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## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this document 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 shares or Warrants (as defined herein) in Paliburg Holdings Limited (the “Company”), you should at once hand this document to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This document is published in connection with the listing of Warrants issued by way of bonus issue on the Stock Exchange (as defined herein). It is not an invitation for offer or an offer for the subscription, purchase, sale or other dealings in any securities of the Company.

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### **LISTING OF WARRANTS ISSUED BY WAY OF BONUS ISSUE**

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This document contains particulars given in compliance with the Listing Rules (as defined herein) for the purpose of giving information with regard to the Company and the Warrants.

The Stock Exchange has granted approval for the listing of, and permission to deal in, the Subscription Shares (as defined herein). Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Warrants. Subject to the granting of the approval for the listing of the Warrants on the Stock Exchange, dealings in the Warrants are expected to commence on the Stock Exchange on Wednesday, 13 February 2008.

Subject to the granting of the listing of, and permission to deal in, the Warrants on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC (as defined herein), the Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS (as defined herein) with effect from the commencement date of dealings in the 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.

5 February 2008

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## DEFINITIONS

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*In this document, unless the context otherwise indicates, the following expressions have the following meanings:*

“associates”	has the meaning ascribed to it under the Listing Rules
“Business Day(s)”	any day (other than Saturday, Sunday or 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
“Century City”	Century City International Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares and warrants of which are listed on the Stock Exchange
“Century City Group”	Century City and its subsidiaries (excluding the Group)
“Company”	Paliburg Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Exercise Price”	the sum payable in respect of each Share subscribed for upon exercise of a Subscription Right by a holder of a Warrant, currently being HK\$0.21 per Share, subject to adjustment
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Instrument”	the instrument dated 7 November 2007 executed by deed poll by the Company constituting the Warrants
“Latest Practicable Date”	31 January 2008, being the latest practicable date for ascertaining certain information for inclusion in this document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lo”	Mr. Lo Yuk Sui, the Chairman of the board of directors of the Company
“Open Offer”	the open offer of new Shares attached with the Warrants to the qualifying Shareholders as set out in the prospectus of the Company dated 22 October 2007

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Right(s)”	in relation to each Warrant, means the right of the holder of the Warrant, in units of HK\$0.21 each, to subscribe for a certain number of new Shares at the Exercise Price per Share at any time in accordance with the terms under the Instrument
“Subscription Shares”	new Shares to be issued upon exercise of the Subscription Rights
“Warrantholder(s)”	registered holder(s) of the Warrants
“Warrants”	warrants due 2010 issued by the Company under the Open Offer which carry the benefit of the Subscription Rights
“HK\$”	Hong Kong dollars
“%”	per cent.

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## LETTER FROM THE BOARD

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*Executive Directors:*

Mr. LO Yuk Sui (*Chairman and Chief Executive Officer*)

Mr. Donald FAN Tung (*Chief Operating Officer*)

Mr. Jimmy LO Chun To

Miss LO Po Man

Mr. Kenneth NG Kwai Kai

Mr. Kenneth WONG Po Man

*Independent Non-Executive Directors:*

Mr. NG Siu Chan

Hon Abraham SHEK Lai Him, SBS, JP

Mr. WONG Chi Keung

*Registered Office:*

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

*Head Office and*

*Principal Place of Business:*

11th Floor

68 Yee Wo Street

Causeway Bay

Hong Kong

5 February 2008

*To the Shareholders and Warrantholders*

Dear Sir or Madam,

### **LISTING OF WARRANTS ISSUED BY WAY OF BONUS ISSUE**

#### **Introduction**

On 15 January 2008, the Company announced that it would make an application to the Stock Exchange for the listing of the Warrants, issued by way of bonus issue, on the Stock Exchange. The Company has made such listing application of Warrants to the Stock Exchange. Subject to the granting of the approval for the listing of the Warrants on the Stock Exchange, dealings in the Warrants are expected to commence on the Stock Exchange on Wednesday, 13 February 2008.

#### **Background**

Reference is made to the joint announcement of the Company and Century City dated 28 September 2007, the joint announcement of the Company and Century City dated 10 October 2007, the prospectus of the Company dated 22 October 2007, the announcement of the Company dated 7 November 2007 and the announcement of the Company dated 13 November 2007 in relation to the Open Offer and the announcement of the Company dated 15 January 2008 in relation to the listing of the Warrants.

