring Effective Date, 965,423,665 Initial Scheme Shares will be allotted and issued to the Initial Participating Scheme Creditors (other than the Creditor SPV) and 967,308,177 Initial Scheme Shares will be allotted and issued to the Creditor SPV. The remaining 410,106,715 Surplus Scheme Shares will be allotted and issued to the Scheme Consideration Trustee which will be distributed to the Participating Scheme Creditors (other than the Initial Participating Scheme Creditors), if any, on the Final Distribution Date.

Set out below are the principal terms of the Scheme Shares:

Issuer	The Company
Issue price	The Scheme Shares Issue Price of HK\$0.631: (i) represents a premium of approximately 48% to closing price quoted on the Stock Exchange as at the date of this announcement; and (ii) represents a premium of approximately 40% to the asset value per Share based on the net asset value of the Company as at 31 December 2021.

The Scheme Shares Issue Price was determined between the Company and the Steering Committee.

Number of Scheme Shares	2,342,838,557 Scheme Shares, representing: (i) approximately 114.5% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 53.4% of the entire issued Shares in the Company on a fully diluted basis as at the Restructuring Effective Date (without taking into account the Onshore Operating Creditors Converted Shares); and (iii) approximately 50.2% of the entire issued Shares in the Company on a fully diluted basis as a result of the issue and allotment of the Onshore Operating Creditors Converted Shares and the Scheme Shares.
Ranking	The Scheme Shares will rank <i>pari passu</i> in all respects with the Shares in issue.
Listing	Application will be made for the listing of the Scheme Shares on the Stock Exchange. The Scheme Shares will be listed and tradable on the Stock Exchange. The Scheme Shares will be allotted and issued under the New Shares Specific Mandate to be sought from the Shareholders at the EGM.
Restrictions	The issue of the Scheme Shares shall not result in the public float of the Shares falling below the minimum public float requirements under the Listing Rules.
Lock-up	The Scheme Shares shall not be subject to any lock-up, save for the SPP Shares which shall be sold in accordance with the terms of the SPP Deed.

REASONS AND BENEFITS OF THE SCHEME

The Company is an investment holding Company and the Group is principally engaged in mining of raw coking coal from its coal mines in Guizhou and Sichuan Provinces.

The Group had total liabilities of RMB11,206 million as at 31 December 2021. It is estimated that, after the Scheme Claims in the aggregate amount of US\$190,740,098 are discharged and extinguished, approximately 11.18% of the liabilities on the financial statement of the Group as at 31 December 2021 is expected to be restructured by the Scheme. The net decrease of total liabilities of the Group will reduce the gearing ratio of the Group significantly.

The Scheme will ease the repayment pressure of the Company and allow the Company to continue as a going concern. This will reduce the risk of the Company from default as well as to retain cashflow for the Company's future business development. The issue of the Scheme Shares will help to enlarge the capital base of the Company. This will reduce the liquidity risk of the Company.

The Board considers that the terms of the Scheme Shares, the New USD Senior Notes, the Zero-coupon Bonds and the Cash Payment are fair and reasonable and in the interests of the Company, the Scheme Creditors and the Shareholders as a whole.

The Onshore Restructuring

The Group's onshore operations are funded by the PRC Lending Banks. The Group's onshore bank borrowings form a significant part of the Group's overall indebtedness. As at 31 December 2021, the Group's onshore bank borrowings and accrued interest are approximately RMB7,707 million, which constitute 68.77% of the Group's indebtedness.

On 21 April 2020, the Company and the Onshore Creditors Committee reached the Preliminary Restructuring Framework on the settlement of the onshore bank borrowings and the discharge of the Conversion Interest.

Apart from the indebtedness of the PRC Lending Banks, as at 31 December 2021, the Outstanding Debts due from the Group to the Onshore Operating Creditors were approximately RMB368.7 million.

The completion of the Onshore Restructuring is one of the Scheme Conditions. It is anticipated that on the Restructuring Effective Date, the Conversion Interest (in the amount of approximately RMB948 million) and the Outstanding Debts due from the Group to the Onshore Operating Creditors of approximately RMB149.4 million will be discharged and extinguished. The Outstanding Debts of approximately RMB118.9 million will be settled in cash by instalments (instead of Onshore Operating Creditors Converted Shares) to 22 Onshore Operating Creditors who have entered into the Debt Settlement Agreements.

There are 39 Onshore Operating Creditors (representing Outstanding Debts in the amount of approximately RMB100.4 million) who have neither entered into the Settlement Agreements nor Debt Settlement Agreements. Their Outstanding Debts in the amount of approximately RMB100.4 million will be subject to further negotiations for repayment.

ISSUE OF PREFERRED SHARES TO CERTAIN PRC LENDING BANKS

Reference is made to the announcement of the Company dated 21 April 2020 in relation to, among other matters, the Preliminary Restructuring Framework.

The PRC Lending Banks (other than CM Bank) have confirmed that the Conversion Interest due from the Group will be fully satisfied and discharged by the issue of Preferred Shares instead of Shares.

