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**HUARCHI GLOBAL GROUP HOLDINGS LIMITED****華記環球集團控股有限公司***(Incorporated in the Cayman Islands with limited liability)***Stock Code: 2296****BONUS WARRANTS ISSUE**

A letter from the Board is set out on pages 4 to 17 of this circular and a summary of the principal terms of the Warrants is set out on pages 18 to 35 of this circular.

30 April 2021

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EXPECTED TIMETABLE

The expected timetable for implementing the Bonus Warrants Issue is set forth below:

Last day of dealings in Shares cum-entitlements to the Bonus

Warrants Issue Wednesday, 5 May 2021

First day of dealings in Shares ex-entitlements to the Bonus

Warrants Issue Thursday, 6 May 2021

Latest time for lodging forms of transfer of Shares to ensure

entitlement to the Bonus Warrants Issue no later than 4:30 p.m. on
Friday, 7 May 2021

Closure of register of members of the Company, both days

inclusive Monday, 10 May 2021 to
Friday, 14 May 2021

Record Date Friday, 14 May 2021

Despatch of the Warrant certificates by Thursday, 27 May 2021

Commencement of dealings in the Warrants

on the Stock Exchange 9:00 a.m. on
Friday, 28 May 2021

All times and dates in this circular refer to Hong Kong local times and dates. The expected timetable for the Bonus Warrants Issue set out above has been prepared on the assumption that the condition of the Bonus Warrants Issue will be fulfilled. If there are any changes to the expected timetable, such changes will be announced in separate announcement(s) by the Company as and when appropriate.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 1 April 2021 in relation to the Bonus Warrants Issue
“Board”	the board of Directors
“Bonus Warrants Issue”	the bonus issue of Warrants by the Company to the Qualifying Shareholders on the basis of one (1) Warrant for every five (5) Shares held on the Record Date
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Huarchi Global Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed and traded on the Stock Exchange
“Controlling Shareholder(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Instrument”	the deed poll to be executed by the Company creating and constituting the Warrants
“Latest Practicable Date”	Monday, 26 April 2021, being the latest practicable date for ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“MOP”	Macau Pataca, the lawful currency of Macau
“New Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiry, are of the view that it would be necessary or expedient to exclude them from the Bonus Warrants Issue on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company at the close of business on the Record Date is/are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholder(s), whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Friday, 14 May 2021, being the record date for ascertaining the entitlements of Shareholders to the Bonus Warrants Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time

DEFINITIONS

“Share(s)”	ordinary share(s) of par value 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
“Subscription Period”	has the meaning ascribed to it in paragraph 1(a) in the Appendix to this circular
“Warrant(s)”	warrant(s) proposed to be issued by the Company to subscribe for New Shares at an initial subscription price of HK\$1.5 per New Share, subject to adjustments
%	per cent.

LETTER FROM THE BOARD



HUARCHI GLOBAL GROUP HOLDINGS LIMITED **華記環球集團控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2296

Executive Directors:

Mr. Lou Cheok Meng
(Chairman and Managing Director)
Mr. Chang Wa Jeong
Mr. Ao Weng Kong

Independent non-executive Directors:

Dr. Lam Chi Kit *BBS MH JP*
Dr. Sin Wai Chiu Joseph
Mr. Lo Chun Chiu Adrian

Registered office in the Cayman Islands:

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

*Headquarters and principal place
of business in Macau:*

Alameda Dr. Carlos d'Assumpção
No. 249 Edif. China Civil Plaza 7
Andar E&F
Macau

*Principal place of business
in Hong Kong:*

905B, 9/F.
Harbour Crystal Centre
100 Granville Road
Tsim Sha Tsui
Kowloon
Hong Kong

30 April 2021

To Shareholders

Dear Sir/Madam,

BONUS WARRANTS ISSUE

1. INTRODUCTION

As mentioned in the Announcement, the Board proposed, subject to the satisfaction of the conditions below, to make the Bonus Warrants Issue to the Qualifying Shareholders on the basis of one (1) Warrant for every five (5) Shares held on the Record Date.

LETTER FROM THE BOARD

The purpose of this circular is to set out further information in relation to the Bonus Warrants Issue. A summary of the principal terms and conditions of the Warrants, including circumstances in which the subscription price for the Warrants may be adjusted, is set out in the Appendix on pages 18 to 35 of this circular.

2. BONUS WARRANTS ISSUE

Basis of Bonus Warrants Issue

The Board proposes, subject to the satisfaction of conditions below, to make the Bonus Warrants Issue to the Qualifying Shareholders on the basis of one (1) Warrant for every five (5) Shares held on the Record Date.

Condition to the Bonus Warrants Issue

The Bonus Warrants Issue will be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrants and the New Shares.

