
IMPORTANT

If you are in doubt as to any of **the contents** of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser and **obtain independent professional advice**.

If you have sold or transferred all your shares in HKC (Holdings) Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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HKC (HOLDINGS) LIMITED 香港建設(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 190)

(website: www.hkcholdings.com)

BONUS WARRANT ISSUE

A letter from the Board is set out on pages 4 to 8 of this circular and a summary of the principal terms of the Bonus Warrants is set out on pages 9 to 24 of this circular.

* *For identification purpose only*

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DEFINITIONS

In this circular, unless the context states otherwise, the following expressions have the following meanings:

“Board”	the board of Directors
“Bonus Warrant(s)”	warrants which may be issued pursuant to the Bonus Warrant Issue from time to time
“Bonus Warrantholders”	the holders of the Bonus Warrants
“Bonus Warrant Certificate”	the certificate of the Bonus Warrants
“Bonus Warrant Issue”	bonus issue of warrant(s) by the Company to the Shareholders whose names appear on the register of members of the Company on the Bonus Warrant Record Date, on the basis of one (1) Bonus Warrant for every five (5) Shares held on the Bonus Warrant Record Date
“Bonus Warrant Record Date”	Monday, 6 October 2014, being the record date for the determination of entitlement to the Bonus Warrant Issue
“Bonus Warrant Shares”	the new Shares falling to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants
“Bonus Warrant Subscription Price”	the subscription price for the subscription of one new Share, subject to adjustment, upon the exercise of one Bonus Warrant, initially being HK\$0.17
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	HKC (Holdings) Limited (香港建設(控股)有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

* For identification purpose only

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Instrument”	the deed poll constituting the Bonus Warrants to be executed by the Company, a summary of the principal terms and conditions of which is set out in Appendix I to this circular
“Latest Practicable Date”	19 September 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiry, consider it necessary or expedient on account either of the legal restrictions under the laws of the relevant overseas places or the requirements of the relevant regulatory bodies or stock exchanges in those places to exclude them from the Bonus Warrant Issue
“Overseas Shareholder(s)”	the Shareholders whose addresses, as shown on the register of members of the Company as at the close of business on the Bonus Warrant Record Date are outside Hong Kong
“Qualifying Shareholder(s)”	the Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company as at the close of business on the Bonus Warrant Record Date
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Bonus Warrant Issue is set out below. All times and dates in this circular refer to Hong Kong local times and dates.

<i>Event</i>	<i>2014</i>
Last day of dealings in Shares cum-entitlements to the Bonus Warrants Issue	Monday, 29 September
First day of dealings in Shares ex-entitlements to the Bonus Warrants Issue	Tuesday, 30 September
Latest time for lodging forms of transfer of Shares to ensure entitlement to the Bonus Warrants Issue	Friday, 3 October, 4:30 p.m.
Closure of register of members of the Company	Monday, 6 October
Bonus Warrant Record Date	Monday, 6 October
The Bonus Warrants Certificates expected to be despatched on or before	Thursday, 16 October
Dealings in the Bonus Warrants on the Stock Exchange expected to be commenced	Friday, 17 October, 9:00 a.m.

LETTER FROM THE BOARD



HKC (HOLDINGS) LIMITED 香港建設(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 190)

(website: www.hkcholdings.com)

Executive Directors

Mr. OEI Kang, Eric (*Chief Executive Officer*)
Mr. CHAN Kwok Fong, Joseph (*Chief Financial Officer*)
Mr. LEE Shiu Yee, Daniel
Mr. WONG Jake Leong, Sammy

Non-executive Directors

Mr. OEI Tjie Goan (*Chairman*)
Ms. YEN Teresa

Independent Non-executive Directors

Mr. FAN Yan Hok, Philip
Mr. CHUNG Cho Yee, Mico
Mr. CHENG Yuk Wo
Mr. Albert Thomas DA ROSA, Junior

Registered office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong

9th Floor, Tower 1
South Seas Centre
75 Mody Road
Tsimshatsui East
Kowloon
Hong Kong

23 September 2014

*To the Qualifying Shareholders and for information only, the Overseas Shareholders
(who are not the Qualifying Shareholders)*

Dear Sir or Madam,

BONUS WARRANT ISSUE

1. INTRODUCTION

It was announced on 26 August 2014 that the Board proposed to make the Bonus Warrant Issue to the Shareholders, whose names appear on the register of members of the Company on the Bonus Warrant Record Date on the basis of one (1) Bonus Warrant for every five (5) Shares held.

The purpose of this circular is to provide you with further details in respect of the Bonus Warrant Issue.

