
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in **ITC Corporation Limited**, you should at once hand this prospectus to the purchaser or transferee or to the bank manager, licensed securities dealer 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 and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, 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 prospectus.

A copy of this prospectus has been lodged with the Registrar of Companies in Hong Kong for registration as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). A copy of this prospectus has been or will as soon as practicable be filed with the Registrar of Companies in Bermuda pursuant to the Companies Act 1981 of Bermuda (as amended). The Registrar of Companies in Hong Kong, the Securities and Futures Commission of Hong Kong and the Registrar of Companies in Bermuda take no responsibility as to the contents of this prospectus.



ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 372)

BONUS WARRANTS ISSUE

Financial adviser to ITC Corporation Limited



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DEFINITIONS

In this prospectus, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Bonus Warrants Issue”	the conditional bonus issue of Warrants by the Company to the Qualifying Shareholders as described in this prospectus
“business day”	a day (other than a Saturday, Sunday or any other public holiday) on which licensed banks in Hong Kong are generally open for clearing and settlement business
“Bye-laws”	the bye-laws of the Company from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	ITC Corporation Limited (Stock code : 372), a company incorporated in Bermuda with limited liability and whose issued Shares are listed on the main board of the Stock Exchange
“Convertible Notes”	the 5% convertible notes in the aggregate outstanding principal amount of HK\$200 million issued by the Company on 2 November 2007
“Director(s)”	the director(s) of the Company
“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Board is of the view that his(their) exclusion from the Bonus Warrants Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that(those) place(s)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Subscription Price”	the initial subscription price for each Warrant, being HK\$0.22 per New Share, subject to adjustments, payable in cash
“Latest Practicable Date”	16 October 2008, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Listing Committee”	has the same meaning as ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	the new Share(s) which may fall to be issued by the Company upon exercise of the subscription rights attaching to the Warrant(s)
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es), as shown in the Register of Members as at the close of business on the Record Date, is(are) outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this prospectus, excludes Hong Kong, Macau Special Administrative Region and Taiwan

DEFINITIONS

“Qualifying Shareholder(s)”	the Shareholder(s), other than the Excluded Shareholders, whose name(s) appeared on the Register of Members as at the close of business on the Record Date
“Record Date”	Monday, 20 October 2008, being the date for determination of entitlements to the Bonus Warrants Issue
“Register of Members”	the register of members of the Company
“SGM”	the special general meeting of the Company held on Tuesday, 30 September 2008 at which the Bonus Warrants Issue and all the transactions contemplated thereunder were approved by the Shareholders
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Option Scheme”	share option scheme adopted by the Company on 16 January 2002 (as amended on 19 September 2007)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“trading day”	a day on which Shares are traded on the Stock Exchange in respect of which closing price for the Shares is available
“Warrant(s)”	warrant(s) to be constituted by an instrument by way of deed poll to be executed and issued by the Company under the Bonus Warrants Issue entitling the holders to subscribe in cash for New Shares at the Initial Subscription Price (subject to adjustments)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

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

2008

Record Date Monday, 20 October

Despatch of the Warrant certificates on or about Wednesday, 5 November

Commencement of dealings in the Warrants 9:30 a.m. on Friday, 7 November

All time references in this prospectus refer to Hong Kong time.

The expected timetable stated above is indicative only and may be extended or varied. Any changes to the expected timetable will be announced as appropriate.

LETTER FROM THE BOARD



ITC CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 372)

Executive Directors:

Chan Kwok Keung, Charles (*Chairman*)
Chau Mei Wah, Rosanna
(*Deputy Chairman and Managing Director*)
Chan Kwok Chuen, Augustine
Chan Fut Yan
Cheung Hon Kit

Independent non-executive Directors:

Chuck, Winston Calptor
Lee Kit Wah
Hon. Shek Lai Him, Abraham, *SBS, JP*

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in

Hong Kong:
30th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

21 October 2008

*To the Shareholders and, for information only,
holders of the Convertible Notes*

Dear Sir or Madam,

BONUS WARRANTS ISSUE

INTRODUCTION

On 28 July 2008, the Board announced the proposed Bonus Warrants Issue to the Qualifying Shareholders whose names appeared on the Register of Members on the Record Date, on the basis of one Warrant for every five Shares held on the Record Date. On 31 July 2008, the Company announced the details of, and the expected timetable in relation to, the Bonus Warrants Issue.