Subscription Price and Subscription Period

The Warrants will be issued in registered form and each Warrant will entitle the holder thereof to subscribe in cash for one (1) New Share at an initial subscription price of HK\$1.5, subject to customary anti-dilutive adjustments in market transactions of this type in certain events, including, among other things, share consolidations, share subdivisions, capitalisation issues and capital distributions, at any time from the date of issue of the Warrants to the last date falling twelve months thereafter, which is expected to be from Thursday, 27 May 2021 to Thursday, 26 May 2022 (both days inclusive).

The initial subscription price of HK\$1.5 represents:

- (i) a premium of approximately 32.7% to the closing price per Share of HK\$1.13 as quoted on the Stock Exchange on 1 April 2021, being the last trading day of the Shares as at the date of the Announcement;
- (ii) a premium of approximately 33.9% to the average closing price per Share of approximately HK\$1.12 as quoted on the Stock Exchange for the last five trading days up to and including 1 April 2021, being the last trading day of the Shares as at the date of the Announcement;

LETTER FROM THE BOARD

- (iii) a premium of approximately 56.3% to the average closing price per Share of approximately HK\$0.96 as quoted on the Stock Exchange for the last ten trading days up to and including 1 April 2021, being the last trading day of the Shares as at the date of the Announcement; and
- (iv) a premium of approximately 3.5% to the closing price per Share of HK\$1.45 as quoted on the Stock Exchange on the Latest Practicable Date.

The initial subscription price for the Warrants was determined by the Board after taking into account (i) the continuous strong performance of the Share price of the Company with (a) a growth of approximately 31% from HK\$0.26 per Share as at the first day of listing on the Stock Exchange on 21 November 2019 to HK\$0.34 per Share as at the year ended 31 December 2020; and (b) a growth of approximately 232% from HK\$0.34 per Share as at the year ended 31 December 2020 to HK\$1.13 per Share as at the date of the Announcement; (ii) the prevailing market price of the Shares; and (iii) the future business prospects of the Group. Further, the Share price of the Company grew approximately 28.3% from HK\$1.13 per Share as at the date of the Announcement to HK\$1.45 per Share as at the Latest Practicable Date. The Directors are of the view that the continuous strong performance of the Share price of the Company since listing and the prevailing Share price reflect the investors' confidence in the prospect of the Company which are benefited by (a) the positive outlook of Macau's overall economic recovery; (b) the expected speedy resumption of Macau's construction and fitting-out markets to the previous level of development; and (c) the future business development in the Guangdong-Hong Kong-Macao Greater Bay Area and other parts of the PRC. The Directors believe that these opportunities would expediate the Group's business development and improve its financial performance. The Directors expect the positive outlook of the Group will continue to be reflected in the future Share price and the Bonus Warrants Issue would provide an opportunity for the Shareholders to participate in the growth of the Company and capture the potential capital gain when their Warrants are exercised. The Directors consider the terms of the Bonus Warrant Issue, including the initial subscription price thereof, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Shares to be Issued upon Exercise of the Warrants

Each Warrant will entitle the holder thereof to subscribe in cash for one (1) New Share. Based on 2,000,000,000 issued Shares as at the Latest Practicable Date, and assuming that no further Shares will be issued or repurchased by the Company from the Latest Practicable Date up to and including the Record Date, the maximum number of non-renounceable Warrants to be issued will be 400,000,000 Warrants and upon the full exercise of the subscription rights attaching to the Warrants, a maximum of 400,000,000 New Shares (subject to adjustments in accordance with the terms and conditions of the Instrument) will be issued, representing 20% of the number of

LETTER FROM THE BOARD

issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the number of issued share capital of the Company as enlarged by the New Shares to be issued upon the exercise of all Warrants. Based on the initial subscription price of HK\$1.5 per New Share, the Company would receive the subscription monies totalling up to HK\$600 million. The New Shares to be issued upon exercise of the subscription rights attaching to the Warrants will rank *pari passu* with the existing Shares in issue of the Company.

The Warrants will be issued pursuant to the general mandate to issue Shares granted to the Directors at the Company's annual general meeting held on 19 June 2020. Under the said general mandate and on the basis of 2,000,000,000 issued Shares as at 19 June 2020, the Directors were authorized generally to issue up to 400,000,000 Shares. No Share has been allotted or issued under the general mandate since it was approved and a maximum of 400,000,000 Shares can be issued under the general mandate.

As at the Latest Practicable Date and based on the information currently available, the Company has no outstanding share options, warrants, convertible securities or similar rights entitling any person to subscribe for Shares prior to the Record Date and is not aware of any intention of the Shareholders (including the Controlling Shareholders of the Company) to exercise the subscription rights attaching to the Warrants. The Directors are of the view that the exercise of the subscription rights attaching to the Warrants is subject to the prevailing Share price of the Company at the material time.