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## LETTER FROM THE BOARD

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The issue of the Warrants and the Subscription Shares was approved by the Shareholders at the Company's special general meeting held on 7 November 2007. Warrants carrying 1,131,748,431 units of Subscription Rights were issued by way of bonus issue to the qualifying Shareholders who took up the open offer shares under the Open Offer in the proportion of three Warrants for every seven open offer shares taken up. Since the issue of the Warrants and up to the Latest Practicable Date, 3,768,457 units of the Subscription Rights have been exercised and Warrants carrying 1,127,979,974 units of the Subscription Rights remain outstanding as at the Latest Practicable Date.

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and that assuming all the outstanding Subscription Rights are exercised in full:

	As at the Latest Practicable Date				Assuming exercise of the Subscription Rights in full based on the existing Exercise Price	
	Number of Shares	%	Warrants (in unit of Subscription Rights)	%	Number of Shares	%
Century City Group	5,323,656,289	52.25	594,659,259	52.72	5,918,315,548	52.29
Mr. Lo and his associates (other than the Century City Group)	710,793,331	6.97	66,833,382	5.92	777,626,713	6.87
Directors (other than Mr. Lo) and their associates	1,789,393	0.02	198,930	0.02	1,988,323	0.02
Public Shareholders	<u>4,153,276,000</u>	<u>40.76</u>	<u>466,288,403</u>	<u>41.34</u>	<u>4,619,564,403</u>	<u>40.82</u>
Total	<u>10,189,515,013</u>	<u>100.00</u>	<u>1,127,979,974</u>	<u>100.00</u>	<u>11,317,494,987</u>	<u>100.00</u>

Save for the Warrants and options granted under the share option scheme adopted by the Company on 16 June 2005 which became effective on 21 July 2005, there were no other equity securities of the Company which carry right to subscribe for new Shares as at the Latest Practicable Date.

### Principal terms of the Warrants

#### *Exercise Price*

HK\$0.21 per Share. Every unit of the Subscription Right confers on the relative Warrantholder the right to subscribe for one new Subscription Share. The Exercise Price is subject to adjustment in accordance with the terms of the Warrants in certain events such as share consolidation, sub-division, capitalisation issue or certain dilutive issues. Should the Exercise Price be adjusted pursuant to the terms of the Warrants, the number of Subscription Shares for which a holder of a Warrant is entitled to subscribe will also be adjusted. Up to the Latest Practicable Date, there has been no change to the Exercise Price since the issue of the Warrants.

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## LETTER FROM THE BOARD

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### *Exercise period*

The Warrants are exercisable at any time from and including the date falling 7 days after the issue date of the Warrants (i.e. 20 November 2007) to the close of business on the date falling 7 days prior to the third anniversary of the issue of the Warrants (or if such date is not a Business Day, the following Business Day) (expected to be 8 November 2010).

### *Transferability*

The Warrants are freely transferable.

A more detailed summary of the terms of the Warrants including, among other things, the rights of the Warrantholders on liquidation of the Company and the rights of the Warrantholders to participate in any distributions and/or offer of further securities made by the Company is set out in the Appendix to this document on pages 8 to 21.

### **Status and rights of the Subscription Shares**

Based on the units of Subscription Rights outstanding as at the Latest Practicable Date and the existing Exercise Price, a total number of approximately 1,128.0 million Subscription Shares may be issued which represents approximately 11.07% of the number of Shares in issue as at the Latest Practicable Date and approximately 9.97% of the number of Shares in issue after exercise of the Subscription Rights in full (assuming there is no other change to the issued share capital of the Company).

The Subscription Shares, when allotted and fully paid, will rank *pari passu* with the then existing Shares in all respects. Holders of the Subscription Shares will be entitled to receive all future dividends and distributions, paid or made after the relevant subscription date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be 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 (or any other stock exchange in which the Shares are listed as in the opinion of the Directors the primary stock exchange in relation to the Shares) prior to the relevant subscription date.