At the SGM, the Bonus Warrants Issue was approved by the Shareholders.

The purpose of this prospectus is to provide you with further particulars in respect of the Bonus Warrants Issue.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus 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 herein misleading.

BONUS WARRANTS ISSUE

Basis of issue of the Warrants

Subject to the fulfillment of the conditions referred to in the paragraph headed "Conditions" below, Warrants will be issued to the Qualifying Shareholders whose names appeared on the Register of Members on the Record Date, on the basis of one Warrant for every five Shares held on the Record Date.

LETTER FROM THE BOARD

Exercise period

The Warrants may be exercised by the holders thereof at any time for a term of twelve months commencing on the date of issue of the Warrants (currently expected to be on or about 5 November 2008) and expiring at 4:10 p.m. (Hong Kong time) on the day immediately preceding the first anniversary of the date of issue of the Warrants (currently expected to be on or about 4 November 2009 (if that day is not a trading day, the trading day immediately preceding such day)), both dates inclusive.

Initial Subscription Price for each Warrant

Each Warrant will entitle its holder to subscribe in cash for one New Share at the Initial Subscription Price of HK\$0.22 per New Share, subject to adjustments, upon exercise of the subscription right attaching to each Warrant. The Initial Subscription Price represents:

- (i) a discount of approximately 22.8% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on 28 July 2008, being the date on which the Company announced the results of the Group for the year ended 31 March 2008;
- (ii) a discount of approximately 20.9% to the average closing price of HK\$0.278 per Share for the last five consecutive trading days up to and including 28 July 2008;
- (iii) a discount of 20.0% to the average closing price of HK\$0.275 per Share for the last ten consecutive trading days up to and including 28 July 2008; and
- (iv) a premium of approximately 178.5% over the closing price of HK\$0.079 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Number of Warrants and New Shares to be issued

On the basis of 2,694,605,269 Shares in issue as at the Record Date, a total of 538,921,053 Warrants will be issued pursuant to the Bonus Warrants Issue, entitling holders thereof to subscribe for 538,921,053 New Shares, representing approximately 20.0% of the issued share capital of the Company as at the Latest Practicable Date and approximately 16.7% of the issued share capital as enlarged by the New Shares to be issued upon full exercise of the subscription rights attaching to the aggregate of 538,921,053 Warrants.

The Warrants will be issued in registered form and will form one class of securities and rank *pari passu* in all respects with each other. The New Shares will rank *pari passu* in all respects with the then issued Shares.

Fractional entitlements

Fractional entitlements (if any) to the Warrants will not be granted to the Shareholders but will be aggregated and sold for the benefit of the Company.

Conditions

The Bonus Warrants Issue is subject to (i) the approval of the Shareholders of the Bonus Warrants Issue and the allotment and issue of the New Shares at the SGM; and (ii) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Warrants and the New Shares.

As at the Latest Practicable Date, the condition (i) above was fulfilled.

Excluded Shareholders

The Warrants will not be registered or filed under the securities legislation of any jurisdiction other than in Hong Kong and Bermuda. The Company will exclude, from the Bonus Warrants Issue, the Excluded Shareholder(s) whose address(es) on the Register of Members on the Record Date is(are) outside Hong Kong and whom the Board is of the view that his(their) exclusion from the Bonus Warrants Issue is necessary or expedient on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that(those) place(s). However, arrangements will be made for the Warrants which would otherwise be issued to such Excluded Shareholder(s) to be sold in the market as soon as practicable after dealings in the Warrants commence, 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 the Excluded Shareholders at their own risks pro rata to their respective holdings of Shares as at the Record Date, unless the amount falling to be distributed to any such person is less than HK\$100, in which case it will be retained for the benefit of the Company.