LETTER FROM THE BOARD

Effects on Shareholding Structure

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) after the Bonus Warrants Issue assuming the subscription rights attaching to the Warrants are fully exercised; and (iii) after the Bonus Warrants Issue assuming the subscription rights attaching to the Warrants are only exercised by the Controlling Shareholders of the Company:

	As at the Latest Practicable Date		After the Bonus Warrants Issue assuming the subscription rights attaching to the Warrants are fully exercised		After the Bonus Warrants Issue assuming the subscription rights attaching to the Warrants are only exercised by the Controlling Shareholders of the Company	
	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %
Controlling Shareholders of the Company						
Seong Wa Holdings Limited (“Seong Wa”)						
— Mr. Lou Cheok Meng (“Mr. Lou”)	865,382,400	43.26	1,038,458,880	43.26	1,038,458,880	46.08
— Mr. Ao Weng Kong (“Mr. Ao”)	192,307,200	9.62	230,768,640	9.62	230,768,640	10.23
— Mr. Chang Wa leong (“Mr. Chang”)	72,115,200	3.61	86,538,240	3.61	86,538,240	3.84
— Mr. Leong Ka In (“Mr. Leong”)	72,115,200	3.61	86,538,240	3.61	86,538,240	3.84
(Note 1)	1,201,920,000	60.10	1,442,304,000	60.10	1,442,304,000	63.99
Mr. Lou Cheok Meng (Note 2)	67,152,000	3.35	80,582,400	3.35	80,582,400	3.58
Subtotal	1,269,072,000	63.45	1,522,886,400	63.45	1,522,886,400	67.57
Public Shareholders						
Other Shareholders	730,928,000	36.55	877,113,600	36.55	730,928,000	32.43
Total	2,000,000,000	100.00	2,400,000,000	100.00	2,253,814,400	100.00

Notes:

- As disclosed in the announcement of the Company dated 11 February 2021, Seong Wa owns approximately 60.10% of the issued share capital of the Company. Pursuant to the concerted party deed (the “**Concerted Party Deed**”) entered into among Mr. Lou, Mr. Ao, Mr. Chang and Mr. Leong (the “**Concerted Parties**”) on 15 May 2018 prior to the listing of the Shares on the Main Board of the Stock Exchange, each of the Concerted Parties was deemed to be interested in all the Shares held by them in aggregate through Seong Wa. Immediately before the termination of the Concerted Party Deed, each of Mr. Lou, Mr. Ao, Mr. Chang and Mr. Leong was deemed to be interested in an aggregate of 1,201,920,000 Shares by virtue of the Concerted Party Deed.

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As a result of the termination of the Concerted Party Deed on 11 February 2021 and as at the Latest Practicable Date, Seong Wa is owned by Mr. Lou, Mr. Ao, Mr. Chang and Mr. Leong as to 72%, 16%, 6% and 6% respectively. As Mr. Lou, Mr. Ao, Mr. Chang and Mr. Leong continue to restrict their ability to exercise direct control over the Company by holding their interests through Seong Wa, they (together with Seong Wa) continue to be a group of controlling shareholders of the Company pursuant to the Guidance Letter HKEx-GL89-16 issued by the Stock Exchange.

2. Apart from the interest owned through Seong Wa in Note 1 above, Mr. Lou is also interested in 67,152,000 Shares, which consist of (i) 63,344,000 Shares held by Ever Mighty Investments Limited, a company wholly owned by Mr. Lou, in which Mr. Lou is deemed to be interested under the SFO; and (ii) 3,808,000 Shares held by Mr. Lou in his personal capacity.

Fractional Entitlements

Fractional entitlements to the Warrants (if any) will not be issued to the Qualifying Shareholders but will, where practicable, be aggregated and sold in the market for the benefit of the Company. The net proceeds of sale will be retained for the benefit of the Company.

Overseas Shareholders

This circular and the Warrants to be issued will not be registered or filed under any securities legislation in any jurisdiction outside Hong Kong.

Based on the register of members of the Company as at the Latest Practicable Date, there were 2 Shareholders who resided in the British Virgin Islands. The Directors have made enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules regarding the legal restrictions under the laws of the relevant jurisdiction and the requirements of the relevant regulatory body or stock exchange of the relevant jurisdiction in which such Overseas Shareholders are residing.

Based on the relevant legal advice obtained as at the Latest Practicable Date, the Directors are of the view that the Overseas Shareholders whose registered addresses were in the British Virgin Islands as shown on the register of members of the Company on the Record Date are Qualified Shareholders and Warrants will be extended to them under the Bonus Warrants Issue. However, if because of changes in laws or other circumstances after the Latest Practicable Date, the Directors consider that the likely costs and time involved in overseas compliance to be observed would outweigh the benefits which the Company and the Shareholders as a whole would receive by issuing Warrants to any such Overseas Shareholders under the Bonus Warrants Issue, it may be necessary and expedient not to issue the Warrants to such Overseas Shareholders under the Bonus Warrants Issue.