The Company has obtained approval from the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **Application for listing**

As set out in the announcement of the Company dated 15 January 2008, the Company would apply for listing of the Warrants on the Stock Exchange. The Company has made an application to the Stock Exchange for the listing of, and permission to deal in, the Warrants on the Stock Exchange. The Warrants were issued as part of the Open Offer by way of bonus issue. The Company considers that listing of the Warrants on the Stock Exchange would provide a platform for the Warrantholders and investors to trade the Warrants and enhance the liquidity of the Warrants.

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## LETTER FROM THE BOARD

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The Warrants are not proposed to be listed on any stock exchange other than the Stock Exchange.

Dealings in the Warrants on the Stock Exchange will be subject to the payment of the applicable stamp duty, the Stock Exchange trading fee, the transaction levy payable to the Securities and Futures Commission, or any other applicable fees and charges in Hong Kong.

Subject to the granting of the listing of, and permission to deal in, the Warrants as well as compliance with the stock admission requirements of HKSCC, the Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of the 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.

All necessary arrangements have been made for the Warrants to be admitted into CCASS. Further, the existing Warrant certificates will continue to be evidence of title to the Warrants and valid for trading, settlement, registration and delivery purposes.

### **Board lot**

Subject to the granting of the approval for the listing of the Warrants on the Stock Exchange, dealings in the Warrants are expected to commence on the Stock Exchange on Wednesday, 13 February 2008. The Warrants are expected to be traded on the Stock Exchange in board lots of 50,000 units of Subscription Rights.

### **Procedures for demanding a poll**

In compliance with relevant disclosure requirements under the Listing Rules applicable to the issue of this document, the procedures for demanding a poll at any general meeting of the Company in accordance with the Bye-laws of the Company are set out below:

According to Bye-law 70 of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or



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## LETTER FROM THE BOARD

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- (c) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

According to Bye-law 71, if a poll is demanded as aforesaid under Bye-law 70, it shall be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not being more than thirty days from the date of the meeting or adjourned meeting at which the poll was demanded, as the chairman directs. No notice need to be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn, with the consent of the chairman, at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

### **Additional information**

Your attention is also drawn to the additional information contained in the Appendix to this document.

By Order of the Board  
**Paliburg Holdings Limited**  
**Lo Yuk Sui**  
*Chairman*

The Warrants are subject to and with the benefit of the Instrument and have been issued in registered form. Shares issued upon exercise of the Warrants will rank pari passu with the then existing issued Shares in all respects.

The Warrants represent direct obligations of the Company to the Warrantheolders. The principal terms and conditions of the Warrants are set out in the certificates for the Warrants (the “**Warrant Certificates**”). The Warrantheolders are entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions (the “**Conditions**”) and of the provisions of the Instrument, copies of which are available for inspection at the Registrar. The following is a summary of the principal provisions of the Instrument and is subject to the provisions of the Instrument.

## 1 EXERCISE OF SUBSCRIPTION RIGHTS

- 1.1 Subject to the provisions in the Instrument and Conditions and to compliance with all fiscal and other laws and regulations applicable thereto, the Warrantheolders, commencing 9:00 a.m. on the date falling seven (7) days after the date of issue of the Warrants, if such date is not a Business Day, the following Business Day, (“**Initial Subscription Date**”), have the right, 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 from 9:00 a.m. on the Initial Subscription Date to 4:00 p.m. on the date falling seven (7) days prior to the third anniversary after the date of issue of the Warrants, if such date is not a Business Day, the following Business Day, (“**Last Subscription Date**”) (both dates inclusive), (“**Subscription Period**”), to subscribe in Hong Kong dollars for fully-paid Shares at the Exercise Price per Share. After 4:00 p.m. on the Last Subscription Date, any Subscription Rights which have not been exercised will lapse. The Warrants were issued on 13 November 2007. The Subscription Period commenced on 20 November 2007 and is expected to end on 8 November 2010 (both dates inclusive).
- 1.2 In order to exercise in whole or in part the Subscription Rights represented by the Warrant Certificate, the Warrantheolder must complete and sign the form endorsed on each Warrant Certificate in respect thereof (or a separate form obtained from the office of the Registrar which the Company may in its discretion permit to be used for the purpose of exercise of Subscription Rights) (“**Subscription Form**”) (which shall be irrevocable) and deliver the Warrant Certificate (and, if the subscription form used is not the form endorsed thereon, that subscription form) to the Registrar, together with a remittance made payable to the Company for the aggregate Exercise Price (or, in the case of a partial exercise, the relevant portion of the aggregate Exercise Price). In each case compliance must also be made with any exchange control, fiscal or other laws or regulations applicable at that time.
- 1.3 The number of Shares to be allotted on exercise of the Subscription Rights shall be calculated by dividing the aggregate amount of Exercise Price specified in the relevant Subscription Form and duly remitted as aforesaid by the Exercise Price applicable on any Business Day falling in the Subscription Period on which the Subscription Rights represented by such Warrant Certificate is duly exercised (“**Subscription Date**”). No fraction of a Share will be allotted but provided always that for the purpose of determining