* *For identification purpose only*

LETTER FROM THE BOARD

2. BONUS WARRANT ISSUE

The Directors proposed, subject to the terms and conditions set out below, to make the Bonus Warrant Issue on the basis of one (1) Bonus Warrant for every five (5) Shares held by the Qualifying Shareholders. As at the Latest Practicable Date, save for the Bonus Warrant Issue, no Shares remain to be issued on exercise of any other subscription right except for the outstanding options granted under the Share Option Scheme (as defined in the Instrument).

The register of members of the Company will be closed on Monday, 6 October 2014, being the Bonus Warrant Record Date. In order to qualify for the Bonus Warrant Issue, all outstanding transfers of the Shares should have been lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 3 October 2014. The Qualifying Shareholders whose names appear on the register of members of the Company on the Bonus Warrant Record Date will be entitled to the Bonus Warrant Issue.

Subject to the compliance with Rule 15.02 of the Listing Rules, the Bonus Warrants will be issued pursuant to the general mandate granted to the Directors to issue new Shares during the relevant period up to a maximum of 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the annual general meeting of the Company on 30 May 2014.

A summary of the principal terms and conditions of the Bonus Warrants, including the circumstances under which the Subscription Price may be adjusted, is set out in Appendix I to this circular.

Shares to be issued upon exercise of the Bonus Warrants

Full exercise of the Bonus Warrants would result in the issue of a total of 2,248,377,085 new Shares on the basis of 11,241,885,425 Shares in issue as at the Latest Practicable Date, representing approximately 20% of the issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as enlarged by the Shares to be issued upon the exercise of all the Bonus Warrants.

Bonus Warrant Subscription Price

Each Bonus Warrant will entitle its holder to subscribe for one new Share at a subscription price of HK\$0.17, subject to adjustment, upon exercise of the Bonus Warrants. Please refer to the section headed "Adjustments of the Subscription Price" in Appendix I of this circular for the events which may result in an adjustment of the Bonus Warrant Subscription Price and the relevant adjustment mechanisms. The Bonus Warrant Subscription Price is determined based on a discount of approximately 22.37% to the average closing price of the Shares as quoted on the Stock Exchange for 3 consecutive trading days from Friday, 22 August 2014 to Tuesday, 26 August 2014 (both days inclusive).

LETTER FROM THE BOARD

Subscription period of the Bonus Warrants

Subject to the terms and conditions mentioned below, the Bonus Warrants will be exercisable at any time from the date of issue to the last day of the 12 calendar months thereafter (both dates inclusive). Any subscription rights not exercised on or before the expiry date or such earlier date as provided in the Instrument will lapse.

Status of the shares to be issued upon exercise of the Bonus Warrants

The Bonus Warrant Shares will rank *pari passu* in all respects with the then Shares in issue on the date of such allotment and issue and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant issue and allotment dates of the Bonus Warrant Shares.

Overseas Shareholders

This circular will not be registered under any securities legislation outside Hong Kong.

As at the Latest Practicable Date, there were 14 Overseas Shareholders whose addresses as registered in the register of members of the Company were outside Hong Kong, namely Australia, Canada, Macau, Malaysia, New Zealand, Singapore and the United States of America.

The Company has made enquiries with foreign legal counsels regarding the legal restrictions under the laws of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges of the relevant places in which such Overseas Shareholders are residing. Based on the advice provided by such foreign legal counsels up to the Latest Practicable Date, the Directors are of the view that it is necessary or expedient not to issue the Bonus Warrants to those Overseas Shareholders whose addresses are in Canada, Malaysia and the United States of America (the “Excluded Jurisdictions”) as shown on the register of members of the Company on the Bonus Warrant Record Date due to the likely time and costs involved in the registration of this circular and/or compliance with the legal or regulatory requirements or special formalities in those jurisdictions.

This circular is being sent to the Overseas Shareholders in the Excluded Jurisdictions for information purposes only. This circular to be sent to them does not and will not constitute an offer or sale of, or a solicitation to purchase or to subscribe for or to take up, the Bonus Warrants or the Shares in the Excluded Jurisdiction, and does not and will not constitute an issue of the Bonus Warrants in the Excluded Jurisdiction. No person receiving this circular in the Excluded Jurisdiction may treat the same as constituting an invitation or offer to him/her/it. Accordingly, no Bonus Warrants will be issued to the Overseas Shareholders with registered addresses in the Excluded Jurisdiction on the register of members of the Company on the Bonus Warrant Record Date.

In view of the above, the Bonus Warrants which would otherwise be issued to the Non-Qualifying Shareholders would be sold in the market as soon as practicable after dealings in the Bonus Warrants commence if a premium, net of expenses, can be obtained. Any proceeds

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of sale, after deduction of expenses, will be distributed in Hong Kong currency to such Non-Qualifying Shareholders at their own risk pro rata to their respective holdings of Shares, unless the amount falling to be distributed to any such Non-Qualifying Shareholders shall be less than HK\$100, in which case such amount will not be distributed but will be retained for the benefit of the Company.