The Conversion Interest of approximately RMB948 million calculated as at 31 December 2018 will be fully satisfied and discharged by the Company issuing and allotting the Preferred Shares to Oriental Toprich, an entity which is entrusted by the PRC Lending Banks to hold the Preferred Shares on trust for the PRC Lending Banks (other than CM Bank).

Oriental Toprich is a company incorporated under the laws of the British Virgin Islands. The sole shareholder and sole director of Oriental Toprich is an independent third party. Its principal business is investment holding for holding the Preferred Shares for the PRC Lending Banks (other than CM Bank) only.

As at the date of this announcement, CM Bank has not confirmed to accept the issue of preferred shares to fully satisfy and discharge its outstanding interest due from the Group. The Company will further negotiate with CM Bank on the settlement of its outstanding interest.

SPECIFIC MANDATE TO ISSUE PREFERRED SHARES

The principal terms of the Preferred Shares are as follows:

Issuer	:	The Company
Allottee	:	Oriental Toprich
Number of Preferred Shares	:	1,793,524,789
Par value	:	HK\$0.10
Issue date	:	To be issued on or around the Restructuring Effective Date (the “ Issue Date ”).
Validity	:	From the Issue Date until they are repurchased or 10 years from the Issue Date, whichever is earlier.
Preferred Shares Issue Price	:	HK\$0.631 per Preferred Share which is the same as the Scheme Shares Issue Price.

- Interest-free repurchase period : For a period of 36 months from the Issue Date, the Company can repurchase the Preferred Shares at the Preferred Shares Issue Price (the “**Repurchase Period**”).
- Transferability : Oriental Toprich may not transfer or sell the Preferred Shares during the validity of the Preferred Shares to any party other than the respective PRC Lending Banks.
- Listing : The Preferred Shares will not be listed and traded on the Stock Exchange.
- The Preferred Shares will be allotted and issued under the Preferred Shares Specific Mandate to be sought from the Shareholders at the EGM.
- Status of the Preferred Shares : In the event of a winding up, acquisition, or merger of the Company, the rights and claims of Oriental Toprich shall rank in priority to holders of ordinary shares and other preferred shares in the Company.
- Convertibility : The Preferred Shares will not be converted into Shares.
- Guarantee arrangement : Upon the completion of the issue and allotment of the Preferred Shares by the Company, Oriental Toprich shall execute a guarantee in favour of each PRC Lending Bank in respect of their Preferred Shares and undertake to do all steps required under the laws of the PRC and the BVI in relation to the same, including the execution of relevant documents so that the relevant PRC Lending Banks can enforce creditor’s rights in relation to the Conversion Interest against Oriental Toprich in the PRC court.
- Following the commencement of such litigation or enforcement process, the PRC Lending Banks (other than CM Bank) agree to facilitate Oriental Toprich to arrive at settlement or mediation in performance of its obligations as a guarantor, and for application of the Preferred Shares for satisfying the Conversion Interest.

- Repurchase arrangements : If the Company fails to repurchase all or part of the Preferred Shares at the Preferred Shares Issue Price within the Repurchase Period, interest shall accrue at the prevailing loan prime rate designated by the People's Bank of China on those Preferred Shares not yet repurchased by the Company starting from the fourth anniversary of the Issue Date at the Preferred Shares Issue Price per Preferred Share and interest shall be payable on 30 June and 31 December commencing from the fourth anniversary of the Issue Date, until all the Preferred Shares are repurchased by the Company. Such interest shall be payable by the Company to the relevant PRC Lending Banks.
- Dividend : No dividend will be declared to holders of the Preferred Shares.

Conditions precedent

The restructuring for the indebtedness of the PRC Lending Banks is conditional upon the satisfaction of the following conditions precedent:

- (a) each parties being duly authorised and having fulfilled their internal conditions and qualifications for the restructuring and the signing and performance of the Preliminary Framework Agreement;
- (b) the arrangement and terms of the restructuring not being prohibited by any relevant laws or regulations of the PRC, Hong Kong, or the BVI;
- (c) dismissal of the Company's winding up petition in Hong Kong;
- (d) the completion of the issue of the Scheme Shares to the Scheme Creditors pursuant to the Scheme, the completion of the issue of the Onshore Operating Creditors Converted Shares to the Onshore Operating Creditors and the completion of the issue of the Preferred Shares to Oriental Toprich are inter-conditional, in the event that the issue of the Scheme Shares and the Onshore Operating Creditors Converted Shares to the Onshore Operating Creditors cannot be completed, the issue of the Preferred Shares will not proceed;
- (e) the security arrangements with respect to the indebtedness of the PRC Lending Banks remaining unchanged and effective;
- (f) the Company having convened the EGM to approve the issue and allotment of the Preferred Shares to Oriental Toprich and the Proposed Amendments to the Memorandum and Articles;
and

- (g) the Onshore Creditors Committee having implemented effective financial management with respect to the Company and Hidili China pursuant to the terms of the Preliminary Restructuring Framework.

The Company's winding up petition was dismissed on 25 July 2022.

