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

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PROPOSED BONUS ISSUE OF WARRANTS

A letter from the Board is set out on pages 4 to 13 of this circular and a summary of the principal terms of the Warrants is set out on pages 14 to 27 of this circular.

27 July 2021

* For identification purpose only

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 29 June 2021 in relation to the Bonus Warrants Issue;
“Board”	the board of Directors;
“Bonus Warrants Issue”	the proposed 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;
“business day(s)”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Company”	APAC Resources Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1104);
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HKSCC”	the Hong Kong Securities Clearing Company Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Instrument”	the deed poll to be executed by the Company creating and constituting the Warrants;
“Latest Practicable Date”	20 July 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Committee”	has the meaning ascribed to it under the Listing Rules;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share(s)”	ordinary share(s) of HK\$1.00 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, based on legal opinions obtained by the Company, 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)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register is/are outside Hong Kong;
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date;
“Record Date”	Monday, 23 August 2021, being the record date for ascertaining the entitlements of Shareholders to the Bonus Warrants Issue;
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Warrant(s)”	warrant(s) proposed to be issued by the Company to subscribe for the New Share(s) at an initial subscription price of HK\$1.20 per New Share, subject to adjustment; and
“%”	per cent.

EXPECTED TIMETABLE

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

2021

Last day of dealings in Shares cum-entitlements to the Bonus Warrants Issue	Friday, 13 August
First day of dealings in Shares ex-entitlements to the Bonus Warrants Issue	Monday, 16 August
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 Tuesday, 17 August
Closure of register of members of the Company for the purpose of ascertaining the Shareholders' rights to the Bonus Warrants Issue	Wednesday, 18 August to Monday, 23 August (both days inclusive)
Record Date	Monday, 23 August
Despatch of the Warrant certificates by	Tuesday, 7 September
Commencement of dealings in the Warrants on the Stock Exchange	9:00 a.m. on Wednesday, 8 September

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 is for indicative purposes only and it has been prepared on the assumption that the condition of the Bonus Warrants Issue will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate in compliance with the Listing Rules.

LETTER FROM THE BOARD



APAC RESOURCES
APAC RESOURCES LIMITED
亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

Executive Directors:

Mr. Brett Robert Smith (*Deputy Chairman*)
Mr. Andrew Ferguson (*Chief Executive Officer*)

Non-Executive Directors:

Mr. Arthur George Dew (*Chairman*)
(Mr. Wong Tai Chun, Mark as his alternate)
Mr. Lee Seng Hui
Ms. Lam Lin Chu

Independent Non-Executive Directors:

Dr. Wong Wing Kuen, Albert
Mr. Chang Chu Fai, Johnson Francis
Mr. Wang Hongqian

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and

principal place of business:
Room 2304, 23rd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

27 July 2021

To the Shareholders

Dear Sir or Madam,

PROPOSED BONUS ISSUE OF WARRANTS

INTRODUCTION

Reference is made to the Announcement of the Company dated 29 June 2021. The Board proposed, subject to the satisfaction of the condition 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.

* For identification purpose only

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 of the Warrants, including circumstances in which the subscription price for the Warrants may be adjusted, is set out in the Appendix on pages 14 to 27 of this circular.

PROPOSED BONUS ISSUE OF WARRANTS

Basis of Bonus Warrants Issue

The Board proposed, subject to the satisfaction of the condition 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\$1.20, subject to customary anti-dilutive adjustments in market transactions of this type in certain events as set out in the Appendix to this circular, including share consolidations, share subdivisions, capitalisation issues and capital distributions (provided that the New Shares to be issued on the exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, exceed 20% of the number of issued Shares of the Company at the time such Warrants are issued), at any time from the date of issue of the Warrants to the last date falling thirteen (13) months thereafter, which is expected to be from Tuesday, 7 September 2021 up to and until 4:00 p.m. on Thursday, 6 October 2022 (both days inclusive).

