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PERSONS OUTSIDE THE UNITED STATES.**

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## Tongda Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

### HK\$880,000,000 1.0 per cent. Convertible Bonds due 2018

#### Issue Price: 100%

The HK\$880,000,000 1.00 per cent. Convertible Bonds due 2018 (the "**Bonds**") will be issued by Tongda Group Holdings Limited (the "**Issuer**"). The issue price of the Bonds shall be 100% of the aggregate principal amount of the Bonds and the denomination of each Bond shall be HK\$1,000,000.

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4 in "*Terms and Conditions of the Bonds*" (the "**Conditions**")), unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future, unsecured and unsubordinated obligations.

The Bonds bear interest from (and including) 2 July 2015 (the "**Issue Date**") at the rate of 1.00 per cent. per annum payable semi-annually in arrear on 25 December and 25 June in each year commencing with the first interest payment date falling 25 December 2015 (the "**First Interest Payment Date**"). There will be a short first interest period from (and including) the Issue Date to (but excluding) the First Interest Payment Date.

Each Bond will, at the option of the holder, be convertible (unless previously redeemed or purchased and cancelled) at any time on or after 5 August 2015 up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on 18 June 2018 (both days inclusive) (but, except as provided in Condition 6(A)(iii), in no event thereafter) or if such Bond shall have been called for redemption before the Maturity Date (as defined below), then up to and including the close of business (at the place aforesaid) on a date no later than seven days (in the place aforesaid) prior to the date fixed for redemption thereof into ordinary shares of HK\$0.01 each in the issued share capital of the Issuer (having ISIN number KYG8917X1218) (the "**Shares**") at an initial conversion price of HK\$1.88 per Share. The conversion price is subject to adjustment in the circumstances described under "*Terms and Conditions of the Bonds — Conversion — Adjustments to Conversion Price*". The Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKSE**" or the "**Hong Kong Stock Exchange**") under stock code 698 and are subject to certain restrictions on trading imposed by the rules and regulations of the Hong Kong Stock Exchange.

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 112.78 per cent. of its principal amount on 25 June 2018 (the "**Maturity Date**"). At any time the Issuer may redeem the Bonds in whole, but not in part, on giving not less than 30 nor more than 60 days' notice at their Early Redemption Amount (as defined in the Conditions) together with accrued but unpaid interest (if any), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. The Issuer may redeem the Bonds in whole, but not in part, on giving not less than 30 nor more than 60 days' notice on the Optional Redemption Date (as defined in the Conditions) at their Early Redemption Amount together with accrued but unpaid interest (if any) if, at any time immediately prior to the date the relevant Optional Redemption Notice is given, Conversion Rights (as defined in the Conditions) shall have

been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued. Following the occurrence of a Relevant Event (as defined in the Conditions), the holder of each Bond will have the right at such holder's option to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Put Date (as defined in the Conditions) at their Early Redemption Amount together with accrued but unpaid interest. For a more detailed description of redemption of the Bonds, see "*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation*".

Approval-in-principal has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for listing of, and quotation for, the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and the listing and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer or any other subsidiary or associated company of the Issuer, the Bonds or the Shares. Conditional approval for the listing of, and permission to deal in, the Shares to be issued on conversion of the Bonds on the Hong Kong Stock Exchange has been granted by the Hong Kong Stock Exchange.

**Investing in the Bonds and the Shares involves certain risks. See "*Risk Factors*" beginning on page 6 for a discussion of certain factors to be considered in connection with an investment in the Bonds.**

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds and the Shares to be issued upon conversion of the Bonds may only be offered outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Memorandum, see "*Selling Restrictions*".

The Bonds will be initially represented by a global certificate (the "**Global Certificate**") registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**", together with Euroclear, the "**Clearing Systems**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

**This Offering Memorandum is an advertisement and is not a prospectus for the purpose of EU Directive 2003/71/EC.**

The date of this Offering Memorandum is 27 July 2015.

## IMPORTANT NOTICE

The contents of this Offering Memorandum have not been reviewed by any regulatory authority in Singapore, Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offering of the Bonds (the “**Offering**”) described herein. If investors are in any doubt about any of the contents of this Offering Memorandum, they should obtain independent professional advice.

The Issuer, having made all reasonable enquiries, confirms that to its best knowledge and belief (i) this Offering Memorandum contains all information with respect to the Issuer and its subsidiaries taken as a whole (collectively, the “**Group**”) and to the issue of the Bonds and the Shares, which is material in the context of the issue and offering of the Bonds (including all information which, according to the particular nature of the Issuer, the Group, the Bonds and the Shares, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Group and of the rights attaching to the Bonds and the Shares), (ii) all statements of fact relating to the Issuer, the Group, the Bonds and the Shares contained in this Offering Memorandum are in all material respects true and accurate and not misleading in any material respect, and that there are no other facts in relation to the Issuer, the Group, the Bonds and the Shares the omission of which would in the context of the issue of the Bonds make any statement in this Offering Memorandum misleading in any material respect, (iii) the opinions and intentions expressed with regard to the Issuer and the Group contained in this Offering Memorandum are honestly made or held and have been reached after considering all relevant circumstances and have been based on reasonable assumptions and (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts full responsibility for the information contained in this Offering Memorandum.

This Offering Memorandum has been prepared by the Issuer solely for use in connection with the proposed offering of the Bonds described in this Offering Memorandum. The distribution of this Offering Memorandum and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by the Issuer to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the Shares deliverable upon conversion of the Bonds or the distribution of this Offering Memorandum in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the Shares deliverable upon conversion of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Memorandum, see “*Selling Restrictions*”.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group, the Bonds or the Shares other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, The Hongkong and Shanghai Banking Corporation Limited as the trustee (the “**Trustee**”) or the Agents (as defined in “*Terms and Conditions of the Bonds*”). Neither the delivery of this Offering Memorandum nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Group or any member of the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Trustee or the Agents to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or

solicitation is not authorised or is unlawful. This Offering Memorandum is not intended to invite offers to subscribe for or purchase Shares.

No representation or warranty, express or implied, is made or given by the Trustee or the Agents as to the accuracy, completeness or sufficiency of the information contained in this Offering Memorandum, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise, representation or warranty by the Trustee or the Agents. Neither the Trustee nor any Agent has independently verified any of the information contained in this Offering Memorandum and none of them can give any assurance that this information is accurate, truthful or complete. This Offering Memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Trustee or the Agents that any recipient of this Offering Memorandum should purchase the Bonds.

Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Memorandum and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the Offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds. To the fullest extent permitted by law, none of the Trustee or the Agents accepts any responsibility for the contents of this Offering Memorandum. Each of the Trustee and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Memorandum or any such statement. None of the Trustee or the Agents undertakes to review the financial condition or affairs of the Issuer or the Group after the date of this Offering Memorandum nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Trustee or the Agents.

Unless otherwise specified or the context requires, references herein to "**PRC**" are to the People's Republic of China, excluding Hong Kong, Macau and Taiwan, references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the PRC, references to "**Hong Kong dollars**", "**HK dollars**" and "**HK\$**" are to the lawful currency of Hong Kong, references herein to "**RMB**" and "**Renminbi**" are to Renminbi, the lawful currency of the PRC and references herein to "**US dollars**", "**USD**" and "**US\$**" are to the lawful currency of the United States of America (the "**United States**" or the "**US**").

This Offering Memorandum contains explanations and definitions of certain terms used in connection with the Group's business. The terms and their meanings used in this Offering Memorandum may not correspond to standard industry meaning or usage of these terms. As there is no official industry classification, the classification of the Group's services is determined based on the knowledge and experience of the Issuer's board of directors (the "**Board**").

Unless expressly stated or the context requires otherwise, all data in this Offering Memorandum is as of the date of this Offering Memorandum.

## INCORPORATION BY REFERENCE

The Issuer's annual consolidated financial statements for the years ended 31 December 2013 and 31 December 2014, which have been published on the website of the HKSE and prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations) and the auditor's report in respect of such financial statements, which have been audited by Ernst & Young, Certified Public Accountants in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) (the “**Annual Financial Statements**”) are deemed to be incorporated by reference into, and to form part of, this Offering Memorandum.

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer or the Group, as the case may be, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained therein shall be deemed to be modified or superseded for the purposes of this Offering Memorandum to the extent that a subsequent statement contained in another incorporated document herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

These documents are available electronically on the website of the HKSE. Any websites referenced in this Offering Memorandum are intended as guides as to where publicly available information relating to the Issuer or the Group may be obtained free of charge. Information appearing on such websites does not, unless specified otherwise herein, form part of this Offering Memorandum and none of the Issuer or any member of the Group accepts any responsibility whatsoever that any such information is accurate and/or up-to-date. Any such information should not form the basis of any investment decision by an investor to purchase or deal in the Bonds or the Shares.

**Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision in relation to the Bonds.**

## FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Memorandum are not historical facts and are forward-looking statements. This Offering Memorandum may contain words such as “believe”, “could”, “may”, “intend”, “seek”, “will”, “target”, “aim”, “estimate”, “project”, “predict”, “forecast”, “guideline”, “should”, “plan”, “expect” and “anticipate” and similar expressions that are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements. Particularly, statements under the sections “*The Offering*”, “*Risk Factors*”, “*Description of the Group*” and sections relating to the following matters may include forward-looking statements regarding:

- the financial position, business strategy, prospects, capital expenditure and investment plans of the Group; and
- the plans and objectives of the Group’s management for its future operations (including development plans and objectives relating to the Group’s operations).

Such statements are subject to various risks and uncertainties, including, but not limited to:

- competition in the industry in which the Group operates;
- adverse economic conditions that could negatively impact the Group’s business, financial condition and results of operations;
- broad market trends and other factors beyond the Group’s control that could harm its business, financial condition and results of operations;
- the Group’s ability to obtain adequate financing;
- failure to protect the Group’s intellectual property rights;
- the risks of increased costs and the uncertainty of technological changes, insufficient systems capacity and systems failures;
- changes in laws, regulations and taxation in the highly regulated industry in which the Group operates and, any failure to comply with such legal and regulatory obligations;
- any delay or disapproval of new rules, amendments to existing rules or fees that could have an adverse effect on the Group; and
- other factors, including those discussed in “*Risk Factors*”.

Forward-looking statements involve inherent risks and uncertainties. Should one or more of these or other uncertainties or risks materialise, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed, and anticipated improvements in capacity, performance or profit levels might not be fully realised. Although the Issuer believes that the expectations of the Issuer’s management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to have been correct. Accordingly, investors are cautioned not to place undue reliance on the forward looking statements and the Issuer undertakes no obligations to update or revise any of them, whether as a result of new information, future developments or otherwise.



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## THE OFFERING

The following summary contains basic information about the Bonds and is not intended to be complete. It does not contain all the information that is important to investors. For a more complete description of the Bonds, please refer to the section of this Offering Memorandum entitled "Terms and Conditions of the Bonds". Phrases used in this summary and not otherwise defined shall have the meaning given to them in the section entitled "Terms and Conditions of the Bonds".

<b>Issuer</b>	Tongda Group Holdings Limited.
<b>Issue</b>	HK\$880,000,000 1.00 per cent. Convertible Bonds due 2018. The issue of the Bonds was authorised by a resolution of the Board of Directors of the Issuer passed on 15 June 2015.
<b>Issue Price</b>	The Bonds were issued at 100 per cent. of their principal amount.
<b>Issue Date</b>	2 July 2015.
<b>Maturity Date</b>	25 June 2018 unless previously redeemed, converted, purchased, cancelled or otherwise provided in the Conditions.
<b>Redemption at Maturity</b>	Unless previously redeemed, converted or purchased and cancelled, the Issuer will redeem each Bond at 112.78 per cent. of its principal amount on the Maturity Date.
<b>Rate of Interest</b>	The Bonds bear interest from and including the Issue Date at the rate of 1.00 per cent. per annum payable semi-annually in arrear on 25 December and 25 June in each year (each an " <b>Interest Payment Date</b> "). There will be a short first interest period from (and including) the Issue Date to (but excluding) the First Interest Payment Date. See " <i>Terms and Conditions of the Bonds — Interest</i> ".
<b>Status of the Bonds</b>	The Bonds constitute direct, unconditional, unsubordinated, and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of the Issuer's other present and future unsecured and unsubordinated obligations.
<b>Conversion Right</b>	Each holder of the Bonds will have the right to convert the Bonds into Shares at any time (subject to any applicable fiscal or other laws or regulations and as thereafter provided) on or after 5 August 2015 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on 18 June 2018 (both days inclusive) (but, except as provided in Condition 6, in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place

aforesaid) on a date no later than seven days (in the place aforesaid) prior to the date fixed for redemption thereof (the "**Conversion Period**").

**Conversion Price**

The Conversion Price will initially be HK\$1.88 per Share. The Conversion Price is subject to adjustment as described in the Conditions. See "*Terms and Conditions of the Bonds — Conversion — Adjustments to Conversion Price*".

**Negative Pledge**

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will, create or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or is outstanding to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other security as either (x) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (y) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders. See "*Terms and Conditions of the Bonds — Negative Pledge*".

**Redemption for Taxation Reasons**

The Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 11 (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption (the "**Tax Redemption Date**") at their Early Redemption Amount as at such date together with interest accrued but unpaid to such date (if any), if (a) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 25 June 2015, and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

**Redemption at the Option of the Issuer**

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and the

**Redemption for Relevant Event**

Bondholders in accordance with Condition 11, the Bonds may be redeemed by the Issuer in whole, but not in part, on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their Early Redemption Amount together with interest accrued but unpaid to such date (if any) at any time if, immediately prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued.

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Put Date at their Early Redemption Amount together with interest accrued but unpaid to such date (if any). To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Relevant Event Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 11. The "**Relevant Event Put Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A "**Relevant Event**" occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days on the Relevant Stock Exchange; or
- (ii) when there is a Change of Control.

**Form and Denomination of the Bonds**

The Bonds were issued in registered form in the denomination of HK\$1,000,000 each and integral multiples thereof. The Bonds are represented by the Global Certificate which on the Issue Date has been deposited with, and registered in the name of a nominee of, a common depository.