Conditions to the Bonus Warrant Issue

The Bonus Warrant Issue is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Warrants and any Bonus Warrant Shares. No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchange and no such listing of or permission to deal in is being or is proposed to be sought.

The Bonus Warrants will be issued subject to and with the benefits of the Instrument to be executed by the Company. The Bonus Warrants will be issued in registered form and will form one class and rank *pari passu* in all respects with each other. A summary of the principal terms and conditions of the Bonus Warrants is set out in Appendix I to this circular.

Board lot size of the Bonus Warrant Issue

The board lot for trading in the Bonus Warrants on the Stock Exchange is 1,000. Fractional entitlements to the Bonus Warrants (if any) will not be granted to the Qualifying Shareholders but will, where practicable, be aggregated and sold in the market for the benefits of the Company, as permitted by the bye-laws of the Company.

Listing, dealings and certificates of the Bonus Warrant Issue

Application has been submitted to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Warrants and the Bonus Warrant Shares.

Conditional upon the satisfaction of the condition as set out in paragraph headed “Conditions to the Bonus Warrant Issue” of the above, it is expected that the Bonus Warrants Certificates will be issued and posted to the persons entitled thereto at their own risk on or before Thursday, 16 October 2014. In the case of a joint holding, the Bonus Warrants Certificates will be posted to the address of the person whose name stands first on the register of members of the Company on the Bonus Warrant Record Date.

Dealings in the Bonus Warrants on the Stock Exchange are expected to commence on 9:00 a.m. at Friday, 17 October 2014.

All necessary arrangements have been made enabling the Bonus Warrants to be admitted into CCASS. Subject to the satisfaction of the condition as set out in paragraph “Conditions to the Bonus Warrant Issue” of the above and the compliance with the stock admission requirements of HKSCC, the Bonus Warrants and the Bonus Warrant Shares will be accepted

LETTER FROM THE BOARD

as eligible securities by HKSCC for deposit, clearance and settlement in CCASS from the commencement date of dealings in the Bonus Warrants and any Bonus Warrant Shares on the Stock Exchange or such other date(s) as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect your rights and interests.

Dealings in the Bonus Warrants and the Bonus Warrant Shares will be subject to Hong Kong stamp duty. The Qualifying Shareholders are recommended to consult their professional advisers as to the tax implications of holdings or disposal of, dealing in or exercising, the Bonus Warrants and, as regards the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the Bonus Warrants otherwise falling to be issued to them under the Bonus Warrants Issue. Neither the Company nor any of the Directors accept any responsibility for any tax effect on, or liabilities of, the holders thereof.

Reasons for the Bonus Warrant Issue

The Directors believe that the Bonus Warrant Issue will provide the Shareholders with an opportunity to participate in the growth of the Company. The Bonus Warrant Issue will also strengthen the equity base of the Company and increase the Company's working capital if and when the Bonus Warrants are exercised. The Company intends to apply any subscription monies received when the Bonus Warrants are exercised for the future business development and general working capital of the Group.

3. DOCUMENTS FOR INSPECTION

A copy of each of an advance draft (subject to modifications) of the Instrument constituting the Bonus Warrants, the bye-laws of the Company and the Companies Act 1981 of Bermuda will be available for inspection at 9th Floor, Tower 1, South Seas Centre, 75 Mody Road, Tsimshatsui East, Kowloon, Hong Kong, during normal business hours for a period of 14 days from the date of this circular.

Yours faithfully,
For and on behalf of
HKC (Holdings) Limited
OEI Kang, Eric

Executive Director and Chief Executive Officer

The principal terms and conditions of the Bonus Warrants will be set out in the Bonus Warrants Certificates and will include provisions summarised below. Unless otherwise defined, capitalized terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 23 September 2014. The Bonus Warrantholders will be entitled to the benefit of, and will be bound by, and be deemed to have notice of the terms and conditions of the Bonus Warrants. They will also be entitled to the benefit of, and will be bound by, and be deemed to have notice of the provisions of the Instrument, copies of which will be available at the principal place of business for the time being of the Company in Hong Kong.

1. EXERCISE OF THE SUBSCRIPTION RIGHTS

- (a) In this Appendix, unless otherwise stipulated, the following terms shall have the following meanings:

“Approved Financial Adviser”	means an independent reputable merchant bank or other reputable financial institution selected by the Directors;
“Auditors”	means the auditors for the time being of the Company;
“Business Day”	means a day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are generally open for clearing and settlement business;
“Bye-Laws”	means the bye-laws of the Company from time to time;
“Capital Distribution”	means distributions in cash or specie, and any dividend or distribution charged or provided for in the accounts for any financial period;
“CCASS”	means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“Closing Price”	in relation to a Share on a particular date, means the closing price as shown in the daily quotation sheets issued by the Stock Exchange for one Share in issue on that particular date and, if that particular date is not a Dealing Date, on the Dealing Date immediately preceding that particular date;