The initial subscription price of HK\$1.20 represents:

- (i) a discount of approximately 4.00% to the closing price per Share of HK\$1.25 as quoted on the Stock Exchange on 29 June 2021 (being the last trading day of the Shares as at the date of the Announcement);
- (ii) a discount of approximately 2.44% to the average closing price per Share of approximately HK\$1.23 as quoted on the Stock Exchange for the last five trading days up to and including 29 June 2021;

LETTER FROM THE BOARD

- (iii) a discount of approximately 2.44% to the average closing price per Share of approximately HK\$1.23 as quoted on the Stock Exchange for the last ten trading days up to and including 29 June 2021; and
- (iv) a discount of approximately 13.04% to the closing price per Share of HK\$1.38 as quoted on the Stock Exchange on the Latest Practicable Date.

The initial subscription price for the Warrants was determined with reference to the closing prices per Share ranging from HK\$1.17 to HK\$1.22 as quoted on the Stock Exchange for the last five trading days up to and including 24 June 2021. The Directors consider the terms of the Bonus Warrants 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 1,218,893,914 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 the Record Date, the maximum number of non-renounceable Warrants to be issued will be 243,778,782 Warrants and upon the full exercise of the subscription rights attaching to the Warrants, a maximum of 243,778,782 New Shares (subject to adjustments) will be issued, representing 20% of the total number of Shares in issue as at the Latest Practicable Date and approximately 16.67% of the total number of Shares in issue as enlarged by the New Shares to be issued upon the exercise of all Warrants. Based on the initial subscription price of HK\$1.20 per New Share, the Company would receive the subscription monies totalling up to approximately HK\$292.53 million. The New Shares to be issued upon exercise of the subscription rights attaching to the Warrants will rank *pari passu* in all respects with the existing Shares in issue of the Company.

General mandate

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 20 November 2020. Under the said general mandate and on the basis of 1,218,893,914 issued Shares as at 20 November 2020, the Directors were authorised generally to issue up to 243,778,782 Shares. No Share has been allotted or issued under the general mandate since it was approved and a maximum of 243,778,782 Shares can be issued under the general mandate.

LETTER FROM THE BOARD

The Bonus Warrants Issue is not subject to the Shareholders' approval.

As at the Latest Practicable Date and based on the information then 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 was not aware of any intention of the Shareholders (including the Controlling Shareholders) to exercise the subscription rights attaching to the Warrants.

Effects on the shareholding structure of the Company

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

	As at the Latest Practicable Date		Immediately after the Bonus Warrants Issue assuming the subscription rights attaching to the Warrants are fully exercised		Immediately after the Bonus Warrants Issue assuming the subscription rights attaching to the Warrants are only exercised by the Controlling Shareholders	
	<i>Number of issued Shares</i>	<i>Approximate shareholding (%)</i>	<i>Number of issued Shares</i>	<i>Approximate shareholding (%)</i>	<i>Number of issued Shares</i>	<i>Approximate shareholding (%)</i>
Controlling Shareholders						
- Allied Group Limited ("AGL")	487,637,630	40.00	585,165,156	40.00	585,165,156	44.45
	<i>(Note 1)</i>					
- Lee and Lee Trust	487,637,630	40.00	585,165,156	40.00	585,165,156	44.45
	<i>(Note 2)</i>					
Other Shareholders	<u>731,256,284</u>	<u>60.00</u>	<u>877,507,540</u>	<u>60.00</u>	<u>731,256,284</u>	<u>55.55</u>
Total	<u><u>1,218,893,914</u></u>	<u><u>100.00</u></u>	<u><u>1,462,672,696</u></u>	<u><u>100.00</u></u>	<u><u>1,316,421,440</u></u>	<u><u>100.00</u></u>

Notes:

- These shares are held by Allied Properties Investments (1) Company Limited ("API(1)"), a wholly-owned subsidiary of Allied Properties Overseas Limited which in turn is a wholly-owned subsidiary of Allied Properties (H.K.) Limited ("APL"). AGL directly and indirectly (through Capscore Limited, Citiwealth Investment Limited and Sunhill Investments Limited, all being direct wholly-owned subsidiaries of AGL) owns in aggregate 100% of the total number of issued shares of APL. AGL is therefore deemed to have an interest in the Shares in which API(1) is interested.
- This represents the same interests of AGL in 487,637,630 Shares. Mr. Lee Seng Hui, Director, together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controls approximately 74.96% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and is therefore deemed to have an interest in the Shares in which AGL is interested through API(1).