**Clearance**

The Bonds will be cleared through the Clearing Systems. The Clearing Systems each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders.

**Global Certificate**

For as long as the Bonds are represented by the Global Certificate and the Global Certificate is held by a common depository for and on behalf of the Clearing Systems, payments

<b>Selling Restrictions</b>	<p>of principal and interest in respect of the Bonds represented by the Global Certificate will be made to the person shown as the holder in the Register. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.</p> <p>The Bonds have not been and will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. For a description of the selling restrictions, see “<i>Selling Restrictions</i>”.</p>
<b>Listing</b>	<p>Approval-in-principal has been received from the SGX-ST for listing of, and quotation for, the Bonds on the SGX-ST. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Bonds will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).</p> <p>For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, a Paying Agent in Singapore will be appointed and maintained in the event that the Bonds are issued in definitive form. In addition, in the event that the Global Certificate is exchanged for definitive certificates, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the Paying Agent in Singapore.</p> <p>Conditional approval has been given by the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares issuable upon conversion of the Bonds.</p>
<b>Trustee</b>	The Hongkong and Shanghai Banking Corporation Limited.
<b>Principal Agent, Transfer Agent and Registrar</b>	The Hongkong and Shanghai Banking Corporation Limited.
<b>Governing Law</b>	The Bonds and any non-contractual obligations arising out of or in connection with the Bonds will be governed by, and construed in accordance with, the laws of England.
<b>Use of Proceeds</b>	The Issuer intends to use the net proceeds from the issue of the Bonds to (1) fund the Group's (a) capital expenditure requirements, (b) general corporate purposes, and (c) future expansions, and (2) repay the Group's existing debts.
<b>Lock-up</b>	Neither the Issuer nor any person acting on its or their behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or

securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the initial subscriber of the Bonds between the date of the Subscription Agreement and the date which is 90 calendar days after the Issue Date (both dates inclusive); except for Shares issued pursuant to any agreement entered into by the Issuer or any of its Subsidiaries prior to 15 June 2015, the Bonds and the Shares issued on conversion of the Bonds, shares issued on exercise of the options granted under the Share Option Schemes and except for the grant of options under the Share Option Schemes. In addition, Landmark Worldwide Holdings Limited has executed a shareholder lock-up undertaking dated 15 June 2015 in respect of approximately 36.58 per cent. of the issued share capital of the Issuer.

**ISIN**

XS1251504384.

**Common Code**

125150438.

## **RISK FACTORS**

*Prior to making any investment decision, prospective investors should consider carefully all of the information contained in this Offering Memorandum, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be adversely affected by any of these risks. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. Additional considerations and uncertainties not presently known to the Issuer or which the Issuer currently deems immaterial may also have an adverse effect on an investment in the Bonds. All of these factors are contingencies, which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Bonds are described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the Issuer's inability to repay principal, pay interest (if any) or other amounts or fulfil other obligations on or in connection with the Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Bonds are exhaustive.*

### **RISKS RELATING TO THE GROUP'S BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

#### ***Effective execution of the Group's strategy***

The Group's failure to deliver on or to effectively execute its stated strategy or its failure to redefine its strategy to meet changing market conditions could result in a loss of earnings and its ability to comply with financing arrangements.

#### ***The Group's business may be adversely affected if it cannot fulfil its commitments under significant contracts***

The Group has entered into a number of significant contracts with certain of its customers. Failure to meet its commitments under these contracts could result in financial losses and damage the Group's reputation. If, for any reason, the Group loses any of its major customers or they terminate their respective agreements with the Group, it could negatively impact the Group's revenues as well as its profitability and cash generation ability.

#### ***A termination of relationships with key suppliers could cause delays and costs***

The Group is dependent on key third-party suppliers to provide raw materials. If any key supplier terminates its relationship with the Group, goes out of business or fails to provide reliable service, the Group might be unable to put in place suitable alternative arrangements quickly and consequently could experience significant delays in production and could incur additional costs.

#### ***The Group's business depends on the demand for its products and the Group would be adversely affected by any slowdown in such demand***

Demand for the Group's products depends on the demand for the goods in which they are used. Such demand is affected by numerous factors, including the growth in users of such goods, economic conditions and general levels of interest in such goods. A slowdown in demand or the growth of demand for such goods

could result in a slowdown in demand for the Group's products, which would negatively impact the Group's growth and could have a material adverse effect on the Group.

### ***Introduction of new products and development of new technologies***

The markets in which the Group competes are characterised by changing technology, evolving industry standards and continuous improvements in products. In these markets, companies with cutting-edge technologies enjoy strong competitive advantages whereas companies who have fallen behind in terms of technological sophistication may struggle for survival. The Group is continually evaluating new products and production processes and developing new technologies. The Group believes that its future success will depend upon its ability to develop new products, production processes and technologies, and anticipate or respond to technological changes in products and production processes in a cost-effective and timely manner, as well as its ability to design new products which meet its customers' evolving needs.

The integration of new technology or industry standards or the upgrading of the Group's facilities and production capabilities may require substantial time, effort and funding, and the Group may not be able to successfully develop new production processes in a cost-effective and timely manner, if at all. Furthermore, the development of new products and technologies requires significant time, expertise and funding in order to meet relevant industry standards, criteria issued by relevant governmental authorities and customer specifications. The Group's continued success in selling products that appeal to its customers is dependent on its ability to innovate, with respect to both products and operations, and on the availability and adequacy of legal protections for such innovation. See also "*Risk Factors — Risks Relating to the Group's Businesses, Financial Condition and Results of Operations — Intellectual property rights*". Although the Group devotes and will continue to devote considerable efforts to the development and commercial applications of new and enhanced technology to keep pace with market developments and remain competitive, there is no assurance that any of its research and development efforts will necessarily generate sufficient revenue to justify commercialisation. Failure to continue to deliver high-quality and competitive products to the marketplace, to supply products that meet applicable regulatory requirements or to predict market demand or gain market acceptance for its products, could have a material and adverse effect on the Group's business, financial condition and results of operations.

### ***The Group may face increasing competition***

The Group operates in a competitive market. Intensified competition between producers may result in increased costs for raw materials and an oversupply of product, which may adversely affect the Group's business. There can be no assurance that the Group's strategies will be effective or that it will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to its activities may not have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

### ***Growth of the Group***

The Group anticipates expanding the scope of its operations in the coming years. Managing the growth of the Group and implementing necessary internal controls will continue to result in substantial demands on the Group's management, operational and other resources.

The Group cannot assure investors that it will be able to manage its expanding operations effectively or that it will be able to continue to grow. The Group's expansion plans may also adversely affect its existing



operations and thereby have a material adverse effect on the Group's business, prospects, cash flows, financial condition and results of operations.

### ***Licences and permits***

In accordance with laws and regulations in the jurisdictions in which the Group operates, the Group is required to maintain various licences and permits to operate its businesses. Failure to pass inspections, or loss of or failure to renew its licences and permits, could result in temporary or permanent suspensions of some or all of the Group's business activities or the Group could be required to outsource some of its business in order to meet its contractual obligations which could, and in turn, materially and adversely affect the Group's business, financial condition and results of operations.

### ***PRC government approvals***

In accordance with applicable PRC laws and regulations, the Group is required to obtain approvals from relevant government authorities to construct new production facilities or to upgrade or expand existing production facilities. If the Group fails to obtain the required approvals, it may be subject to sanctions, such as fines, or be required to shut down the relevant facility. There can be no assurance that the Group will be granted the licences, approvals or permits necessary for its operations, or that upon the expiration of its existing licences, approvals or permits, it will be able to successfully renew them or that employees and members of the Group will be able to comply with the terms of the licences, approvals, or permits in accordance with PRC laws and regulations. In addition, if the relevant authorities enact new regulations, there can be no assurance that the Group will be able to successfully meet such requirements. If the Group fails to obtain or renew the necessary regulatory licences, approvals and permits, it may have to cease construction or operation of projects, be subject to fines, or face other penalties, which could have a material and adverse effect on the Group's business, financial condition and results of operations.

### ***Intellectual property rights***

The Group's success will depend in part on the Group's ability to obtain and maintain trade secret and patent protection for the Group's technologies, know-how, processes and products as well as to successfully enforce the Group's intellectual property rights and to defend the Group's intellectual property rights against third party challenges. The Group will only be able to protect its technologies, processes and products from unauthorised use by third parties to the extent that valid and enforceable intellectual property protections cover them. In the event that the Group's issued patents and the Group's applications do not adequately describe, enable or otherwise provide coverage for the Group's technologies, processes or products, the Group may not be able to exclude others from developing or commercialising these technologies, processes and products. Historically, the PRC has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk to doing business in the PRC. Monitoring and preventing unauthorised use is difficult, and the measures the Group takes to protect its intellectual property rights may not be adequate. Furthermore, the application of laws governing intellectual property rights in the PRC and abroad is uncertain and evolving. If the Group is unable to adequately protect its intellectual property rights, the Group may lose its competitive advantage and the Group's business, financial condition and results of operations could be materially and adversely affected.

### ***Intellectual property disputes***

The Group may encounter future litigation by third parties based on claims that the Group's technologies, processes or products infringe the intellectual property rights of others or that the Group has misappropriated

the trade secrets of others. The Group may also initiate lawsuits to defend the ownership of the Group's inventions, intellectual property rights and trade secrets. Litigation relating to intellectual property rights is costly and diverts technical and management personnel from their normal responsibilities. Furthermore, the Group may not be able to successfully assert its claims in any such litigation or proceeding. A determination in an intellectual property litigation or proceeding that results in a finding of non-infringement by others to the Group's intellectual property or an invalidation of the Group's patents may result in the use by competitors of the Group's technologies or processes and sale by competitors of products that resemble the Group's products. Any adverse outcome from such litigation, or the time and cost of the proceedings themselves, could materially and adversely affect the Group's business, financial condition and results of operations. In addition, there is a risk that some of the Group's confidential information could be compromised by disclosure during litigation which could materially harm the Group's reputation and adversely effect the Group's business, financial condition and results of operation.

### ***Product liability, quality and performance***

The Group typically provides a warranty to its customers for its products, and some of the Group's products are produced and sold according to customer specifications. If the Group's products fail to meet its customers' specifications, it will usually replace the products. However, the Group is still subject to claims from the Group's customers that end products sold by the Group's customers failed to perform or caused injury, death or damage due to problems in the Group's products. While the Group has not incurred substantial expenses in the past relating to product failures, any future product failures could cause the Group to incur substantial expense to replace defective products, provide refunds or resolve disputes with the Group's customers through litigation, arbitration or other means.

Product failures and the assertion of product liability claims against the Group, even if unsuccessful, could result in adverse publicity that may damage the Group's reputation and customer relationships, which could have a material and adverse effect on the Group's business, financial condition and results of operations.

### ***Obtaining adequate financing on acceptable terms***

There can be no assurance that the cash flow generated by the Group's operations will be sufficient to fund the Group's future operations and expansion plans. The Group's ability to obtain adequate external financing will depend on a number of factors, such as the Group's financial performance and results of operations, as well as other factors beyond the Group's control, such as global and local economic conditions, prevailing interest rates, and applicable laws and regulations governing the industry and geographic regions in which the Group operates. If the Group is unable to obtain financing when required, at a reasonable cost or on reasonable terms, or at all, the implementation of the Group's expansion plans may be delayed and the Group's competitive position and growth prospects may be adversely affected.

### ***Financing costs are subject to changes in interest rates***

Changes in interest rates have affected and will continue to affect the Group's financing costs and, ultimately, its results of operations. There can be no assurance that interest rates will not rise. To the extent that interest rates increase in respect of any of the Group's borrowing (in particular, its bank borrowings with floating rates), it could adversely affect the Group's business, financial condition and results of operations. Any further increase in these rates will increase the Group's financing costs and may materially and adversely affect its business, financial condition and results of operations.

### ***The Group is exposed to foreign exchange risks***

The Group is exposed to foreign exchange risks due to fluctuations in foreign exchange rates. A substantial portion of the Group's investments is and will continue to be denominated in the respective local currencies of countries where the Group operates, while its reporting currency is in Hong Kong dollars. This being the case, many of the Group's activities and income, costs and operating cash flows are exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the respective local currencies of countries where the Group operates when the assets and liabilities are translated into Hong Kong dollars for financial reporting purposes. Consequently, portions of the Group's costs and margins are affected by fluctuations in the exchange rates between these currencies. As far as possible, the Group adopts a natural hedge by funding its investments in the same local currency to mitigate its exposure to exchange rate fluctuations. However, there can be no assurance that the Group will not be exposed to future exchange rate fluctuations in the relevant countries when capital and profits are repatriated back to Hong Kong.

### ***The Group is exposed to general inflationary pressures***

Future increases in prices in goods and services globally may negatively affect the economic growth and stability of countries in which the Group operates, and as a result, may reduce the ability of consumers to purchase properties, shop or travel. The economic and political conditions in these countries make it difficult to predict whether goods and services will continue to be available at prices that will not negatively affect economic growth and stability. There can be no assurance that future increases in prices generally in the countries in which the Group operates will not lead to political, social and economic instability, which in turn could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

### ***The global economy may slow down further and as a result the Group's profitability may be adversely impacted by an increase in bad debts***

The Group sells to a large number of customers, across many countries, ranging from government backed agencies and large wholesalers to enterprises. An economic slowdown may impact the ability of some of these customers to continue to trade, which in turn may result in losses from writing these debts off. Although risk management processes are in place to manage this risk, and provisions are established for debts that may not be recoverable, the Group cannot be certain that there will not be further losses above those already provided for.

### ***Legal disputes***

The Group may be involved in disputes with various parties, including but not limited to purchasers, suppliers and contractors, and these disputes may lead to legal and/or other proceedings. In addition, it is subject to regulation by regulatory authorities, and, from time to time, it may be subject to regulatory and administrative proceedings. These legal, regulatory and other proceedings may result in substantial costs, delays in its development schedule, and the diversion of resources and management's attention, regardless of the outcome. As at the date of this Offering Memorandum, the Group had not been involved in any legal disputes which had a material and adverse effect on its business, financial condition and results of operation. However, there can be no assurance that the Group will not be involved in legal disputes in the future or that such legal disputes will not be material in nature. The outcome of these proceedings may materially and adversely affect the Group's reputation, business, prospects, financial condition and results of operations.