“Companies Act”	means the Companies Act 1981 of Bermuda (as amended);
“Companies Ordinance”	means the Companies Ordinance (Chapter 622, Laws of Hong Kong);
“Conditions”	means the terms and conditions endorsed on the Warrant certificates as the same may from time to time be modified in accordance with the provisions set out therein and “Condition” refers to the relative numbered paragraph of the Conditions;
“Dealing Day”	means a day on which Shares are traded on the Stock Exchange;
“Directors”	means the directors of the Company for the time being and from time to time;
“dollars”, “\$” and “cents”	means Hong Kong dollars and cents, respectively;
“Equity Share Capital”	means the issued share capital of the Company excluding any part thereof which does not either as respects dividends or as respects capital carry any right to participate beyond a specified amount or beyond an amount calculated by reference to a specified rate in a distribution;
“Exercise Moneys”	means, in relation to any Warrant, the amount in cash payable in respect of the Shares for which the Warrantholder of such Warrant is entitled to subscribe upon the exercise of the Subscription Rights represented thereby;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Instrument”	means this Instrument and the Schedules hereto (as from time to time modified in accordance with the terms hereof) and includes any instrument which is executed in accordance with the provisions hereof (as from time to time modified as aforesaid) and expressed to be supplemental hereto;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“notice”	means, in the case of notices given to the Warrantheolders, a notice given or to be given in accordance with Condition 14;
“Record Date”	means the date fixed by the Bye-Laws or otherwise specified by the Company or otherwise for the purpose of determining entitlement to dividends or other distributions to, or rights of, holders of Shares;
“Register”	means the register of Warrantheolders required to be maintained pursuant to Clause 9;
“Registrars”	means Computershare Hong Kong Investor Services Limited or such other person, firm or company retained by the Company for the time being to maintain in Hong Kong (unless the Directors otherwise determine) the Register;
“Scrip Dividend Scheme”	means a scheme approved, if any, under the Bye-Laws whereby the holders of one or more classes of the securities of the Company may elect to receive fully-paid Shares in lieu of a cash dividend;

“Share Option Scheme”	means a scheme approved by the members of the Company in general meeting in accordance with the Listing Rules under which Shares or securities convertible into or exchangeable for or carrying rights of subscription for Shares may be issued, or options or other rights to acquire any Shares or any such securities by way of subscription or otherwise may be granted, by the Company or any Subsidiary to the directors, employees, consultants, of the Company or any Subsidiary;
“Shares” or “Ordinary Capital”	means the shares of HK\$0.01 each in the authorised capital of the Company existing on the date of issue of the Bonus Warrants and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock in the equity share capital of the Company resulting from any subdivision, consolidation, re-classification or reduction of capital of Shares;
“Special Resolution”	means a resolution passed at a meeting of the Warrantheolders duly convened and held and carried by a majority consisting of not less than three-fourths of the votes cast upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on a poll;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited, or such other stock market or exchange in Hong Kong or any other territory on which Shares are for the time being listed as is in the opinion of the Directors the principal stock market or exchange in relation to the Shares;

“Subscription Date”	means any day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are open for business for clearing and settlement purpose falling within the Subscription Period on which any of the Subscription Rights are duly exercised;
“Subscription Form”	means a subscription form to subscribe such amount of the Exercise Moneys for the relevant number of Shares at the Subscription Price;
“Subscription Period”	means the period of 12 calendar months from the date of issue of the Bonus Warrants (if the last day of the Subscription Period falls on a day which is not a Business Day, then the Business Day immediately precedes such day);
“Subscription Price”	means the sum payable in respect of each Share upon exercise of the Subscription Rights, initially being HK\$0.17 each (subject to adjustment);
“Subscription Rights Reserve”	means a reserve the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional Shares required to be issued and allotted credited as fully paid up on the exercise in full of all the Subscription Rights outstanding (and any other subscription rights outstanding in respect of Shares under other subscription warrants) and shall apply the Subscription Rights Reserve in paying up in full such additional Shares as and when the same are allotted;
“Subscription Rights”	in respect of one Bonus Warrant, means the subscription right attached to the Bonus Warrant to subscribe for one fully paid new Share at the Subscription Price, initially being at HK\$0.17 each (subject to adjustment);

“Subsidiary” or “Subsidiaries”	means a company/companies which is/are for the time being and from time to time a subsidiary/subsidiaries (within the meaning of the Listing Rules) of the Company and include a company/companies which would be a subsidiary/subsidiaries of the Company within the meaning of the Listing Rules had it/they (and the Company) been incorporated thereunder;
“total Effective Consideration”	means the aggregate consideration receivable by the issuer for such securities for the issue thereof plus the additional minimum consideration (if any) to be received by the issuer and/or the Company (if not the issuer) upon (and assuming) the full conversion or exchange thereof or the exercise in full of the subscription rights attaching thereto;
“Warrant certificate(s)”	means the certificate(s) (in registered form) to be issued in respect of the Warrants in the form or substantially in the form shown in the First Schedule hereto, as from time to time modified in accordance with the provisions set out therein;
“Warrantholder”	means, in relation to any Warrant, the person or persons who is or are for the time being registered in the Register as the holder or joint holders of the Warrant; and
“Warrants”	means the rights created by this Instrument and any deed poll supplemental hereto entitling the registered holders thereof to exercise Subscription Rights on the terms set out in this Instrument and in the Conditions.