REASONS FOR ISSUING THE PREFERRED SHARES

The Company has engaged in extensive negotiations with the PRC Lending Banks in an attempt to restructure the onshore bank borrowings in order to ensure that the Group can operate as a going concern after the implementation of the Restructuring. As agreed in the Post Syndication Agreement which took effect on 20 April 2020, the outstanding principal of approximately RMB5,867 million (calculated as at 30 November 2019) together with the outstanding interest of approximately RMB616.99 million (after the discharge of the Conversion Interest owed to the PRC Lending Banks) (collectively the “**Remaining Debt**”) will be extended for a further period of 5 years commencing from 4 February 2020 to be repaid by 4 February 2025.

The issue of the Preferred Shares to fully satisfy and discharge the Conversion Interest can delay the payment of Conversion Interest and retain cash for future business development. The Board considers that the terms of the Preferred Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE SETTLEMENT AGREEMENTS

On 23 November 2022 (after trading hours), the Settlement Agreements were entered into between the Company and a total of 125 Onshore Operating Creditors (representing Outstanding Debts in the amount of approximately RMB149.4 million) in relation to the settlement of their respective Outstanding Debts due from the Group by the issue and allotment of an aggregate of 282,844,625 Onshore Operating Creditors Converted Shares.

The terms of each Settlement Agreement entered into by the Onshore Operating Creditors are the same. Set out below are the principal terms of the Settlement Agreements:

Parties

- (1) The Company
- (2) 125 Onshore Operating Creditors. The Onshore Operating Creditors are the operating creditors located in the PRC. As at the date of this announcement, there are 186 Onshore Operating Creditors, out of which 125 (representing Outstanding Debts in the amount of approximately 149.4 million) have entered into the Settlement Agreements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Onshore Operating Creditors and his/her/its ultimate beneficial owner(s) are third party(ies) independent of the Company and its connected persons.

Settlement of Outstanding Debts

The Outstanding Debts due to the Onshore Operating Creditors are in the sum of approximately RMB368.7 million as at 31 December 2021. As at the date of each Settlement Agreement, the Debtors (being Hidili China and/or Liupanshui Hidili) failed to settle the Outstanding Debts to the Onshore Operating Creditor on time. The Company had guaranteed the payment of the Outstanding Debts.

Subject to the satisfaction of the Scheme Conditions and the terms of each Settlement Agreement, the Company shall issue and allot 282,844,625 Onshore Operating Creditors Converted Shares at the issue price of HK\$0.631 to each Onshore Operating Creditor or its designated entity who have entered into the Settlement Agreements to satisfy and discharge their Outstanding Debts.

Upon the issue of the Onshore Operating Creditors Converted Shares, their Outstanding Debts shall be fully discharged and shall be deemed to have been fully settled. Such Onshore Operating Creditors waives the right to make any claim or initiate any legal proceeding against the Debtor and/or the Company in respect of their Outstanding Debts, failing which it shall indemnify the Debtor and/or the Company in full for any loss or costs resulting from such claim or legal proceeding.

SPECIFIC MANDATE TO ISSUE ONSHORE OPERATING CREDITORS CONVERTED SHARES

Set out below are the principal terms of the Onshore Operating Creditors Converted Shares:

Issuer	The Company
Issue price	The issue price of HK\$0.631: (i) represents a premium of approximately 48% to closing price quoted on the Stock Exchange as at the date of this announcement; and (ii) represents a premium of approximately 40% to the asset value per Share based on the net asset value of the Company as at 31 December 2021.

The issue price is the same as the Scheme Shares Issue Price.

Par value	HK\$0.10
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Issue date	To be issued on or around the Restructuring Effective Date.
Number of Onshore Operating Creditors Converted Shares	282,844,625 Onshore Operating Creditors Converted Shares, representing: (i) approximately 13.8% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.1% of the entire issued Shares in the Company on a fully diluted basis as a result of the issue and allotment of the Onshore Operating Creditors Converted Shares and the Scheme Shares.
Ranking	The Onshore Operating Creditors Converted Shares will rank <i>pari passu</i> in all respects with the Shares in issue.
Listing	Application will be made for the listing of and permission to deal in the Onshore Operating Creditors Converted Shares on the Stock Exchange. The Onshore Operating Creditors Converted Shares will be allotted and issued under the New Shares Specific Mandate to be sought from the Shareholders at the EGM.
Restrictions	The issue of the Onshore Operating Creditors Converted Shares shall not result in the public float of the Shares falling below the minimum public float requirements under the Listing Rules.
Lock-up	The Onshore Operating Creditors Converted Shares shall not be subject to any lock-up or dealing restrictions.

Conditions precedent

The obligations of each party to each Settlement Agreement are conditional upon the satisfaction of the following conditions precedent:

- (a) requirements under the Listing Rules, the Hong Kong Code on Takeovers and Mergers (if applicable) and the Memorandum and Articles, including but not limited to the approval by Shareholders at the EGM the issue and allotment of the Onshore Operating Creditors Converted Shares by the Company having been obtained; and

- (b) the Listing Committee of the Stock Exchange having approved the listing of and permission to deal in the Onshore Operating Creditors Converted Shares to be issued and allotted by the Company, and such approval not having been revoked prior to the date of completion of each Settlement Agreement.

None of the above conditions precedent is waivable. If any of the above conditions precedent is not satisfied by 31 December 2022 (or such other date as may be agreed in writing between the parties to the Settlement Agreement), such Settlement Agreement shall be terminated and neither party thereto shall have any further obligations under the Settlement Agreement save as to any rights on any antecedent breach of the Settlement Agreement.

