



**IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION**

**CAUSE NO. FSD      OF 2021 (      )**

**IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2021 REVISION)  
AND IN THE MATTER OF PEARL HOLDING III LIMITED**

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**PETITION**

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**TO:    THE GRAND COURT OF THE CAYMAN ISLANDS**

The humble petition of **PEARL HOLDING III LIMITED** (the **Company**) of C/- Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands, shows as follows:

**INTRODUCTION**

1. The object of this Petition is to seek the sanction of the Grand Court of the Cayman Islands (the **Cayman Court**) pursuant to section 86 of the Companies Act (2021 Revision) of a proposed scheme of arrangement (the **Scheme**) between the Company and certain of its creditors (the **Scheme Creditors**).
2. A copy of a composite document (the **Scheme Document**), containing the following documents will be exhibited to a supporting affidavit sworn by Boon Heng Ang on 23 August 2021 and filed with this Petition:
  - (a) the Scheme;

- (b) an explanatory statement prepared in respect of the Scheme pursuant to Order 102 Rule 20(4)(e) of the Grand Court Rules 1995 (the ***Explanatory Statement***); and
  - (c) a draft notice convening a single meeting of Scheme Creditors for the purposes of considering and, if thought fit, approving, with or without modification, the proposed Scheme.
3. Save where otherwise defined, capitalised terms used in this Petition shall have the same meaning ascribed to them in the Explanatory Statement.

### **THE COMPANY AND THE GROUP**

4. The Company was incorporated in the Cayman Islands as an exempted limited company on 11 March 2015, with company registration number 297460.
5. The registered office of the Company is situated at C/- Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.
6. The current authorised share capital of Company is US\$50,000.00 divided into 5,000,000 ordinary shares of par value US\$0.01 each, of which 30,002 ordinary shares have been issued and are fully paid up.
7. The objects for which the Company was established are unrestricted and the Company has full power and authority to carry out any object except as prohibited or limited by the laws of the Cayman Islands.
8. The Company acts as an intermediate holding company with its direct and indirect subsidiaries (the ***Group***) being located in Singapore, Hong Kong, the United States, Thailand, Malaysia and the PRC.
9. The principal business of the Group is the manufacturing of precision plastic injection moulds, high precision plastic injection moulding, laser marking and decorative finishing for engineering components for the automotive, healthcare and consumer product industries. The main operating facilities of the group are located in the PRC.

**FINANCIAL INDEBTEDNESS OF THE COMPANY**

10. As at 31 March 2021, the total indebtedness of the Company amounted to US\$183,500,000, representing approximately 93.1% of the total indebtedness of the Group (being approximately US\$197,044,000). The Company's principal financial indebtedness arises in respect of (i) the Existing Notes and (ii) the Senior Secured Revolving Credit Facility.

*The Existing Notes*

11. The Existing Notes in the principal amount of US\$175,000,000, and accrued and unpaid interest in the amount of US\$8,312,500, remains due, owing and outstanding as at the date of this Petition.
12. The Existing Notes were issued pursuant to a New York law governed indenture dated 11 December 2017 between the Company (as issuer), the Bank of New York Mellon (as trustee) and Madison Pacific Trust Limited (as security agent), in the original aggregate principal amount of US\$175,000,000 with a maturity date of 11 December 2022. The Existing Notes bear interest at 9.50% per annum which is payable semi-annually in arrears on 11 June and 11 December of each year. The obligations of the Company under the Existing Notes are guaranteed by the Existing Notes Subsidiary Guarantors and are secured by the Collateral.
13. The Existing Notes are listed on the SGX-ST and cleared in DTC, Euroclear and Clearstream.

*Senior Secured Revolving Credit Facility*

14. The Senior Secured Revolving Credit Facility has been drawn in the amount of US\$8,500,000, which amount remains due, owing and outstanding as at the date of the Petition.
15. On 27 October 2017, the Company entered into the SSRCF Agreement, pursuant to which a US\$25,000,000 revolving loan facility, being the Senior Secured Revolving Credit Facility, was made available to the Company. This facility matures in November 2022.
16. The Liabilities of the Company under the Senior Secured Revolving Credit Facility are guaranteed on a joint and several bases, by the Company and certain of its subsidiaries

and are secured by the same Collateral securing the Company's Liabilities under the Existing Notes, subject to the provisions of an intercreditor agreement which provides (amongst other things) that the Senior Secured Revolving Facility ranks before the Existing Notes in respect of any proceeds received or recovered from enforcement against the Collateral.