- (b) The registered holder for the time being of each Bonus Warrant will have the right, at any time during the Subscription Period on any day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are open for clearing and settlement business, to subscribe in HK\$ the Exercise Moneys (as defined in the Instrument) for one fully paid Share at HK\$0.17 in cash per Share

(subject to adjustments). After 4:00 p.m. (Hong Kong time) on the last date of the Subscription Period, any Subscription Rights which have not been exercised will lapse and the Bonus Warrants and Bonus Warrant Certificates will cease to be valid for any purpose.

- (c) Each Bonus Warrant Certificate will contain a Subscription Form (as defined in the Instrument). In order to exercise in whole or in part the Subscription Rights represented by the Bonus Warrant Certificate, the Bonus Warrant holders must complete and sign the Subscription Form (which, once signed and completed, shall be irrevocable) and deliver the Bonus Warrant Certificate (and, if the subscription form used shall not be the form endorsed thereon, the separate subscription form) duly completed to the Registrars (as defined in the Instrument), together with a remittance for the Exercise Moneys (or, in the case of a partial exercise, the relevant portion of the Exercise Moneys). In each case, compliance must also be made by the exercising Bonus Warrant holder with any exchange control, fiscal or other laws or regulations for the time being applicable.
- (d) The number of Shares to be allotted on exercise of the Subscription Rights shall be the number of the Bonus Warrants subject to exercise as specified in the relevant Subscription Form and in respect of which the Exercise Moneys thereof have been duly remitted as aforesaid.
- (e) The Company has undertaken in the Instrument that Shares falling to be issued upon the exercise of the Subscription Rights will be issued and allotted not later than 21 Business Days (as defined in the Instrument) (or such shorter period as may from time to time be required by the Listing Rules or the applicable laws and regulations) after the relevant Subscription Date and will rank *pari passu* with the fully paid Shares in issue on the relevant Subscription Date and accordingly shall entitle the holders to vote at general meetings of the Company and to participate in all dividends or other distributions declared, paid or made on or after the relevant Subscription Date unless adjustment therefor has been made as provided in the Instrument, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the Record Date (as defined in the Instrument) therefor shall be on or before the relevant Subscription Date and notice of the amount and Record Date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date.
- (f) As soon as reasonably practicable after the relevant allotment of Shares (and not later than 21 Business Days after the relevant Subscription Date) there will be issued free of charge to the Bonus Warrant holder(s) to whom such allotment has been made:–
 - (i) a certificate (or certificates) for the relevant Shares in the name(s) of such Bonus Warrant holder(s);
 - (ii) (if applicable) a balancing Bonus Warrant Certificate in registered form in the name(s) of such Bonus Warrant holder(s) in respect of any Subscription Rights represented by the Bonus Warrant Certificate lodged but remaining unexercised;

- (iii) (if applicable) a cheque representing fractions of the Exercise Moneys in respect of the Bonus Warrantholder's fractional entitlement to Shares as mentioned in the paragraph 2(c) of the terms and conditions of the Instrument endorsed on the Bonus Warrant Certificate; and
- (iv) (if applicable) the certificate mentioned in Clause 6(A)(4) of the Instrument relating to the Subscription Rights Reserve (as defined in the Instrument).
- (g) The certificate(s) for the Shares arising on the exercise of the Subscription Rights and the balancing Bonus Warrant Certificate (if any) will be sent by post at the risk of such Bonus Warrantholder(s) to the address of such Bonus Warrantholder(s) or (in the case of a joint holding) to that one of them whose name stands first in the register of Bonus Warrantholders of the Company (which shall be deemed to be a sufficient despatch to all of them). If the Company agrees, such certificates may by prior arrangement be retained by the Registrars to await collection by the relevant Bonus Warrantholder(s).
- (h) The Subscription Rights shall not be exercised by the Bonus Warrantholders if, immediately following the issue of the Shares upon exercise of the respective Warrant(s), the Company would be unable to meet the public float requirement under the Listing Rules.
- (i) The Company will not issue and allot any Shares when the Company has clear evidence that immediately following the issue of the Shares upon exercise of the respective Bonus Warrant(s), it would be unable to meet the public float requirement under the Listing Rules.