LETTER FROM THE BOARD

As at the Record Date, the Company had a total of five Overseas Shareholders with registered addresses outside Hong Kong in the PRC, the British Virgin Islands, Singapore and Australia. The Company had made appropriate enquiries pursuant to Rule 13.36(2) of the Listing Rules in relation to the Bonus Warrants Issue to such Overseas Shareholders. Based on the advice provided by the legal counsels in the relevant jurisdictions and having regard to the likely costs and time involved if overseas compliance were to be observed, the Board is of the opinion that it would be necessary or expedient to exclude those Overseas Shareholders as at the Record Date whose registered addresses were in Australia as shown on the Register of Members from the Bonus Warrants Issue.

Application for listing of the Warrants

An application had been made to the Listing Committee for the listing of, and permission to deal in, the Warrants and the New Shares.

Subject to the granting of listing of, and permission to deal in, the Warrants and the New Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Warrants and the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Warrants 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 exercise period for the Warrants is twelve months from the date of issue of the Warrants and the expected market capitalisation of the Warrants will be approximately HK\$50.4 million, which is calculated based on the closing price of the Share as quoted on the Stock Exchange on 28 July 2008 and the premium determined by the Directors with reference to common market practice. Accordingly, the issue of the Warrants complies with Rule 8.09(4) of the Listing Rules. The Company ensures that the Warrants and the New Shares are governed by and will be issued in accordance with the laws of Bermuda and the memorandum of association and the Bye-laws of the Company as required under Rule 8.14 of the Listing Rules.

The board lot for trading in the Warrants is 40,000 Warrants, entitling the holder thereof to subscribe for 40,000 New Shares at the Initial Subscription Price of HK\$0.22 per New Share, subject to adjustments. The Warrants are not proposed to be listed on any stock exchange other than the Stock Exchange. Dealings in the Warrants and the New Shares will be subject to the payment of stamp duty in Hong Kong. The Company ensures the compliance with the applicable requirement of Rule 8.08 of the Listing Rules.

Certificates for the Warrants

Certificates for the Warrants are expected to be posted on or about Wednesday, 5 November 2008 to the Qualifying Shareholders by ordinary post to their respective addresses as shown on the Register of Members at their own risks.

Taxation

The Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting and dealing in the Warrants and the New Shares. It is emphasized that none of the Company, the Directors or any parties involved in the Bonus Warrants Issue accepts responsibility for any tax effects or liabilities of holders of the Warrants resulting from accepting and dealing in the Warrants and the New Shares.

REASONS FOR THE BONUS WARRANTS ISSUE

The Company is an investment holding company which directly and indirectly holds strategic investments in a number of listed companies. The principal activities of the Group comprise investment holding, provision of finance, property investment and treasury investment.

The Board believes that the Bonus Warrants Issue will provide the Shareholders with an opportunity to participate in the growth of the Company. The Bonus Warrants Issue will also strengthen the equity base of the Company and increase the Company's working capital if and when the subscription rights attaching to the Warrants are exercised. The Board believes that the Bonus Warrants Issue is beneficial to the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

On the basis of 2,694,605,269 Shares in issue as at the Record Date and assuming the subscription rights attaching to the Warrants are exercised in full at the Initial Subscription Price of HK\$0.22 per New Share, the Company will be able to raise approximately HK\$118.56 million in total. The Company intends to apply any subscription monies received as and when the subscription rights attaching to the Warrants are exercised towards the general working capital of the Group depending on its requirements at the relevant time.

GENERAL INFORMATION

Your attention is drawn to the additional information contained in the appendix to this prospectus, which sets out a summary of the terms and conditions of the Warrants.

Yours faithfully,
On behalf of the Board
ITC Corporation Limited
Dr. Chan Kwok Keung, Charles
Chairman

Warrants conferring rights to subscribe for an aggregate of 538,921,053 Shares, at an Initial Subscription Price of HK\$0.22 per New Share (subject to adjustments), will be issued subject to and with the benefit of the instrument (the “Instrument”), which will be executed by the Company by way of deed poll. The Warrants will be issued in registered form and will form one class of securities and rank *pari passu* in all respects with each other.

