

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Allied Properties (H.K.) Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Hong Kong Securities Clearing Company Limited ("HKSCC") take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

A copy of this circular has been registered by the Registrar of Companies in Hong Kong as required by section 38D of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this circular.

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the 2009 Warrants (as defined herein) and any new Shares (as defined herein) falling to be issued upon the exercise of the subscription rights attaching to the 2009 Warrants. Dealings in the 2009 Warrants are expected to commence from 9:30 a.m. on 7th June, 2006.

Subject to, inter alia, the granting of the listing of, and permission to deal in, the 2009 Warrants and any new Shares falling to be issued upon the exercise of the subscription rights attaching to the 2009 Warrants on the Stock Exchange, the 2009 Warrants and any new Shares that may fall to be issued upon the exercise of the subscription rights attached to the 2009 Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS (as defined herein) with effect from the commencement date of dealings in the 2009 Warrants on the Stock Exchange or such other date as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.



ALLIED PROPERTIES (H.K.) LIMITED
(聯合地產 (香港) 有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 56)

BONUS ISSUE OF WARRANTS

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EXPECTED TIMETABLE

2006

Last day of dealings in Shares cum entitlements to the Bonus Issue	Wednesday, 17th May
First day of dealings in Shares ex entitlements to the Bonus Issue	Thursday, 18th May
Latest time for registration of Share transfers for entitlements to the Bonus Issue	4:00 p.m. Friday, 19th May
Register of members closed for determining entitlements to the Bonus Issue (both days inclusive)	
from	Monday, 22nd May
to	Friday, 26th May
Record Date	Friday, 26th May
Despatch of certificates for 2009 Warrants on or before	Monday, 5th June
Commencement day of dealings in 2009 Warrants	Wednesday, 7th June

Note: All times and dates refer to Hong Kong local time.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to Allied Properties (H.K.) Limited and the proposed issue of the 2009 Warrants. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

DEFINITIONS

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

“Board”	the board of Directors
“Bonus Issue”	the proposed issue of the 2009 Warrants on the basis of one (1) 2009 Warrant for every five (5) existing Shares held by the Shareholders, excluding the Overseas Shareholders, on the Record Date, upon and subject to the terms and conditions set out in this circular and the Instrument
“business day”	a day (excluding Saturday and any day which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“Commencement Date”	the date on which dealings in the 2009 Warrants commence (which is expected to be 7th June, 2006) on the Stock Exchange
“Company”	Allied Properties (H.K.) Limited (聯合地產(香港)有限公司), a company incorporated in Hong Kong, the Shares of which are listed on the Main Board of the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Directors”	directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Instrument”	the deed poll to be executed by the Company creating and constituting the 2009 Warrants

DEFINITIONS

“Latest Practicable Date”	4th May, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose registered addresses as shown on the register of members of the Company on the Record Date are outside Hong Kong
“Record Date”	26th May, 2006
“Registrar”	the Company’s share registrar, Computershare Hong Kong Investor Services Limited, situate at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Share(s)”	ordinary share(s) of HK\$2.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$10.00 per Share (subject to adjustments) in respect of each 2009 Warrant
“Subscription Period”	the period commencing from the Commencement Date (which is expected to be 7th June, 2006) to a date falling three years from the Commencement Date (which is expected to be 6th June, 2009) (both dates inclusive, and if either such date is not a Business Day, then the Business Day immediately preceding such date)
“2009 Warrant(s)”	warrant(s) to be created and constituted by the Instrument and to be granted by way of the Bonus Issue in units of HK\$40,000.00 each of subscription rights, entitling the holder(s) thereof to subscribe at any time during the Subscription Period for fully paid Shares at an initial Subscription Price of HK\$10.00 per Share (subject to adjustments) and otherwise on the terms set out in the Instrument, a summary of the principal terms of which are set out in the Appendix to this circular
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“%”	per cent.



ALLIED PROPERTIES (H.K.) LIMITED
(聯合地產 (香港) 有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 56)

Executive Directors:

Patrick Lee Seng Wei (*Chief Executive*)

Li Chi Kong

Non-Executive Directors:

Henry Lai Hin Wing

Steven Lee Siu Chung

Registered Office:

22nd Floor

Allied Kajima Building

138 Gloucester Road

Wanchai

Hong Kong

Independent Non-Executive Directors:

Alan Stephen Jones

John Douglas Mackie

Steven Samuel Zoellner

11th May, 2006

*To the Shareholders and for information only,
the Overseas Shareholders*

Dear Sir or Madam,

BONUS ISSUE OF WARRANTS

INTRODUCTION

By the Company's announcement dated 12th April, 2006, the Board resolved, subject to the satisfaction of the condition below, the Bonus Issue. The purpose of this circular is to provide you with further information on the Bonus Issue.