2. ADJUSTMENT OF THE SUBSCRIPTION PRICE

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the adjustment provisions of the Instrument:–

- (a) The Subscription Price shall (except as mentioned in sub-paragraphs (b), (c) and (d) below) be adjusted as provided in the Instrument in each of the following cases:–
 - (i) if and whenever the nominal amount of the Shares is altered by reason of any consolidation or subdivision;
 - (ii) if and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including those in share premium account or contributed surplus account);
 - (iii) if and whenever the Company shall make any Capital Distribution (as defined in the Instrument), whether on a reduction of capital or otherwise, to holders of its Shares (in their capacity as such);

- (iv) if and whenever the Company shall grant to the holders of its Shares (in their capacity as such) rights to acquire for cash assets of the Company or any of its Subsidiaries (as defined in the Instrument);
 - (v) if and whenever the Company shall offer to holders of Shares new Shares for subscription by way of rights or shall grant to holders of Shares any options or warrants to subscribe for new Shares, in each case at a price which is less than 90 per cent. of the market price (calculated as provided in the Instrument);
 - (vi) if and whenever the Company or any other company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) initially receivable per Share is less than 90 per cent. of the market price (calculated as provided in the Instrument), or the terms of any such issue being altered so that the said total Effective Consideration is less than 90 per cent. of such market price;
 - (vii) if and whenever the Company shall issue wholly for cash of any Shares (other than Shares issued pursuant to a Share Option Scheme (as defined in the Instrument)) at a price per Share which is less than 90 per cent. of the market price (calculated as provided in the Instrument); and
 - (viii) if and whenever there is an offer or invitation by the Company to the holders of the Shares to tender for sale to the Company of Shares or the Company shall purchase any Shares (or securities convertible into, or any rights to acquire, Shares) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.
- (b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in sub-paragraph (a) above will be made in respect of:–
- (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon the exercise of any rights (including the Subscription Rights) to acquire the Shares;
 - (ii) an issue of the Shares or other securities of the Company or any Subsidiary (as defined in the Instrument) wholly or partly convertible into, or carrying rights to acquire, the Shares to Directors or employees of the Company or any of its Subsidiaries or associates or other eligible persons pursuant to a Share Option Scheme (as defined in the Instrument);
 - (iii) an issue by the Company of Shares or by the Company or any Subsidiary of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or businesses;

- (iv) an issue of fully paid Shares by way of capitalisation of all or part of the Subscription Rights Reserve (as defined in the Instrument) to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into or carrying rights to acquire Shares); or
 - (v) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculated as provided in the Instrument) of such Shares is not more than 110% of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash, for which purpose the “Market Value” of a Share shall mean the average of the Closing Prices on the Stock Exchange for the five consecutive Dealing Days on each of which there is a Closing Price ending on the last such Dealing Day immediately preceding the day on or as of which holders of Shares may, pursuant to such scrip dividend scheme, elect to receive or (as the case may be) not to receive the relevant dividend in cash.
- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or at a different time from that provided for under the said provisions, the Company may appoint the auditors of the Company or the Approved Financial Adviser (as defined in the Instrument) to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if the auditors of the Company or such Approved Financial Adviser (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by the auditors of the Company or such Approved Financial Adviser (as the case may be) to be in its opinion appropriate.
- (d) Any adjustment to the Subscription Price shall be made to the nearest one-tenth of a cent so that any amount under half of one-tenth of a cent shall be rounded down and any amount of half of one-tenth of a cent or more shall be rounded up. No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one-tenth of a cent and any adjustment that would otherwise be required then to be made shall not be carried forward. No adjustment may be made (except on a consolidation of Shares into shares of a larger nominal amount) which would increase the Subscription Price.

- (e) Every adjustment to the Subscription Price will be certified to be fair and appropriate by the auditors of the Company or an Approved Financial Adviser and notice of each adjustment (giving the relevant particulars) will be given to the Bonus Warrantholders. In giving any certificate or making any adjustment hereunder, the auditors of the Company or the Approved Financial Adviser (as the case may be) shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, the decision shall be conclusive and binding on the Company and the Bonus Warrantholders and all persons claiming through or under them respectively. Any such certificate of the auditors of the Company or the Approved Financial Adviser (as the case may be) will be available for inspection at the principal place of business of the Company for so long as any of the Subscription Rights remains exercisable.