whether any (and if so what) fraction of a Share arises, 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 Warrants shall be aggregated.

- 1.4 The Company has undertaken in the Instrument that Shares falling to be issued upon the exercise of the Subscription Rights represented by the Warrant Certificate will be issued and allotted not later than ten (10) Business Days after the relevant Subscription Date and will rank pari passu with the fully-paid Shares in issue on the relevant Subscription Date and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the relevant Subscription Date (unless adjustment (if appropriate) therefor has been made as provided in paragraph 2 below), other than any dividend or other distribution previously declared, recommended or resolved to be paid or made if the date fixed in accordance with the bye-laws of the Company (as may be amended and modified from time to time) (“**Bye-laws**”) or otherwise specified by the Company or otherwise for the purpose of determining entitlement to dividends or other distributions to, or rights of, Shareholders (“**Entitlement Record Date**”) therefor shall be before the relevant Subscription Date and notice of the amount and the Entitlement Record Date for which shall have been given to the Exchange prior to the relevant Subscription Date.
- 1.5 Subject to the provisions under paragraph 14 below, as soon as practicable after the relevant allotment of Shares under this paragraph (and not later than 10 Business Days after the relevant Subscription Date), there will be issued free of charge to the Warrantholder of the Warrant(s) represented by the Warrant Certificate:
- (a) a certificate(s) for the relevant Shares in the name(s) of such Warrantholder(s); and
  - (b) (if applicable) a balancing Warrant Certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights represented by the Warrant Certificate which remain unexercised.

The certificate(s) for Shares arising on the exercise of Subscription Rights and the balancing Warrant Certificate (if any) will be sent by post at the risk of the relevant Warrantholder(s) to the address of such Warrantholder or (in the case of a joint holding) to that Warrantholder whose name stands first in the register of Warrantholders required to be maintained pursuant to the Instrument (“**Register**”) as the holder(s). If the Company agrees, such certificates may by prior arrangement be retained by the Registrar to await collection by the relevant Warrantholder.

## 2 ADJUSTMENTS OF EXERCISE PRICE

The Instrument contains detailed provisions relating to the adjustment of the Exercise Price in specified circumstances. The following is a summary of the adjustment provisions of the Instrument:

- 2.1 The Exercise Price shall be adjusted as provided in and subject to the provisions of the Instrument in each of the following cases:
- (a) if the Company shall (i) make a Stock Split, (ii) consolidate its outstanding Shares into a smaller number of shares, or (iii) re-classify any of its Shares into other securities of the Company;
  - (b) if and whenever the Company shall make any Capital Distribution to the Shareholders;
  - (c) if and whenever the Company shall issue any Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for any new Shares, in each case at less than 90 per cent. of the Current Market Price per Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant;
  - (d) if and whenever the Company shall issue any securities (other than new Shares, or options or any securities convertible or exchangeable into new Shares, or warrants or other rights to subscribe for new Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for any securities (other than Shares, or options or any securities convertible or exchangeable into new Shares, or warrants or other rights to subscribe for new Shares);
  - (e) if and whenever the Company shall issue any Shares, whether for cash or otherwise (other than Shares issued on the exercise of Subscription Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant of options, warrants or other rights to subscribe for any new Shares or securities convertible or exchangeable into new Shares in each case at a price per Share which is less than 90 per cent. of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue; or
  - (f) save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this paragraph 2.1(f), if and whenever the Company or (at the direction or request of or pursuant to any arrangements with the Company) any other person or entity shall issue any securities (other than the Warrants) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company on conversion, exchange or subscription at a consideration per Share which is less than 90 per cent. of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities.