### ***Environmental regulations***

The Group is required to comply with environmental regulations in the conduct of its business. The Group is subject to a variety of regulations in the jurisdictions in which it operates relating to the use, storage, discharge and disposal of materials used in its manufacturing processes. Any failure to comply with present and future regulations or obtain the necessary certificates and permits could subject the Group to future fines and liabilities or other government sanctions. In addition, if more stringent regulations are adopted in the future, the costs of compliance with these new regulations could be substantial. Any failure to control the use of or to restrict adequately the discharge of hazardous substances could subject the Group to monetary fines and liabilities or other government sanctions. If the Group is held liable for damages in the event of contamination or injury, it could have a material and adverse effect on the Group's business, financial condition and results of operations.

In accordance with environmental regulations, the Group is required to obtain, and has obtained, relevant environmental licences and permits. The Group's ability to maintain, or renew such licences and permits on acceptable terms is subject to change, as the regulations and policies of applicable governmental authorities may change. There can be no assurance that the Group will be successful in obtaining the required environmental approvals, licences and permits or that they would be granted by the relevant authorities in a timely manner. Failure to obtain the necessary environmental approvals, licences and permits may subject the Group to monetary fines and liabilities or government sanctions which could adversely affect the Group's business, financial condition and results of operations.

### ***The Group's land and/or real property may be subject to compulsory acquisition***

Properties of the Group or the land on which the properties therein are located may be compulsorily acquired by the respective governments of the countries in which they are located for, among other things, public use or due to public interest. In the event the Group's properties or the land on which they are located are compulsorily acquired, and the market value of the land (or part thereof), to be compulsorily acquired is greater than the compensation paid to the Group in respect of the acquired land, the income of the Group may be adversely affected. Accordingly, the Group's business, prospects, financial condition and results of operations would be adversely affected.

### ***Insurance and force majeure***

The Group maintains insurance with policy specifications and insured limits that the Group believes are consistent with industry standards.

Potential losses arising from events such as floods, earthquakes, terrorism or other similar catastrophic events, which may also include other force majeure events, may be either uninsurable, or, in the judgement of the Group, not insurable on a financially reasonable basis, or may not be insured at full replacement cost or may be subject to larger excesses.

In the event that there are insufficient insurance arrangements in place, the Group may be exposed to materially significant capital losses, or losses that may impact revenue generation and the overall financial performance of the Group.

## ***Employees***

The Group depends on the efforts and skill of its senior management and other important staff members. For a description of our Board, see “*Description of the Group — Corporate Governance and Board of Directors*”. As a result, the Group's future success depends to a significant extent on the continuing service and coordination of these individuals, who are not obligated to remain employed with the Group.

The Group's success also depends on its ability to identify, hire, train and retain suitably skilled and qualified employees with requisite industry expertise. The loss of any member of the Group's senior management team or its other key employees could have a material adverse effect on the Group's business if the Group is unable to find suitable replacements in a timely manner. Competition for such personnel is intense, and any failure to recruit and retain the necessary personnel or the loss of a significant number of employees at any time could harm the Group's business and prospects.

The Group's workforce is partly unionised which could expose it to labour activism and unrest which may disrupt the Group's operations and adversely affect its business, financial condition and results of operations.

## ***Occupational health and safety***

Work practices resulting in fatality and/or serious injury or a failure to comply with the necessary occupational health and safety regulatory requirements could result in reputational damage, fines, penalties and compensation for damages. There is also a risk associated with incidents relating to health and safety that do not result from any breach or regulatory obligations, for example, the risk of terrorist activity at an asset owned or managed by the Group.

## ***Health epidemics and other outbreaks***

The Group's business could be materially and adversely affected by natural disasters or the outbreak of avian influenza, severe acute respiratory syndrome (“**SARS**”), or other epidemics. If any disaster or outbreak of disease were to occur in the future, particularly in regions in which the Group has production or research and development centres, the Group's operations could be materially and adversely affected due to loss of personnel, damage to property or decreased demand for passenger vehicles.

Any outbreak of avian influenza, SARS, influenza A (H1N1), or other adverse public health developments, could adversely affect the overall business sentiment and environment in the countries in which the Group operates, which in turn may lead to slower overall economic growth in those countries. Any contraction or slowdown in the economic growth of those countries could adversely affect the Group's business, prospects, financial condition and results of operations. In addition, if any of the Group's employees is infected or affected by any severe communicable disease, it could adversely affect or disrupt the Group's operations, as it may be required to close some or all of its factories or production base or other business locations to prevent the spread of the disease. The spread of any severe communicable disease may also affect the Group's customers and suppliers, which could in turn adversely affect the Group's business, prospects, financial condition and results of operations.

## ***The Group is exposed to terrorist attacks, other acts of violence or war and adverse political developments***

Terrorist attacks worldwide have resulted in substantial and continuing global economic volatility and social unrest. Further developments stemming from these events or other similar events could cause further

volatility. The direct and indirect consequences of any of these terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on its business operations and results. Any additional response by attacked nations or their allies or any further terrorist activities could also materially and adversely affect international financial markets and the economies in which the Group operates and may thereby adversely affect its business, prospects, financial condition and results of operations.

### ***The Group has a holding company structure***

Most of The Issuer's assets are shareholdings in its subsidiaries and associated companies. The Issuer's ability to continue to satisfy its payment obligations, including obligations under the Bonds, is therefore subject to the up-streaming of dividends, distributions and other payments received from its subsidiaries and associated companies. Both the timing and ability of certain subsidiaries and associated companies to pay dividends and distributions are limited by applicable laws and may be limited by conditions contained in certain of their agreements. In the event that the Issuer's subsidiaries and associated companies do not pay any dividends or distributions or do so irregularly, the Group's performance may be adversely affected. In light of the current economic climate, the Group's subsidiaries and associated companies may have difficulty in accessing the financial markets and as a result seek further capital funding or financial support from the Group and this may materially and adversely affect the Group's business, financial condition and results of operations.

As a result of the holding company structure of the Group, the Bonds are also structurally subordinated to any and all existing and future liabilities and obligations of the Issuer's subsidiaries and associated companies since these subsidiaries and associated companies own the majority of the Group's assets. Generally claims of creditors, including trade creditors, and claims of preferred shareholders (if any) of any such subsidiaries and associated companies will have priority with respect to the assets and earnings of such subsidiaries and associated companies over the claims of the Issuer and its creditors, including the holders of the Bonds.

## **RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC**

### ***Economic, political and social conditions and government policies in the PRC***

The Group conducts business in, and generates revenues from, the PRC. Accordingly, the Group's business, prospects, cash flows, financial condition and results of operations are, to a significant degree, subject to economic, political and social conditions and government policies in the PRC.

The economy of the PRC differs from the economies of most developed countries in many respects, including, but not limited to structure, governmental involvement, level of development, growth rate of gross domestic product, capital re-investment, allocation of resources, control of foreign currency, and rate of inflation.

The economy of the PRC has been transitioning from a planned economy to a market-oriented economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industries by imposing industrial policies. It also exercises significant control over the PRC's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

Policies and measures taken by the PRC government to regulate the economy and guide the allocation of resources may benefit the overall economy of the PRC but could have a significant negative impact on the Group's business. For example, the Group's business, prospects, cash flows, financial condition and results of operations may be materially and adversely affected by:

- government control over capital investment;
- new laws and regulations and the interpretations of those laws and regulations;
- the introduction of measures to control inflation or regulate growth;
- changes in interest rates and statutory reserve rates for banks and government control of bank lending activities;
- changes in the rate or method of taxation and tax regulations that are applicable to the Group; and
- the imposition of additional restrictions on currency conversions and remittances abroad.

***The PRC legal system has inherent uncertainties***

The Group's business and operations in the PRC are governed by the PRC legal system. The PRC legal system is a civil law system based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC government has issued laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and their non-binding nature, the interpretation and enforcement of these laws and regulations may involve uncertainties and may not be as consistent or predictable as in other more developed jurisdictions. Furthermore, the legal protections available to the Group under these laws and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted and could result in substantial costs and diversion of resources and management attention.

***Fluctuation in the exchange rates of the Renminbi***

The exchange rates between the Renminbi, the U.S. dollar, the HK dollar and other foreign currencies is affected by, among other things, changes in the PRC's political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is pegged against a basket of currencies, determined by the People's Bank of China, against which it can fluctuate within a narrow and managed band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the U.S. dollar. As the Hong Kong dollar has been generally linked to the U.S. dollar at the rate of HK\$7.80 to US\$1.00 since 1983, this has also resulted in a significant appreciation of the Renminbi against the HK dollar. There remains significant international pressure on the PRC government to adopt a more flexible currency policy. On June 20, 2010, the People's Bank of China announced its intention to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar, the HK dollar or other foreign currency.

Substantially all of the Group's revenues are generated by the Group's PRC operating subsidiaries and are denominated in Renminbi. The Group relies on dividends paid by its operating subsidiaries, which in turn will be used by the Issuer to pay interest on the Bonds. To the extent that the Group needs to convert the proceeds from this offering and future financing into the Renminbi for its operations, appreciation of the Renminbi

against the HK dollar would reduce the Renminbi amount the Group would receive from the conversion. Conversely, if the Group decides to convert its Renminbi into HK dollar for the purpose of making payments of interest and certain other amounts on the Bonds or for other business purposes, appreciation of the HK dollar against the Renminbi would reduce the HK dollar amount available to the Group.

### ***Governmental control over currency conversion***

The Group currently receives substantially all of its revenues in Renminbi. However, certain of the Group's expenses, including labour costs for its employees in Hong Kong, are denominated in foreign currencies, mostly Hong Kong dollars and U.S. dollars. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange of the PRC ("**SAFE**") by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

If the foreign exchange control system prevents the Group from obtaining sufficient foreign currency to satisfy its currency demands, the Issuer may not be able to pay interest to Bondholders. In addition, because a significant amount of the Group's future cash flows from operations will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit its ability to purchase goods and services outside of the PRC or otherwise fund its business activities that are conducted in foreign currencies.

### ***Service of process upon the Group***

A significant portion of the Group's assets are located in the PRC. As a result, it may not be possible to effect service of process outside the PRC upon the Group in relation to these assets, including with respect to matters arising under applicable securities laws. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced in the PRC if that jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of any other requirements. The PRC does not have treaties providing for the reciprocal acknowledgement and enforcement of judgments of courts with the United States and most other western countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court in any of these jurisdictions may be difficult.

### ***Higher labour costs and inflation in the PRC***

Labour costs in the PRC have risen in recent years as a result of the enactment of new labour laws and social development. In addition, inflation in the PRC has increased, which in turn increases the costs of labour and the costs of raw materials the Group must purchase for production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability, performance and financial condition.



## **RISKS RELATING TO THE BONDS**

### ***The Bonds are unsecured obligations***

The Bonds constitute direct, unconditional, unsubordinated and subject to Condition 4 (see “*Terms and Conditions of the Bonds – Negative Pledge*”) unsecured obligations of the Issuer ranking *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds rank at least equally with all its other existing and future unsecured and unsubordinated obligations, subject to mandatory provisions of applicable law and Condition 4 (see “*Terms and Conditions of the Bonds – Negative Pledge*”). The repayment of the Bonds may be compromised if:

- the Group enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- there is a default in payment under the Group’s future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Group’s indebtedness.

If any of the above events occurs, the Group’s assets may not be sufficient to pay amounts due on the Bonds.

### ***Holders of the Bonds are not entitled to rights with respect to the Shares, but are subject to changes made with respect to the Shares***

Holders of the Bonds are not entitled to any rights with respect to the Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Shares) prior to the time such Bondholders convert the Bonds for Shares and are themselves registered as holders thereof. However, such Bondholders are subject to all changes affecting the Shares. For example, in the event that an amendment is proposed to the Issuer’s articles requiring shareholders’ approval, and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the date of conversion of the Bonds for such Shares and (as applicable) the date of registration by the relevant Bondholder as the holder thereof, that Bondholder would not be entitled to vote on the amendment but would nevertheless be subject to any resulting changes in the powers, preferences or special rights that affect the Shares after conversion.

### ***Short selling of the Shares by purchasers of the Bonds could materially and adversely affect the market price of the Shares***

The issuance of the Bonds may result in downward pressure on the market price of the Shares. Many investors in convertible bonds seek to hedge their exposure in the underlying equity securities, often through short selling the underlying equity securities or similar transactions. Any short selling or similar hedging activity could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares as well as on the trading price of the Bonds.

### ***Future issuances of Shares or equity-related securities may depress the trading price of the Shares***

Any issuance of the Issuer’s equity securities after this Offering of the Bonds could dilute the interest of the existing shareholders and could substantially decrease the trading price of the Shares. The Issuer may issue equity securities in the future for a number of reasons, including to finance its operations and business

strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust its ratio of debt to equity, to satisfy its obligations upon the exercise of outstanding warrants, options or other convertible bonds or for other reasons. Sales of a substantial number of Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Shares, and impair the Issuer's ability to raise capital through the sale of additional equity securities. There is no restriction on the Issuer's ability to issue bonds or the ability of any of the Issuer's shareholders to dispose of, encumber or pledge the Shares, and there can be no assurance that the Issuer will not issue bonds or that the Issuer's shareholders will not dispose of, encumber or pledge the Shares. The Issuer cannot predict the effect that future sales of the Shares or other equity-related securities would have on the market price of the Shares. In addition, the price of the Shares could be affected by possible sales of the Shares by investors who view the Bonds as a more attractive means of obtaining equity participation in the Issuer and by hedging or engaging in arbitrage trading activity involving the Bonds.

***Bondholders will bear the risk of fluctuations in the price of the Shares***

The market price of the Bonds at any time will be affected by fluctuations in the price of the Shares. The Shares are currently listed on the Hong Kong Stock Exchange. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of Shares for future issue or sale, will have on the market price of the Shares prevailing from time to time and therefore on the price of the Bonds. Sales of substantial numbers of Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Shares and the Bonds.