3. REGISTERED BONUS WARRANTS

The Bonus Warrants will be issued in registered form. The Company will be entitled to treat the registered holder of any Bonus Warrant as the absolute owner thereof and accordingly will not, except as ordered by a court of competent jurisdiction or required by law, be bound to recognise any equitable or other claim to or interest in such Bonus Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

4. TRANSFER, TRANSMISSION AND REGISTER

- (a) The Bonus Warrants will be transferrable, by instrument of transfer in any usual or common form or in any other form which may be approved by the Directors, where the transferor or transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the Directors for this purpose) the instrument of transfer may be executed under the hand of an authorised person(s) or by machine imprinted signature(s).
- (b) The Company will maintain a register of the Bonus Warrantholders accordingly. The register may be closed from time to time. Any transfer or exercise of the Subscription Rights attached to the Bonus Warrants made while the register is so closed shall, as between the Company and the person claiming under the relevant transfer of the Bonus Warrants or, as the case may be, as between the Company and the Bonus Warrantholder who has so exercised the Subscription Rights to his Bonus Warrants (but not otherwise), be considered as made immediately after the reopening of the register. Transfers of the Bonus Warrants must be executed by both the transferor and the transferee. The provisions of the bye-laws of the Company relating to, inter alia, the registration, transmission and transfer of Shares and the register of members shall, mutatis mutandis, apply to the registration, transmission and transfer of the Bonus Warrants and the register of Bonus Warrantholders.
- (c) Persons who hold the Bonus Warrants and have not registered the Bonus Warrants in their own names and wish to exercise the Bonus Warrants should note that they may incur additional costs and expenses in connection with any expedited

re-registration of Bonus Warrants prior to the transfer or exercise of Subscription Rights attached to the Bonus Warrants, in particular during the period commencing 10 Business Days, days, or any period from time to time fixed by the Listing Rules or other rules or regulations of other relevant regulatory authorities for standard securities registration service, prior to and including the last day of the Subscription Period.

- (d) Since the Bonus Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities and the terms of the Instrument and circumstances permit, the Company may determine the last trading day of the Bonus Warrants to be a date at least three trading days before the last day of the Subscription Period.

5. PURCHASE AND CANCELLATION

The Company or any of the Subsidiaries may at any time, subject to the Codes on Takeovers and Mergers and Share Buy-backs as approved by the Securities and Futures Commission of Hong Kong, the Listing Rules, and all other applicable laws, rules and regulations, purchase the Bonus Warrants:–

- (a) in the open market or by tender (available to all Bonus Warrantholders alike) at any price; or
- (b) by private treaty at a price per Bonus Warrant, exclusive of expenses, not exceeding 110 per cent. of the closing price on the Stock Exchange per Bonus Warrant for one or more board lots of Bonus Warrants on the last day on which the Bonus Warrants were traded on the Stock Exchange prior to the date of purchase of the Bonus Warrants, but not otherwise. All Bonus Warrants purchased as aforesaid shall be cancelled forthwith and may not be reissued or re-sold.

6. MEETINGS OF BONUS WARRANTHOLDERS AND MODIFICATION OF RIGHTS

- (a) The Instrument contains provisions for convening meetings of Bonus Warrantholders to consider any matter affecting the interests of the Bonus Warrantholders, including the modification by a Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or the terms and conditions of the Instrument endorsed on the Bonus Warrant Certificate. A resolution duly passed at any such meeting shall be binding on the Bonus Warrantholders, whether present or not.
- (b) All or any of the rights for the time being attached to the Bonus Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or

authorising any past or proposed breach of, any of the provisions of the Instrument and/or the terms and conditions of the Instrument endorsed on the Bonus Warrant Certificate) and the sanction of a Special Resolution of the Bonus Warrantholders shall be necessary to effect such alteration or abrogation.

- (c) Where a Bonus Warrantholder is a recognised clearing house (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative(s) or its proxy (or proxies) at any Bonus Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation must specify the number of Bonus Warrants in respect of which each such person is so authorised. The person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person were an individual Bonus Warrantholder.

7. REPLACEMENT OF BONUS WARRANT CERTIFICATES

If a Bonus Warrant Certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the office of the Company's branch registrar in Hong Kong on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding the maximum fee as may from time to time be permitted by the Stock Exchange as the Company may determine. Mutilated or defaced Bonus Warrant Certificates must be surrendered before replacements will be issued.

In the case of lost Bonus Warrant Certificates, Division 5 of Part 4 of the Hong Kong Companies Ordinance (except sub-section (5) of section 166) shall apply mutatis mutandis as if "shares" referred to therein included the Bonus Warrants.

8. PROTECTION OF SUBSCRIPTION RIGHTS

The Instrument contains certain undertakings by and restrictions on the Company designed to protect the Subscription Rights.

9. CALL

If at any time the Bonus Warrants outstanding is equal to or less than 10 per cent. of the Bonus Warrants issued under the Instrument, the Company may, on giving not less than three months' notice, require the Bonus Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Bonus Warrants will be automatically cancelled without compensation to the Bonus Warrantholders.

10. FURTHER ISSUES

The Company shall be at liberty to issue further subscription warrants for Shares in such manner and on such terms as it thinks fit.