LETTER FROM THE BOARD

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.

As at the Latest Practicable Date, the Company had certain Overseas Shareholders whose registered addresses on the register of members of the Company are outside Hong Kong, including one in Australia, two in Germany, one in Switzerland and one in the United Kingdom. The Shares held by such Overseas Shareholders represented approximately 0.0002% of the total number of issued Shares as at the Latest Practicable Date.

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 place and the requirements of the relevant regulatory body or stock exchange in that place in which such Overseas Shareholders are residing.

Taking into account the foreign legal opinions as at the Latest Practicable Date provided by the legal advisers where such Overseas Shareholders are based, the Directors are of the view that it is expedient to extend the Bonus Warrants Issue to the Overseas Shareholders with registered addresses in Australia, Germany, Switzerland and the United Kingdom and regard them as Qualifying Shareholders as there are no specific legal restrictions and/or regulatory requirements applicable in such jurisdictions in terms of offering the Warrants. 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.

LETTER FROM THE BOARD

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 on the Record Date. Remittance thereof will be posted to them, at their own risk, unless the amount falling to be distributed to any 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 Group is an established investment fund and commodity trading house which owns strategic interests in natural resource companies with the main business lines comprising of primary strategic investment, resource investment, and commodity trading business, focused primarily on metals, mining and energy and investment in financial assets.

Under the influence of the COVID-19 pandemic, global central banks and governments have adopted aggressive fiscal and monetary policies to bolster the economies and global financial liquidity. In order to capture profitable investment opportunities in anticipation of a strong rebound of the global equity markets, and with the belief that mining and resources sectors will benefit from such global economic recovery, the Board has resolved to expand its existing investment portfolios under the resource investment segment to include all categories of natural resources, including but not limited to energy, renewables and mining, through investments in natural resource companies with large market capitalisation. The Directors believe that such strategic expansion will lay a good foundation for the future growth of the Group and enhance return to the Shareholders.

LETTER FROM THE BOARD

As at 30 June 2021, the Company's bank balances and cash amounted to approximately HK\$420 million. The Directors believe that the Bonus Warrants Issue can (i) offer equal opportunity to all Shareholders to subscribe for their pro-rata entitlement to the New Shares and hence avoids dilution; (ii) provide the Shareholders with the flexibility to elect within the thirteen (13) months subscription period whether to acquire or dispose of Warrants in the open market (subject to the availability) or exercise the subscription rights attaching thereto at their discretion, and thereby enjoy potential capital gain; and (iii) strengthen the capital base and liquidity of the Company without incurring any interest costs for potential investments to be identified under the abovementioned expansion plan if and when the subscription rights attaching to the Warrants are exercised.

The Company intends to apply any subscription monies received as and when subscription rights are exercised (i) for enhancing the Group's capacity to further invest in companies involved in the natural resources sector; and (ii) towards general working capital of the Group, in particular, as administrative expenses and operating funds for the Group's commodity trading business.

The subscription monies are expected to be utilised up to 31 December 2023. The expected timeline of full utilisation is based on the Directors' best estimation, and would be subject to change based on the future development of market conditions. The Company will publish further announcement if there is any change of the expected timeline or intended use of proceeds from the Bonus Warrants Issue.

Fund raising activities of the Company

The Company has not conducted any fund raising activities by issue of equity securities in the twelve (12) months immediately before the date of the Announcement and the Latest Practicable Date.