***Conversion of the Bonds would dilute the ownership interest of existing shareholders and could also adversely affect the market price of the Shares***

The conversion of some or all of the Bonds would dilute the ownership interests of existing shareholders. Any sales in the public market of the Shares issuable upon such conversion could adversely affect prevailing market prices for the Shares. In addition, the conversion of the Bonds might encourage short selling of the Shares by market participants.

***Holders have limited anti-dilution protection***

The Conversion Price (as defined in the Conditions) will be adjusted in the event that there is a subdivision, consolidation or reclassification of Shares, rights issue, capital distribution, capitalisation of profits or reserves or other events. See "*Terms and Conditions of the Bonds — Conversion.*" There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the value of the Shares and, therefore, adversely affect the value of the Bonds.

***Securities law restrictions on the resale and conversion of the Bonds and the resale of the Shares issuable upon their conversion may impact investors' ability to sell the Bonds***

The Issuer has not registered the Bonds or the Shares issuable upon conversion of the Bonds under the Securities Act or other securities laws. Unless and until the Bonds and the Shares issuable upon conversion are registered, they may not be offered or sold or resold except in transactions that are exempt from the registration requirements of the Securities Act and hedging transactions may not be conducted unless in compliance with the Securities Act. The Bonds and the Shares issuable upon conversion thereof will not be freely tradable absent registration or an exemption from registration.

***The Bonds contain provisions regarding modification, waivers and substitution, which could affect the rights of Bondholders***

The Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Bonds, including holders of Bonds who did not attend and vote at the relevant meeting and holders of Bonds who voted in a manner contrary to the majority. In addition, an Extraordinary Resolution (as defined in the Conditions) in writing signed by or on behalf of the holders of not less than 75% of the aggregate principal amount of Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holder of Bonds duly convened and held. The Conditions also provide that the Trustee may, without the consent of holders of Bonds, subject as provided in the Conditions and the Trust Deed, agree to effect any modification to, or any waiver of the Conditions or the Trust Deed, if to do so is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or is in the opinion of the Trustee of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, authorisation or waiver shall be binding on the holders of Bonds.

***The Issuer may not have the ability to redeem the Bonds***

Bondholders may require the Issuer, subject to certain conditions, to redeem for cash all of their Bonds on a certain date (as described in the Conditions) or upon a transaction or event constituting a change of control or a delisting or a change in law as described under “*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation*”. The Issuer may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. The Issuer’s ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Issuer would, subject to applicable grace periods, constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness it holds.

***The insolvency laws of the Cayman Islands and other jurisdictions in which the subsidiaries of the Issuer currently operate may differ from those of any other jurisdiction with which holders of the Bonds are familiar***

Because the Issuer is incorporated under the laws of the Cayman Islands, an insolvency proceeding relating to the Issuer, even if brought in other jurisdictions, would likely involve insolvency laws in the Cayman Islands, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy law in other jurisdictions. The Issuer conducts its business operations through subsidiaries incorporated across different countries. The laws and regulations relating to bankruptcy and insolvency in these countries and the legal proceedings in that regard may significantly differ from those of other jurisdictions with which the holders of the Bonds are familiar. Investors should analyse the risks and uncertainties carefully before investing in the Bonds.

***The Bonds may not be a suitable investment for all investors***

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds and the merits and risks of investing in the Bonds and the information contained in this Offering Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- understand thoroughly the terms of the Bonds; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

***The Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction***

In certain circumstances, including without limitation the giving of notice pursuant to Condition 10 of the Conditions and taking enforcement proceedings pursuant to Condition 15 of the Conditions, the Trustee may (at its sole discretion) request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the Trust Deed and the Conditions and applicable laws and regulations, it will be for the Bondholders to take such actions directly.

***Lack of a public market for the Bonds***

The Bonds are a new issue of securities for which there is currently no established trading market when issued, and one may never develop. Approval-in-principal has been received from the SGX-ST for listing of, and quotation for, the Bonds on the SGX-ST. However, there can be no assurance that the Issuer will be able to maintain such a listing or that, if listed, a trading market will develop for the Bonds on the Hong Kong Stock Exchange. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Bonds.

If an active trading market were to develop, the Bonds could trade at a price that may be lower than the initial offering price of the Bonds. Whether or not the Bonds will trade at lower prices depends on many factors, including:

- prevailing interest rates and the market for similar securities;
- general economic, market and political conditions;
- the Group's financial condition, financial performance and future prospects;

- the publication of earnings estimates or other research reports and speculation in the press or investment community in relation to the Group; and
- changes in the industry and competition affecting the Group.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Bonds are legal investments for it; (ii) the Bonds can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

***Claims by Bondholders are structurally subordinated to creditors of the Issuer's subsidiaries and associated companies***

The Issuer's ability to make payments in respect of the Bonds depends largely upon the receipt of dividends, distributions, interest or advances from its subsidiaries. The ability of the Issuer's subsidiaries to pay dividends and other amounts to it may be subject to their profitability and applicable laws. Payments under the Bonds are structurally subordinated to all existing and future liabilities and obligations of each of the Issuer's subsidiaries. Claims of creditors of such companies will have priority as to the assets of such companies over the Issuer and its creditors, including Bondholders.

***Bondholders may be subject to tax***

Prospective investors of the Bonds are advised to consult their own tax advisors concerning the overall tax consequences of the purchase, ownership, disposition or conversion of the Bonds or the Shares. See "Taxation" for a discussion of tax consequences in certain jurisdictions.

***The Shares may be subject to dilution and the sale or availability for sale of substantial amounts of Shares, especially by directors, executive officers and current shareholders of the Issuer, could adversely affect the market price of the Shares***

There is no restriction on the right of the Issuer or the Issuer's shareholders to issue or sell Shares, except as described under "Selling Restrictions". Future sales of a substantial number of Shares by existing shareholders, or the possibility of such sales, could negatively impact the market price of the Shares in Hong Kong and the Issuer's ability to raise equity capital in the future at a time and price that it deems appropriate. No prediction can be made as to the effect, if any, that future sales of Shares, or the availability of Shares for future sale, will have on the market price of the Shares prevailing from time to time. Sales of substantial amounts of the Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of the Shares.

In addition, the Shares held by Landmark Worldwide Holdings Limited, the Issuer's controlling shareholder, are subject to a lock-up period from 15 June 2015 to the date which is 90 days after the Issue Date. While the Issuer is not currently aware of any intention of Landmark Worldwide Holdings Limited to dispose of

significant amounts of its Shares after the completion of the lock-up period, the Issuer is not in a position to give any assurance that Landmark Worldwide Holdings Limited will not dispose of any Shares it may own now or in the future.

***A change in English law which governs the Bonds may adversely affect the Bondholders***

The Conditions are governed by English law. No assurance can be given as to the import of any possible judicial decision or change to English law or administrative practice after the date of issue of the Bonds.

***The Bonds will initially be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System***

The Bonds are represented by the Global Certificate. Such Global Certificate has been deposited with a common depository for Euroclear and Clearstream. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Bonds or Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the common depository for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

***The Issuer may call the Bonds prior to maturity if it has or will become obligated to pay Additional Tax Amounts as a result of certain changes in applicable tax law***

The Issuer may call the Bonds prior to maturity if it has or will become obligated to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong, the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations. In such an event, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed but, in that case, no Additional Tax Amounts will be payable on the electing Bondholder's Bonds after the relevant tax redemption date and payment of all amounts shall be made subject to the deduction of withholding of any taxation required to be withheld or deducted. See "*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Taxation Reasons*".

**The risks described above do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.**

**The investment referred to in this Offering Memorandum may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment advisor before making a decision to subscribe for the Bonds.**

## **USE OF PROCEEDS**

The Issuer intends to use the net proceeds from the issue of the Bonds to (1) fund the Group's (a) capital expenditure requirements, (b) general corporate purposes, and (c) future expansions, and (2) repay the Group's existing debts.



## DESCRIPTION OF THE GROUP

### The Issuer

The Issuer is a limited liability company incorporated in the Cayman Islands. The registered office address of the Issuer is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands.

The principal activity of the Issuer consists of investment holding.

### Overview of the Group

The Group is a one-stop service provider of consumer electronics casings and components products. The Group is principally engaged in the design and production of consumer electrical appliances including the casings of handsets, notebook computers and electrical appliances and related products. The Group focuses on innovative precision aesthetic technology, fashionable product design and aims to provide advanced and reliable one-stop solutions to international renowned electrical appliances customers, including Huawei, Xiaomi, Oppo, Asus, Lenovo, ZTE, Coolpad, Haier, Gree, Media, Toshiba, HP, Pace, Ikea, DYSON and Decathlon.

The Group is dedicated to the production of innovative products in order to ensure it remains competitive. Currently, the In-Mould Lamination ("**IML**") and In-mould Decoration ("**IMD**") technologies, developed by the Group over a period of years, have become mature. The Group has developed a new technology, Nano Molding Technology ("**NMT**"), which is used on metal casings and, in order to seize future opportunities in the smartphone and computer market, the Group has also developed Laser Direct Structuring ("**LDS**") technology to design a new generation of antenna system. The Group provides a vertical integrated supply chain of such system in the PRC. This system is designed to meet the demand for antenna technology from the fourth generation ("**4G**") or above wireless communication system market. The Group currently owns multiple patented technologies and is in the process of applying for several further patents.

The Group has established global production centres and service networks in different countries and regions. Its major production bases are located in Shishi, Xiamen, Changshu and Shenzhen in the PRC and research and development ("**R&D**") centres in Shanghai and Taiwan.

### History

- 1978 Commencement of business and establishment of an ironware and plastic factory by the Wang brothers
- 1988 Establishment of Tongda Electronic Company Limited, a Chinese-foreign joint venture
- 1998 Establishment of Tongda Electrics Company Limited  
Investment in construction of Fujian Shishi Shihu Port Tongda Industrial Zone as a production base primarily producing plastic casings with IML technology
- 2000 Establishment of the Issuer  
Listing of the Issuer on the Hong Kong Stock Exchange (listing code: 698.HK) on 20 December 2000
- 2002 Establishment of Tongda Ironware (Shenzhen) Company Limited  
Construction of an industrial zone in Zhongwu, Bao'an District, Shenzhen, the PRC, primarily for the production of ironware components

- 2003 Establishment of Xiamen Tongda Technology Company Limited  
Construction of an industrial zone in Xinyang Industrial Zone, Haicang District, Xiamen City, the PRC, primarily for the production of handset and telecommunication components
- 2010 Establishment of HT Technology (Suzhou) Company Limited  
Construction of an industrial zone in Changshou City, Suzhou, the PRC, primarily for the production of notebook computer components
- 2013 Establishment of R&D centres in Jiufu Development Zone, Shanghai, the PRC, and Zuoying District, Kaohsiung City, Taiwan, primarily for R&D of LDS antenna  
Construction of a new factory in Shuitou Town, Nan'an City, primarily for production of telecommunication components with LDS antenna
- 2014 Commencement of operations at the Group's second factory in Haicang District, Xiamen City, primarily for the production of handset casings
- 2015 Inclusion of the Group as a constituent stock in the Hang Seng Composite SmallCap Index and Hang Seng Broad Consumption Index by the Hang Seng Indexes Company Limited

#### **Awards and achievements**

The following is a selection of some of the achievements and awards won by the Group.

- 2015 Became a constituent stock in the Hang Seng Composite SmallCap Index and the Hang Seng Broad Consumption Index
- 2013 Classified as "information technology – IT hardware" under the the Hang Seng Industry Classification Systems  
Included in the Morgan Stanley Capital International Index China Index of World Small Cap Index
- 2012 Pitched as one of the “China’s Most Promising Companies 2012” by The Asset magazine  
Designated a “High New Technology Enterprises” by Xiamen Science and Technology Bureau, Xiamen Municipal Bureau of Finance, Fujian Province Xiamen State Taxation Bureau and Fujian Province Xiamen Local Taxation Bureau of the PRC  
Awarded "Enterprise with Outstanding Contribution" by Shishi City, the PRC
- 2011 Won the first Quanzhou innovative enterprises promotion activity award
- 2009 Designated a “High New Technology Enterprises” by Xiamen Science and Technology Bureau, Xiamen Municipal Bureau of Finance, Fujian Province Xiamen State Taxation Bureau and Fujian Province Xiamen Local Taxation Bureau of the PRC
- 2006 Ranked in Forbes Asia’s "200 Best Under A Billion"  
Awarded the Fujian Province of the PRC “Provincial Star Overseas Chinese Enterprise” for the years 2003-2005
- 2005 Designated one of “100 Key Industrial Enterprises of Quanzhou” of the PRC for the year 2005-2006  
Ranked 36th among the "Top 100 enterprises of electronic components" in China by the Operation, Monitoring and Coordination Bureau, Ministry of Industry and Information Technology of China and China Electronic Components Association

- 2004 Designated a "Labor Regulation Management Enterprise" of Quanzhou City, the PRC  
Designated as an "advanced enterprise" by the municipal government of Quanzhou, the PRC
- 2003 Designated as one of "100 Key Industrial Enterprises of Quanzhou" by the Quanzhou municipal authority of the PRC

## **Strategy**

### ***Vision***

To be a leading one-stop service provider of high-end consumer electronics casings and components in the international market.

### ***Mission***

The Group's mission is to:

- meet global and local market demand and lead market trends
- strive to develop and produce high-end consumer electronics casings
- become a vertically integrated supplier of functional components

### ***Culture and Values***

The Group aims to achieve its mission through:

- innovation and perpetual operation
- dedication, exertion, creativity and efficiency
- high quality, high efficiency and provision of satisfactory products and services to customers
- prompt response and immediate action

### ***Outlook***

The Group plans to further expand its investment in the application, research and development of new technologies, new materials and new craftsmanship. The Group aims to maintain its market position in the global consumer electronic appliance components and fashionable casing aesthetic markets. The Group's products will range from decorative to functional components.

The Group is committed to ensuring continued customer and staff satisfaction by pursuing practicality and innovation to create precision products.

## **Business Segments**

The Group business is operated through three divisions, (i) the Electrical Fittings Division, (ii) the Ironware Parts Division and (iii) the Communication Facilities Division and Other Business. Each division is described below.

