

9 August 2023

Dear Bondholder

We write further to our update of 2 August 2023.

This update contains an update on the current position regarding the Company and continuing efforts to ensure payment of coupons and redemptions.

### **Voting Deadline**

We reported in our last update that a question has been raised as to whether the deadline of 11 August 2023 was in fact sufficient time to all bondholders, in accordance with the bond terms.

We have received advice on this, and with regret have been advised that an extension is required to ensure compliance. That extension will need to give a further 14 days before we can formally close the vote. Some CREST holdings have still not received their corporate action documents, so they will be contacted separately.

However, we are encouraging bondholders that have received voting forms to send in their votes, for the reasons set out below, and will be seeking to include beneficial owners votes to get at least an indicative vote if possible. We appreciate that bondholders will want to digest the points in this document, but if bondholders could provide votes once they have considered that would be appreciated. We have also been contacted by a bondholder and asked to hold a further bondholder meeting, and we are required under the bond instrument to do that and so we will be convening that further meeting. As the timing for that will be the same as the additional time for the CREST holders, it may be that these options may well be put on that agenda for voting as a result. That notice for the meeting will be circulated shortly.

Despite the extension of time, we have been receiving a number of votes back already, and it is clear that so far a large preference is for the “guarantor enforcement” option, with Pardus Wealth Ltd to be called upon to step in, and whilst not wanting to prejudge the outcome, Pardus Wealth Ltd has been arranging for certain assets to be liquidated in order for bond liabilities to be covered in cash form.

One purchase offer to cover the sums required has already been received and two further offers are expected within the next few days so as to ensure all outstanding liabilities are brought up to date as quickly as possible.

This is covered further in the Q&A section below.

### **Bondholder Questions**

#### Voting Options – do I just vote for one option? How do the votes work.

There are two separate votes set out in the voting form. The first sets out the options regarding the available steps to take regarding how to deal with the event of default. The second vote is entirely separate and set out an option which becomes relevant during an event of default. As such we are requesting a vote for each of these two votes. The “accelerator” option is a completely separate vote to the other options available.

#### If we vote for the guarantor enforcement option, can we also vote for the “accelerator” option?

These are two separate votes. If you vote for the guarantor investment option, or any of the other options in that section, you are also being asked to vote on whether to accelerate the bonds to early maturity as well.

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Has ongoing trading or recovery action ceased whilst the vote is ongoing.

The ordinary activities of the company have been ongoing and the other trades are still being dealt with. Additionally, as mentioned above, Pardus Wealth limited has been taking steps to realise certain of its assets, which are being used to guarantee and underwrite the Bonds, by either raising finance against them, or selling them. These activities have not been delayed as a result of the vote. However the vote is necessary to seek to ensure that Pardus Wealth limited is being properly asked to intervene, and is able to properly act in intervening, from a corporate governance perspective regarding the sale of its own assets and the settlement of the Company's liabilities.

How are the Bonds underwritten or guaranteed?

All trading activities, in whatever guise, are offset to minimise any risk involved in those trading activities by the use of acquiring collateral by the company (either in its own name or by the use of special purpose vehicles) or by ensuring that the guarantor (Pardus Wealth limited), holds assets significantly in excess of the bond liabilities.

What is the value of the assets against which the Bonds are guaranteed or underwritten?

There are a combination of assets which have been acquired and then switch the bonds are underwritten. There are cash sums against which trades have been entered into, and there are commodities and other similar material assets which are held by the guarantor and against which the bonds are guaranteed. The net position of the guarantor at the end of April 2022 was £138,773,857 pounds. A more recent estimate indicates that the asset value has shown a slight increase in the last 12 months. Indeed, indicative offers over a parcel of assets as a result of the guarantor seeking to raise funds to cover all liabilities has shown that the value is likely to be in excess of this sum. These sums significantly exceed the amount of the monetary obligations for principle and coupons on the Bonds in issue.

What is the value of the collateral held for the Bonds in various trades?

The proceeds of the bond issuance have been invested, and reinvested into a number of different trades and other assets, designed to produce the indicative returns. The estimated value of the proceeds of those trades is significantly in excess of the underlying principle sums. Regarding the value of collateral mentioned above, this does not take into account the likely returns as part of the collateral value, which will only be booked on receipt.

What is the likely income to be realised from the various trades that are ongoing?

The Company is currently expecting a sum of \$15,000,000 to be received within the next four weeks, with further trades anticipated to generate £49,000,000 within the next three months and three further trades due to mature over the next six months.

What is the likely value of unencumbered proceeds held by the Company?

The company does not hold unencumbered proceeds. The directors acknowledge that some trade sums should have been held back as liquidity.

Regarding any trader default, what amount is owed to the Company?

The Company has judgment in one case for in excess of £1,000,000, and is engaged in arbitration in other jurisdictions for larger sums.

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What risk is there in the trade exposure where there is a default?

There is an inherent risk in any trade activity, but the use of collateral and the guarantee, and assets held by Pardus Wealth limited are used to ensure the principle sums are underwritten.

What is the reason for the delays in the sums currently expected to be received and which has been noted as the reason that the coupons and redemptions have been delayed?

The sums currently anticipated have been delayed for some weeks. Much of this is stated to have been caused by compliance delays and various anti-money laundering checks.

What was the reason for the "conflict" which caused the trades in Q4 of 2022 to be cancelled?

There were issued with a trade involving a major bank in the last quarter of 2022. The trade involved project financing and the bank itself was involved in a similar but rival project financing deal, which caused the trade to be aborted as it could not complete with that counterparty.

Has the Security trustee been paid?

The Security Trustee is owed money.

Is the Security Trustee still appointed?

The original security trustee, Woodside, had resigned at the end of last year. A new security trustee is ready to be engaged, but with the current default situation, it has been difficult to complete that switch for the existing bond series.

If the "guarantee enforcement" option is chosen, can that be enacted without the Security Trustee?

Pardus Wealth Limited had received advice that in order to sell assets, or finance assets and to then settle liabilities, it was required to confirm it had a commercial benefit to that company. Once the guarantee has been called upon, that test is easily met and the guarantor can act. Pardus Wealth Ltd has agreed to act in accordance with the guarantee if that is the vote of the bondholders.

Why are the Company's accounts late?

The auditors have prepared audited statements, and they are nearly ready for filing, subject to finalising a going concern statement and a final summary on any ongoing litigation.

We will provide a further update later this week on the status of the current funds awaited, which have yet to land, and the sale of assets by the guarantor.

Yours sincerely



Greg Bryce  
Managing Director  
For and on behalf of Pardus Capital Holdings Plc

Please note that our registered office address has changed to Salisbury House, London Wall, London EC2M 5PS

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