- 2.2 (a) Any adjustment to the Exercise 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. In addition to any determination which may be made by the Directors, every adjustment to the Exercise Price shall be certified (at the sole discretion of the Directors) either by the Auditors or the Approved Merchant Bank.
- (b) The Exercise Price may not be reduced so that, on exercise of the Subscription Rights, Shares would fall to be issued at a discount to their par value.
- (c) No adjustment involving an increase in the Exercise Price will be made, except in the case of a consolidation of the Shares as referred to in paragraph 2.1(a) above.
- 2.3 Provisions contained in paragraph 2.1 above shall not apply to:
- (a) (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights (including any exercise of the Warrants) to acquire or subscribe for Shares or (ii) any adjustment in the conversion price of any securities convertible into Shares, if such adjustment is in accordance with the existing terms of such securities provided that an adjustment has been made (if appropriate) under paragraph 2 in respect of the issue of such securities or granting of such rights (as the case may be);
- (b) an issue or grant of Shares or other securities of the Company or any Subsidiary wholly or partly convertible into, or rights to acquire or subscribe for, Shares pursuant to a Share Option Scheme;
- (c) an issue or grant by the Company of Shares or by the Company or any Subsidiary of securities wholly or partly convertible into or rights to subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
- (d) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculated as provided in the Instrument) of such Shares is not more than 110 per cent. of the amount of dividend which Shareholders could elect to or would otherwise receive in cash; or
- (e) any issue or exercise of exchangeable securities which are exchangeable into existing Shares in a non-dilutive manner.
- 2.4 Notwithstanding the provisions referred to in paragraphs 2.1 and 2.3 above, in any circumstances where the Directors may consider that an adjustment to the Exercise Price:
- (a) provided for under those provisions should not be made or should be calculated on a different basis;

- (b) should be made notwithstanding that no such adjustment is required under those provisions; or
- (c) should take effect on a different date or at a different time from that provided for under those provisions,

the Company may appoint the Approved Merchant Bank or the Auditors (at the sole discretion of the Directors) to consider whether for any reason whatsoever the adjustment to be made (or the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such Approved Merchant Bank or Auditors (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis and/or the adjustment shall take effect from such other date and/or time) as shall be certified by such Approved Merchant Bank or Auditors (as the case may be) to be in its opinion appropriate.

- 2.5 Whenever the Exercise Price is adjusted as herein provided, the Company shall give Notice to the Warrantholders within seven (7) Business Days that the Exercise Price has been adjusted (setting forth brief particulars of the event(s) giving rise to the adjustment, the Exercise Price in effect prior to such adjustment, the adjusted Exercise Price and the effective date thereof) and shall at all times thereafter for so long as any of the Subscription Rights remains exercisable, make available for inspection at its principal place of business in Hong Kong a certificate signed by a Director setting forth brief particulars of the event(s) giving rise to the adjustment, the Exercise Price in effect prior to such adjustment, the adjusted Exercise Price and the effective date thereof.

### **3 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 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**

- 4.1 The Warrants are transferable, in whole or in integral multiples of units of Subscription Rights. The Registrar, as the transfer agent, will handle splitting and registration of transfer of the Warrants.
- 4.2 The procedures involving a transfer of the Warrants are as follows:
- (a) A transfer of the Warrants shall be effected by instrument of transfer executed by both the transferor and transferee. The instrument of transfer can be obtained at the office of the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (or such other place being the registered office of the Registrar for the time being).