As at the Latest Practicable Date, save for the Bonus Warrants Issue, the Company has no current intention to conduct other equity fundraising activities in the next twelve (12) months.

Certificates for the Warrants and board lot

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 Tuesday, 7 September 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 shareholdings.

LETTER FROM THE BOARD

Record Date and closure of register of members

The register of members of the Company will be closed from Wednesday, 18 August 2021 to Monday, 23 August 2021 (both days inclusive) for determining entitlements to the Bonus Warrants Issue. No transfer of Shares will be registered during the book closure period.

The last day for dealing in Shares cum-entitlements to the Bonus Warrants Issue will be Friday, 13 August 2021. In order to qualify for the Bonus Warrants Issue, all outstanding transfers of Share ownership, accompanied by the relevant share certificates, must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 17 August 2021.

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 dates 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.

LETTER FROM THE BOARD

It is envisaged that, at the time of the listing of the Warrants and the New Shares, there will be at least 300 Shareholders in compliance with Rule 8.08(2) of the Listing Rules, and the expected market capitalisation shall be at least HK\$10,000,000 in compliance with Rule 8.09(4) of the Listing Rules.

Dealings in the Warrants are expected to commence on the Stock Exchange on Wednesday, 8 September 2021. The Warrants are expected to be traded on the Stock Exchange in board lots of 12,000 Warrants.

Investors should seek the advice of their stockbroker(s) or other professional adviser(s) 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.

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 the subscription rights attaching thereto, 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 New Shares or the Warrants or exercise of the subscription rights attaching to the Warrants.

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

FURTHER INFORMATION

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

Yours faithfully,
By Order of the Board
APAC Resources Limited
Andrew Ferguson
Executive Director

The Warrants will be issued subject to and with benefit of the Instrument and they will be issued in registered form and will form one class and rank *pari passu* in all respects with each other.

The principal terms and conditions of the Warrants will be set out in the Warrant Certificates and will include provisions to the effect set out below. Warrantheolders will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions of the Instrument, a copy of which will be available for inspection by the Shareholders during normal business hours throughout the Subscription Period at the principal office of the Registrar for the time being in Hong Kong or at such other place as may be notified to the Shareholders from time to time.

1. DEFINITIONS

In this Appendix, unless otherwise stipulated or defined in the Circular, the following expressions shall have the following meanings:

“approved merchant bank”	an independent reputable merchant bank or other reputable financial institution selected by the Directors;
“Capital Distribution”	distributions in cash or specie, and any dividend or distribution charged or provided for in the accounts for any financial period (whenever paid and however described) which are deemed to be a capital distribution, provided that any such dividend shall not automatically be so deemed if (i) it is paid out of the aggregate of the net profits (less losses) or contributed surplus, or both, attributable to the holders of Shares for all financial periods after that ended 30 June 2020 and for the six months ended 31 December 2020 as shown in the audited consolidated profit and loss account of the Company and its subsidiaries for each such financial period and for the six months 31 December 2020; or (ii) to the extent that (i) above does not apply, the rate of that dividend, together with all other dividends on the class of capital in question charged or provided for in the accounts for the financial period in question, does not exceed the aggregate rate of dividend on such class of capital charged or provided for in the accounts for the last preceding financial period;