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In view of the above, Warrants which would otherwise be issued to the Non-Qualifying Shareholder(s) under the Bonus Warrants Issue will be sold in the market as soon as possible after the commencement of dealings in the Warrants, if a premium (net of expenses) can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to such Non-Qualifying Shareholder(s) pro rata to their respective holdings of Shares. Remittance thereof will be posted to them, at their own risk, unless the amount falling to be distributed to such person(s) is less than HK\$100, in which case it will be retained for the benefit of the Company.

All Overseas Shareholders should consult their professional advisers as to whether or not they are permitted to participate in the Bonus Warrants Issue or whether any government or other consents are required or other formalities need to be observed. No Shareholder receiving a copy of this circular in any territory outside Hong Kong may treat the same as an invitation to subscribe for Share(s) unless in the relevant territory such invitation could lawfully be made to him/her/it without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Overseas Shareholder who wishes to receive Warrants and/or New Shares under the Bonus Warrants Issue to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities or any restrictions on the resale of the Warrants or New Shares which may apply outside Hong Kong.

Reasons for the Bonus Warrants Issue

The Company is an investment holding company. The principal activities of the Group are providing services of fitting-out works, construction works and repair and maintenance works in Macau.

The Board is of the view that Bonus Warrants Issue will enable the Company to improve its capital structure. Based on the initial subscription price of HK\$1.5 per New Share and assuming all subscription rights attaching to the Warrants are fully exercised, the total subscription monies will amount to HK\$600 million.

As at 31 December 2020, the Company's bank balances and cash amounted to approximately MOP88.8 million and the unutilised proceeds from the initial public offering amounted to approximately HK\$29.1 million. As disclosed in the announcement of the Company dated 31 March 2021, the Board also recommended the payment of a final dividend of HK2.5 cents (approximately equivalent to MOP2.6 cents) per Share, totalling HK\$50,000,000, for the year ended 31 December 2020, which is subject to approval by the Shareholders at the forthcoming annual general meeting.

LETTER FROM THE BOARD

Since listing, the Group has proactively been exploring new business opportunities beyond the Group's current business scope and expanding the Group's business in Macau and the PRC. In late December 2020, the Group's subsidiary, Huarchi Global Construction Corporation Limited, was renamed as Huarchi Global Design Corporation Limited, which will be focusing on design business including but not limited to architectural design, interior design, landscape design, graphic design and product design, etc. Further, the Group has recently been awarded a public sector construction project in Macau with contract sum of approximately MOP1,076,000,000 under joint tendering (the "**Jointly-tendered Macau Project**"), which serves as a great stepping stone for the Group to expand and gain more exposure in the Macau construction market.

Following the national policy of developing the Guangdong-Hong Kong-Macao Greater Bay Area, Hengqin District of Zhuhai City (珠海市橫琴區) has been built as a demonstration zone for cooperation between Guangdong, Hong Kong and Macau, and a number of Hengqin-benefit-Macao policies have been introduced for enterprises in Macau to participate in the construction industry of the Guangdong-Hong Kong-Macao Greater Bay Area and integrate into the country's development. In order to capture future opportunities in this regard, the Group has established two wholly-owned subsidiaries in Hengqin, named 華聯創基(珠海橫琴)建築工程有限公司 (AD&C (Zhuhai Hengqin) Engineering & Construction Company Limited*) and 華記環球(珠海橫琴)建築設計顧問有限公司 (Huarchi Global (Zhuhai Hengqin) Architectural Design & Consultant Co., Ltd*) in March 2021, which will be focusing on the construction and design projects in the Guangdong-Hong Kong-Macao Greater Bay Area. As at the Latest Practicable Date, the Company has recently entered into a letter of intent with a youth education institution in Zhuhai in the Guangdong-Hong Kong-Macao Greater Bay Area, for the provision of interior design and fitting-out services for 200 new training and education centers in the PRC, which is expected to span over five years with an expected total contract sum of RMB400 million (the "**Youth Education Institution Project**").

The Directors believe that, with the expansion of business scope to design business, the recent award of the Jointly-tendered Macau Project and the establishment of two wholly owned subsidiaries in Hengqin, the Group is on a good track of expanding its market shares in the construction industry in Macau and stepping into the PRC's market.

The Directors believe that the Bonus Warrants Issue represents an opportunity to raise capital for the Group's long-term growth which will enhance its financial positions without increasing finance costs while broadening its capital base. The Bonus Warrants Issue, if and when the subscription rights attaching to the Warrants are exercised, will increase the Company's issued share capital and general working capital and hence strengthen the equity base of the Company.

As at the Latest Practicable Date, the Company has no intention to conduct any other equity fund raising activities in the next twelve months immediately after the date of this circular.