REASONS FOR ENTERING INTO THE SETTLEMENT AGREEMENTS

The Company has engaged in negotiations with the Onshore Operating Creditors to settle their Outstanding Debts which has been overdue for certain period of time. The issue of the Onshore Operating Creditor Converted Shares to satisfy and discharge their Outstanding Debts can decrease the liabilities of the Group and retain cashflow for future business development. The Board considers that the terms of Settlement Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion

Completion shall take place within fourteen days after satisfaction of all the above conditions precedent, or such other date as the parties to each Settlement Agreement may agree in writing.

PROPOSED AMENDMENTS TO MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

The Memorandum and the Articles will be amended to incorporate the terms of the Preferred Shares and the other relevant amendments. The Proposed Amendments to the Memorandum and Articles will be subject to the approval of the Shareholders at the EGM by a special resolution. The text of the Proposed Amendments to the Memorandum and the Articles will be set out in the circular to the despatched to the Shareholders.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fundraising activities in the past twelve months immediately preceding the date of this announcement.

IMPACT OF THE ISSUE OF NEW SHARES ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the issue of the Scheme Shares to the Creditor SPV, the Initial Participating Scheme Creditors and the Scheme Consideration Trustee; and (iii) immediately after the issue of the Onshore Operating Creditors Converted Shares to the Onshore Operating Creditors and the issue of the Scheme Shares to the Creditor SPV, the Initial Participating Scheme Creditors and the Scheme Consideration Trustee:

Shareholders	Assuming that there will not be any other changes in the issue share capital and shareholding structure of the Company					
	As at the date of this announcement		Immediately after the issue of the Scheme Shares to the Creditor SPV, the Initial Participating Scheme Creditors and the Scheme Consideration Trustee		Immediately after the issue of the Onshore Operating Creditors Converted Shares to the Onshore Operating Creditors and the issue of the Scheme Shares to the Creditor SPV, the Initial Participating Scheme Creditors and the Scheme Consideration Trustee	
	<i>No. of shares</i>	<i>Approximate %</i>	<i>No. of shares</i>	<i>Approximate %</i>	<i>No. of shares</i>	<i>Approximate %</i>
Mr. Xian	1,040,674,000	50.87	1,040,674,000	23.7	1,040,674,000	22.3
Directors (other than Mr. Xian)						
Mr. Sun Jiankun	19,380,000	0.95	19,380,000	0.5	19,380,000	0.4
Mr. Zhuang Xianwei	500,000	0.02	500,000	0.0	500,000	0.0
Creditor SPV			967,308,177	22.0	967,308,177	20.7
Initial Participating Scheme Creditors	–	–	965,423,665	22.0	965,423,665	20.7
Scheme Consideration Trustee			410,106,715	9.4	410,106,715	8.8
Onshore Operating Creditors	–	–	–		282,844,625	6.1
Public shareholders	985,044,399	48.16	985,044,399	22.4	985,044,399	21.0
Total	2,045,598,399	100%	4,388,436,956	100%	4,671,281,581	100%

EGM

The EGM will be convened and held for the purpose of considering and, if thought fit, approving (i) the grant of the New Shares Specific Mandate; (ii) the grant of the Preferred Shares Specific Mandate; and (iii) the Proposed Amendments to the Memorandum and Articles.

Any Shareholder who is interested in the Scheme, the agreements in relation to the Onshore Restructuring and the transactions contemplated thereunder shall abstain from voting on the resolution(s) to be proposed at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Scheme, the agreements in relation to the Onshore Restructuring and the transactions contemplated thereunder and no Shareholder is required to abstain from voting at the EGM.

It is expected that a circular containing, among other things, (i) further details of the Scheme and the transactions contemplated thereunder; (ii) the grant of the New Shares Specific Mandate; (iii) the grant of the Preferred Shares Specific Mandate; (iv) the Proposed Amendments to the Memorandum and Articles; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 31 December 2022 so as to allow sufficient time for the preparation of the relevant information to be included in the circular.

Shareholders and potential investors of the Company should note that the completion of the Scheme are subject to satisfaction of the Scheme Conditions and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Account Holder”	means persons who are direct participants in the Depositary with their interests in the Restricted Global Notes (as defined in the Indenture) and the Regulation S Global Notes (as defined in the Indenture) being recorded directly in the books or other records maintained by the Depositary
“Account Holder Letter”	means the form of account holder letter set out in the Explanatory Statement
“Accrued Interest Amount (pre-Original Termsheet Signing Date)”	means the amount of US\$24,319,362.50 (being the amount that is the Claim Amount on Default Date, multiplied by 3% per annum, and further multiplied by 4.25 years)
“Accrued Interest Amount (post-Original Termsheet Signing Date)”	means the amount of interest accruing on the Claim Amount on Default Date at 3% per annum, on day count basis Actual/365, from (and including) the Original Termsheet Date to (and excluding) the Restructuring Effective Date