“Exercise Moneys”	in relation to any Warrant, the amount in cash payable in respect of the New Shares for which the Warrantholder of such Warrant is entitled to subscribe upon the exercise of the Subscription Rights represented thereby;
“Register”	the register of Warrantholders;
“Registrar”	Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong or such other person, firm or company as for the time being maintains in Hong Kong (unless the Directors otherwise determine) the Register and the register of members of the Company;
“Share Option Scheme”	any scheme or arrangement approved by the Shareholders in general meeting 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 of its subsidiaries to employees including executive directors of the Company or any of its subsidiaries;
“Subscription Date”	in relation to any Warrant, the close of business on any business day falling during the Subscription Period on which any of the Subscription Rights represented by such Warrant are duly exercised by delivery of the relative Warrant Certificate to the Registrar with the subscription form duly completed, together with a remittance for the Exercise Moneys or (in the case of a partial exercise) the relevant portion thereof, and otherwise in accordance with the terms and conditions of the Warrants, provided that if such Subscription Rights are exercised during a period in which the register or branch register of members of the Company maintained in the territory in which the Stock Exchange for the time being is situate is closed the Subscription Date in relation to such exercise shall be the close of business on the next following business day on which such register or branch register is open;
“Subscription Period”	the period of thirteen (13) months from 7 September 2021 up to and until 4:00 p.m. on 6 October 2022 (both days inclusive);

“Subscription Price”	in relation to each New Share, the sum payable in respect of such New Share to which the registered holder of each Warrant shall be entitled to subscribe upon exercise of the Subscription Rights represented thereby, being HK\$1.20 initially as at the date of issue of the Warrants or such adjusted price as may for the time being be applicable in accordance with the terms of the Instrument and, in relation to more than one New Share, the aggregate of the sums payable as aforesaid in respect of all the relevant New Shares;
“Subscription Right Reserve”	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 Right Reserve in paying up in full such additional New Shares as and when the same are allotted;
“Subscription Rights”	the rights of the Warrantholders represented by the Warrants to subscribe for New Shares at the Subscription Price upon and subject to the conditions endorsed in the Warrant Certificate;
“total Effective Consideration”	the aggregate consideration receivable by the issuer of such securities for the issue thereof plus the additional minimum consideration (if any) to be received by such issuer and/or the Company (if not the issuer) upon (and assuming) the full conversion or exchange thereof or the exercise in full of the subscription rights attaching thereto;
“Warrant Certificate(s)”	the certificate(s) (in registered form) to be issued in respect of the Warrants; and
“Warrantholder(s)”	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 such Warrant.

2. EXERCISE OF SUBSCRIPTION RIGHTS

- (A) The registered holder for the time being of a Warrant will have the Subscription Rights for each unit of the Warrants to subscribe in cash the whole or part (in integral multiples of HK\$1.20) of the amount in respect of which the Warrant is issued for fully paid New Shares at an initial Subscription Price of HK\$1.20 per New Share (subject to the adjustments referred to below). The Subscription Rights attaching to the Warrants may be exercised during the Subscription Period, being the period of thirteen (13) months from the date of issue of the Warrants which is expected to be 7 September 2021 up to and until 4:00 p.m. on 6 October 2022 (both days inclusive). Any Subscription Rights which have not been exercised upon the expiry of the Subscription Period shall lapse and thereupon the relevant Warrants and Warrant Certificates will cease to be valid for any purpose whatsoever. Reference in this summary to “**Shares**” are to the existing Shares of the Company and all other (if any) Shares from time to time and for the time being ranking *pari passu* therewith.
- (B) Each Warrant Certificate will contain a subscription form. In order to exercise his/her/its Subscription Rights, a Warrantholder must complete and sign the subscription form (which shall be irrevocable) and deliver the same and the Warrant Certificate to the Registrar, together with a remittance for the Exercise Moneys (or in the case of a partial exercise, the relevant portion of the Exercise Moneys), being the amount of the total of the Subscription Price for the New Shares in respect of which the Warrantholder is exercising his/her/its Subscription Rights. In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable. Where the Subscription Rights represented by the Warrant Certificate and any one or more other Warrant Certificates are exercised on the same Subscription Date by the same Warrantholder, the Exercise Moneys shall be aggregated. Any Exercise Moneys (so aggregated if relevant) shall (if not in whole number of cents) be rounded to the nearest one cent.
- (C) The number of New Shares to be allotted on exercise of the Subscription Rights shall be calculated by dividing the amount specified in the relevant subscription form and duly remitted as aforesaid by the Subscription Price applicable on the Subscription Date. No fraction of a New Share will be allotted but any balance representing fractions of the Exercise Moneys paid on the exercise of the Subscription Rights shall be paid by the Company to the Warrantholder and such balance shall be rounded to the nearest one cent, provided always that if the Subscription Rights comprised in two or more Warrant Certificates are exercised on the same Subscription Date by the same Warrantholder then, for the purpose of determining whether any (and if so, what) fraction of a New Share arises, the Subscription Rights represented by such Warrant Certificates shall be aggregated.