### ***Electrical Fittings Division***

The division, consisting of three departments in handsets, electrical appliances and notebook computers, mainly provides one-stop product solutions for domestic and international clients. Revenue of this division for the year ended 31 December 2014 ("**FY2014**") grew 26.2 per cent. from HK\$2,882.5 million for the year

ended 31 December 2013 ("FY2013") to approximately HK\$3,637.0 million, and accounted for 76 per cent. of total revenue of the Group.

#### *Handsets*

The handset department has been operating since 2003. Over several years of operation, the Group has developed its R&D team, its product innovation capabilities and has invested in smartphone design technology. This has resulted in enhanced diversity and flexibility of the product mix offered by the Group.

In recent years, demand for smartphones has grown rapidly and the reputation and market share of domestic PRC handset brands in the international market is also growing. The Group's handset business, which is its major growth business, has benefited from these market trends. The Group will continue to focus on designing quality and fashionable handset casings, while developing ultra-slim and functional components which it aims to provide at reasonable prices.

In recent times, domestic PRC handset brands are focusing more on outstanding specifications and product differentiation, with increasing requirements for appearance, texture and functionality. In respect of its decorating technology, the Group has applied NMT, which attaches metal and plastic at a nano level, resulting in thinner but stronger products. Production lead time is generally shorter than traditional uni-body metal casing while assembly is easier with a higher passing rate. The Group also allocated more resources to Computer Numerical Controlling ("CNC") machines and concentrated on the production of high-end metal casings. Metal Injection Molding ("MIM") technology can produce complicated and precision metal components. The Group believes that these technologies can position it to cater for the growing demand for precision metal casing. Furthermore, IML and In-Mould Transfer ("IMT") technology, which can be widely used in precision plastic casings, is also employed by the Group. The Group is also able to produce casings made of glass and other composite materials. The one-stop service capability of the Group offers customers with a variety of components such as battery covers, display frames and middle frames. The Group has also developed LDS technology for the design of a new generation antenna system. Currently, the Group provides a vertical integrated supply chain of such system in the PRC. The Group believes that the growth in the use of 4G communication systems and 4G-enabled mobile devices, which depend upon effective antenna systems, provides the Group with a technological competitive advantage.

The handset division product mix includes IML handset casings, LDS antennae, handset decorations, handset buttons and vacuum coatings on handset decorations.

The Group has been working closely with a number of renowned fast growing domestic and international handset brands, including Huawei, Xiaomi, OPPO, ZTE, Coolpad, TCL, and Lenovo. At the end of FY2014, the Group added Asus, a Taiwanese brand, to its customer base. Providing mass production of new smartphone casings to Asus offers a new source of growth for the Group.

Phase I of the Group's new production plant in Xiamen of the PRC commenced operation in October 2014. It focused on production of handset casings and offered a timely boost to meet the orders in the traditional peak season during the fourth quarter of FY2014, contributing to a significant year-on-year growth in revenue of the handset business in the second half of FY2014. Boosted by increased orders for metal casings which commanded higher unit prices, revenue increased 29.9 per cent. from HK\$1,859.8 million in FY2013 to HK\$2,415.0 million in FY2014, and accounted for 51 per cent. of total revenue of the Group.

#### *Electrical Appliances*

The Group is a supplier of casings and functional components for high-end white goods. The Group's major customers include well-known PRC electrical appliance brands, such as Haier, Gree and Midea; and its overseas customers include Panasonic, Zojirushi, Electrolux and newly-added customers, such as DYSON. Products include panels for air-conditioners, refrigerators, washing machines and rice-cookers. Last year, the

Group applied one-piece shaping IML technology to produce large scale 1.8 metre high casings for floor-standing air-conditioners. The Group has also integrated customers' control panels with touch film switches made of Indium tin oxide film ("ITO film").

Revenue of the Group's electrical appliances business increased 26.6 per cent from HK\$464.7 million in FY2013 to HK\$588.4 million in FY2014, and accounted for 12 per cent. of the Group's revenue.

#### *Notebook Computers*

The Group's notebook computer and tablet business has been developed over a number of years. High quality metal and precision plastic casings for mid-to-high-end and ultra-slim notebook computers are the primary market of the department. As a one-stop precision structural components supplier, the Group utilises technologies such as IML, IMD and LMF to produce sturdy and ultra-thin metal and accessories with different textures. The newly developed LMF casings effectively maintain the hardness of metals while preserving the attractiveness of IML technology decoration making it attractive to a variety of customers.

The department's customers include Lenovo, NEC, Toshiba, Fujitsu and HP. Major products include precision metal and plastic ultrabook and tablet casings with light, simple and grand design.

During FY2014, revenue from the notebook computers department increased 13.5 per cent. to HK\$633.6 million and accounted for 13 per cent. of the Group's revenue.

#### *Ironware Parts Division*

The ironware parts division offers electrical appliance customers a myriad of aluminum components, high-precision metal components and metallic set top boxes with various surface effects.

The division's customers include Midea, Haier and Gree.

Revenue for the division increased by 39.7 per cent from HK\$492.4 million in FY2013 to HK\$687.7 million in FY 2014 and accounted for 14 per cent. of the Group's revenue. During FY2014, performance of the division was boosted by growth in the electrical appliances business as well as an increase in demand for high-resolution set top boxes as a result of the holding of the FIFA World Cup.

#### *Communication Facilities Division and Other Business*

The communication facilities division of the Group focuses on the production of digital satellite TV receivers and set top boxes for long-term customers in the Middle East, Europe and the United States.

The division's customers include Pace and Cisco.

The division posted a 85.0 per cent. increase in sales from HK\$252.2 million in FY2013 to HK\$466.6 million in FY2014, and accounted for 10 per cent. of the Group's total revenue. This was driven by production of household durable items and sports gear for new customers, such as IKEA from Sweden, Wagner from the US and Decathlon Group from France.

#### **R&D and Manufacturing Capability**

##### ***R&D***

The Group focuses on R&D in many areas, including mould development, printing and coating, IML and LMF technology and precision metal products. The Group's R&D department works with high-end raw material suppliers from Europe, Japan and South Korea to expand the application scope of the latest materials in order to increase the diversity of the Group's products.

### *Printing and Coating*

The Group has successfully developed various vein texture printing methods, including embedded leather, cloth texture, grain, marble, drawing texture and various coral rugosities. The R&D activity carried out by the Group's printing research centre is designed to enable the Group to secure a leading position within the industry.

After the printing process, activation processes are carried out on different material surfaces using various products. Coatings, including non-conductive metal film, anti-electromagnetic film and color film are applied to the material surfaces. The functional and decorative products are designed and manufactured to have a high-tech and fashionable look which allows the customer to personalize the product.

### *Mould Development*

R&D, design and production of precise moulds are important elements of the Group's product supply chain. The Group's advanced mould processing equipment includes CNC machines and over a hundred mould processing equipment sets which can independently design and manufacture various moulds including cold-punching, injection and forming moulds.

### *IML Technology*

The Group's patented IML technology is one of its key competitive advantages. The IML process creates a product with printed images in the middle of a hard transparent surface and a rear plastic layer. As the printing ink is in the middle of the product, it can prevent the surface from being scratched and is friction resistant. It also maintains the sharpness of the surface and makes colors durable.

### *IMT Technology*

IMT technology has been developed by the Group by combining and extending IML technology and In-Mould Roller ("**IMR**") technology.

IMT technology adopts IMR technology's technique to separate film from ink and also employs IML technology's method for forming and injection molding, with its multi-layer coating process effectively protecting the quality of main decorative layer.

The strengths of the IMT Process include creation of products:

- with a minimal thickness of 0.70 mm;
- with stable deformation characteristics;
- without "peel-off" risk; and
- which have surfaces meeting certain functional requirements, including anti-fingerprint properties and wear resistance.

### *LMF Technology*

The Group is currently focusing on the R&D of aluminum alloy products. Aluminum alloy has a low density and a high strength giving it qualities comparable to or even better than high-quality steel. It also has high ductility and can be processed into various profiles. Aluminum alloy also possesses high electric conductivity, heat conductivity and friction resistance.

Currently, construction plastic material is the most common material used in notebook computer casings. However, the disadvantages of notebook computer casings made of construction plastic material include its heavy weight, low strength, low heat conductivity and failure to protect against electromagnetic radiation.

While the advantages of aluminum alloy are its high strength, heat resistance, friction resistance, electric conductivity, heat conductivity and erosion resistance. LMF casings effectively maintain the hardness of metals while preserving the attractiveness of IML technology decoration.

#### *LDS Antenna Technology*

4G and later systems are highly dependent on effective antenna systems. The development of the LDS antenna was therefore a crucial breakthrough. The Group exploited an opportunity in the market to develop this new business. The Group is the sole supplier providing a vertical integrated supply chain of such system in the PRC. The Group believes this focus provides it with a technological competitive advantage.

LDS technology uses lasers to activate metallic particles in plastic casings with metal components and galvanizes the plastic materials with copper sheets. The finished 3D design can directly turn a handset casing into a signal-receiving antenna. The technological application of LDS antennas on mobile devices has already surpassed traditional flex-antenna. Advantages of LDS technology include that it can:

- combine different kinds of antennas, such as Global System for Mobile (GSM), Code-Division Multiple Access (CDMA), wireless network (WiFi), Bluetooth and Frequency Modulation Radio (FM Radio);
- save space in slim and complicated mobile device structures;
- reduce different kinds of antenna interferences so as to reduce the risk of users touching the antenna directly and weaken the signal; and
- be extensively applied on smartphones, tablets and notebook computers.

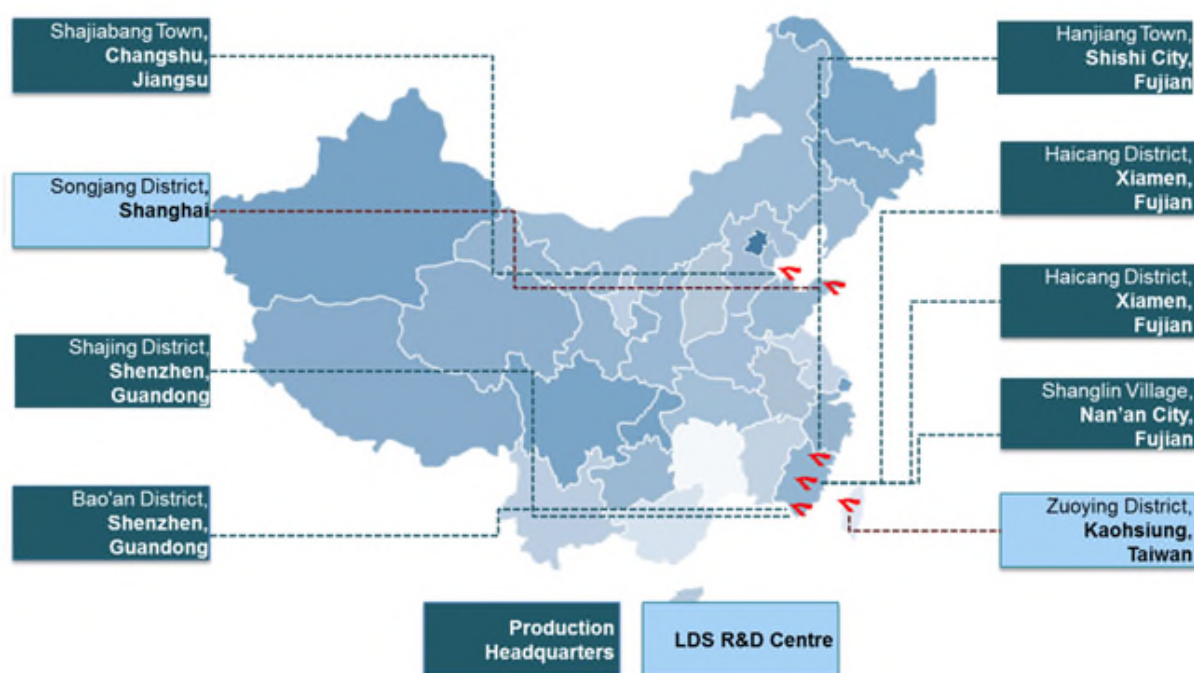
#### *Precise Metal Products*

R&D is also undertaken by the Group in relation to the application of aluminum products on refrigerators, particularly mid-to-high-end refrigerators which require higher quality structures and decorative components. Aluminum products lend themselves to application on refrigerators as they are strong and offer a desirable metal texture with precise design features.

#### ***Manufacturing Capability***

##### *Production Scope and Facilities*

In line with the Group's strategic development plans, the Group has established production bases in Shishi, Xiamen, Shanghai and Shenzhen in the PRC. The Group has also set up production centres and service network in over 30 countries and regions. Currently, the Group has established 7 production bases and 2 LDS R&D centres as shown in the diagram below.



## **Human Resources**

As at 31 December 2014, the Group employed a total of approximately 16,000 employees (up from approximately 13,100 employees as at 31 December 2013) in Hong Kong and the PRC. Total salaries and wages for FY 2014 amounted to HK\$892.4 million (up from HK\$685.0 million for FY2013). Employees are remunerated based on their performance, experience and prevailing industry practice and the Group's remuneration policies and packages are reviewed by its management on a regular basis. In addition to offering competitive salary packages, the Group also grants discretionary bonuses and share options to subscribe for shares in the Issuer to qualified employees based on operational conditions and individual performance.

All work carried out by Group employees is required to be voluntarily performed and shall not involve forced labour, debt repayment, contractually binded labour or involuntary prison labour. All employees may resign upon reasonable notice. The Group prohibits child labour in any workplace. Working hours are required to comply with the limit stipulated by local laws and employees are entitled to one day-off per week. Salary and benefits also comply with applicable wage laws, including those relating to minimum wage, overtime hour and mandatory benefits.

The Group prohibits discrimination based on race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in recruitment and employment practices such as promotions, rewards, access to training and demotion.

The Group manages the hygiene and safety of its plants in accordance with the relevant laws and regulations of occupational health and safety. It also holds safe production and fire safety training on a regular basis, in order to raise the safety awareness of its employees.