THE BONUS ISSUE

(1) Terms

Under the Bonus Issue, the 2009 Warrants will be issued in registered form in the proportion of one (1) 2009 Warrant for every five (5) Shares held by Shareholders (other than the Overseas Shareholders) whose names appear on the register of members of the Company on the Record Date.

LETTER FROM THE BOARD

The 2009 Warrants will entitle the holders thereof to subscribe for new Shares at the Subscription Price, at any time during the Subscription Period (being the period commencing from the Commencement Date (which is expected to be 7th June, 2006) to a date falling three years from the Commencement Date (which is expected to be 6th June, 2009) (both dates inclusive, and if either such date is not a Business Day, then the Business Day immediately preceding such date)). Fractional entitlements to the 2009 Warrants will not be granted to the Shareholders but will be aggregated and sold for the benefit of the Company. The Subscription Price is subject to adjustments upon occurrence of adjustment events arising as a result of changes in the share capital of the Company including consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company. Any subscription rights attaching to the 2009 Warrants which have not been exercised on or before the latest time of exercise will thereafter lapse and the 2009 Warrants will cease to be valid for any purpose.

The Subscription Price of HK\$10.00 represents a premium of approximately 2.04% over the closing price of HK\$9.80 per Share on the Stock Exchange on the Latest Practicable Date, and represents a premium of approximately 16.89% over the average closing price of HK\$8.555 per Share on the Stock Exchange for the ten trading days ended on the Latest Practicable Date.

The 2009 Warrants will be created and constituted by the Instrument by way of deed poll executed by the Company and are proposed to be granted in registered form subject to the terms and conditions set out in the Instrument. Shares to be issued on the exercise of the subscription rights attaching to the 2009 Warrants will rank for any dividends and other distributions and/or offers of further securities made by the Company, the record date for which is on or after the relevant subscription date and subject thereto, *pari passu* in all respects with the then existing issued Shares on the relevant subscription date.

A summary of the terms and conditions of the 2009 Warrants, including the circumstances in which the Subscription Price may be adjusted, is set out in the Appendix to this circular.

(2) Use of Proceeds

On the basis of 537,151,901 Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or repurchased by the Company on or before the Record Date, 107,430,380 2009 Warrants are proposed to be issued pursuant to the Bonus Issue. Full exercise of the 107,430,380 2009 Warrants would result in the receipt by the Company of HK\$1,074,303,800.00, before expenses and, assuming that the Subscription Price is not adjusted, an issue of 107,430,380 new Shares, representing approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of such new Shares. The Company has not presently planned for any specific use of the proceeds save as to say that it is the present intention of the Board to apply the proceeds of the Bonus Issue for general working capital and to reduce the indebtedness of the Company in general.

LETTER FROM THE BOARD

(3) General Mandate

The Bonus Issue will be made under the authority of a general mandate granted to the Board by the Shareholders at the annual general meeting of the Company held on 3rd June, 2005 to issue and allot new securities up to 20% of the issued share capital of the Company as at 3rd June, 2005.

(4) Overseas Shareholders

As set out in the announcement of the Company dated 12th April, 2006, the Bonus Issue will not be made to certain Overseas Shareholders in the event that the Directors, upon making enquiry, consider such exclusion to be necessary or expedient on account of either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places.

On the basis of the information made available to the Directors, as at the Latest Practicable Date, there were Overseas Shareholders whose addresses as shown on the register of members of the Company were in Australia, Canada, the People's Republic of China, the United Kingdom, Macau, Malaysia, New Zealand, Singapore, Thailand, Taiwan and the United States of America. The Directors have made enquiries on the legal restrictions and regulatory requirements in relation to the Bonus Issue to the Overseas Shareholders in the above jurisdictions and on the compliance with the relevant restrictions and formalities and having done so, the Board considered that because of the likely costs and time involved if overseas compliance were to be observed, and the insignificant shareholdings of the Overseas Shareholders, the costs of overseas compliance would outweigh the benefits which the Company and the Shareholders as a whole would receive by including the Overseas Shareholders in the Bonus Issue and it would be necessary/expedient to exclude the Overseas Shareholders (i.e. those Overseas Shareholders whose addresses as shown on the register of members of the Company on the Record Date are in Australia, Canada, the People's Republic of China, the United Kingdom, Macau, Malaysia, New Zealand, Singapore, Thailand, Taiwan and the United States of America) from the Bonus Issue. Accordingly, no allotment of 2009 Warrants will be made to the Overseas Shareholders pursuant to the Bonus Issue.

