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## **SAMSON PAPER HOLDINGS LIMITED**

**森信紙業集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 731)**

**(1) RESIGNATION OF DIRECTORS;  
(2) POTENTIAL INDEPENDENT INVESTIGATION  
INTO AUDIT ISSUES;  
AND  
(3) POTENTIAL EVENT OF DEFAULT OF INDEBTEDNESS**

This announcement is made by Samson Paper Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **(1) RESIGNATION OF DIRECTORS**

The board (“**Board**”) of directors (“**Directors**”) of the Company announces that Mr. LAU Wang Yip, Eric (“**Mr. Lau**”) has tendered his resignation as non-executive Director and each of Mr. PANG Wing Kin, Patrick (“**Mr. Pang**”), Mr. TONG Yat Chong (“**Mr. Tong**”) and Mr. NG Hung Sui, Kenneth (“**Mr. Ng**”, together with Mr. Lau, Mr. Pang and Mr. Tong, are hereinafter referred to as the “**Resigned Directors**”) has tendered his resignation as an independent non-executive Director, in each case with effect from 12 July 2020. Each of the Resigned Directors has ceased to be a member of the audit committee (“**Audit Committee**”), the remuneration committee and the nomination committee of the Company.

A meeting of the Board took place on 11 July 2020 (the “**Board Meeting**”). Following the Board Meeting, the Board received the resignation letter of the Resigned Directors. In their resignation letter, the Resigned Directors alleged, among other things, that:

1. During the Board Meeting, the auditors of the Company (the “**Auditors**”) advised the Board, among other things, that there were substantial payments made to the connected party’s suppliers. Such payments were booked to inter-company accounts rather than as amounts due to the connected party. Furthermore, these payment arrangements were not supported by written agreements between the Company’s entities and the connected party (collectively “**Transactions**”). There has not been any repayment to date. So far, the Auditors have not obtained satisfactory response from the Company regarding the commercial substance and business rationale of these Transactions.
2. At the Board Meeting, the executive Directors (the “**Executive Board**”) were not forthcoming in providing details of the nature and substance of the Transactions and failed to answer questions posed by the Resigned Directors in relation to the Transactions. The Resigned Directors believe that there has not been full and frank disclosure of information by the Company, which has led to disagreement within the Board. As such, the Resigned Directors are no longer confident that they are able to carry out and discharge their duties as non-executive directors or independent non-executive directors nor in their capacity as members of the Audit Committee.

The Board emphasises that none of the above statements has been independently verified nor investigated by any independent investigator. At the Board Meeting, the Board has requested the Auditors to confirm in writing the outstanding audit issues in a letter to the Board as soon as possible so that the Board can properly address them. As of the date of this announcement, the Board understands from the Auditors that they will provide such letter once their internal approval process has been completed. The Board is disappointed at the Resigned Directors who have chosen to reach their own conclusion without having properly and fully investigated into the outstanding audit issues before tendering their resignations. The Company is seeking professional advice and reserves all of its rights, including its rights to substantively respond to their allegations. The Company will address the allegations made by the Resigned Directors after an independent investigation has been conducted, as proposed by the Executive Board.

Upon resignation of Mr. Pang, Mr. Tong and Mr. Ng as independent non-executive Directors, the number of independent non-executive Directors and the members of Audit Committee fell below the minimum number required under Rules 3.10(1) and 3.21 of the Listing Rules. In addition, the number of members of each of the Remuneration Committee and the Nomination Committee no longer comprise a majority of independent non-executive directors required under Rule 3.25 of the Listing Rules and under code provision A.5.1 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

The Company is endeavouring to identify suitable candidates to fill the vacancies as soon as practicable, with the relevant appointment to be made within three months from 12 July 2020 to meet the requirements under Rule 3.11 of the Listing Rules. The Company will make further announcement(s) in relation to the replacements as soon as practicable.

Given the circumstances, the Board is unable to provide any reasonable estimate of the timeline as to when the Company's audited financial results for the year ended 31 March 2020 can be published. The Board will continue to assess the situation and will, as soon as it can, make further announcement(s) to provide updates to shareholders and potential investors of the Company.

## **(2) POTENTIAL INDEPENDENT INVESTIGATION OF AUDIT ISSUES**

As disclosed in the Company's announcement dated 2 July 2020, trading in the shares of the Company (the "Shares") on the Stock Exchange has been halted with effect from 9:00 a.m. on 2 July 2020 pending the release by the Company of an announcement in relation to the audited final results for the year ended 31 March 2020.

As the Auditors have raised to the Board that there are certain outstanding audit issues to be addressed, the Board intends to engage an independent investigator to investigate into such outstanding audit issues. The Board wishes to note that the Board had suggested, at the Board Meeting, to the Resigned Directors that it would be an appropriate course of action for them to firstly establish an independent board committee ("IBC") to engage an independent investigator to conduct an independent investigation on the relevant audit issues. However, since the Resigned Directors represent all the Company's non-executive directors and that the Resigned Directors have now resigned, the Company will promptly identify suitable replacements before an IBC can be established. Having said that, the current Board has also commenced the process to identify potential independent investigators who will be able to assist the future independent board committee with the independent investigation.

### **(3) POTENTIAL EVENT OF DEFAULT OF INDEBTEDNESS**

As disclosed in the Company's announcement dated 30 June 2020, based upon the latest unaudited financial information, it is likely that a financial covenant ratio requirement of the Group may not be fulfilled. The Group has already commenced the liaison process with banks to apply for the relevant waiver. As a result of the suspension of trading in the Shares on the Stock Exchange with effect from 2 July 2020, the repayment obligations under certain indebtedness of the Group have been accelerated by certain creditors. The Board will continue to assess its financial position and will seek professional advice as to its options.

Trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on 2 July 2020 pending the release by the Company of an announcement in relation to the audited annual results for the year ended 31 March 2020.

Further announcements will be made to provide further updates to the shareholders and potential investors of the Company as and when appropriate.

**Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**SAMSON PAPER HOLDINGS LIMITED**  
**Mr. LEE Yue Kong, Albert**  
*Company Secretary*

Hong Kong, 14 July 2020

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. LEE Seng Jin, Mr. CHOW Wing Yuen, Ms. SHAM Yee Lan, Peggy and Mr. LEE Yue Kong, Albert.*

*\* for identification purpose only*