The principal terms and conditions of the Warrants will be set out in the certificates for the Warrants (the “Warrant Certificates”). The holders of Warrants (the “Warrantholders” and each “Warrantholder”) will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions attached to the Warrant Certificate (the “Conditions”) and of the provisions of the Instrument, copies of which will be available for inspection during normal business hours from the date of issue of the Warrants and up to the day immediately preceding the first anniversary of the date of issue of the Warrants at the registrar of the Company in Hong Kong, which maintains the register of Warrantholders in Hong Kong (the “Warrant Registrar”), or such other place as may be notified to the Warrantholders from time to time. The following is a summary of the principal provisions of the Instrument.

1. EXERCISE OF SUBSCRIPTION RIGHTS

- (A) Subject to the provisions of the Instrument, the Conditions and in compliance with all exchange control, fiscal and other laws and regulations applicable thereto, the Warrantholder shall have the right (the “Subscription Rights”), which may be exercised in whole or in part, but not in respect of a fraction of a Share, at any time during the period commencing on the date of issue of the Warrants (currently expected to be on or about 5 November 2008) and expiring at 4:10 p.m. (Hong Kong time) on the day immediately preceding the first anniversary of the date of issue of the Warrants (currently expected to be on or about 4 November 2009) (if that day is not a trading day, the trading day immediately preceding such day) (both dates inclusive) (the “Subscription Period”) (the close of business on any business day falling within the Subscription Period on which any of the Subscription Rights is duly exercised is called a “Subscription Date”), to subscribe in cash for one fully-paid Share in respect of each Warrant held by such Warrantholder at the Initial Subscription Price of HK\$0.22 per New Share (subject to adjustments). After expiry of the Subscription Period, any Subscription Rights which have not been exercised will lapse and the Warrant Certificates will cease to be valid for any purpose whatsoever.
- (B) In order to exercise in whole or in part the Subscription Rights represented by the Warrant Certificate, the Warrantholder must complete and sign a subscription form (the “Subscription Form”) (which shall be irrevocable) and deliver the same and the Warrant Certificate to the Warrant Registrar, together with a remittance for the exercise moneys (the “Exercise Moneys”) (or, in the case of a partial exercise, the relevant portion of the Exercise Moneys), being the amount of the Initial Subscription Price (subject to adjustments) for the New Shares in respect of which the Warrantholder is exercising his 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.
- (C) The number of New Shares to be allotted on exercise of the Subscription Rights shall be, in respect of each Warrant exercised, one Share (subject to adjustments in accordance with the provisions of the Instrument). No fraction of a Share will be allotted but any balance representing fractions of the Exercise Moneys paid on exercise of the Subscription Rights represented by the Warrant Certificate will be paid by the Company to the Warrantholder, provided always that if the excess is equal to or less than HK\$100, such excess will be retained by the Company for its own benefit. For the purpose of determining whether any (and if so what) fraction of a Share arises:
 - (i) if 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 then the Subscription Rights represented by such Warrant Certificates shall be aggregated; and
 - (ii) regard shall be paid, where applicable, to the provisions of Clause 6(C) of the Instrument.
- (D) The Company will undertake in the Instrument that any New Shares falling to be issued upon the exercise of any of the Subscription Rights represented by the Warrant Certificate will be issued and allotted not later than ten (10) business days after the relevant Subscription Date, taking account of any adjustment which may have been made pursuant to Clause 4 of the Instrument, and will rank *pari passu* with the Shares in issue on the relevant allotment date of such New Shares and accordingly shall entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the relevant allotment date of such New Shares 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 allotment date of such New Shares and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant allotment date of such New Shares.

- (E) As soon as practicable after the relevant allotment and issue of New Shares under the Conditions (and, in any event, not later than ten (10) business days after the relevant Subscription Date), there will be issued free of charge to the Warrantholder(s) to whom such allotment has been made upon his exercise of any Subscription Rights:
- (i) a certificate (or certificates) for the relevant New Shares in the name(s) of such Warrantholder(s);
 - (ii) a balancing Warrant Certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights represented by the Warrant Certificate remaining unexercised (if applicable);
 - (iii) a cheque representing fractions of the Exercise Moneys in respect of the Warrantholder's fractional entitlement to the New Shares as mentioned in paragraph (C) above (if applicable); and
 - (iv) the certificate mentioned in Clause 6(A)(4) of the Instrument (if applicable).