In such circumstances, arrangements will be made for the 2009 Warrants which would otherwise have been issued to the Overseas Shareholders to be sold in the market as soon as practicable. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Overseas Shareholders pro rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

For the avoidance of doubt, the Overseas Shareholders have been sent a copy of this circular for their information only.

LETTER FROM THE BOARD

(5) Condition

The Bonus Issue is conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the 2009 Warrants and any new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2009 Warrants.

Save for the Bonus Issue, the Company has no other outstanding equity securities which remain to be issued on exercise of any other subscription rights subject to Chapter 15 of the Listing Rules.

(6) Listings and Dealings

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the 2009 Warrants and any new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2009 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 in is being or is proposed to be sought.

All necessary arrangements have been made by the Company to enable the 2009 Warrants to be admitted into CCASS. Subject to the granting of the listing of, and permission to deal in, the 2009 Warrants and any new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2009 Warrants on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the 2009 Warrants and any new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2009 Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Commencement Date (being the date on which dealings in the 2009 Warrants commence (which is expected to be 7th June, 2006) on the Stock Exchange) or such other date 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.

The 2009 Warrants will be traded in board lots of 4,000 units entitling holders thereof to subscribe an amount of HK\$40,000.00 for Shares, representing the aggregate subscription price for 4,000 Shares initially, on the basis of an initial Subscription Price of HK\$10.00 per Share. It is expected that certificates for the 2009 Warrants will be posted to the persons entitled thereto by ordinary post on or before 5th June, 2006 at their own risk. Dealings in the 2009 Warrants on the Stock Exchange are expected to commence on 7th June, 2006.

(7) Book Closure

The register of members of the Company will be closed from Monday, 22nd May, 2006 to Friday, 26th May, 2006 (both days inclusive) in order to establish entitlements of Shareholders to the Bonus Issue, during which period no transfer of Shares will be

LETTER FROM THE BOARD

registered. In order to qualify for the 2009 Warrants under the Bonus Issue, Shareholders are reminded to ensure that all Share transfers, accompanied by the relevant certificates, must be lodged with the Registrar, Computershare Hong Kong Investor Services Limited, situate at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 19th May, 2006.

(8) Reasons for the Bonus Issue

The Board believes that the Bonus Issue will provide the Shareholders with the opportunity to participate further in the future growth of the Company and its subsidiaries.

(9) Taxation and Expenses

Dealings in the 2009 Warrants registered on the Company's register of warrant holders maintained in Hong Kong will be subject to Hong Kong stamp duty. Shareholders are recommended to consult their professional advisers as to the tax implications of the Bonus Issue, in particular, whether the Bonus Issue would be regarded as a transaction of an income or capital nature or make such Shareholders liable to taxation.

The Stock Exchange charges a trading fee of 0.005%, and the Securities and Futures Commission also charges a transaction levy of 0.005%, in respect of each transaction effected on the Stock Exchange, payable by each of the seller and the buyer and is calculated on the value of consideration for the relevant securities. In addition, stockbrokers charge brokerage against both buyers and sellers and such brokerage is required to be not less than 0.25% of the value of the purchase or sale (calculated on the value of the consideration for the relevant securities).

Yours faithfully,
For and on behalf of the Board
Patrick Lee Seng Wei
Chief Executive

SUMMARY OF THE TERMS OF THE 2009 WARRANTS

The 2009 Warrants (hereinafter defined as “Warrants” for the purpose of this Appendix) are proposed to be created and constituted by the Instrument by way of deed poll to be executed by the Company and will be issued in registered form and will form one class and rank *pari passu* in all respects with each other.

Warrantholders (as defined below) shall be entitled to the benefit of, be bound by, and be deemed to have notice of all the provisions of the Instrument. Copies of the Instrument, the principal provisions of which are summarised below, will be available at the registered office of the Company or such other place as may be notified to the Warrantholders (as defined below) from time to time.