## **Corporate Governance and Board of Directors**

### ***Corporate Governance***

The Group and the Board are devoted to achieving and maintaining the highest standards of corporate governance. The Board believes that effective corporate governance practices are fundamental to enhancing



shareholder value and safeguarding the interests of shareholders and other stakeholders. Accordingly, the Group has adopted sound corporate governance principles that emphasise a quality Board, effective internal controls, stringent disclosure practices and transparency and accountability to all stakeholders.

### ***Board of Directors***

The Board is responsible for leading and controlling the business operations of the Group. It formulates strategic directions, oversees operations and monitors the financial performance of the Group. The management is delegated power and authority given by the Board for the day-to-day management and operations of the Group. The management is accountable to the Board for the Issuer's overall operation.

As at the date of this Offering Memorandum, the Board comprises the following six executive directors (including the chairman of the Board) and three independent non-executive directors:

Executive directors:

Mr Wang Ya Nan (Chairman)

Mr Wang Ya Hua (Vice Chairman)

Mr Wong Ah Yeung

Mr Wong Ah Yu

Mr Choi Wai Sang

Mr Wang Ming Che

Independent non-executive directors:

Dr Yu Sun Say

Mr Cheung Wah Fung, Christopher

Mr Ting Leung Huel Stephen

A brief description of each Director is set out below:

*Mr Wang Ya Nan*, aged 57, is the Chairman and Chief Executive Officer of the Group. He is responsible for the overall strategic planning and business development of the Group. He is also responsible for the development of overseas markets. He joined the Group in December 1988 and has over 20 years of experience in the electronics and electrical industry. He graduated with a Master of Business Administration degree in Xiamen University and serves as a member of the Standing Committee of the Chinese People's Political Consultative Conference. He is a brother of Messrs. Wong Ah Yeung, Wong Ah Yu and Wang Ya Hua.

*Mr Wang Ya Hua*, aged 59, is the Vice Chairman and the general manager of the Group. He is responsible for the overall management of the Group with special focus on product development, preparation and monitoring of annual production plans and operating budget. He is also required to give direction of the day-to-day operations to the operation unit located at Xiamen, Fujian Province, the PRC. He joined the Group in December 1988 and has over 20 years of experience in the electronics and electrical industry. He is a brother of Messrs. Wong Ah Yeung, Wong Ah Yu and Wang Ya Nan.

*Mr Wong Ah Yu*, aged 62, is the deputy general manager of the Group and the general manager of Tongda Electrics Company Limited, Shishi City, Fujian Province, the PRC. He is responsible for overseeing the operation unit of the Group in Shishi city, Fujian Province, the PRC and is required to give direction of the day-to-day operations. He joined the Group in December 1988 and has over 20 years' experience in the

electronics and electrical industry. He is a brother of Messrs. Wong Ah Yeung, Wang Ya Hua and Wang Ya Nan.

*Mr Wong Ah Yeung*, aged 65, is the deputy general manager of the Group and the general manager of Tongda Ironware (Shenzhen) Company Limited ("**Tongda Ironware**"). He is responsible for overseeing the operation unit of the Group in Shenzhen, Guangdong Province, the PRC and is required to give direction of the day-to-day operations. He joined the Group in December 1988 and has over 20 years' experience in the ironware and electrical industry. He is a brother of Messrs. Wong Ah Yu, Wang Ya Hua and Wang Ya Nan and the father of Mr Wang Ming Che.

*Mr Choi Wai Sang*, aged 59, is an executive director and is responsible for the development of overseas markets and the technical support of the Group's product development. He joined the Group in December 1988. He graduated with a Bachelor and Master of Science degrees in electrical engineering from the University of Illinois, the United States.

*Mr Wang Ming Che*, aged 39, is an executive director and the deputy general manager of Tongda Ironware. He is responsible for overseeing the operation unit and the sales of the Group in Shenzhen, the PRC. He joined the Group since 2002. Mr Wang is the son of Mr Wong Ah Yeung.

*Dr Yu Sun Say*, G.B.M., G.B.S., S.B.S, J.P., aged 76, joined the Group as an independent non-executive director in October 2007. Dr Yu is the Chairman of the H.K.I. Group of Companies and a director of a number of manufacturing and investment companies. He is an independent non-executive director of Wong's International Holdings Limited and Beijing Enterprises Holdings Limited. He served as a member of the Standing Committee of the Chinese People's Political Consultative Conference, a member of the Preparatory Committee for Hong Kong and was a Hong Kong Affairs Adviser. He is currently the Permanent Honorary President & Honorary Standing Committee Member of the Chinese General Chamber of Commerce and Permanent Honorary President of the Chinese Manufacturers' Association of Hong Kong.

*Mr Ting Leung Huel Stephen*, MH, FCCA, FCPA (PRACTISING), ACA, CTA (HK), FHKIoD, aged 61, is an independent non-executive director and joined the Group in December 2000. Mr Ting has been the managing partner of Ting Ho Kwan & Chan, Certified Public Accountants since 1987. Mr Ting is a member of the 9th, 10th and 11th Chinese People's Political & Consultative Conference, Fujian, the PRC. He is now a non-executive director of Chow Sang Sang (Holdings) International Limited and an independent non-executive director of six listed companies, namely, China SCE Property Holdings Limited, Computer and Technologies Holdings Limited, Dongyue Group Limited, JLF Investment Company Limited, Texhong Textile Group Limited and Tong Ren Tang Technologies Company Limited.

*Mr Cheung Wah Fung, Christopher*, S.B.S, JP, aged 63, is an independent non-executive director and joined the Group in September 2004. Mr Cheung is currently the member of Legislative Council (Functional Constituency-Financial Services) of Hong Kong and the chairman of Christfund Securities group of companies. He serves as a member of the National Committee of the Chinese People's Political Consultative Conference, honorary president of the Hong Kong Securities Professionals Association, elected director of the Hong Kong Chinese General Chamber of Commerce, council member of the Chinese Overseas Friendship Association, deputy secretary of the Friends of Hong Kong Association, member of the Standing Committee of the Federation of Commerce and Industry of Guangdong Province, Honorary president of Hong Kong Federation of Fujian Association.

The following board committees have been set up by the Group:

#### *Remuneration Committee*

The remuneration committee oversees the remuneration policy and structure for all directors and senior management. The remuneration committee comprises the Chairman and Chief Executive Officer of the

Issuer, Mr Wang Ya Nan, and three independent non-executive directors, Mr Ting Leung Huel Stephen, Dr Yu Sun Say and Mr Cheung Wah Fung, Christopher.

#### *Audit Committee*

The audit committee comprises all independent non-executive directors, Mr Ting Leung Huel Stephen, Dr Yu Sun Say and Mr Cheung Wah Fung, Christopher. The audit committee provides accounting and financial advice and recommendations to the Board and also monitors and safeguards the independence of external auditors and relevant auditing matters. In addition, the audit committee is responsible for reviewing and supervising the internal control system of the Group and transactions with connected persons (if any).

#### *Nomination Committee*

The nomination committee comprises the Chairman and Chief Executive Officer of the Issuer, Mr Wang Ya Nan, and three independent non-executive directors, Dr Yu Sun Say, Mr Cheung Wah Fung, Christopher and Mr Ting Leung Huel Stephen. The role and functions of the nomination committee include determining the policy for the nomination of directors, identifying individuals suitably qualified to join the Board, making recommendations to the Board on the appointment or reappointment of directors and succession planning for directors.

#### **Substantial Shareholders**

As at 30 June 2015, the following parties were interested in 5 per cent. or more of the Issuer's issued share capital as recorded in the register of interests required to be kept by the Issuer pursuant to section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong):

<b>Name of Shareholder</b>	<b>Capacity and nature of interest</b>	<b>Number of Shares held</b>	<b>Percentage of the Issuer's issued share capital</b>
Landmark Worldwide Holdings Limited <sup>(1)</sup>	Directly beneficially owned	1,730,490,000 (L) <sup>(3)</sup> 270,000,000(S) <sup>(4)</sup>	31.64 4.93
E-Growth Resources Limited <sup>(2)</sup>	Directly beneficially owned	296,000,000(L) <sup>(3)</sup>	5.41
LSV Asset Management	Directly beneficially owned	274,230,900(L) <sup>(3)</sup>	5.01

Notes:

1. The issued share capital of Landmark Worldwide Holdings Limited is held and beneficially owned as to 25 per cent. by each of Messrs. Wang Ya Nan, Wang Ya Hua, Wong Ah Yeung and Wong Ah Yu.
2. The issued share capital of E-Growth Resources Limited is held and beneficially owned as to 100 per cent. by Mr Wang Ya Nan.
3. The number represents long position in Shares.
4. The number represents short position in Shares.

### **Recent Developments**

The Issuer issued 190,000,000 shares on 20 July 2015 in connection with the purchase by Tongda (Xiamen) Company Limited, which is an indirectly wholly owned subsidiary of the Issuer, of Grand Prosper Investments Limited. The 190,000,000 shares issued represent approximately 3.36% of the issued share capital of the Issuer following the issue of the 190,000,000 shares.

## TERMS AND CONDITIONS OF THE BONDS

*The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of the HK\$880,000,000 aggregate principal amount of 1.00 per cent. Convertible Bonds due 2018 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 17 and consolidated and forming a single series therewith) of Tongda Group Holdings Limited (the “**Issuer**”) and the right of conversion into Shares (as defined in Condition 6(A)(v)) was authorised by the board of directors of the Issuer on 15 June 2015. The Bonds are constituted by the trust deed ((as amended or supplemented from time to time) the “**Trust Deed**”) dated on or about 2 July 2015 (the “**Issue Date**”) between the Issuer and The Hongkong and Shanghai Banking Corporation Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bondholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the paying, conversion and transfer agency agreement dated on or about the Issue Date (the “**Agency Agreement**”) relating to the Bonds between the Issuer, the Trustee, The Hongkong and Shanghai Banking Corporation Limited, as principal paying agent and principal conversion agent (collectively, the “**Principal Agent**”), The Hongkong and Shanghai Banking Corporation Limited as transfer agent (the “**Transfer Agent**”) and as registrar (the “**Registrar**”) and the other paying agents, conversion agents and transfer agents appointed under it (each a “**Paying Agent**”, a “**Conversion Agent**”, a “**Transfer Agent**” and together with the Registrar, the Transfer Agent and the Principal Agent, the “**Agents**” and which shall, where applicable, include the Singapore Agent (as defined in Condition 7)) relating to the Bonds. References to the “**Paying Agents**” include the Principal Agent and references to the “**Conversion Agents**” include the Principal Agent. References to the “**Principal Agent**”, the “**Registrar**”, the “**Transfer Agent**” and the “**Agents**” below are references to the principal agent, the registrar, the transfer agent and the agents for the time being for the Bonds.

Copies of the Trust Deed and of the Agency Agreement are available upon prior written request during normal business hours between 9.00 a.m. and 3.00 p.m. at the specified office for the time being of the Principal Agent (being at the date hereof at Level 30, HSBC Main Building, 1 Queen’s Road Central, Hong Kong).

Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” mean the person in whose name a Bond is registered.

### 1 **Form, Denomination and Title**

#### (A) *Form and Denomination*

The Bonds are in registered form in the denomination of HK\$1,000,000 each and integral multiples thereof (each, an “**Authorised Denomination**”). A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

**(B) Title**

Title to the Bonds will pass only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder.

**2 Status**

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

**3 Transfers of Bonds; Issue of Certificates**

**(A) Register**

The Issuer will cause the Register to be kept at the specified office of the Registrar outside the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

**(B) Transfer**

Bonds may, subject to Conditions 3(E) and 3(F) and the terms of the Agency Agreement, be transferred in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents. No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

**(C) Delivery of New Certificates**

Each new Certificate to be issued upon a transfer of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer.

Where only some of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or, as the case may be, any Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3 and Condition 6, “**business day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent with whom a Certificate is deposited in connection with a transfer or conversion is located.

**(D) Formalities Free of Charge**

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents subject to (a) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (b) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (c) the provisions of Condition 3(F).

**(E) Restricted Transfer Periods**

No Bondholder may require the transfer of a Bond to be registered (a) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to the Conditions (including any date of redemption pursuant to Condition 8(B) or Condition 8(C)); (b) after a Conversion Notice (as defined in Condition 6(B)(i)) has been delivered with respect to a Bond; (c) after a Relevant Event Put Exercise Notice (as defined in Condition 8(D)) has been deposited in respect of such Bond pursuant to Condition 8(D); or (e) during the period of seven days ending on (and including) any Interest Record Date (as defined in Condition 7(A)). Each such period is a “**Restricted Transfer Period**”.

**(F) Regulations**

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfers of Bonds scheduled to the Agency Agreement. The regulations may be changed from time to time as agreed by the Issuer, with the prior written approval of the Trustee and the Registrar, and by the Registrar, with the prior written approval of the Trustee.

#### **4 Negative Pledge**

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or is outstanding to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other security as either (x) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (y) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In these Conditions:

“**Relevant Indebtedness**” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market (whether or not initially distributed by way of private placement) and shall not include (a) indebtedness incurred domestically in the PRC or (b) indebtedness under any loan or loan facility obtained by the Issuer or any of its Subsidiaries or (c) any future or present indebtedness having an initial maturity of one year or less; and

a “**Subsidiary**” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

## 5 Interest

The Bonds bear interest from and including the Issue Date at the rate of 1.00 per cent. per annum payable semi-annually in arrear on 25 December and 25 June in each year (each an “**Interest Payment Date**”). If any Interest Payment Date would otherwise fall on a day which is not a Payment Business Day (as defined in Condition 7(F)) it shall be postponed to the next day which is a Payment Business Day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding Payment Business Day and interest will be calculated up to the adjusted Interest Payment Date (as provided below in this Condition 5). Each Bond will cease to bear interest (a) (subject to Condition 6(B)(iv)) where the Conversion Right attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date (as defined below), or if none, the Issue Date (b) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, it will continue to bear interest at the agreed yield to maturity plus 3 per cent. per annum (both before and after judgment) until whichever is the earlier of (x) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (y) the day seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of the actual number of days elapsed in such Interest Period divided by 365.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per HK\$1,000,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of 1.00 per cent., the Calculation Amount and the day-count fraction (determined in the same manner as stated above in this Condition 5) for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded down).