11. UNDERTAKINGS BY THE COMPANY

The Company covenants to and with each Warrantholder that so long as any of the Subscription Rights remain exercisable:–

- (A) upon the exercise of any Subscription Rights pursuant to the Conditions it will within 21 Business Days after the relevant Subscription Date allot and issue the Shares falling to be issued upon such exercise;
- (B) all Shares so allotted shall, taking account of any adjustment, rank *pari passu* in all respects with the Shares in issue on the relevant Subscription Date and shall accordingly entitle the holders to participate in full in all dividends or other distributions paid or made on the Shares on or after the relevant Subscription Date other than any dividend or other distribution previously declared, or recommended or resolved to be paid or made if the Record Date therefor shall be before the relevant Subscription Date and notice of the amount and Record Date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date;
- (C) it will send to each Warrantholder, at the same time as the same are sent to the holders of Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of the Shares generally;
- (D) it will pay all stamp and capital duties, registration fees or similar charges in respect of the execution of this Instrument, the creation and issue of the Warrants hereof in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights;
- (E) it will keep available for issue sufficient Ordinary Capital to satisfy in full all rights for the time being outstanding of subscription for and conversion into Shares; and
- (F) it will use its best endeavours to procure that:–
 - (1) at all times during the Subscription Period, the Warrants may be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Warrants on the Stock Exchange is withdrawn following an offer for all or any of the Warrants); and
 - (2) all Shares allotted upon exercise of the Subscription Rights may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares where a like offer is extended to holders of the Warrants).

12. NOTICES

- (a) The Instrument contains provisions relating to notices to be given to Bonus Warrantholders.
- (b) Every Bonus Warrantholder shall register with the Company an address either in Hong Kong or elsewhere to which notices can be sent and if any Bonus Warrantholder shall fail to do so, notice may be given to such Bonus Warrantholder by sending the same in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same for three days at the principal place of business for the time being of the Company.
- (c) A notice may be given by delivery, prepaid letter (airmail in the case of an overseas address), facsimile or by way of announcement in accordance with the requirements of the Stock Exchange.
- (d) All notices with respect to the Bonus Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the register of the Bonus Warrantholders and notice so given shall be sufficient notice to all the holders of such Bonus Warrants.

13. RIGHTS OF THE BONUS WARRANTHOLDERS ON WINDING UP

- (a) The Instrument provides as follows:
 - (i) if an effective resolution being passed during the Subscription Period for the voluntary winding up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Bonus Warrantholders, or some person designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Bonus Warrantholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal will be binding on all the Bonus Warrantholders; and
 - (ii) in the event a notice is given by the Company to its Shareholders (and the Bonus Warrantholders) to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to wind up the Company voluntarily, the Company shall forthwith give notice thereof to each Bonus Warrantholder and thereupon, every Bonus Warrantholder shall be entitled by irrevocable surrender of his Bonus Warrant Certificate(s) to the Company with the Subscription Form(s) duly completed, together with payment of the relevant Exercise Moneys or the relative portion thereof (such Subscription Form(s) and Exercise Moneys to be received by the Company not later than 2 Business Days prior to the proposed shareholders' meeting), to exercise the Subscription Rights represented by such Bonus Warrant Certificate(s) and the

Company shall cause to be allotted and issued, as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting, such number of Shares which fall to be issued pursuant to the exercise of the relevant Subscription Rights and shall procure that each Bonus Warrantholder be registered as a member of the Company in time for it to be able to attend and vote at such shareholders' meeting.

- (b) Subject to the foregoing, if the Company is wound up, the Instrument provides that all Subscription Rights which have not been exercised at the date of passing such resolution shall lapse and each Bonus Warrant Certificate will cease to be valid for any purpose.

14. OVERSEAS BONUS WARRANTHOLDERS

If a Bonus Warrantholder has a registered address in any territory other than Hong Kong where, in the opinion of the Directors after making enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, the allotment of Shares to such Bonus Warrantholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory, then the Company will as soon as practicable after exercise by such Bonus Warrantholder of any Subscription Rights either (i) allot the Shares which would otherwise have been allotted to such Bonus Warrantholder to one or more third parties selected by the Company, or (ii) allot such Shares to such Bonus Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company, in each case for the best consideration then reasonably obtainable by the Company. As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company will pay to such Bonus Warrantholder an amount equal to the consideration, after deduction of expenses, received by it by posting the remittance to him at his own risks, unless the amount falling to be distributed to any such person is less than HK\$100 (in which case it will be retained for the benefit of the Company).

15. MISCELLANEOUS

The Instrument and the Bonus Warrants are governed by and will be construed in accordance with the laws of Hong Kong. The Company irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong in respect of the Instrument and the Bonus Warrants and all matters and disputes arising in connection with them. In the case where there is inconsistency between the terms in the Instrument and these Conditions, the terms in the Instrument shall prevail.