17. The financial position of the Company and the Group has been severely affected by a number of factors beyond the Group's control, which have led to its deteriorating financial performance since 2018. Group revenue declined from US\$234,400,000 in the 2018 financial year to US\$170,600,000 million in the 2020 financial year (being a 27% reduction) and Adjusted EBITDA declined from US\$38,000,000 in the 2018 financial year to US\$22,700,000 million in the 2020 financial year (being a 40% reduction).
18. The financial decline of the Group has been primarily driven by various factors, including (i) low market demand; (ii) US-China trade tensions; (iii) supply-chain disruptions due the COVID-19 pandemic; and (iv) loss of certain customers.
19. Notwithstanding various measures taken by the Company to offset declining sales, the Group's liquidity profile remains challenged and is or will be insufficient to satisfy its annual interest burden and/or repay in full the indebtedness under the Existing Notes on maturity.

#### **THE PROPOSED RESTRUCTURING**

20. In early 2021, the Company commenced detailed discussions and negotiations with an ad hoc group of holders of the Existing Notes, holding approximately 60% in aggregate principal outstanding amount of the Existing Notes (and comprising asset managers and private banks), with the view to finding a mutually agreeable solution for restructuring the Company's indebtedness under the Existing Notes.
21. On 26 May 2021, the Company and the Ad Hoc Committee entered into the Restructuring Support Agreement pursuant to which the Consenting Creditors undertook to assist and facilitate the implementation of a restructuring of Company's indebtedness under and in connection with the Existing Notes, on the terms agreed and documented in the Term Sheet and which included supporting and implementing the proposed Scheme.

22. As at the date of this Petition, 52 Noteholders representing approximately 94.25% of the total indebtedness owing under the Existing Notes have executed or acceded to the Restructuring Support Agreement.

#### THE SCHEME

23. The purpose of the Scheme is to effect the Restructuring of the Company's financial liabilities to allow the Company and the Group to continue to operate on a going concern basis.
24. The Scheme is intended to restructure the Existing Notes only and the Scheme Creditors will comprise those persons with a beneficial interest as principal in the Existing Notes held in global form or global restricted form through the Clearing Systems as at the Record Time and who have a right, upon satisfaction of certain conditions, to be issued certain definitive notes in accordance with the terms of the Existing Notes and the Existing Notes Indenture.
25. If sanctioned by this Honourable Court, Scheme Creditors will release and discharge any and all Claims in full in connection with or arising from their holdings in the Existing Notes against the Company, other members of the Group and their respective personnel and officers, in return for distributions of the Scheme Consideration, comprising the following cash, new debt and equity instruments:
- (a) an upfront cash payment of US\$23,250,000, to be distributed by the Company to the Scheme Creditors on a pro rata basis (that is, based on the proportion that the outstanding principal amount on the Existing Notes held by each Scheme Creditor who has participated in the Scheme as at the Record Time bears to the aggregate outstanding principal amount on all the Existing Notes as at the Record Time);
  - (b) new secured notes in an aggregate principal amount of US\$66,500,000 (the **New Notes**), bearing interest at a rate of 9.0% per annum (payable semi-annually in arrears) with a maturity date that is the fourth (4th) anniversary of the Restructuring Effective Date, to be issued by the Company to the Scheme Creditors on a pro rata basis. The New Notes will be secured by the same guarantees and Collateral as presently secures the Existing Notes; and
  - (c) new perpetual notes in an aggregate principal amount of US\$83,500,000 (the **New Perpetual Notes**) to be issued by Pearl Holding II Limited (**Pearl II**) to the Scheme

Creditors on a pro rata basis. The New Perpetual Notes will not benefit from any guarantees or security and will have no fixed maturity date. Interest will accrue and be payable semi-annually in arrears, solely at the option of Pearl II, in the form of a cash coupon of 6.0% per annum if paid; or “payment in kind” coupon of 8.0% per annum, if deferred. The terms of the New Perpetual Notes provide for their automatic conversion into preferred and ordinary shares in Pearl II on the occurrence of specified ‘exit’ transactions, including the liquidation of the Company.

