

SHARE CAPITAL

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As at the Latest Practicable Date, the authorised share capital of the Company is HK\$80,000,000 divided into 8,000,000,000 Ordinary Shares of par value HK\$0.01 each; and the Company had only one class of shares in issue, namely Ordinary Shares of par value HK\$0.01 each.

The following tables set out the authorised share capital of the Company as at the Latest Practicable Date and that after the Increase of Authorised Share Capital having become effective respectively.

Authorised share capital as at the Latest Practicable Date

Number of Ordinary Shares	Aggregate par or nominal value of the Ordinary Shares (HK\$)
<u>8,000,000,000</u>	<u>80,000,000</u>

Authorised share capital immediately after the Increase of Authorised Share Capital having become effective

Number of Ordinary Shares	Number of Preferred Shares	Aggregate par or nominal value of the Ordinary Shares and the Preferred Shares (HK\$)
<u>8,000,000,000</u>	<u>5,000,000,000</u>	<u>130,000,000</u>

As at the Latest Practicable Date, the Company had in issue the outstanding Convertible Bonds in the principal amount of HK\$120,000,000 which were convertible into 324,763,193 Ordinary Shares and 1,785,714,285 Ordinary Shares based on the Existing CB Conversion Price and the Adjusted CB Conversion Price (subject to adjustments) respectively.

SHARE CAPITAL

The following table sets out the number of Ordinary Shares in issue as at the Latest Practicable Date and the number of Ordinary Shares and Preferred Shares to be issued pursuant to the Subscription and exercise in full of the conversion rights attached to each of the Convertible Bonds, the Convertible Note and the Preferred Shares:

Issued share capital

Ordinary Shares

Number of Shares		Nominal value of the Shares (HK\$)
347,326,000	Ordinary Shares in issue as at the Latest Practicable Date	3,473,260.00
1,269,414,575	Ordinary Shares to be issued pursuant to the Subscription and immediately upon the Subscription Completion	12,694,145.75
1,785,714,285	Ordinary Shares to be issued upon exercise of the conversion rights attaching to the Convertible Bonds in full <i>(Note 1)</i>	17,857,142.85
373,357,228	Ordinary Shares to be issued upon exercise of the conversion rights attaching to the Convertible Note in full <i>(Note 2)</i>	3,733,572.28
2,747,909,199	Ordinary Shares to be issued upon exercise of the conversion rights attaching to the Preferred Shares in full <i>(Note 3)</i>	27,479,091.99
<u>6,523,721,287</u>		<u>65,237,212.87</u>

Preferred Shares

Number of Shares		Nominal value of the Shares (HK\$)
—	Preferred Shares in issue as at the Latest Practicable Date	—
2,747,909,199	Preferred Shares to be issued pursuant to the Subscription and immediately upon the Subscription Completion	27,479,091.99
<u>2,747,909,199</u>		<u>27,479,091.99</u>

SHARE CAPITAL

Notes:

1. These are the maximum number of CB Conversion Shares which may fall to be issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, assuming at the Adjusted CB Conversion Price of HK\$0.0672.
2. These are the maximum number of CN Conversion Shares which may fall to be issued upon exercise of the conversion rights attaching to the Convertible Note in full, assuming at the initial conversion price of HK\$0.6696.
3. These are the maximum number of Ordinary Shares which may fall to be issued upon exercise of the conversion rights attaching to the Preferred Shares in full, assuming at the initial conversion price of HK\$0.6696 (subject to adjustments).
4. The above table assumes that each of the Subscription and the CN Subscription becomes unconditional and all the Subscription Shares are issued to the Subscribers pursuant to the Subscription Agreement in accordance with its terms.

RANKING

The Ordinary Subscription Shares will rank equally among themselves and *pari passu* in all respects with the Ordinary Shares in issue on the date of allotment and issue of the Ordinary Subscription Shares.

The Preferred Shares will rank equally among themselves and *pari passu* in all respects with the Preferred Shares in issue on the date of allotment and issue of the Preferred Shares.