“Ample Mile”	means Ample Mile Limited, a company incorporated with limited liability under the laws of the BVI
“Announcements”	means various announcements issued by the Company in connection with the Restructuring
“Articles”	means the existing articles of association of the Company
“Bar Date”	means 5:00 p.m. Hong Kong time on the date that is three (3) months after the Restructuring Effective Date (or if such date is not a Business Day, the next Business Day after that date), the equivalent being 05:00 a.m. New York time on the same day, as notified by the Company pursuant to the Scheme, being the last date for submission of a duly completed Account Holder Letter, the Distribution Confirmation Deed and (if applicable) the Designated Recipient Form
“Board”	means the board of directors of the Company
“Business Day”	means any day (other than a Saturday or Sunday) on which banks are open for ordinary banking business in Hong Kong and the U.S.
“BVI”	means British Virgin Islands
“Cash Payment”	means the payment in cash and in a total amount equal to 3/16 of the Total Accrued Interest Amount
“Claim”	means all and any actions, causes of action, claims, counterclaims, suits, debts, sums of money, accounts, contracts, agreements, promises, contribution, indemnification, damages, judgments, executions, demands or rights whatsoever or howsoever arising, whether present, future, prospective or contingent, known or unknown, whether or not for a fixed or unliquidated amount, whether or not involving the payment of money or the performance of an act or obligation or any failure to perform any obligation or any omission, whether arising at common law, in equity or by statute in or under the laws of Hong Kong, New York, Cayman Islands or under any other law or in any other jurisdiction howsoever arising and “Claims” shall be construed accordingly
“Claim Amount on Default Date”	means the amount of US\$190,740,098, which represents the total outstanding principal amount on the Notes of US\$182,751,000, plus accrued but unpaid interest up to (and including), the Default Date of US\$7,989,098

“Clearing Systems”	means DTC, Clearstream and Euroclear
“Clearstream”	means Clearstream Banking S.A.
“CM Bank”	means 招商銀行股份有限公司深圳車公廟支行 (China Merchants Bank Shenzhen Che Gong Temple Branch*), one of the PRC Lending Banks
“Company”	means Hidili Industry International Development Limited, a company incorporated with limited liability under the laws of the Cayman Islands and registered as a non-Hong Kong company with the Hong Kong Registrar of Companies, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1393)
“Companies Ordinance”	means the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (as amended) as applicable in Hong Kong
“Consent Fee”	means the fee payable on or before the Restructuring Effective Date to the Consent Fee Recipients in accordance with the Scheme, the total amount of which shall equal 0.25% of the Claim Amount on Default Date
“Consent Fee Recipients”	means those Participating Scheme Creditors who, on or before the Voting Instruction Deadline, submits its duly completed Account Holder Letter to the Information Agent to vote its holding of the Notes in favour of the Scheme at the Scheme Meeting and has not withdrawn or revoked its vote in favour of the Scheme
“Conversion Interest”	means interest owed to the PRC Lending Banks (other than CM Bank) in the amount of approximately RMB948 million
“Creditor SPV”	means Hidili Scheme Company Limited, a company incorporated under the laws of the BVI for the specific purpose of receiving issue of, and holding only, the SPP Shares and the New USD Senior Notes, on behalf of, and for the benefit of the SPP Participants
“Debt Settlement Agreements”	means the agreements dated 23 November 2022 entered into between the Company and 22 Onshore Operating Creditors in relation to the settlement of the Outstanding Debts in cash in accordance with the terms of the Debt Settlement Agreement, and each a “Debt Settlement Agreement”

“Debtor”	collectively, Hidili China and/or Liupanshui Hidili, being the debtor to each Onshore Operating Creditor as at the date of each Settlement Agreement for the Outstanding Debt
“Deed of Undertaking”	means a deed of undertaking substantially in the form set out in the Scheme
“Default Date”	means 4 November 2015
“Depository”	means DTC, the depository and one of the Clearing Systems in respect of the Notes
“Directors”	means directors of the Company for the time being
“DTC”	means The Depository Trust Company and its successors
“EGM”	means the extraordinary general meeting of the Company to be convened to consider, and if thought fit, approving (i) the grant of the New Shares Specific Mandate; (ii) the grant of the Preferred Shares Specific Mandate; and (iii) the Proposed Amendments to the Memorandum and Articles
“Euroclear”	means Euroclear Bank S.A./N.V.
“Excluded Liability”	means: (i) all Claims in respect of rights created under the Scheme, any Restructuring Document and/or the Deed of Undertaking or which arise as a result of a failure by the Company or any Note Subsidiary Guarantor (and the shareholders, officers, directors, advisers, representatives and office-holders of the Company or any Note Subsidiary Guarantor) to comply with any terms of the Scheme, the RSA, any Restructuring Document and/or the Deed of Undertaking from and after the Scheme Effective Date; (ii) all Claims in respect of any Liability of the Company or any Note Subsidiary Guarantor (and the shareholders, officers, directors, advisers, representatives and office-holders of the Company or any Note Subsidiary Guarantor) which, in each case, arise as result of gross negligence, fraud, dishonesty or wilful misconduct; and

(iii) all fees, costs and expenses of the professional parties that are payable in accordance with the terms of the Scheme or any Restructuring Document

