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(Incorporated in Bermuda with limited liability)

(Stock code: 391)

SETTLEMENT OF LEGAL PROCEEDING

Reference is made to the announcements made by the Company on 16 April 2020, 14 May 2020 and 5 November 2020 (the “Announcements”) in respect of the results and updates of a judgment on a civil proceeding against the Company and a former director of the Company. Unless otherwise stated, capitalized terms used herein shall have the same meanings as defined in the Announcements.

Terms of the settlement deed

Pursuant to a settlement deed (the “Deed”) entered into between the plaintiff and the defendants, including the Company and the Former Director, of the Proceeding on 8 February 2021, the Company and the Former Director agreed to pay to the Plaintiff the sum of (i) HK\$50,000,000 (out of which approximately HK\$40,557,000 is to be jointly liable by the Company and the Former Director, and the Former Director is solely liable for the remaining HK\$9,443,000 (the “Sole Amount”)) by instalments of HK\$35,000,000 (the “Instalment 1”) and HK\$15,000,000 respectively; and (ii) interest (to be jointly liable by the Company and the Former Director) on the sum of HK\$15,000,000 calculated from the date of the Deed at the judgment rate as determined by the Court until payment in full ((i) and (ii) collectively the “Settlement Amount”), as full and final settlement of the Proceeding and all differences and disputes between the parties.

The Settlement Amount is payable as follows:- (a) within 14 days from the execution of the Deed, an order to be sought to the Court to release security sums previously paid to the Court in aggregate of approximately HK\$20,552,000, together with any interest accrued thereon, (collectively the “Amount 1”) out of the Court and pay to the Plaintiff; (b) within 14 days after notification received from the Plaintiff that the Amount 1 has been received, the remaining balance of the Instalment 1 (including the Sole Amount); and (c) within 6 months from the date of full payment of the Instalment 1, the remaining balance of the Settlement Amount.

Reasons for and benefits of entering into the Deed

In view of (1) the Proceeding has lasted for approximately ten years that the Group has already incurred considerable legal costs in this respect and that, should the Company continue the Proceeding, it is estimated that the Company will further incur substantial amounts of legal expenses; and (2) the uncertainty of the outcome of the appeals (as referred to in the Company's announcement dated 14 May 2020). The directors of the Company, after taking into account the advice from the Company's legal advisors, consider that the entering into the Deed is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Financial impact of the Deed

Certain provision, which is not materially deviated from the portion of the Settlement Amount to be jointly liable by the Company (the "Portion"), has been made in respect of the potential commitments arising from the Proceeding in the annual results of the Group for the year ended 31 March 2020. Accordingly the Deed does not have material adverse impact on the financial results of the Group for the year ending 31 March 2021. The unpaid Portion will be financed by the Group's internal resources and other available facilities and the board of directors of the Company considers the Deed has no material adverse impact on the overall financial position of the Group.

On Behalf of the Board

Li Kuo Hsing

Chairman

Hong Kong, 8 February 2021

As at the date of this announcement, the executive directors of the Company are Mr. Li Kuo Hsing, Mr. Li Tang Yuk and Dr. Dong Ming, the non-executive director is Mr. Alan Cole-Ford and the independent non-executive directors are Dr. Lam Lee G., Mr. Guo Yan Jun and Mr. Leung Tak Sing, Dominic.