References in this summary to “Shares” are to the shares of HK\$2.00 each in the authorised share capital of the Company existing on the date of issue of the Warrants and all other shares from time to time and for the time being ranking *pari passu* therewith and all other shares in the capital of the Company resulting from any sub-division, consolidation or re-classification of Shares.

1. Subscription

- (a) The registered holder or joint holders for the time being of a Warrant (“Warrantholder”) shall have rights (“Subscription Rights”) to subscribe in cash for fully-paid Shares but not in respect of any fraction of a Share at a price (subject to the adjustments referred to below) of HK\$10.00 per Share (“Subscription Price”). The Subscription Rights attaching to the Warrants held by a Warrantholder may be exercised, in respect of all or part of the Warrants so held, at any time between the date when dealings in the Warrants on the Stock Exchange commence (which is expected to be 7th June, 2006) (“Commencement Date”) and a date falling three years from the Commencement Date (which is expected to be 6th June, 2009) (both dates inclusive, and if either such date is not a Business Day, then the Business Day immediately preceding such date) (“Subscription Period”). Any Subscription Rights which have not been exercised on or before the end of the Subscription Period will thereafter lapse and the relevant Warrants will cease to be valid for any purpose.
- (b) A Warrantholder may exercise his Subscription Rights by completing and signing the subscription form endorsed on the Warrant certificate or the separate subscription form which the Company permits to be used (both of which shall, once signed and completed, be irrevocable) and delivering the Warrant certificate, together with the separate subscription form if appropriate, to the warrant registrar of the Company for the time being (“Registrar”), together with a remittance for the subscription moneys for the Shares in respect of which the Subscription Rights are being exercised. The date on which such documents (duly completed and signed) and the relevant remittances are delivered to the Registrar shall be the date on which the relevant Subscription

Rights are exercised and is hereafter referred to as the "Subscription Date". In each case, compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.

- (c) No fraction of a Share will be allotted but any balance of the subscription moneys paid on the exercise of the Subscription Rights will be refunded by the Company to the relevant Warrantholder, provided that if the Subscription Rights comprised in two or more Warrant certificates are exercised by a Warrantholder on the same Subscription Date then, for the purpose of determining whether any (and if so what) fraction of a Share arises, the Subscription Rights represented by such Warrant certificates shall be aggregated.
- (d) The Company undertakes in the Instrument that Shares falling to be issued upon the exercise of the Subscription Rights will be issued and allotted not later than twenty-eight days after the relevant Subscription Date and will rank pari passu in all respects with the fully-paid Shares in issue on the relevant Subscription Date and accordingly shall entitle the holders thereof to participate in all dividends and/or other distributions declared, paid or made and/or offers of further securities made by the Company on or after the relevant Subscription Date unless adjustment thereof has been made as provided in the Conditions (as defined in the Instrument) and 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 is before the relevant Subscription Date and notice of the amount and Record Date therefor has been given to the Stock Exchange prior to the relevant Subscription Date.
- (e) As soon as practicable after the relevant allotment of Shares (and not later than twenty-eight days after the relevant Subscription Date), there will be issued free of charge to the Warrantholder:
 - (i) a certificate (or certificates) for the relevant Shares in the name(s) of the Warrantholder(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 comprised within the Warrant certificate(s) delivered as described in sub-paragraph (b) above remaining unexercised;
 - (iii) (if applicable) a cheque representing any fractional entitlement to Shares not allotted as mentioned in sub-paragraph (c) above; and
 - (iv) (if applicable) a Deficiency Certificate (as defined in the Instrument).

The certificate(s) for Shares arising on the exercise of Subscription Rights, the balancing Warrant certificate (if any), the cheque in respect of fractional entitlement (if any) and the Deficiency Certificate (if any) will be available for collection at the Registrar's office.