The CB Conversion Shares will rank equally among themselves and *pari passu* in all respects with the Ordinary Shares in issue on the date of allotment and issue of the CB Conversion Shares.

The New Conversion Shares which may fall to be issued pursuant to the exercise of the conversion rights attached to the Convertible Note and the Preferred Shares will rank equally among themselves and *pari passu* in all respects with the Ordinary Shares in issue on the date of allotment and issue of the New Conversion Shares.

PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, the Company must maintain the "minimum prescribed percentage" of 25% of the issued share capital of the Company in the hands of the public (within the meaning as defined under Rule 8.24 of the Listing Rules). To ensure compliance with the public float requirements under the Listing Rules, the Company and the Offeror have agreed on a public float maintenance mechanism under the Subscription Agreement pursuant to which the Company will not issue Ordinary Shares to the Offeror which will result in the Company's failure to comply with the public float requirements under the Listing Rules. Please refer to the section headed "Letter from the Board — The Subscription Agreement — Subscription Completion — Public Float Allocation Adjustment" in this circular for the relevant public float maintenance mechanism. In addition, each of the Company, the Offeror and Seller 2 has unconditionally and irrevocably undertaken to ensure that no less than 25% of the Ordinary Shares will be held by the public at all times in compliance with the minimum public float requirement of the Listing Rules in particular immediately following any

SHARE CAPITAL

conversion of the Convertible Bonds (i.e. the Sale Bonds under the Tranche 1 Transfer, the Sale Bonds under the Tranche 2 Transfer and the Excluded Bonds). On this basis, the issue of the Subscription Shares, the CB Conversion Shares and the New Conversion Shares (upon conversion of the Convertible Note and the Preferred Shares) will not cause the Company to fail to comply with the minimum public float requirements under the Listing Rules.

GENERAL MANDATE TO ALLOT SHARES

By the resolutions of the Shareholders passed in the annual general meeting of the Company held on 19 August 2015, the Directors have been granted a general and unconditional mandate to exercise the powers of the Company to allot, issue and deal with new Ordinary Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company then in issue (the "**Issue Mandate**").

The Issue Mandate will expire at the earliest of: (1) the conclusion of the next annual general meeting of the Company; (2) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held; and (3) the date on which the authority set out in the resolution to approve the Issue Mandate is revoked or varied by an ordinary resolution in general meeting.

UNDERTAKING BY THE OFFEROR

Pursuant to Rule 10.07 of the Listing Rules, each Controlling Shareholder has undertaken to the Stock Exchange and to the Company that, it shall not, and shall procure that the relevant registered holders shall not, without the prior written consent of the Stock Exchange:

- (a) except for the deemed disposal of shares by the Offeror upon any issue of securities by the Company within the first six months from the date of the completion of the Transactions and disposal of Ordinary Shares in order to enable the Company to fulfil the public float requirements under the Listing Rules as a result of the Offer (as waived by the Stock Exchange in the waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules), in the period commencing on the date of this circular and ending on the date (the "**End Date**") which is six months from the date of the completion of the Transactions, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any direct or indirect interests in the Shares in respect of which it is shown by the circular to be the beneficial owner;
- (b) in the period of six months commencing from the End Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any direct or indirect interests in the Ordinary Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of the Company; and

SHARE CAPITAL

- (c) within the period commencing on the date of this circular and ending on the date which is 12 months from the date of the completion of the Transactions, it will:
 - (i) when it pledges or charges any direct or indirect interests in the Shares beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of Shares or the level of indirect interests in the Shares so pledged or charged; and
 - (ii) when it receives indications, either verbal or written, from the pledgee or charger that any of the pledged or charged Shares/interests will be disposed of, immediately inform the Company of such indications.

UNDERTAKING BY THE COMPANY

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of the Company will be issued, or form the subject of any agreement by the Company to such an issue, within six months from the date of completion of the Transactions except in the circumstances permitted pursuant to Rule 10.08 of the Listing Rules.