## 6 Conversion

### (A) *Conversion Right*

- (i) *Conversion Period*: Subject as provided in these Conditions, each Bond shall entitle the holder to convert such Bond into Shares (as defined in Condition 6(A)(iv)) credited as fully paid at any time during the Conversion Period referred to below (the “**Conversion Right**”).

Subject to and upon compliance with the Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) on or after 5 August 2015 (both days inclusive) to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion)



on 18 June 2018 (both days inclusive) (but, except as provided in Condition 6(A)(iii), in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than seven days (in the place aforesaid) prior to the date fixed for redemption thereof (the “**Conversion Period**”).

A Conversion Right may not be exercised (a) in respect of a Bond where the holder shall have exercised its right, by delivering or depositing the relevant notice, to require the Issuer to redeem or repurchase such Bond pursuant to Condition 8(D) or (b) except as provided in Condition 6(A)(iii) following the giving of notice by the Trustee pursuant to Condition 10.

The price at which Shares will be issued upon exercise of a Conversion Right (the “**Conversion Price**”) will initially be HK\$1.88 per Share, but will be subject to adjustment in the circumstances described in Condition 6(C).

- (ii) The number of Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Bonds to be converted by the Conversion Price in effect on the relevant Conversion Date (as defined below). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.
- (iii) *Fractions of Shares*: Fractions of Shares will not be issued on exercise of Conversion Rights and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 25 June 2015 which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash in Hong Kong dollars a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(i), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid, provided that such sum exceeds HK\$100. Any such sum shall be paid not later than five Stock Exchange Business Days (as defined in Condition 6(B)(i)) after the relevant Conversion Date (as defined in Condition 6(B)(ii)) by a Hong Kong dollar cheque drawn on, or by transfer to a Hong Kong dollar account maintained by the payee with, a bank in Hong Kong, in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice (as defined in Condition 6(B)(i)).
- (iv) *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 6(A)(i), if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof; (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10; or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders in accordance with Condition 11 and notwithstanding the provisions of Condition 6(A)(i), any Bond in respect of which the Certificate and Conversion Notice (as defined below) are

deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

- (v) *Meaning of "Shares"*: As used in these Conditions, the expression "**Shares**" means ordinary shares of par value HK\$0.01 each of the Issuer (having ISIN number KYG8917X1218) or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

**(B) Conversion Procedure**

- (i) *Conversion Notice*: Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Certificate to the specified office of any Conversion Agent during normal business hours between 9.00 a.m. and 3.00 p.m. accompanied by a duly completed and signed notice of conversion (a "**Conversion Notice**") in the form (for the time being current) obtainable from any Conversion Agent, together with (a) the relevant Certificate; and (b) certification by the Bondholder, in the form obtainable from any Conversion Agent, that any amounts required to be paid by the Bondholder under Condition 6(B)(ii) have been or (where permitted by law) will be so paid and on such other matters as may be required under the laws of the jurisdiction of incorporation of the Issuer or jurisdiction in which the specified office of such Conversion Agent is located. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

If such delivery is made after the end of such normal business hours between 9.00 a.m. and 3.00 p.m. or on a day which is not a business day in the place of the specified office of the relevant Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee, the Conversion Agents and the relevant Bondholder.

Conversion Rights may only be exercised in respect of an Authorised Denomination. A Conversion Notice, once delivered, shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal.

The conversion date in respect of a Bond (the "**Conversion Date**") shall be deemed to be the 5<sup>th</sup> Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any such abovementioned certification or any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. "**Stock Exchange Business Day**" means any day (other than a Saturday or Sunday) on which the Relevant Stock Exchange (as defined in Condition 6(F) below) is open for the business of dealing in securities.

- (ii) *Stamp Duty etc.*: A Bondholder exercising Conversion Rights must pay directly to the relevant authorities any taxes and/or capital, stamp, issue and registration and transfer taxes and duties ("**Duties**") arising on such exercise (other than any Duties payable in the Cayman Islands and Hong Kong and, if relevant, in the place of the Alternative Stock Exchange (as defined in Condition 6(F)), by

the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Relevant Stock Exchange on conversion, being the “**Issuer Duties**” and, together with the Duties, the “**Taxes**”). The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds and all charges of the Agents and the share transfer agent for the Shares (the “**Share Transfer Agent**”). The Bondholder (and, if different, the person to whom the Shares are to be issued) must declare in the relevant Conversion Notice that any amounts payable to the relevant tax authorities in settlement of Taxes payable pursuant to this Condition 6(B)(ii) have been, or (where permitted by law) will be, paid.

If the Issuer shall fail to pay any Issuer Duties, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

Such Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Conversion Rights by it.

Neither the Trustee nor any of the Agents shall be responsible for paying any Taxes, expenses or other amounts referred to in this Condition 6(B)(ii) or Condition 9 or for determining whether such Taxes are payable or the amount thereof and shall not be responsible or liable for any failure by the Issuer or any Bondholder or any other person to pay such Taxes, expenses or other amounts.

- (iii) *Registration:* Upon exercise by a Bondholder of its Conversion Right and compliance with Conditions 6(B)(i) and 6(B)(ii) the Issuer will, as soon as practicable, and in any event not later than seven Stock Exchange Business Days after the Conversion Date, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer’s share register and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong (“**CCASS**”) effective from time to time, take all necessary action to procure that Shares are delivered through CCASS for so long as the Shares are listed on the HKSE (as defined in Condition 6(F)); or will make such certificate or certificates available for collection at the office of the Issuer’s share registrar in Hong Kong (currently Union Registrars Limited, A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong) notified to Bondholders in accordance with Condition 11 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

The delivery of the Shares to the converting Bondholder (or such person or persons designated in the relevant Conversion Notice) in the manner contemplated above in this Condition 6(B)(iii) will be deemed to satisfy the Issuer’s obligation to pay the principal, interest and premium (if any) on such converted Bonds.

If the Conversion Date in relation to the conversion of any Bond shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C), but before the relevant adjustment becomes effective (the “**Relevant Effective Date**”) under the relevant Condition (a “**Retroactive Adjustment**”), upon the relevant

adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares (“**Additional Shares**”) as is, together with Shares to be issued on conversion of the Bond(s), equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date and in such event and in respect of such Additional Shares references in this Condition 6(B)(iii) to the Conversion Date shall be deemed to refer to the Relevant Effective Date (notwithstanding that the Relevant Effective Date falls after the end of the Conversion Period).

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer’s register of members (the “**Registration Date**”).

The Shares issued upon exercise of Conversion Rights will be fully paid and will in all respects rank *pari passu* with the fully paid Shares in issue on the relevant Registration Date except for any right excluded by mandatory provisions of applicable law and except that such Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any Retroactive Adjustment of the Conversion Price referred to in this Condition 6(B)(iii) prior to the time such Retroactive Adjustment shall have become effective), the Issuer will calculate and pay to the converting Bondholder or his designee an amount in Hong Kong dollars (the “**Equivalent Amount**”) equal to the Fair Market Value (as defined below) of such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by a Hong Kong dollar cheque drawn on, or by transfer to a Hong Kong dollar account maintained by the payee with, a bank in Hong Kong, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

- (iv) *Interest Accrual:* If any notice requiring the redemption of any Bonds is given pursuant to Condition 8(B) or Condition 8(C) on or after the fifteenth Hong Kong business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any dividend or distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall (subject as hereinafter provided) accrue on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such Conversion Date; provided that no such interest shall accrue on any Bond in the event that the Shares issued on conversion thereof shall carry an entitlement to receive such dividend or distribution or in the event the Bond carries an entitlement to receive an Equivalent Amount. Any such interest shall be paid not later than 14 days after the relevant Conversion Date by a Hong Kong dollar cheque drawn on, or by transfer to a Hong Kong dollar account maintained by the payee with, a

bank in Hong Kong, in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

- (v) *No Issue of Shares if Triggering a Mandatory Offer or Breach of Open Market Requirements:* The Issuer is not obliged to issue Shares in satisfaction of the Conversion Right if to do so (a) would result in a breach of the requirements for an “open market” in the Shares as set forth in Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") or (b) would trigger a mandatory offer obligation under rule 26 of the Hong Kong Code on Takeovers and Mergers.

(C) ***Adjustments to Conversion Price***

The Conversion Price will be subject to adjustment as follows:

- (1) **Consolidation, Subdivision or Reclassification:** If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(2) **Capitalisation of Profits or Reserves:**

- (i) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares (“**Shareholders**”) by way of capitalisation of profits or reserves including, Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend) and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price on the date of announcement of the terms of such issue of Shares multiplied by the number of Shares issued

exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue;
- B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is such Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend;

or by making such other adjustment as an Independent Investment Bank shall certify to the Trustee is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (3) **Distributions:** If and whenever the Issuer shall pay or make any Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Share on the date on which the Distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Distribution is actually made or if a record date is fixed therefor, immediately after such record date. In making any calculation pursuant to this Condition 6(C)(3), such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect (a) any consolidation or subdivision of the Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event, (c) the modification of any rights to dividends of Shares or (d) any change in the fiscal year of the Issuer.

- (4) **Rights Issues of Shares or Options over Shares:** If and whenever the Issuer shall issue 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, purchase or otherwise acquire any Shares, in each case at less than 95 per cent. of the Current Market Price per Share on the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

- (5) **Rights Issues of Other Securities:** If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire 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, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Share on the date on which the final terms of such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

- (6) **Issues at less than Current Market Price:** If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(C)(4) above) any Shares (other than Shares issued on the exercise of

Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(4) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares in each case at a price per Share which is less than 95 per cent. of the Current Market Price on the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

Where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such Current Market Price per Share; and
- C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

- (7) **Other Issues at less than Current Market Price:** 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 Condition 6(C)(7), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Conditions 6(C)(4), 6(C)(5) or 6(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Bonds, which excludes any further bonds issued pursuant to Condition 17) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the Current Market Price on the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the number of Shares in issue immediately before such issue;



- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (8) **Modification of Rights of Conversion etc.:** If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than 95 per cent. of the Current Market Price on the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A the Current Market Price of one Share on the date on which such modification is announced; and
- B is the difference between the Fair Market Value of the modification on a per Share basis on the date of such announcement and the consideration received for the modification on a per Share basis of such modification.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (9) **Other Offers to Shareholders:** If and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(4), Condition 6(C)(5), Condition 6(C)(6) or Condition 6(C)(7)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Share on the date on which such issue is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities.

(10) **Other Events:** If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer shall, at its own expense, consult an Independent Investment Bank to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result. Notwithstanding the foregoing, the per Share value of any such adjustment shall not exceed the per Share value of the dilution in the Shareholders' interest in the Issuer's equity caused by such events or circumstances.

**(D) Undertakings**

The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders to give such approval:

- (i) it will (a) maintain a listing for all the issued Shares on the HKSE (as defined in Condition 6(G)), and (b) obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights on the HKSE, and if the Issuer is unable to obtain or maintain such listing or such listing is unduly onerous, to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Issuer may from time to time determine (with prior notification to the Trustee) and will forthwith give notice to the Bondholders in accordance with Condition 11 of the listing or delisting of the Shares (as a class) by any of such stock exchange;
- (ii) it will use commercially reasonable efforts to obtain the listing of the Bonds on the Singapore Exchange Securities Trading Limited ("SGX-ST") by the date that is two months after the Closing Date (both days inclusive) and if the Issuer is unable to obtain and/or maintain such listing or such listing is unduly onerous, to use commercially reasonable efforts to obtain and maintain a listing on another internationally recognised stock exchange as the Issuer may from time to time determine (with prior notification to the Trustee) and will forthwith give notice to the Bondholders in accordance with Condition 11 of the listing or delisting of the Bonds by any such stock exchange;
- (iii) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds (save for the Duties specified in Condition 6(B)(ii)); and
- (iv) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an

adjustment should be made provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

In the Trust Deed, the Issuer has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (i) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid; and
- (ii) it will not make any offer, issue, grant or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Issuer, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

**(E) Provisions Relating to Changes in Conversion Price**

- (i) *Minor adjustments:* On any adjustment, the resultant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustment shall be given by the Issuer to Bondholders in accordance with Condition 11 and to the Trustee as soon as practicable after the determination thereof.
- (ii) *Decision of an Independent Investment Bank:* If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Condition 6(C) should be made, and following consultation between the Issuer and an Independent Investment Bank, a written opinion of such Independent Investment Bank in respect thereof shall be conclusive and binding on the Issuer, the Bondholders and the Trustee, save in the case of manifest error. Notwithstanding the foregoing, the per Share value of any such adjustment shall not exceed the per Share value of the dilution in the Shareholders' interest in the Issuer's equity caused by such events or circumstances.
- (iii) *Minimum Conversion Price:* Notwithstanding the provisions of this Condition 6, the Issuer undertakes that: (a) the Conversion Price shall not in any event be reduced to below the nominal or par value of the Shares as a result of any adjustment hereunder unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable Shares; and (b) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal or par value or any minimum level permitted by applicable laws or regulations.
- (iv) *Reference to "fixed":* Any references herein to the date on which a consideration is "fixed" shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

- (v) *Multiple events:* Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in its opinion appropriate in order to give such intended result.
- (vi) *Upward/downward adjustment:* No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the Shares as referred to in Condition 6(C)(1) above. The Issuer may at any time and for a specified period of time only, following notice being given to the Trustee and the Bondholders in accordance with Condition 11, reduce the Conversion Price, subject to Condition 6(E)(iii).
- (vii) *Trustee and Agents not obliged to Monitor:* Neither the Trustee nor any Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation (or verification thereof) in connection with the Conversion Price and will not be responsible to Bondholders or any other person for any loss arising from any failure by it to do so or for any delay by the Issuer or any Independent Investment Bank in making a determination or any erroneous determination in connection with the Conversion Price.
- (viii) *Notice of Change in Conversion Price:* The Issuer shall give notice to the Bondholders in accordance with Condition 11 and, for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall also give notice to the SGX-ST, of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.
- (ix) *Share Option Schemes:* Notwithstanding any provision in these Conditions, no adjustment will be made to the Conversion Price when Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of among others, employees and/or former employees (including directors and/or former directors) of the Issuer or any Subsidiary pursuant to any share option scheme, share award scheme, restricted share scheme or employee incentive plan (including a dividend reinvestment plan) where such scheme or plan is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Share Option Schemes**”) unless any grant or issue of Shares, options, rights or securities pursuant to the Share Option Schemes would result in the total number of Shares issued and which may be issued upon exercise of such options, rights or securities granted during any 12-month period up to and including the date of such grant or issue (but excluding any grant of options, rights or securities prior to the Issue Date) representing, in aggregate over 2 per cent. of the average number of issued and outstanding Shares during such 12-month period (“**Excess Threshold**”), in which case only such portion of the grant or issue of Shares, options, rights or securities that exceeds the Excess Threshold shall be taken into account in determining the adjustment of the Conversion Price pursuant to Condition 6.