2. Adjustment of 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 provisions of the Instrument.

- (a) The Subscription Price shall (except as mentioned in sub-paragraphs (b) and (c) below) be adjusted as provided in the Instrument in each of the following cases:
- (i) an alteration to the nominal amount of the Shares by reason of any consolidation or subdivision;
 - (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully-paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
 - (iii) a Capital Distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of Shares in their capacity as such;
 - (iv) a grant by the Company to the holders of Shares (in their capacity as such) of rights to acquire for cash any assets of the Company or any of its Subsidiaries (as defined in the Instrument);
 - (v) an offer or grant of Shares being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for Shares at a price which is less than 90% of the market price (calculation as provided in the Instrument);
 - (vi) an issue wholly for cash being made by the Company or any other company of securities 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) per Share is less than 90% of the market price (calculation as provided in the Instrument), or the terms of any such issue are altered so that the said total Effective Consideration is less than 90% of the market price (calculation as provided in the Instrument);

- (vii) an issue being made by the Company wholly for cash of new Shares other than pursuant to a Share Option Scheme (as defined in the Instrument) at a price less than 90% of the market price (calculation as provided in the Instrument); and
 - (viii) the purchase by the Company of Shares or securities convertible into new Shares or any rights to acquire Shares (other than on the Stock Exchange or any other stock exchange) in any other 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 adjustment as is referred to in sub-paragraphs (a)(ii) to (viii) 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 Shares;
 - (ii) an issue of Shares, or other securities of the Company or any Subsidiary, wholly or partly convertible into or exchangeable for, or carrying rights to acquire Shares 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 consideration in whole or in part for the acquisition of any other securities, assets or business;
 - (iv) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the Instrument) which has been or may 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 convertible into or carrying rights to acquire Shares); or
 - (v) an issue of Shares in lieu of a cash dividend where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculation as provided in the Instrument) of the Shares is not more than 110% of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash.
- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors 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 with effect from a different time from that provided for under the said provisions, the Company may appoint an Approved Merchant Bank or the Auditors (both as defined in the Instrument) to consider whether for any reason whatsoever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relevant interests of the persons affected thereby and, if the Approved Merchant Bank or the Auditors consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in the 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 Approved Merchant Bank or the Auditors to be in their opinion appropriate.

- (d) Any adjustment to the Subscription Price will be made to the nearest one cent so that any amount under half a cent shall be rounded down and any amount of half 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 Subscription Price would be reduced would be less than one cent and any adjustment which would otherwise then be required shall not be carried forward. No adjustment may be made which would increase the Subscription Price (except on a consolidation of Shares) or which would result in the Shares being issued at a discount to their nominal value.
- (e) Every adjustment to the Subscription Price shall be certified by the Approved Merchant Bank or the Auditors (acting as experts whose decision, in the absence of manifest error, shall be conclusive and binding on the Company and the Warrantheolders) and notice of each adjustment (giving the relevant particulars) shall be given to the Warrantheolders. Any such certificates of the Approved Merchant Bank and/or the Auditors shall be available for inspection at the registered office of the Company or such other place as may be notified to the Warrantheolders from time to time where copies may be obtained.

3. Registered Warrants

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

4. Transfer, transmission and registration

The Warrants will be transferable, in whole amounts or integral multiples of HK\$10.00, 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 the transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by

the Directors for this purpose), the transfers may be executed under the hands of authorised person(s) or by machine imprinted signature(s) on its behalf or of such person(s), as the case may be. The Company shall maintain a register of Warrantholders accordingly. Transfers of Warrants must be executed by both the transferor and the transferee. The provisions of the Company's articles of association relating to the registration, transfer and transmission of Shares shall apply, mutatis mutandis, to the registration, transfer and transmission of the Warrants (except where there are express provisions in the Instrument to the contrary).

Persons who hold 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 the Warrants prior to the transfer or exercise of the Warrants, in particular during the period commencing ten Business Days prior to and including the last day of the Subscription Period (which is expected to be 6th June, 2009).

Since the Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities, 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 (which is expected to be 6th June, 2009).

5. Closure of register of Warrantholders

The registration of transfers may be suspended and the register of Warrantholders may be closed for such periods as the Directors may from time to time direct, provided that the same may not be closed for a period, or for periods together, of more than thirty days in any one year. Any transfer or exercise of the Subscription Rights attached to the Warrants made while the register of Warrantholders is so closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and the Warrantholder who has so exercised the Subscription Rights attached to his Warrants (but not otherwise), be considered as made immediately after the re-opening of the register of Warrantholders.

6. Purchase and cancellation

The Company or any Subsidiaries may at any time purchase Warrants:

- (a) in the open market or by tender (available to all Warrantholders alike) at any price; or
- (b) by private treaty at a price per Warrant, exclusive of expenses, not exceeding 110% of the closing price of the Warrants on the Stock Exchange prior to the date of purchase of the Warrants,

but not otherwise. All Warrants purchased shall be cancelled forthwith and may not be re-issued or re-sold.