- (D) The Company has undertaken in the Instrument that any New Shares falling to be issued upon the exercise of the Subscription Rights will be issued and allotted, subject to any shorter period as prescribed or required by the Stock Exchange from time to time, not later than twenty eight (28) days after the relevant Subscription Date and, taking account of any adjustment of the Subscription Price which may have been made pursuant to the Instrument, will rank *pari passu* in all respects with the Shares in issue on the relevant Subscription Date and will accordingly entitle the holders to participate in all dividends or other distributions paid or made after the relevant Subscription Date and other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date 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.
- (E) As soon as practicable after the relevant allotment of New Shares (and, subject to any shorter period as prescribed by the Stock Exchange from time to time, not later than twenty eight (28) days after the relevant Subscription Date) there will be issued free of charge to the Warrantholder(s):
- (i) a certificate (or certificates) for the relevant New Shares in the name of such Warrantholder;
 - (ii) (if applicable) a balancing Warrant Certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights 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.

The certificate(s) for New Shares arising on the exercise of Subscription Rights, the balancing Warrant Certificate (if any), the cheque representing fractions of the Exercise Moneys in respect of the Warrantholder's fractional entitlement to New Shares (if any), and the 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 (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 the joint Warrantholders whose name stands first in the Register). If the Company agrees, such certificates and cheques may by prior arrangement be retained by the Registrar to await collection by the relevant Warrantholder(s).

3. ADJUSTMENTS 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 adjustment 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 of the nominal amount of each Share by reason of any consolidation or subdivision;
 - (ii) an issue (other than in lieu of a cash dividend) of Shares by the Company 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 being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such);
 - (iv) a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
 - (v) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price (calculation as provided in the Instrument) being made by the Company to Shareholders (in their capacity as such);
 - (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 per new Share is less than 90% of the market price (calculation as provided in the Instrument), or the conversion, exchange or subscription rights of any such issue are modified so that the said total Effective Consideration is less than 90% of such market price;
 - (vii) an issue being made by the Company wholly for cash of Shares (other than pursuant to a Share Option Scheme) 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 Shares or any rights to acquire Shares (excluding any such purchases made on the Stock Exchange or any recognised stock exchange, being a stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.
- (B) Except as mentioned in sub-paragraph (C) below, no such adjustment as is referred to in sub-paragraphs (ii) to (vi) of sub-paragraph (A) above shall 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 by the Company or by the Company or any of its subsidiaries of securities 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 business;
 - (iii) an issue of fully paid Shares by way of capitalisation of all or part of the Subscription Right Reserve to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or other profits or reserves or any similar reserve which has been or may be established pursuant to the terms of issue of any other securities convertible into or carrying rights to acquire Shares);
 - (iv) 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 such Shares is not more than 110% of the amount of dividend which Shareholders could elect to or would otherwise receive in cash; or
 - (v) an issue of Shares by the Company or other securities by the Company or any of its subsidiary convertible into or exchangeable for, or carrying rights of subscription for, Shares pursuant to a Share Option Scheme.