- (b) The Warrant Certificate(s) in respect of the Warrant(s) to be transferred must be delivered for registration during normal business hours (Monday to Friday: 9:00 a.m. to 4:00 p.m.) at the aforesaid office of the Registrar accompanied by (i) a duly executed instrument of transfer; (ii) in case of the execution of the instrument of transfer on behalf of a corporation by its officers, the authority of that person or those persons to do so; and (iii) such other evidence (including legal opinions) as the Company may reasonably require if the instrument of transfer is executed by some other person on behalf of the relevant Warrantholder(s). The Company shall, within ten (10) Business Days of receipt of such documents by the Registrar from the Warrantholder(s), cancel the existing Warrant Certificate(s) and issue a new Warrant Certificate in favour of the transferee.
  - (c) Each new Warrant Certificate to be issued upon a transfer of Warrants will be made available for personal collection by the new Warrantholder entitled thereto during normal business hours (Monday to Friday: 9:00 a.m. to 4:00 p.m.) at the aforesaid office of the Registrar from the tenth (10) Business Day onwards following receipt of the documents specified above by the Registrar and upon production of such identification papers as may be reasonably requested by the Company.
  - (d) Where some but not all the Warrants in respect of which a Warrant Certificate is issued are to be transferred, a new Warrant Certificate in respect of the balance of the Warrants not so transferred will be made available for personal collection by such Warrantholder during normal business hours (Monday to Friday: 9:00 a.m. to 4:00 p.m.) at the aforesaid office of the Registrar from the tenth (10) Business Day onwards following receipt of the documents specified above by the Registrar and upon production of such identification papers as may be reasonably requested by the Company.
  - (e) Registration of transfer of Warrants will be effected upon (i) payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Exchange) for each Warrant Certificate cancelled or each new Warrant Certificate issued (“**Transfer Fee**”), whichever number of Warrant Certificates cancelled/issued is higher; and (ii) payment (or the giving of such indemnity as the Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer. Both charges shall be borne by the Warrantholder(s) or transferee who lodges the request with the Registrar.
  - (f) Where the transferor or transferee is HKSCC Nominees Limited or its successor(s), the transfers may be executed under the hand of its authorized person(s) or by machine imprinted signature.
- 4.3 The Company shall maintain a Register in Hong Kong and the provisions of the Bye-laws in relation to the registration, transmission and transfer of Shares and the Company’s register of members shall apply, mutatis mutandis, to the registration, transmission and transfer of the Warrants and the Register and shall have full effect as if the same had been incorporated in the Instrument.

- 4.4 Persons who hold Warrants and have not registered the Warrants in their own names and wish to transfer or 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 10 Business Days prior to and including the Last Subscription Date.
- 4.5 Subject to the granting of the listing of, and permission to deal in, the Warrants on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Warrants will be admitted to CCASS. So far as applicable laws or regulations of relevant regulatory authorities, terms of the Instrument and circumstances permit, the Company may determine the last Trading Day of the Warrants to be a date at least three Trading Days before the Last Subscription Date.

## **5 CLOSURE OF REGISTER OF WARRANTHOLDERS**

The registration of transfers may be suspended and the Register may be closed for such period as the Directors may from time to time direct, provided that the same shall not be closed for a period 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:

- (a) as between the Company and the person claiming under the relevant transfer of Warrants;  
or
- (b) as between the Company and the Warrantholder who has so exercised the Subscription Rights attached to his Warrants (but not otherwise),

be considered as made immediately after the re-opening of the Register.

## **6 PURCHASE AND CANCELLATION**

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

- (a) in the open market (where the Warrants have become listed on the Exchange during the Subscription Period) or by tender (available to all Warrantholders alike) at any price and in any amount subject to the Code on Share Repurchases, the Listing Rules and all other applicable laws, rules and regulations; or
- (b) by private treaty subject to the Code on Share Repurchases, the Listing Rules and all other applicable laws, rules and regulations.

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



**7 MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS**

- 7.1 The Instrument contains provisions for convening meetings of Warrantholders to consider any matter affecting the interests of Warrantholders, including the modification by an Ordinary Resolution of the provisions of the Instrument and/or the Conditions. An Ordinary Resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.
- 7.2 All or any of the rights 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 an Ordinary Resolution shall be necessary and sufficient to effect such alteration or abrogation.
- 7.3 Where any 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), such Warrantholder 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 amount 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.

**8 REPLACEMENT OF WARRANT CERTIFICATES**

- 8.1 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 (or such other place as may be determined by the Directors) 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 by the Exchange) as the Company may determine. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.
- 8.2 In the case of lost Warrant Certificates, sections 71A(2), (3), (4), (6), (7) and (8) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) shall apply as if "shares" referred to therein included Warrants.

**9 RESTRICTIONS TO PROTECT SUBSCRIPTION RIGHTS**

- 9.1 The Instrument contains certain restrictions on the Company designed to protect the Subscription Rights.