7. Meetings of Warranholders and modification of rights

- (a) The Instrument contains provisions for convening meetings of Warranholders to consider any matter affecting the interests of Warranholders, including the modification by Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or of the Conditions. A Special Resolution duly passed at any such meeting of Warranholders shall be binding on the Warranholders, 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 Conditions and/or the Instrument) with the prior sanction of a Special Resolution and may be effected only by deed poll executed by the Company and expressed to be supplemental to the Instrument.
- (c) Where the Warranholder 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 (or representatives) or proxy (or proxies) at any Warranholders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form 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 Warranholder.

8. Quorum

A quorum of a meeting of Warranholders will be two or more persons representing in aggregate the holders of not less than 5% of the Warrants for the time being outstanding, present in person or by proxy.

9. Replacement of Warrant certificates

If a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the Company's discretion, be replaced at the office of the Registrar on payment of such costs which may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security which the Company may require and on payment of such fee not exceeding HK\$2.50 per certificate (or such other amount as may from time to time be permitted under the rules of 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, section 71A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) shall apply as if shares referred to therein included Warrants.

10. Protection of Subscription Rights

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

11. Call

If at any time the aggregate of the amount of subscription moneys attached to the outstanding Warrants is equal to or less than 20% of the amount of moneys payable on exercise of all the Warrants issued under the Instrument, then the Company may, on giving not less than three months' notice, require 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 Warrantholders.

12. Further issues

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

13. Undertakings by the Company

The Company undertakes in the Instrument that:

- (a) upon the exercise of any Subscription Rights it will within twenty-eight days after the relevant Subscription Date allot and issue the number of Shares for which subscription is made;
- (b) all Shares allotted on the exercise of the Subscription Rights will, taking into account of any adjustment which may have been made pursuant to paragraph 2(a) of this Appendix, rank *pari passu* in all respects with the fully-paid Shares in issue on the relevant Subscription Date and shall accordingly entitle the holders thereof to participate in full in all dividends and/or other distributions, declared, paid or made and/or offers of further securities made by the Company on or after the relevant Subscription Date unless adjustment therefor has been made as provided in the Instrument and 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 Shareholders, its audited financial statements and all other notices, reports and communications despatched by it to Shareholders generally;

- (d) it will pay (if applicable) all Hong Kong stamp and capital duties, registration fees or similar charges in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights;
- (e) it will use its best endeavours to ensure that all Shares allotted on exercise of the Subscription Rights shall be admitted to listing on the Stock Exchange provided that no admission shall be obtained in the event that the Shares cease to be listed on the Stock Exchange as a result of an offer being made to the holders of Shares (or to holders excluding the offeror and/or its nominee (s) to acquire all or a proportion of the Shares);
- (f) it will keep available for issue sufficient Ordinary Capital (as defined in the Instrument) to satisfy in full all rights for the time being outstanding of subscription or conversion into Shares; and
- (g) it will use its best endeavours to procure that at all times during the Subscription Period, 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 other Warrants), and all Shares allotted and issued upon exercise of the Subscription Rights may upon allotment and issue or as soon as reasonably practicable thereafter, be dealt 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 the Warrantholders).

14. Winding up of the Company

- (a) If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company, then if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person(s) 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
- (b) in the event a notice is given by the Company to its Shareholders during the Subscription Period to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all Warrantholders (together with a notice of the existence of this provision) and thereupon, each Warrantholder shall be entitled to exercise all or any of the Subscription Rights attaching to his Warrants at any time not later than two

Business Days prior to the proposed general meeting of the Company by delivering to the Company the completed Subscription Form(s), accompanied by payment of the relevant subscription money, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Warrantholders credited as fully paid.

Subject to the foregoing, if the Company is wound-up, all Subscription Rights which have not been exercised at the date of the passing of such resolution will lapse and each Warrant certificate will cease to be valid for any purpose.

15. 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 Shares to such Warrantholder upon the exercise of any Subscription Rights would or may 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 or Hong Kong, then the Company will as soon as practicable after the exercise by such Warrantholder of any Subscription Rights either (i) allot the Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company; or (ii) allot such 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 such allotment or allotment and sale, the Company will pay such Warrantholder an amount equal to the consideration received (less expenses and duties) by it by posting the remittance to him at his risk.

16. Notices

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

17. Governing law

The Instrument and the Warrants are governed by and will be construed in accordance with the laws of Hong Kong.