The certificate(s) for New Share(s), the balancing Warrant Certificate (if any), the cheque in respect of the Exercise Moneys in respect of the Warrantholder's fractional entitlement to New Shares (if any) and the certificate mentioned in Clause 6(A)(4) of 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 joint holders, to that one of them whose name stands first in the register of Warrantholders (the "Warrant Register")). If the Company agrees, such certificates and cheques may by prior arrangement be retained by the Warrant Registrar to await collection by the relevant Warrantholder(s).

2. ADJUSTMENTS OF INITIAL SUBSCRIPTION PRICE

The Instrument will contain detailed provisions relating to the adjustments of the Initial Subscription Price and the Initial Subscription Price will be subject to customary anti-dilutive adjustments in market transactions of these types of events (if appropriate). The following is a summary of, and is subject to, the provisions of the Instrument:

- (A) The Initial Subscription Price (except as mentioned in paragraphs (B), (C) and (D) below) shall from time to time be adjusted as provided in the Instrument in each of the following cases (but shall however not be adjusted below the nominal value of Shares until and except the Subscription Rights Reserve (as defined in the Instrument) is maintained pursuant to the provisions of the Instrument and the credits therein can be applied to pay up the New Shares fall to be issued in full as and when the same are allotted):
- (i) an alteration of the nominal amount of each Share by reason of any consolidation or sub-division;
 - (ii) an issue (other than in lieu of a cash dividend) by the Company of any Shares credited as fully paid by way of capitalisation of profits or reserves (including, to the extent permitted by the applicable law, those in share premium account, contributed surplus account and/or capital redemption reserve (if any) of the Company);
 - (iii) a Capital Distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, except pursuant to a purchase by the Company of Shares, to holders of Shares (in their capacity as such);
 - (iv) a grant by the Company to the Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
 - (v) an offer to all Shareholders of new Shares for subscription by way of rights or a grant of any options or warrants to subscribe for new Shares at a price per new Share which is less than 90 per cent. of the market price (calculation as provided in the Instrument) being made by the Company;

- (vi) an issue wholly for cash being made by the Company or any other company of any securities which by their terms are convertible into or exchangeable for or carrying rights of subscription for new Shares, and the total Effective Consideration (as defined in the Instrument) per new Share initially receivable for such securities is less than 90 per cent. of the market price (calculation as provided in the Instrument), or the conversion, exchange or subscription rights attaching to any such securities of any such issue are altered so that the total Effective Consideration per new Share initially receivable for such securities is less than 90 per cent. of the market price (calculation as provided in the Instrument);
 - (vii) an issue being made by the Company wholly for cash of any Shares (other than Shares issued pursuant to any Share Option Scheme) at a price per Share which is less than 90 per cent. of the market price (calculation as provided in the Instrument); and
 - (viii) a repurchase by the Company of any Shares or securities convertible into Shares or any rights to subscribe for Shares in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Initial Subscription Price.
- (B) Except as mentioned in paragraph (C) below, no such adjustment as is referred to in subparagraphs (ii) to (vii) of 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 by the Company of Shares or by the Company or any of its subsidiaries of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iii) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Rights Reserve or any similar reserves which have been or may be established pursuant to the terms of issue of any other securities wholly or partly convertible into or carrying rights to acquire Shares;
 - (iv) an issue of Shares in lieu of a cash dividend or pursuant to a Scrip Dividend Scheme (as defined in the instrument) 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 in aggregate is not more than 105 per cent. of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash; or
 - (v) an issue by the Company of Shares or by the Company or any of its subsidiaries of securities 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 paragraphs (A) and (B) above, in any circumstances where the Directors shall consider that an adjustment to the Initial 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 Initial 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 a different time from that provided for under the said provisions, the Company may appoint an approved merchant bank or the Auditors (as defined in the Instrument) 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 such approved merchant bank or the Auditors 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 such approved merchant bank or the Auditors to be in its opinion appropriate.