LETTER FROM THE BOARD

The Company currently intends to apply any subscription monies received as and when subscription rights attaching to the Warrants are exercised to fund a portion of the costs required for (i) the Jointly-tendered Macau Project; (ii) the Youth Education Institution Project; and (iii) as general working capital of the Group for the future construction projects in the Guangdong-Hong Kong-Macao Greater Bay Area which the Directors anticipated to be large in scale leveraging on the support of the national policy of developing the Guangdong-Hong Kong-Macao Greater Bay Area. The subscription monies are expected to be utilised up to the year ending 31 December 2023. The expected timeline of full utilisation is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of market conditions. The Company will publish announcement if there is any change of the expected timeline or intended use of proceeds from the Bonus Warrants Issue.

The Directors are of the view that although the amount of fund to be raised and timing of raising the proceeds through the Bonus Warrants Issue during the Subscription Period are uncertain, it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs. While the Group will make use of loans from financial institutions for kick-starting the Jointly-tendered Macau Project, the intended purpose of the Bonus Warrants Issue is to fund a portion of the long-term costs required for (i) the Jointly-tendered Macau Project and the Youth Education Institution Project which are expected to span over three to five years; and (ii) other sizeable projects to be awarded in the future, capturing the business opportunities in light of the development of the Guangdong-Hong Kong-Macao Greater Bay Area. The Directors are of the belief that the proceeds from the Bonus Warrants Issue can alleviate the Group's reliance on debt financing and expediate the Group's business development while leveraging the business opportunities arising from the favourable national policies in the Guangdong-Hong Kong-Macao Greater Bay Area since debt financing involves higher finance cost and will weaken the Group's financial position. In the event that the subscription rights attaching to the Warrants are under-exercised, the Group would have to seek alternative means of fund raising methods, which the Directors considered not in the best interests of the Company and the Shareholders as a whole, reasons of which are detailed below.

The Directors have considered factors including the timing of the funding needs, the amount of the fund needed and the possible dilution effect on the shareholding interests of the Shareholders and explored other alternative means of fund raising, including (i) debt financing/bank borrowings; (ii) placing of new Shares; and (iii) rights issue but were rejected for the following reasons respectively:

LETTER FROM THE BOARD

(i) Debt financing/bank borrowings

With respect to debt financing, it is expected that the Company will obtain loans from independent financial institutions to fund a portion of the costs required for (i) the Jointly-tendered Macau Project; and (ii) the Youth Education Institution Project. However, taking into consideration that debt financing will involve recurring interest expense, it is not considered as desirable to fund the entire amount of funds needed for working capital and expansion by way of debt financing.

In comparison, the equity raised through the Bonus Warrants Issue would not be interest-bearing and hence the Company would have savings in interest payable as compared with incurring interest costs. Therefore, the Bonus Warrants Issue as compared to debt financing would allow the Company to strengthen its capital base and liquidity without incurring interest costs.

(ii) Placing of new Shares

The Directors are of the view that raising funds by way of placing of new Shares would result in dilution of the equity interests of the existing Shareholders who cannot participate in the placing.

(iii) Rights issue

The Directors are of the view that though both Bonus Warrants Issue and the rights issue can allow the Shareholders to (i) maintain their respective pro-rata shareholding by exercising the subscription rights attaching to the Warrants or through their participation in rights issue; (ii) increase their respective interests in the shareholding of the Company by acquiring additional Warrants or rights entitlement in the open market (subject to the availability); and (iii) reduce their respective interests in the shareholding of the Company by disposing of their Warrants or rights entitlement in the open market (subject to the market demand), the Bonus Warrants Issue provides more flexibility to the Shareholders, allowing the Shareholders to exercise the subscription rights attaching to the Warrants at any time within the one-year subscription period at the discretion of the Shareholders while the rights issue cannot.

Furthermore, the Directors are of the view that the flexibility given to the Shareholders from the Bonus Warrants Issue will not delay the Group's business development as (i) the Company will make use of loans from financial institutions for kick-starting the Jointly-tendered Macau Project; (ii) the majority of the costs for the construction work of the Youth Education Institution Project will likely be incurred after the Subscription Period; and (iii) the proceeds from the Bonus Warrants Issue are intended to fund (a) the further required cost for the Jointly-tendered Macau

LETTER FROM THE BOARD

Project and Youth Education Institution Project; and (b) working capital for other sizeable projects to be awarded in the near future, so as to alleviate the Group's reliance on debt financing and minimize the finance costs without weakening the Group's financial position.

After taking into account all of the above factors and considerations, the Directors are of the view that the Bonus Warrants Issue can (i) offer equal opportunity to all Shareholders to subscribe for their pro-rata provisional Shares and hence avoids dilution; (ii) offer an opportunity to Shareholders to participate in the growth of the Company; (iii) allow the Shareholders to capture the potential capital gain; and (iv) strengthen the equity base of the Company and increase the Company's general working capital and the potential investments to be identified, if and when the subscription rights attaching to the Warrants are exercised.