- (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 either the auditors of the Company or an approved merchant bank to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would 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 merchant bank 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 merchant bank to be in its opinion appropriate.
- (D) Any adjustment to the Subscription Price shall 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 same 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 (except on a consolidation of Shares into shares of a larger nominal amount each or upon a repurchase of Shares) which would increase the Subscription Price.
- (E) Every adjustment to the Subscription Price shall be certified to be fair and appropriate by the auditors of the Company or an approved merchant bank and notice of each such adjustment (giving the relevant particulars) shall be given to the Warranholders. In giving any certificate or making any adjustment hereunder, the auditors of the Company or the approved merchant bank shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on the Company and Warranholders and all persons claiming through or under them respectively. Any such certificate of the auditors of the Company and/or approved merchant bank will be available for inspection by Warranholders at the principal office of the Registrar for the time being in Hong Kong, where copies may be obtained.

4. REGISTERED WARRANTS

The Warrants are issued in registered form. The Company shall be entitled to treat the registered holder of any Warrant as the absolute owner 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 Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

5. TRANSFER, TRANSMISSION AND REGISTER

The Warrants shall be transferable in units of HK\$1.20 each of Subscription Rights by instrument of transfer in any usual or common form or such other form as may be approved by the Directors. The Company shall accordingly maintain the Register in the territory where the Stock Exchange for the time being is situate (or in such other place as the Directors consider appropriate, having regard to the applicable rules governing the listing of Warrants). Transfers of Warrants must be executed by both the transferor and the transferee. Where the transferor or the transferee is HKSCC Nominees Limited (or such other company as may be approved by the Directors for this purpose), the transfers may be executed by machine imprinted signature on its behalf or under hand(s) of authorised person(s). The provisions of the bye-laws of the Company relating to the registration, transfer and transmission of Shares shall apply, mutatis mutandis, to the registration, transfer and transmission of the Warrants. The Instrument contains provisions relating to the transfer, transmission and registration of the Warrants.

Since the Warrants will be admitted to the 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 (3) trading days before 6 October 2022, being the last day of the Subscription Period.

Persons who hold the Warrants and have not registered the Warrants in their own names and wish to exercise the Warrants should note that additional costs and expenses may be incurred 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 (10) business days prior to and including 6 October 2022, being the last day of the Subscription Period.

6. CLOSURE OF REGISTER OF WARRANTHOLDERS

The registration of transfers may be suspended and the Register may be closed at such times and for such periods as the Directors may from time to time direct, provided that the same shall not be closed for a period, or for periods together, of more than thirty (30) days in any one year. 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 Warrants or, as the case may be, as between the Company and Warrantholders who have so exercised the Subscription Rights attached to their Warrants (but not otherwise), be considered as made immediately after the reopening of the Register.

7. PURCHASE AND CANCELLATION

The Company or any of its subsidiaries may at any time purchase the Warrants:

- (i) in the open market or by tender (available to all Warrantholders alike) at any price; or
- (ii) by private treaty at a price, exclusive of expenses, not exceeding 110% of the closing price of the Warrants for one or more board lots of Warrants on the last day on which the Warrants were traded on the Stock Exchange prior to the date of purchase thereof,

but not otherwise.

All Warrants purchased as aforesaid shall be cancelled forthwith and may not be reissued or resold.

8. 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 Warrantholders, including the modification by special resolution of the provisions of the Instrument and/or the terms and conditions endorsed in the Warrant Certificate. A special 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 conditions endorsed on the Warrant Certificate and/or the Instrument) and the sanction of a special resolution shall be necessary and sufficient to effect such alteration or abrogation.

- (C) Where the 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 (or representatives) or proxy (or proxies) at any Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class 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 of the Company.

9. 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 principal office of the Registrar for the time being in Hong Kong (unless the Directors otherwise determine) on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding HK\$2.50 (or such other amount 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 Warrants.

10. PROTECTION OF SUBSCRIPTION RIGHTS

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

11. CALL

If, at any time Warrants which have not been exercised carry rights to subscribe equal to or less than 10% in value of all Subscription Rights, the Company may, on giving not less than three (3) months' notice, require the Warrantholders either to exercise their Subscription Rights represented or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without any compensation to the holders of such Warrants.