“Explanatory Statement”	means the explanatory statement dated 28 April 2022 in relation to the Scheme which has been made available to the Scheme Creditors in accordance with the procedures pursuant to the Companies Ordinance
“Final Distribution Date”	means the date falling ten (10) Business days after the Bar Date, as notified by the Company pursuant to the Scheme
“Group”	means the Company and its subsidiaries from time to time
“Group Company”	means any company in the Group
“Guarantees”	means each of the guarantees of the Notes given by the Note Subsidiary Guarantors
“Hidili China”	means 恒鼎實業(中國)集團有限公司 (Hidili Industry (China) Group Limited*), a company established in the PRC and a wholly-owned subsidiary of the Company
“Hidili Investment”	means Hidili Investment Holding Ltd, a company incorporated under the laws of the BVI and a wholly-owned subsidiary of the Company
“High Court”	means the High Court of Hong Kong and any court capable of hearing appeals therefrom
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Registrar of Companies”	means the Registrar of Companies in Hong Kong
“Indenture”	means the indenture dated 4 November 2010 and entered into among the Company, the Note Subsidiary Guarantors and the Note Trustee as amended, varied and supplemented from time to time including by a supplemental indenture dated 21 October 2014 in connection with the Notes

“Initial Participating Scheme Creditor”	means a Participating Scheme Creditor in respect of whom a duly completed Account Holder Letter, the distribution confirmation deed and (if applicable) the designated recipient form have been provided to and received by the Information Agent on or before the Voting Instruction Deadline
“Initial Scheme Shares”	means the number of Scheme Shares to be issued and allotted to the Initial Participating Scheme Creditors (or their designated recipients, if any) or, in the case of an SPP Participant, to the Creditor SPV, on the Restructuring Effective Date in accordance with the Scheme
“Issue Date Principal Amount”	means the number of SPP Shares held by the Creditor SPV for the benefit of the SPP Participants, as at the Restructuring Effective Date, multiplied by the USD Conversion Price
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liupanshui Hidili”	六盤水恒鼎實業有限公司 (Liupanshui Hidili Industry Company Limited*), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Memorandum and Articles”	means the existing memorandum of association and articles of association of the Company
“Mr. Xian”	means Mr. Xian Yang, an executive Director, the Chairman and a controlling shareholder (as defined in the Listing Rules) of the Company
“New Shares”	means collectively the Scheme Shares and the Onshore Operating Creditors Converted Shares
“New Shares Specific Mandate”	means the specific mandate to be granted to the Board at the EGM to authorise the Directors to issue and allot the Scheme Shares and the Onshore Operating Creditors Converted Shares
“New USD Senior Notes”	means the new USD senior secured notes due 2025 to be issued by the Company to the Creditor SPV in the principal amount equal to the Issue Date Principal Amount (rounded up to US\$78,800,000)

“Notes”	means the 8.625% senior notes due 2015 issued by the Company (144A-CUSIP 42952UAA1; ISIN: US42952UAA16; Common Code: 055621349) (Regulation S-CUSIP G44403AB2; ISIN: USG44403AB26; Common Code: 055621497)
“Noteholders”	means holders of the Notes
“Note Documents”	means the Indenture, the Notes, the Guarantees and the Security Documents
“Notes Subsidiary Guarantors”	means Ample Mile, Hidili Investment, Hidili Lithium Industry Investment Co., Ltd. (deregistered) and Hidili Lithium Limited (deregistered)
“Notes Transfer Date”	means the date on which the transfer of all or part of the New USD Senior Notes from the Creditor SPV to the relevant SPP Participants contemplated by the SPP Deed occurs, which date shall not be later than five (5) Business Days after the applicable notes transfer election deadline
“Note Trustee”	means The Bank of New York Mellon, as trustee of the Notes
“Offshore Restructuring” or “Restructuring”	means the restructuring of the financial indebtedness of the Company and the Note Subsidiary Guarantors in respect of the Notes implemented through the Scheme
“Onshore Creditors Committee”	means the creditors committee of the PRC Lending Banks
“Onshore Operating Creditors”	means the individual operating creditors of the Company located in the PRC
“Onshore Operating Creditors Converted Shares”	means the conversion of certain Outstanding Debts owed to 125 Onshore Operating Creditors into 282,844,625 Shares
“Onshore Restructuring”	means the restructuring of the indebtedness due to the PRC Lending Banks and the Onshore Operating Creditors
“Oriental Toprich”	means Oriental Toprich Limited, a company incorporated in the British Virgin Islands
“Original Termsheet Signing Date”	means 13 July 2020