**10 CALL**

10.1 If at any time the aggregate Subscription Rights of the Warrants which have not been exercised is less than 10 per cent. of the aggregate Subscription Rights of all the Warrants issued under the Instrument, then the Company may, on giving not less than three (3) months' Notice, require Warranholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such Notice, all unexercised Warrants will be automatically cancelled without compensation to Warranholders.

**11 FURTHER ISSUES**

11.1 The Company shall be at liberty to issue further subscription warrants, including further warrants ranking pari passu with and forming one class with the Warrants, to subscribe for Shares subject to and in accordance with the requirements of the Listing Rules and all applicable laws, rules and regulations. In this case, the Exercise Price may be adjusted in accordance with the terms set out in the Instrument and the Conditions as summarised above in paragraph 2.

**12 UNDERTAKINGS BY THE COMPANY**

12.1 The Instrument contains certain undertakings by the Company in addition to the restrictions to protect the Subscription Rights.

**13 NOTICES**

13.1 Every Warranholder shall register with the Company an address either in Hong Kong or elsewhere to which Notices can be sent and if any Warranholder shall fail to do so, Notice may be given to such Warranholder by sending the same in any of the manners mentioned below to his last known place of business or residence or, if there be none, by posting the same for three days at the registered office and/or principal office of the Company from time to time.

13.2 A Notice may be given by delivery, prepaid letter (airmail in the case of an overseas address), cable, telex message, by advertisement in newspapers or by publication on the websites of the Exchange and the Company in accordance with the requirements of the Exchange.

13.3 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.

**14 OVERSEAS WARRANTHOLDERS**

14.1 If a Warranholder has a registered address in any territory other than Hong Kong where, in the opinion of the Directors, the allotment of Shares to such Warranholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration

and/or any other legal or regulatory requirements in such territory, be unlawful or impracticable under the laws of such territory and, in the opinion of the Directors, such compliance would be unduly burdensome, then the Company shall as soon as practicable after exercise by such Warrantholder of any Subscription Rights either:

- (a) allot the Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company; or
- (b) allot such Shares to such Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company,

in each case for a consideration which is 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 Warrantholder 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, taxes or postages incurred by or on behalf of the Company in respect thereof) by posting the relevant remittance to him at his risk. The Company is hereby deemed to be authorised to effect any of the aforesaid transactions pursuant to the provisions contained in this paragraph and, for this purpose, the Company may appoint one or more persons to execute such transfers, renunciations or other documents on behalf of the relevant Warrantholder as may be required to be executed and generally may make all such arrangements as may appear to the Directors to be necessary or appropriate in connection therewith.

## **15 WINDING UP OF THE COMPANY**

15.1 If an effective resolution is passed by the Shareholders in general meeting for the voluntary winding-up of the Company, and such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person designated by them for such purpose by Ordinary Resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholders and is approved by Ordinary Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all the Warrantholders.

15.2 If a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, in situations other than those falling under the provisions contained in paragraph 15.1 above, 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 five (5) Business Days prior to the proposed general meeting referred to above) together with the duly completed Subscription Form(s) and payment of the relevant Exercise Price to exercise the Subscription Rights represented by such Warrant and the Company shall, as soon as practicable and, in any event, no later than the day immediately

prior to the date of the proposed general meeting, allot such number of Shares to the Warrantholder which fall to be issued pursuant to the exercise of the Subscription Rights represented by such Warrant. The Company shall give Notice to the Warrantholders of the passing of such resolution within seven (7) Business Days after the passing thereof.

15.3 Subject to the provisions contained in paragraphs 15.1 and 15.2 above, if the Company is wound up, all Subscription Rights which have not been exercised at the commencement of the winding-up shall lapse and each Warrant Certificate will cease to be valid for any purposes.