Fund Raising Activities of the Group in the past twelve months

The Company has not conducted any fund raising activities by issue of equity securities in the twelve months immediately before the date of the Announcement and the Latest Practicable Date.

Certificates for the Warrants

Subject to the satisfaction of the condition to the Bonus Warrants Issue, it is expected that certificates for the Warrants will be posted on or before Thursday, 27 May 2021 at the risk of the Qualifying Shareholders entitled thereto to their respective addresses shown on the register of members of the Company. In the case of joint shareholdings, the certificates for the Warrants will be posted to the address of the Shareholder first named in the register of members of the Company in respect of such joint shareholding.

Record Date and Closure of Register of Members

The register of members of the Company will be closed from Monday, 10 May 2021 to Friday, 14 May 2021 (both days inclusive) for determining entitlements to the Bonus Warrants Issue.

The last day for dealing in Shares cum-entitlements to the Bonus Warrants Issue will be Wednesday, 5 May 2021. In order to qualify for the Bonus Warrants Issue, all outstanding transfer of Shares should be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 7 May 2021.

LETTER FROM THE BOARD

Application for Listing, Dealings and Settlement

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and the New Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants. No part of the equity or debt securities of the Company is listed on or dealt in on any other stock exchange and no such listing of, or permission to deal, is being or is proposed to be sought.

Application has also been made to HKSCC for the admission of the Warrants into CCASS operated by HKSCC. All necessary arrangements have been made by the Company to enable the Warrants to be admitted into CCASS.

Subject to the granting of the listing of, and permission to deal in, the Warrants and the New Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants on the Stock Exchange, and subject to the compliance with the stock admission requirements of HKSCC, the Warrants and the New Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of their dealings on the Stock Exchange or such other date as determined by HKSCC.

Settlement 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.

None of the Shares are listed or dealt in on any stock exchange other than the Stock Exchange, and the Warrants and the New Shares which may fall to be issued upon the exercise of the subscription rights attached to the Warrants will not be listed or dealt in on any stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

Dealings in the Warrants are expected to commence on the Stock Exchange on Friday, 28 May 2021. The Warrants are expected to be traded on the Stock Exchange in board lots of 16,000 Warrants.

Investors should seek the advice of their stockbroker or other professional adviser for details of settlement arrangements for the Warrants and the New Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants and how such arrangements affect their rights and interests.

LETTER FROM THE BOARD

Taxation

Dealings in the Warrants and the New Shares which may fall to be issued upon exercise of the subscription rights attaching to the Warrants may be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, or any other applicable fees and charges in Hong Kong.

The Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holdings or disposal of, dealing in or exercising, the Warrants and, as regards the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the Warrants otherwise falling to be issued to them under the Bonus Warrants Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Bonus Warrants Issue accepts responsibility for any tax implication or liabilities of the Shareholders or the holders of the Warrants resulting from the purchase, holding or disposal of, or dealing in, the Shares or the Warrants or exercise of the subscription rights attaching to the Warrants.

3. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the Instrument and the Memorandum of Association and the Articles of Association of the Company will be available for inspection by the Shareholders at the office of H.Y. LEUNG & CO. LLP situated at 22/F, Infinitus Plaza, No.199 Des Voeux Road Central, Hong Kong during normal business hours on any weekday, except public holidays, for a period of 14 days from the date of this circular.

4. DIRECTORS' RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

5. FURTHER INFORMATION

Your attention is drawn to the summary of the principal terms of the Warrants in the Appendix to this circular.

By order of the Board
Huarchi Global Group Holdings Limited
Lou Cheok Meng
Chairman and Managing Director

The English translation of Chinese names or words in this circular, where indicated by “”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

The principal terms and conditions of the Warrants will be set out in the Warrant certificates and will include provisions summarized below. Unless otherwise defined, capitalized terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 30 April 2021. The 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 Instrument, a copy of which will be available for inspection by the Shareholders at the office of H.Y. LEUNG & CO. LLP situated at 22/F, Infinitus Plaza, No. 199 Des Voeux Road Central, 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;
“Articles of Association”	means the memorandum of association and articles of association of the Company as amended from time to time;
“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;
“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;

“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;
“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”, “HK\$” 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 the deed poll to be executed by the Company creating and constituting the Warrants and the Schedules thereto (as from time to time modified in accordance with the terms thereof) and includes any instrument which is executed in accordance with the provisions thereof (as from time to time modified as aforesaid) and expressed to be supplemental thereto;