“Outstanding Debts”	means the indebtedness of the Debtor to each Onshore Operating Creditor as at the date of each Settlement Agreement or each Debt Settlement Agreement (as the case may be)
“Participating Scheme Creditor”	means a Scheme Creditor that has submitted a duly completed Account Holder Letter, Distribution Confirmation Deed and (if applicable) the Designated Recipient Form such that they are received by the Information Agent on or before the Voting Instruction Deadline or the Bar Date (and for the avoidance of doubt, such term includes the Initial Participating Scheme Creditors)
“Post Syndication Agreement”	means the post syndication agreement entered into between the Company and the Onshore Creditors Committee which took effect on 21 April 2020 regarding extension of the Remaining Debts for a term of 5 years
“PRC”	means the People’s Republic of China and for the purpose of the Explanatory Statement, excluding Hong Kong Special Administrative Region and Macau Special Administrative Region
“PRC Lending Banks”	中國民生銀行股份有限公司成都分行 (China Minsheng Bank Sichuan Branch*), 平安銀行股份有限公司成都分行 (Ping An Bank Chengdu Branch*), 平安銀行股份有限公司昆明分行 (Ping An Bank Kunming Branch*), 招商銀行股份有限公司深圳車公廟支行 (China Merchants Bank Shenzhen Che Gong Temple Branch*), 四川銀行股份有限公司攀枝花竹湖園支行 (Sichuan Bank Company Limited Panzhuhua Commercial Bank Zhuhuyuan Branch*) and 中國信達資產管理股份有限公司四川省分公司 (China Cinda Assets Management Co., Ltd. Sichuan Branch*)
“Preferred Shares”	means 1,793,524,789 preferred shares of HK\$0.10 each in the capital of the Company to be issued by the Company to Oriental Toprich to fully satisfy and discharge the Conversion Interest
“Preferred Shares Issue Price”	means the issue price of HK\$0.631 per Preferred Share
“Preferred Shares Specific Mandate”	means the specific mandate to be granted to the Board at the EGM to authorise the Directors to issue and allot the Preferred Shares
“Preliminary Restructuring Framework”	means the preliminary restructuring framework reached among the Company, the Onshore Creditors Committee, Mr. Xian and Hidili China on 21 April 2020 regarding the settlement of onshore debts

“Pro Rata”	means: (i) in respect of a Scheme Creditor, the proportion which the principal amount outstanding on that Scheme Creditor’s Notes (as at the Default Date) bears to the total principal amount outstanding on all the Notes (as at the Default Date); and (ii) in respect of a SPP Participant, the proportion which the number of SPP Shares held by the Creditor SPV on behalf, and for the benefit, of the SPP Participant bears to the total number of all SPP Shares as at the Restructuring Effective Date
“Proposed Amendments to the Memorandum and Articles”	means the proposed amendments to the Memorandum and Articles, the text of which will be set out in the circular to be issued by the Company
“Recognition Filings”	means (i) the filing of a petition for recognition of the Scheme under Chapter 15 of the US Bankruptcy Code; and (ii) the filing of a request for the US Bankruptcy Court to grant a Recognition Order
“Recognition Hearing”	means a hearing before the US Bankruptcy Court in respect of the Recognition Filings which was held on 12 July 2022
“Recognition Order”	means an order of the US Bankruptcy Court recognising and giving effect to compromise and arrangement set out in the Scheme (or certain aspects thereof)
“Restructuring Documents”	means the documents to be entered into by the Company and other parties to implement the Offshore Restructuring including, but not limited to, those documents listed at Schedule 1 in the Scheme, and for the avoidance of doubt excluding the Deed of Undertaking
“Restructuring Effective Date”	means the date to be notified by the Company pursuant to the Scheme
“RMB”	means Renminbi, the lawful currency of the PRC
“RSA”	means the restructuring support agreement dated 1 November 2021 and entered into, initially, by and among the Company, the Subsidiary Guarantors and the Steering Committee and supplemented and amended by an extension letter dated 28 January 2022, a second extension letter dated 29 April 2022 and a third extension letter dated 30 September 2022

“RSA Announcement”	means the announcement of the Company dated 1 November 2021 in relation to, among others, the entering into of the RSA
“RSA Fee”	means the fee payable on or before the Restructuring Effective Date to the RSA Fee Recipients in accordance with the RSA and the Scheme, the total amount of which shall equal 1.0% of the Claim Amount on Default Date
“RSA Fee Recipients”	means those Scheme Creditors who are eligible to receive the RSA Fee in accordance with the RSA and who submitted a valid accession letter
“RSM”	means RSM Corporate Advisory (Hong Kong) Limited
“Scheme”	means the scheme of arrangement between the Company and the scheme creditors pursuant to sections 673 and 674 of the Companies Ordinance as approved by the Scheme Creditors at the Scheme meeting
“Scheme Claim(s)”	means any Claim of a Scheme Creditor in respect of a Liability of the Company or any Note Subsidiary Guarantor arising directly or indirectly pursuant to, under or in connection with the Note Documents, excluding for the avoidance of doubt, any Excluded Liability
“Scheme Conditions”	has the meaning ascribed to it in 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”	means Madison Pacific Trust Limited, in its capacity as the scheme consideration trustee
“Scheme Creditor”	means a person with a beneficial interest as principal in the Notes held in global form or global restricted form through the Depositary at the Voting Instruction Deadline and which has a right, upon satisfaction of certain conditions, to be issued definitive notes in accordance with the terms of the Notes
“Scheme Effective Date”	means 20 June 2022