- (D) Any adjustment to the Initial Subscription Price shall be made to the nearest one-tenth of a cent so that any amount under half of one-tenth of a cent shall be rounded down and any amount of half of one-tenth of a cent or more shall be rounded up. No adjustment shall be made to the Initial Subscription Price in any case in which the amount by which the same would be reduced would be less than one-tenth of a cent and any adjustment which would otherwise then be required shall not be carried forward. No adjustment shall 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 Initial Subscription Price.
- (E) Every adjustment to the Initial Subscription Price will be certified to be fair and appropriate by the Auditors or an approved merchant bank (at the option of the Board or as the case may be) and notice of each adjustment (giving the relevant particulars) will be given to the Warrantholders. In giving any certificate or making any adjustment hereunder, the Auditors or the approved merchant bank (as the case may be) shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest errors, their decision shall be conclusive and binding on the Company and the Warrantholders and all persons claiming through or under them respectively. Any such certificates of the Auditors or the approved merchant bank (as the case may be) will be available for inspection at the principal place of business of the Company for the time being in Hong Kong, where copies may be obtained.

The Instrument will also contain provisions for the adjustments to the Subscription Rights attaching to the Warrants so that, without prejudice to the provisions of paragraph 2(A)(i) above, if and whenever there shall be an alteration to the nominal amount of each Share by reason of any consolidation or subdivision, the Subscription Rights attaching to the Warrants shall be varied so that the number of Shares which may be subscribed upon exercise of each Warrant shall be multiplied by a fraction representing the nominal amount of one Share immediately before such alteration bears in relation to the nominal amount of one Share immediately after such alteration.

3. REGISTERED WARRANTS

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

4. TRANSFER, TRANSMISSION AND REGISTER

- (A) The Warrants shall be in registered form and shall be transferable in multiples of such units of Warrants carrying Subscription Rights entitling the Warrantholder(s) to subscribe for one New Share in accordance with the terms thereof by instrument of transfer in any usual or common form or such other form as may be approved by the Directors. For this purpose, the Company shall maintain the Warrant Register in the territory where the Stock Exchange for the time being is situated (or in such other place as the Directors consider appropriate, having regard to the applicable law and rules governing the listing of the Warrants) and the provisions of the Second Schedule to the Instrument in relation to transfer, transmission and registration of Warrants shall have full effect as if the same had been incorporated therein. Transfer of Warrants must be executed by both the transferor and the transferee. Where the transferor or the transferee is HKSCC Nominees Limited or its successor (or such other company as may be approved by the Board for this purpose), the transfer may be executed under the hand of an authorised person(s) or by machine imprinted signature(s) on its behalf or of such persons, as the case may be. Subject to the Conditions and the provisions of the Instrument, the provisions of the Bye-laws relating to the registration and transfer of Shares shall, *mutatis mutandis*, apply to the registration and transfer of the Warrants.
- (B) Persons who hold the Warrants and have not registered the Warrants in their own names and wish to exercise the Warrants should note that they may incur additional costs and expenses in connection with any expedited re-registration of 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 the last day of the Subscription Period.
- (C) Since the Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities, the terms of the Instrument and circumstances permit, the Company may determine the last trading day of the Warrants to be a date at least three (3) trading days before the last day of the Subscription Period.

5. CLOSURE OF WARRANT REGISTER

The registration of transfers may be suspended and the Warrant 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, in aggregate of more than thirty (30) days in any one year. Any transfer or exercise of the Subscription Rights attaching to the Warrants made while the Warrant 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 the Warrantholder(s) who have so exercised their respective Subscription Rights attaching to their Warrants (but not otherwise), be considered as made immediately after the reopening of the Warrant Register.

6. PURCHASE AND CANCELLATION

The Company or any of its subsidiaries may at any time purchase the 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, exclusive of expenses, not exceeding 120 per cent. 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 re-sold.

7. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

- (A) The Instrument will contain provisions for convening meetings of the Warrantholders to consider any matter affecting the interests of the Warrantholders, including the modification by a Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or the Conditions. 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 and/or the Instrument) and the sanction of a Special Resolution shall be necessary and sufficient to effect such alteration or abrogation.
- (C) At any meeting of Warrantholders, two or more Warrantholders (or their proxies) shall form a quorum.
- (D) Where a Warrantholder is a recognised clearing house (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative (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 or persons so authorised shall be entitled to exercise the same powers on behalf of the recognised clearing house as that recognised clearing house or its nominee(s) could exercise as if it were an individual Warrantholder.

8. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant Certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the office of the Warrant Registrar 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 higher fee as may from time to time be permitted under the rules prescribed by the Stock Exchange) for every Warrant Certificate per Condition 9 of the Conditions as the Company may determine. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.

In case of lost Warrant Certificates, subsections (2), (3), (4), (6), (7) and (8) of section 71A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) shall apply *mutatis mutandis* as if "shares" referred to therein included Warrants.

9. PROTECTION OF SUBSCRIPTION RIGHTS

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

10. CALL

If at any time the aggregate number of Warrants outstanding is equal to or less than 10 per cent. of the total number of Warrants issued under the Instrument, then the Company may, on giving not less than three (3) months' notice to the Warrantheolders, require the Warrantheolders either to exercise their Subscription Rights represented thereby or allow the Warrants held by them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without any compensation being payable to the Warrantheolders.

11. FURTHER ISSUES

The Company shall be at liberty to issue further warrants or other securities convertible into, exchangeable for or carrying rights to subscribe for Shares in such manner and on such terms as it sees fit.

12. 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 will undertake in the Instrument that:

- (A) it will send to each Warrantheolder, at the same time as the same are sent to the Shareholders, its audited accounts and all other notices, reports and communications despatched by it to the Shareholders generally;
- (B) it will pay all stamp and capital duties, registration fees or similar charges, if any, in respect of the execution of the Instrument, the creation and issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of New Shares;
- (C) 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 for and conversion into New Shares; and
- (D) it will use its reasonable endeavours to procure that:
 - (i) at all times during the Subscription Period, the Warrants may be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Warrants on the Stock Exchange is withdrawn following an offer for all or any of the Warrants); and
 - (ii) all New Shares may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares where a like offer is extended to the Warrantheolders).

13. NOTICES

The Instrument will contain provisions relating to notices to be given to the Warrantheolders and the following provisions shall apply to such notices:

- (A) every Warrantheolder shall register with the Company an address either in Hong Kong or elsewhere to which notices to be given to such Warrantheolder are to be sent and if any Warrantheolder shall fail so to do, notice may be given to such Warrantheolder by sending the same in any of the manners hereinafter mentioned to his last known place of business or residence or, if there is none, by posting the same for three (3) days at the principal place of business of the Company in Hong Kong;
- (B) a notice may be given by way of an announcement made in the newspapers in Hong Kong or placed on the Company's website or any other means and in such manner as may be accepted by the Stock Exchange or by delivery, prepaid letter (airmail in the case of an overseas address) or facsimile; and

- (C) 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 Warrant Register and notice so given shall be sufficient notice to all the joint Warrantholders.

14. WINDING-UP OF THE COMPANY

The Instrument will contain provisions to the effect that:

- (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 voluntarily wind-up the Company, the Company shall forthwith give notice thereof to each Warrantholder and thereupon, every Warrantholder shall be entitled by irrevocable surrender of his Warrant Certificate(s) to the Company (such surrender to occur not later than two (2) business days prior to the proposed Shareholders' meeting referred to above) with the Subscription Form(s) duly completed, together with payment of the Exercise Moneys (or the relative portion thereof), to exercise the Subscription Rights represented by such Warrant Certificate(s) and the Company shall as soon as possible and in any event no 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 Warrant Certificate(s) to the extent specified in the Subscription Form(s). The Company shall give notice to the Warrantholders of the passing of such resolution within seven (7) days after the passing thereof; and
- (B) if an effective resolution is passed during the Subscription Period for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some persons designated by them for such purpose by a Special Resolution, shall be a party, or in conjunction with which a proposal is made to the Warrantholders and is approved by a Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all the Warrantholders.

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.

15. OVERSEAS WARRANTHOLDERS

The Instrument will contain provisions giving certain discretion to the Directors in the case of any Warrantholder who has a registered address in any territory (other than Hong Kong) where, in the opinion of the Directors, the issue of Shares upon exercise of any of the Subscription Rights represented by any Warrants held by such Warrantholder may be unlawful or impracticable.

16. GOVERNING LAW

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