26. In consideration for the support of the Consenting Creditors, the Company will pay a pro rata share of the Consent Fee to those Scheme Creditors who entered into the RSA within twenty-one (21) days after the date of the RSA (the cut-off date being 16 June 2021) and who meet the relevant requirements under the RSA, subject to the Restructuring becomes effective on the Restructuring Effective Date. The Consent Fee amounts to US\$1,750,000 which represents 1% of the outstanding principal amount of the Existing Notes and will be paid to eligible Scheme Creditors on the Restructuring Effective Date.
27. The cash element of the Scheme Consideration will be funded by proceeds received through an equity investment to be made in the Company, indirectly by Platinum Equity Capital Partners International III (Cayman) L.P., and/or one or more of its affiliates, in the amount of US\$25,000,000. The agreed terms of the investment entitle the Investor to receive preferential payments (relative to holders of the New Perpetual Notes), upon an Exit Transaction or liquidation of Pearl III at a future date.
28. In addition, the Company has proposed the SSRCF Refinancing, by which the Company will refinance its existing indebtedness under the Senior Secured Revolving Credit Facility. The effectiveness of the Scheme and the SSRCF Refinancing are inter-dependent upon one another.
29. The effectiveness of the Scheme will be further conditioned upon:
  - (a) resolutions to approve the Scheme (with or without modifications) being passed by the Scheme Creditors at the Scheme Meeting by a majority in number, representing not less than 75% in value, of those present and voting either in person or by proxy;

- (b) the sanction of the Scheme by this Honourable Court and a copy of the sealed order sanctioning the Scheme being delivered to the Registrar of Companies in the Cayman Islands for registration;
  - (c) satisfaction of certain other conditions precedent, details of which are contained in the Explanatory Statement and the Scheme.
30. In the event the Scheme fails, the Restructuring will not proceed and the Company will be unable to comply with its existing financial obligations when they fall due in the near term. Accordingly, the most likely alternative to a successful implementation of the Scheme is an insolvent liquidation of the Company, in which scenario Scheme Creditors are projected to receive significantly lower returns than they would receive if the Scheme were successfully implemented.

#### **ORDERS AND DIRECTIONS**

31. The Company intends to make an application for orders and directions, including:
- (a) that the Company be at liberty to convene a single meeting of the Scheme Creditors to be held in Hong Kong, for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme; and
  - (b) directing the manner in which the Scheme Meeting is to be convened including the mode of delivery of the Scheme Document to the Scheme Creditors and the appointment of the Chairperson in respect of the Scheme Meeting.
32. The resolution intended to be submitted at the Scheme Meeting is:
- ["THAT the Scheme of Arrangement, a copy of which has been tabled at this Scheme Meeting, be approved subject to any modification, addition or condition which the Grand Court of the Cayman Islands may think fit to approve or impose which would not directly or indirectly have a material adverse effect on the rights of the Scheme Creditors."]*
33. If the Cayman Court makes an order convening a single meeting of the Scheme Creditors and if the Scheme is then approved by the requisite majorities of Scheme Creditors, the Company will seek orders sanctioning the Scheme.

**YOUR PETITIONER THEREFORE HUMBLY PRAYS:**

1. THAT the Scheme be sanctioned by the Cayman Court pursuant to section 86(2) of the Companies Act (2021 Revision) so as to be binding on the Company and the Scheme Creditors subject to the satisfaction or (if applicable) waiver of any and all applicable conditions set out in the Scheme; and
2. SUCH further orders or other relief as this Honourable Court sees fit.

**AND** your Petitioner will ever pray etc.

**DATED** the 24<sup>th</sup> day of August 2021



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**Harney Westwood & Riegels**  
**Attorneys-at-Law for the Petitioner**

**THIS PETITION** was presented by Harney Westwood & Riegels, Attorneys-at-Law for the Petition, whose address for service is 3<sup>rd</sup> Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands (Ref: 055317.0003/PYM/LBG).