“Scheme Longstop Date”	means 31 December 2022 (or such later date as may be agreed between the Company and the Steering Committee) in connection with the satisfaction of all the Scheme Conditions
“Scheme Meeting”	means the meeting of the Scheme Creditors held on Tuesday, 24 May 2022 (Hong Kong time) where the Scheme Creditors approved the Scheme
“Scheme Shares”	means 2,342,838,557 Shares to be issued and allotted to the Scheme Creditors (or, if applicable, the Creditor SPV) in accordance with the terms of the Scheme and the SPP Deed, which Shares shall be listed and tradeable on the Stock Exchange
“Scheme Shares Issue Price”	means HK\$0.6310 per Scheme Share
“Settlement Agreements”	means the agreements dated 23 November 2022 entered into between the Company and 125 Onshore Operating Creditors in relation to the settlement of the Outstanding Debts due from the Group to the Onshore Operating Creditors by the issue and allotment of the Onshore Operating Creditors Converted Shares, and each a “Settlement Agreement”
“SFC”	means The Securities and Futures Commission of Hong Kong
“Shares”	means ordinary shares with a par value of HK\$0.10 each in the Company
“SGX-ST”	means Singapore Exchange Securities Trading Limited
“Shareholders”	means shareholders of the Company
“SPP” or “Share Placement Programme”	means the share placement programme to be implemented by the Company for the SPP Participants pursuant to the SPP Deed
“SPP Committee”	means the committee of SPP Participants to be established by the SPP Participants on or around the Restructuring Effective Date, initially comprising members of the Steering Committee
“SPP Deed”	means the deed to be entered into by among others, the Company, the Subsidiary Guarantors, the Creditor SPV, the SPP Shares Account Primary Manager and the SPP Shares Account Secondary Manager, which will establish the SPP and set out the terms thereof

“SPP Issuer Buyback”	means the buyback of SPP Shares by the Company in accordance with, and subject to, the requirements set out in the SPP Deed
“SPP Participants”	means the Initial Participating Scheme Creditors who validly elected to participate in the SPP
“SPP Shares”	means the Scheme Shares to be issued to the Creditor SPV on or before the Restructuring Effective Date which will participate in the SPP (which have not been sold pursuant to the SPP)
“SPP Shares Account”	means an electronic securities account opened with a Hong Kong securities broker and held by the Creditor SPV which will hold the SPP Shares and managed by the SPP Shares Account Primary Manager and the SPP Shares Account Secondary Manager
“SPP Shares Account Primary Manager”	means the Company, which will be authorised by a power of attorney given by the Creditor SPV to carry out the functions of the SPP Shares Account Primary Manager under the SPP
“SPP Shares Account Secondary Manager”	means RSM, which will be authorised by a power of attorney given by the Creditor SPV to carry out the functions of the SPP Shares Account Secondary Manager under the SPP
“Steering Committee”	means the steering committee of the Scheme Creditors as constituted from time to time, comprising three members, namely Triada Capital Limited, Barclays Bank PLC and Haitong International Financial Products Limited
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantor(s)”	means Hidili Investment and Ample Mile (each a “ Subsidiary Guarantor ”)
“Surplus Scheme Shares”	means the remaining amount of Scheme Shares after the Initial Scheme Shares have been distributed to the Initial Participating Scheme Creditors on the Restructuring Effective Date, to be held by the Scheme Consideration Trustee on trust for and distributed to the Participating Scheme Creditors (or their Designated Recipients, as applicable) that are entitled to the same on the Final Distribution Date in accordance with the terms of the Scheme and the distribution agreement to be entered into between the Company and the Scheme Consideration Trustee

“Termsheet”	means the termsheet dated 13 July 2020 entered into between the Company and the Steering Committee, as amended and restated by the termsheet dated 30 April 2021
“Total Accrued Interest Amount”	means the sum of (i) the Accrued Interest Amount (pre-Original Termsheet Signing Date) and (ii) the Accrued Interest Amount (post-Original Termsheet Signing Date)
“U.S.”	means the United States of America
“US Bankruptcy Code”	means Title 11 of the United States Code, as in effect on the date of the Recognition Filings
“US Bankruptcy Court”	means the United States Bankruptcy Court for the Southern District of New York
“USD Conversion Price”	means the US\$ equivalent of HK\$0.631 per Share, converted into US\$ at the exchange rate set out in the Scheme
“Voting Instruction Deadline”	means 5:00 p.m. on Thursday, 19 May 2022 Hong Kong time, the equivalent being 05:00 a.m. on Thursday, 19 May 2022 New York time
“Work Fee”	means work fee payable to the Participating Scheme Creditors who constitute the Steering Committee as described in the RSA
“Zero-coupon Bonds”	means the form of USD-denominated zero-coupon bonds to be issued by the Company to the Scheme Creditors in an aggregate principal amount equal to 13/16 of the Total Accrued Interest Amount

In this announcement, the translation of US\$ into HK\$ is based on the exchange rate of US\$1 to HK\$7.7505.

By Order of the Board
Hidili Industry International Development Limited
Xian Yang
Chairman

Hong Kong
23 November 2022

As at the date of this announcement, the executive directors of the Company are Mr. Xian Yang (Chairman), Mr. Sun Jiankun and Mr. Zhuang Xianwei and the independent non-executive directors of the Company are Mr. Chan Shiu Yuen Sammy, Mr. Huang Rongsheng and Ms. Xu Manzhen.

** for identification purposes*