## 16 GOVERNING LAW

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

## 17 DEFINITIONS IN THIS APPENDIX

For the purposes of this Appendix,

**“Approved Merchant Bank”** means a merchant bank or other reputable financial institution in Hong Kong selected by the Directors from time to time;

**“Auditors”** means the auditors of the Company from time to time;

**“Capital Distribution”** means (a) any distribution of assets in specie by the Company for any financial period (whenever paid or made and however described) (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid by way of capitalisation of reserves and (b) any cash dividend or distribution of any kind by the Company for any financial period (whether paid and however described) unless:

- (i) (and to the extent that) the value of the Capital Distribution does not, when taken together with any other dividend or distribution previously made or paid in respect of all periods after 31 December 2006, exceed the aggregate of the consolidated net profits for such periods (less the aggregate of any consolidated net losses) attributable to Shareholders after deducting minority interests and preference dividends (if any) but (A) deducting any amounts in respect of any asset previously credited to the Company’s reserves (in

respect of any period or date up to and including 31 December 2006) pursuant to any revaluation of such asset, where amounts arising on the disposal of such asset have contributed to such profits and (B) deducting any exceptional and extraordinary items, (and for the avoidance of doubt after excluding any amount arising as a result of any reduction in registered capital, share premium account or capital redemption reserve), in each case calculated by reference to the audited consolidated profit and loss accounts (where appropriate as restated pursuant to the then prevailing generally accepted accounting principles in Hong Kong) for such periods of the Company and the Subsidiaries, or

- (ii) it comprises a purchase or redemption of Shares by or on behalf of the Company in accordance with the Listing Rules or the Code on Share Repurchases.

In making any such calculation, such adjustments (if any) shall be made as the Auditors or failing which, the Approved Merchant Bank, may consider appropriate to reflect (1) any consolidation or sub-division of the Shares, (2) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event or (3) the modification of any rights to dividends of Shares;

**“Current Market Price”**

means, in respect of a Share at a particular date, the average of the closing prices published in the Daily Quotation Sheet of the Exchange for one Share (being a Share carrying full entitlement to dividend) for the five (5) consecutive Trading Days ending on the Trading Day immediately preceding such date, provided that if at any time during the said five Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (a) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or
- (b) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the amount of that dividend per Share;

and provided further that if the Shares on each of the said five (5) Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share;

**“Exchange”**

means the Stock Exchange or any other stock exchange on which Shares are for the time being listed as is in the opinion of the Directors the primary stock exchange in relation to the Shares;

**“Face Value”**

means, in relation to any Warrant(s), the amount stated on the face of the Warrant Certificate(s) issued in respect of such Warrant(s) in respect of which the Warrantholder of such Warrant(s) is entitled to subscribe upon the exercise of the Subscription Rights represented thereby;

**“Notice”**

means, in the case of notices given to the Warrantholders, a notice given or to be given in accordance with paragraph 13 above;

**“Ordinary Resolution”**

means a resolution passed at a meeting of the Warrantholders duly convened and held and carried by a majority consisting of more than one-half of the votes cast upon a show of hands or, if a poll is duly demanded, by a majority consisting of more than one-half of the votes cast on a poll in accordance with the provisions contained in the Instrument and subject to and in accordance with all applicable laws, rules and regulations and the Listing Rules;

**“Register”**

means the register of Warrantholders required to be maintained pursuant to the Instrument;

**“Registrar”**

means Tricor Tengis Limited or such other person, firm or company which, as for the time being, maintains in Hong Kong (unless the Directors otherwise determine) the Register and the branch register of members of the Company and the transfer agent in respect of the Warrants;

**“Share Option Scheme”**

means Paliburg Holdings Limited Share Option Scheme adopted by the Shareholders on 16 June 2005 which became effective on 21 July 2005 and any other scheme as may be approved at a general meeting of the Company and pursuant to Chapter 17 (or any other similar chapter) of the Listing Rules for the issue or grant of Shares or options to subscribe for Shares;

- “Stock Split”** means any kind of stock split in relation to the Shares, including a bonus share distribution, a stock dividend distribution or a sub-division of Shares;
- “Subscription Rights”** means the rights of the Warrantheolders to subscribe for Shares pursuant to the Warrants, and in relation to each Warrant, means the right, in units of HK\$0.21 each, of the relevant Warrantheolder to subscribe up to the Face Value for Shares at the Exercise Price per Share, upon and subject to the Conditions;
- “Subsidiary”** means a company which is from time to time a subsidiary (having the meaning ascribed to it under the Listing Rules) of the Company and **“Subsidiaries”** shall be construed accordingly; and
- “Trading Day”** means a day when the Exchange is open for dealing business, provided that if no closing price is reported in respect of the relevant Shares on the Stock Exchange for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days and **“Trading Days”** shall be construed accordingly.