12. FURTHER ISSUES

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

13. UNDERTAKINGS BY THE COMPANY

In addition to the undertakings given by it in relation to the grant and exercise of the Subscription Rights and the protection thereof, the Company has undertaken in the Instrument that:

- (i) it will send to each Warrantholder (or, in the case of a joint holding, to that one of the joint Warrantholders whose name stands first in the Register), 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 Shares generally;
- (ii) it will pay all Bermuda and Hong Kong stamp and capital duties, registration fees or similar charges, if any, 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 New Shares upon the exercise of the Subscription Rights. If any Warrantholder shall take any action or proceedings in any jurisdiction to enforce the obligations of the Company in respect of the Warrants or the Instrument, and for the purposes of such action or proceedings the Instrument or any Warrant is taken into such jurisdiction and any stamp duties or similar duties or taxes become payable thereon or in respect thereof in connection with or as a result of such action or proceedings, the Company shall not be under any obligation to pay (or reimburse any person making payment of) any such duties or taxes (including, if applicable, any penalties);
- (iii) 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
- (iv) it will use its best endeavours to procure that 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 (whether by way of scheme of arrangement or otherwise) where a like offer is extended to the Warrantholders).

14. NOTICES

- (A) The Instrument contains provisions relating to notices to be given to the Warrantholders.
- (B) Every Warrantholder shall register with the Company an address in Hong Kong or elsewhere to which notices can be sent and if any Warrantholder shall fail so to do notice may be given to such Warrantholder in any of the manners hereinafter mentioned to his/her/its last known place of business or residence or, if there be none, by posting the same for three (3) days at the principal place of business of the Company for the time being in Hong Kong.
- (C) A notice may be given by delivery, prepaid letter (airmail in the case of an overseas address), or alternatively, a notice may be given by paid advertisement published in English in at least one English language newspaper in Hong Kong and in Chinese in at least one Chinese language newspaper in Hong Kong.
- (D) All notices with respect to Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the Register and notice so given shall be sufficient notice to all the joint holders of such Warrants.

15. WINDING UP OF THE COMPANY

- (A) In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purposes 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/her/its Warrant Certificate(s) to the Company with the subscription form(s) duly completed, together with payment of the Exercise Moneys or the relative portion thereof (such subscription form(s) and Exercise Moneys to be received by the Company not less than seven (7) business days prior to the proposed Shareholders' meeting) to exercise the Subscription Rights represented by such Warrants and the Company shall as soon as practicable and in any event not later than the day immediately prior to the date of the proposed Shareholders' meeting allot such number of New Shares to the Warrantholder which fall to be issued pursuant to the exercise of the Subscription Rights represented by such Warrants. The Company shall give notice to the Warrantholder of the passing of such resolution within seven (7) days after the passing thereof.

- (B) If an effective resolution is passed during the Subscription Period for the voluntary winding up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warranholders, or some persons designated by them for such purpose by special resolution, shall be a party or in conjunction with which a proposal is made to the Warranholders and is approved by special resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all the Warranholders.
- (C) 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 shall lapse and the Warrant Certificates shall cease to be valid for any purpose.

16. OVERSEAS WARRANTHOLDERS

If a Warranholder has a registered address in any territory (other than Hong Kong) where, in the opinion of the Directors, the allotment of New Shares to such Warranholder 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 shall as soon as practicable after exercise by such Warranholder of any Subscription Rights either:

- (i) allot the New Shares which would otherwise have been allotted to such Warranholder to one or more third parties selected by the Company; or
- (ii) allot such New Shares to such Warranholder and then, on his/her/its 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 shall pay to the relevant Warranholder an amount equal to the consideration received by the Company therefor (but having deducted therefrom all brokerages, commissions, stamp duty, withholding tax and all other payments, charges or taxes incurred by the Company in respect thereof) by posting the relevant remittance to him/her/it at his/her/its risk, unless the amount falling to be distributed to any such person(s) is less than HK\$100, in which case it will be retained for the benefit of the Company.

17. GOVERNING LAW

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