“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Record Date”	means the date fixed by the Articles of Association 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;
“Registrar”	means Tricor 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;
“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 Warrants and all other (if any) stock or shares from time to time and for the time being ranking <i>pari passu</i> therewith and all other (if any) shares or stock in the Equity Share Capital 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;
“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 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\$1.5 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 New 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 New Shares as and when the same are allotted;
“Subscription Rights”	in respect of one Warrant, means the subscription right attached to the Warrant to subscribe for one fully paid New Share at the Subscription Price, initially being HK\$1.5 each (subject to adjustment);
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Listing Rules) of the Company and include a company which would be a subsidiary of the Company within the meaning of the Listing Rules had it (and the Company) been incorporated thereunder;
“Takeovers Code”	means the Codes on Takeovers and Mergers and Share Buy-backs;
“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 to the Instrument, as from time to time modified in accordance with the provisions set out therein;

“Warrantholder(s)” 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

“Warrant(s)” means the rights created by the Instrument and any deed poll supplemental thereto entitling the registered holders thereof to exercise Subscription Rights on the terms set out in the Instrument and in the Conditions.

- (b) Subject to the provisions hereof and in compliance with all exchange control, fiscal and other laws and regulations applicable thereto, the Warrantholder shall 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\$1.5 per Share (subject to adjustments) in cash or by settlement in such manner(s) as agreed by the Company. 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 Warrants and Warrant certificates will cease to be valid for any purpose.
- (c) Each 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 Warrant Certificate, the Warrantholders must complete and sign the Subscription Form (which, once signed and completed, shall be irrevocable) and deliver the same and the Warrant Certificate (and, if the subscription form used shall not be the form endorsed thereon, the separate subscription form) duly completed to the Registrar (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) or by settlement in such manner(s) as agreed by the Company. In each case, compliance must also be made by the exercising Warrantholder with any exchange control, fiscal or other laws or regulations for the time being applicable.

- (d) The number of New Shares to be issued and allotted on exercise of the Subscription Rights shall be the number of the 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. No fraction of a New Share will be issued and allotted but any balance representing Exercise Moneys in respect of such fraction paid on exercise of the Subscription Rights represented by the Warrant Certificate will be retained by the Company for its own benefit, provided always that for the purpose of determining whether any (and if so what) fraction of a New Share arises:
- (i) if the Subscription Right represented by the Warrant Certificate and any one or more other Warrant certificates are exercised on the same Subscription Date by the same Warrantheader then the Subscription Rights represented by such Warrants shall be aggregated; and
 - (ii) regard shall be had, where applicable, to the relevant provisions of the Instrument.
- (e) The Company has undertaken in the Instrument that New Shares falling to be issued upon the exercise of the Subscription Rights represented by the Warrant Certificate 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 Warrantheaders 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 and issue of New Shares (and subject to any shorter or longer period as prescribed by the Stock Exchange from time to time, not later than 21 Business Days after the relevant Subscription Date) there will be issued free of charge to the Warrantheader(s) to whom such allotment and issue has been made:
- (i) a certificate (or certificates) for the relevant Shares in the name(s) of such Warrantheader(s);

- (ii) (if applicable) a balancing Warrant Certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights represented by the Warrant Certificate lodged but remaining unexercised;
 - (iii) (if applicable) a cheque representing fractions of the Exercise Moneys in respect of the Warrantholder's fractional entitlement to New Shares; and
 - (iv) (if applicable) a certificate in registered form evidencing the right of the exercising Warrantholder(s) to the allotment of an additional nominal amount of capital of the Company pursuant to the Instrument.
- (g) The certificate(s) for the New Shares arising on the exercise of the Subscription Rights, the balancing Warrant Certificate (if any) and the certificates referred to in sub-paragraphs (c) and (d) above (if any) will be sent by post at the risk of such Warrantholder(s) to the address of such Warrantholder(s) or (in the case of a joint holding) to that one of them whose name stands first in the register of Warrantholders of the Company (which shall be deemed to be a sufficient despatch to all of them). If the Company agrees, such certificate(s) and cheque(s) may by prior arrangement be retained by the Registrar to await collection by the relevant Warrantholder(s).
- (h) The Subscription Rights shall not be exercised by the Warrantholders and the Company shall not issue and allot any New Shares pursuant to such Subscription Rights if, immediately following the issue of the New Shares upon exercise of the respective Warrant(s), the Company would be unable to meet the public float requirement under the Listing Rules.

2. ADJUSTMENT OF THE SUBSCRIPTION PRICE

The Instrument contains detailed provisions relation to the adjustment of the Subscription Price. The Subscription Price shall be adjusted in each of the following cases:

- (a) The Subscription Price shall (except as mentioned in sub-paragraphs (b), (c) and (d) below) be adjusted in each of the following cases:
 - (i) an alteration to the nominal or par value of the Shares as a result of consolidation or subdivision;
 - (ii) an issue (other than in lieu of cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves;

- (iii) a capital distribution (as defined in the Instrument) being made by the Company to the Shareholders (whether on a reduction of capital or otherwise), or a grant to the Shareholders rights to acquire for cash assets of the Group;
- (iv) an offer of Shares for subscription by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares at a price less than the market price;
- (v) an issue of any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), or an offer of any preferential rights to subscribe for or purchase securities of a subsidiary of the Company granted upon an initial public offering;
- (vi) an issue of Shares, or an issue or a grant of options, warrants or other rights to subscribe for or purchase Shares, at a price per Share less than 85% of the market price;
- (vii) an issue of any securities which carry rights of conversion into, or exchange or subscription for, Shares at a consideration per Share less than 85% of the market price;
- (viii) a modification of the rights of conversion, exchange or subscription attaching to any securities in sub-paragraph (vii) above so that the consideration per Share is less than 85% of the market price;
- (ix) an issue, a sale or a distribution any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in;
- (x) an issue of Shares for the acquisition of any asset at a consideration per Share less than 85% of the market price;
- (xi) an issue of Shares by way of a scrip dividend where the market price of such Shares exceeds 110% of the amount of the dividend which Shareholders could elect to or would otherwise receive in cash; and
- (xii) the Company or the Warrantholders determine that an adjustment should be made to the Subscription Price as a result of one or more events or circumstances whether or not referred to in this paragraph 2(a).

- (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 Warrantheolders. 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 Warrantheolders 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 WARRANTS

The Warrants will be issued in registered form. The Company will be entitled to treat the registered holder of any 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 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 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 Warranholders accordingly. The register may be closed from time to time. Any transfer or exercise of the Subscription Rights attached to the Warrants made while the register is so closed shall, as between the Company and the person claiming under the relevant transfer of the Warrants or, as the case may be, as between the Company and the Warranholder who has so exercised the Subscription Rights to his Warrants (but not otherwise), be considered as made immediately after the reopening of the register. Transfers of the Warrants must be executed by both the transferor and the transferee. The provisions of the Articles of Association 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 Warrants and the register of Warranholders.
- (c) Persons who hold the Warrants and have not registered the Warrants in their own names and wish to exercise the Warrants should note that they may incur additional costs and expenses in connection with any expedited re-registration of Warrants prior to the transfer or exercise of Subscription Rights attached to the 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 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 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 Takeovers Code as approved by the Securities and Futures Commission of Hong Kong, the Listing Rules, and all other applicable laws, rules and regulations, purchase the Warrants:

- (a) in the open market or by tender (available to all Warrantholders alike) at any price; or
- (b) by private treaty upon terms to be agreed between the parties, but not otherwise. All Warrants purchased as aforesaid shall be cancelled forthwith and may not be reissued or re-sold.

6. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

- (a) The Instrument contains provisions for convening meetings of Warrantholders to consider any matter affecting the interests of the 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 Warrant Certificate. A resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.
- (b) All or any of the rights for the time being attached to the 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 Warrant Certificate) and the sanction of a Special Resolution of the Warrantholders shall be necessary to effect such alteration or abrogation.

- (c) Where a 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 Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation must specify the number of 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 Warrantholder.

7. REPLACEMENT OF WARRANT CERTIFICATES

If a 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 scrip fee not exceeding HK\$2.50 (or such higher fee as may from time to time be permitted under the rules prescribed by the Stock Exchange) as the Company may determine. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.

In the case of lost Warrant Certificates, Division 5 of Part 4 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) shall apply as if "shares" referred to therein included the 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 Warrants outstanding is equal to or less than 10 % of the Warrants issued under the Instrument, the Company may, on giving not less than three months' notice, require the Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without compensation to the 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 New Shares falling to be issued upon such exercise;
- (B) all New 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 the 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 New 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

The Instrument contains provisions relating to notices to be given to Warrantholders:

- (a) Every Warrantholder shall register with the Company an address either in Hong Kong or elsewhere to which notices can be sent and if any Warrantholder shall fail to do so, notice may be given to such 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.
- (b) 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.
- (c) All notices with respect to the Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the register of the Warrantholders and notice so given shall be sufficient notice to all the holders of such Warrants.

13. RIGHTS OF THE 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 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 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 Warrantholders; and
 - (ii) in the event a notice is given by the Company to its Shareholders (and the 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 Warrantholder and thereupon, every Warrantholder shall be entitled by irrevocable surrender of his 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 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 New Shares which fall to be issued pursuant to the exercise of the relevant Subscription Rights and shall procure that each 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 Warrant Certificate will cease to be valid for any purpose.

14. OVERSEAS WARRANTHOLDERS

If a 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 New Shares to such 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 Warrantholder of any Subscription Rights either (i) allot the New Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company, or (ii) allot such New Shares to such 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 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 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 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.