**(F) Definitions**

For the purposes of these Conditions:

“**Alternative Stock Exchange**” means at any time, in the case of the Shares, if they are not at that time listed and traded on the HKSE, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

“**Closing Price**” means, in respect of a Share for any Trading Day, the closing market price quoted by the HKSE or, as the case may be, the Alternative Stock Exchange for such Trading Day;

“**Current Market Price**” means, in respect of a Share on a particular date, the average of the daily Volume Weighted Average Price of one Share on each of the 5 consecutive Trading Days ending on and including the Trading Day immediately preceding such date; provided that if at any time during such 5 Trading Day period the Volume Weighted Average Price shall have been based on a price ex-dividend (or ex-any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum-any other entitlement) then:

- (a) if the Shares to be issued or transferred and delivered do not rank for the dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Shares shall have been based on a price cum-dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Share; or
- (b) if the Shares to be issued or transferred and delivered rank for the dividend or entitlement in question, the Volume Weighted Average Price on the dates on which the Shares shall have been based on a price ex-dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of any such dividend or entitlement per Share;

and provided that if on each of the said 5 Trading Days the Volume Weighted Average Price shall have been based on a price cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Shares to be issued or transferred and delivered do not rank for that dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Share;

“**Distribution**” means, on a per Share basis, (i) any distribution of assets in specie by the Issuer 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 (other than Shares credited as fully paid) by way of capitalisation of reserves, but excludes a Scrip Dividend adjusted for under (ii)); and (ii) any cash dividend or distribution (including, without limitation, a Scrip Dividend) of any kind by the Issuer for any financial period (whenever paid and however described) unless it comprises a purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a Subsidiary of the Issuer) where the average purchase or redemption price (before expenses) on any one day in respect of such purchases or redemptions does not exceed 105 per cent. of the Current Market Price (provided that for this purpose, references to “Volume Weighted Average Price” in the definition of “Current Market Price” shall become “Closing Price”) of the Shares on that day;

“**Fair Market Value**” means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded;

“**HKSE**” means The Stock Exchange of Hong Kong Limited or any successor thereto;

“**Independent Investment Bank**” means an independent investment bank of international repute (acting as an expert) selected by the Issuer and notified, in writing, to the Trustee. If the Issuer fails to select an Independent Investment Bank when required by the Conditions, the Trustee may (at its absolute discretion) (but shall not be obliged to) select the Independent Investment Bank;

“**PRC**” means the People’s Republic of China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan;

“**Relevant Cash Dividend**” means the aggregate cash dividend or distribution declared by the Issuer, including any cash dividend in respect of which there is any Scrip Dividend;

“**Relevant Stock Exchange**” means at any time, in respect of the Shares, the HKSE or the Alternative Stock Exchange;

“**Scrip Dividend**” means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received (and for the avoidance of doubt, to the extent that an adjustment is made under Condition 6(C)(3) in respect of the Relevant Cash Dividend, no adjustment is to be made for the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof for which an adjustment is already made under Condition 6(C)(2)(ii));

“**Trading Day**” means a day when the HKSE or, as the case may be an Alternative Stock Exchange, is open for dealing business, provided that if no closing price is reported 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 been dealing days when ascertaining any period of dealing days; and

“**Volume Weighted Average Price**” means, in respect of a Share on any Trading Day, the order book volume-weighted average price of a Share published by or derived from Bloomberg (or any successor service) page HK Equity VAP (Ticker: 698 HK) or such other source as shall be determined to be appropriate by an Independent Investment Bank on such Trading Day, provided that on any such Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

References to any issue or offer or grant to Shareholders “**as a class**” or “**by way of rights**” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

## 7 Payments

### (A) *Method of Payment*

Payment of principal, premium and interest due other than on an Interest Payment Date will be made by transfer to the registered account of the Bondholder or by Hong Kong dollar cheque drawn on a bank in Hong Kong mailed to the registered address of the Bondholder if it does not have a registered account. Such payment will only be made after surrender of the relevant Certificate at the specified office of any Paying Agent.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the “**Interest Record Date**”). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder or by Hong Kong dollar cheque drawn

on a bank in Hong Kong mailed to the registered address of the Bondholder if it does not have a registered account.

*So long as the Global Note Certificate is held on behalf of Euroclear and Clearstream or any other clearing system, each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where **Clearing System Business Day** means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

When making payments to Bondholders, fractions of one Hong Kong cent will be rounded down to the nearest Hong Kong cent and the Issuer shall not be liable for the payment of any such fractions.

**(B) Registered Accounts**

For the purposes of this Condition 7, a Bondholder's registered account means the Hong Kong dollar account maintained by or on behalf of it with a bank in Hong Kong, details of which appear on the Register at the close of business on the second Payment Business Day (as defined below) before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

**(C) Fiscal Laws**

All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

**(D) Payment Initiation**

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Payment Business Day (as defined below in Condition 7(F)), for value on the first following day which is a Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a Payment Business Day, the immediately following Payment Business Day) or, in the case of a payment of principal, premium and interest due other than on an Interest Payment Date, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

**(E) Delay In Payment**

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

**(F) Payment Business Day**

In this Condition 7, “**Payment Business Day**” means a day other than a Saturday or Sunday on which commercial banks are open for business in New York City, Hong Kong, London and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

**(G) Agents**

The initial Agents and their initial specified offices are listed below. The Issuer reserves the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and appoint additional or replacement Agents provided that it will maintain (i) a Principal Agent, (ii) an Agent having a specified office in Singapore where the Bonds may be presented or surrendered for payment or redemption, so long as the Bonds are listed on the SGX-ST and the rules of that exchange so require (and such agent in Singapore shall be a Paying Agent, Transfer Agent and Conversion Agent and shall be referred to in these terms and conditions as the “**Singapore Agent**”) and (iii) if required, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000, and (iv) a Registrar with a specified office outside the United Kingdom. Notice of any changes in any Agent or their specified offices will be given by the Issuer to the Bondholders as soon as practicable following notification by the relevant Agent to the Issuer of such change in the case of a change of an Agent’s specified office.

## **8 Redemption, Purchase and Cancellation**

**(A) Maturity**

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 112.78 per cent. of its principal amount on 25 June 2018 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(B) or Condition 8(C) (but without prejudice to Condition 10).

**(B) Redemption for Taxation Reasons**

The Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 11 (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption (the “**Tax Redemption Date**”) at their Early Redemption Amount as at such date together with interest accrued but unpaid to such date (if any), if (a) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 25 June 2015, and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8(B), the Issuer shall deliver to the Trustee (i) a certificate signed by two directors of the Issuer stating that the obligation referred to in (a) above of this Condition 8(B) cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (b) above



of this Condition 8(B), in which event it shall be conclusive and binding on the Bondholders and (ii) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such change or amendment is then effective), and the Trustee shall be protected and shall have no liability to any Bondholder or any other person for so accepting and relying on such certificate or opinion.

On the Tax Redemption Date, the Issuer (subject to the following paragraph of this Condition 8(B)) shall redeem the Bonds at their Early Redemption Amount, together with interest accrued but unpaid to the Tax Redemption Date (if any).

If the Issuer issues a Tax Redemption Notice, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction of withholding of any taxation required to be withheld or deducted. To exercise such a right, the relevant Bondholder must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying Agent (the “**Tax Option Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 10 days prior to the Tax Redemption Date. A Tax Option Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent.

**(C) Redemption at the Option of the Issuer**

On giving not less than 30 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Trustee and the Bondholders in accordance with Condition 11, the Bonds may be redeemed by the Issuer in whole, but not in part, on the date (the “**Optional Redemption Date**”) specified in the Optional Redemption Notice at their Early Redemption Amount together with interest accrued but unpaid to such date (if any) at any time if, immediately prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued.

**(D) Redemption for Relevant Event**

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Relevant Event Put Date at their Early Redemption Amount together with interest accrued but unpaid to such date (if any). To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a “**Relevant Event Put Exercise Notice**”), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 11. The “**Relevant Event Put Date**” shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent. The Issuer shall redeem the Bonds the subject of the Relevant Event Put Exercise Notice (subject to delivery of the relevant Certificate as aforesaid) on the Relevant Event Put Date.

Within 20 days of the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 11. The notice regarding the Relevant Event shall contain a

statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to this Condition. Such notice shall also specify: (a) the date of such Relevant Event and, all information material to Bondholders concerning the Relevant Event; (b) the Relevant Event Put Date; (c) the last date by which a Relevant Event Put Exercise Notice must be given; (d) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Relevant Event put right or Conversion Right; and (e) the information required by Condition 8(G).

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur, and none of them shall be liable to the Bondholders or any other person for not doing so.

For the purposes of this Condition 8(D):

a “**Change of Control**” occurs when:

- (i) any person or persons (other than Messrs. Wang Ya Nan, Wang Ya Hua, Wong Ah Yeung and Wong Ah Yu and any entities or trusts controlled directly or indirectly by them (collectively, the “**Wong Brothers**”)) acting together acquires Control of the Issuer if such person or persons does not or do not have, and would not be deemed to have, Control of the Issuer on the Issue Date; or
- (ii) The Wong Brothers together with any Voting Rights controlled directly or indirectly by them, including through any voting consent agreement, ceases to hold at least 40 per cent. of the Voting Rights in the Issuer;

“**Control**” means (a) the acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of the Issuer or (b) the right to appoint and/or remove all or the majority of the members of the Issuer’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s board of directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect Subsidiaries;

“**Relevant Event**” occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days on the Relevant Stock Exchange; or
- (ii) when there is a Change of Control; and

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

**(E) Purchase**

The Issuer or any of its Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

**(F) Cancellation**

All Bonds which are redeemed, converted or purchased by the Issuer or any of its Subsidiaries will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

**(G) Redemption Notices**

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 8 will be irrevocable and will be given in accordance with Condition 11 specifying: (a) the Conversion Price as at the date of the relevant notice; (b) the last day on which Conversion Rights may be exercised; (c) the Volume Weighted Average Price and Current Market Price of the Shares on the latest practicable date prior to the publication of the notice; (d) the applicable Early Redemption Amount and accrued interest payable (if any); (e) the date for redemption; (f) the manner in which redemption will be effected; and (g) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions and shall not be liable to Bondholders or any other person for not doing so.

**(H) Early Redemption Amount**

For the purposes of these Conditions, “**Early Redemption Amount**” of a Bond, for each HK\$1,000,000 principal amount of the Bonds, is the amount determined to represent for the Bondholder on the relevant date for determination of the Early Redemption Amount (the “**Determination Date**”) a gross yield of 5.00 per cent. per annum calculated on a semi-annual basis.

The applicable Early Redemption Amount for each HK\$1,000,000 principal amount of Bonds is calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is a Semi-Annual Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-Annual Date):

$$\text{Early Redemption Amount} = \text{Previous Redemption Amount} \times (1 + r/2)^{d/p} - AI$$

where:

Previous Redemption Amount = the Early Redemption Amount for each HK\$1,000,000 principal amount on the Semi-Annual Date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to 25 December 2015, HK\$1,000,000):

<b>Semi-Annual Date</b>	<b>Early Redemption Amount</b>
	<i>(HK\$)</i>
25 December 2015	1,019,223.57
25 June 2016	1,039,704.16
25 December 2016	1,060,696.77
25 June 2017	1,082,214.19
25 December 2017	1,104,269.54
25 June 2018	1,126,876.28

r = 5 per cent. expressed as a fraction.

d = number of days from and including the immediately preceding Semi-Annual Date (or if the Bonds are to be redeemed on or before 25 December 2015, from and including the Closing Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 365-day year.

- p = means the number of days from and including the immediately preceding Interest Payment Date (or if the Determination Date is before the first Interest Payment Date, from and including the Issue Date) to but excluding the next following Interest Payment Date
- AI = the accrued interest on the principal amount of HK\$1,000,000 of a Bond determined in accordance with and pursuant to Condition 5 from and including the immediately preceding Interest Payment Date (or if the Determination Date is before the first Interest Payment Date, from and including the Closing Date) to but excluding the Determination Date.

## 9 Taxation

All payments of principal, premium and interest made by or on behalf of the Issuer in respect of the Bonds shall be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied collected, withheld or assessed by or on behalf of Hong Kong or the Cayman Islands or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by the laws of Hong Kong or the Cayman Islands (each a “**Relevant Jurisdiction**”). In such event, the Issuer shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (i) *Other connection*: to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with a Relevant Jurisdiction other than the mere holding of the Bond or by the receipt of amounts in respect of the Bond;
- (ii) *Presentation more than 30 days after the relevant date*: (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the relevant Certificate for payment on the last day of such period of 30 days; or
- (iii) *Payment to individuals*: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Union Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with or introduced to conform with such Directive.

“**Relevant Date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.

References in these Conditions to principal, premium and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 9 shall not apply in respect of any payments of interest which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 8(B).

## 10 Events of Default

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding, or if so directed by an Extraordinary Resolution, shall (subject in any such case to being indemnified and/or secured and/or prefunded by the holders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become due and repayable at their Early Redemption Amount together with accrued but unpaid interest (if any) to the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if:

- (i) *Non-Payment*: the Issuer fails to pay the principal of or any interest on any of the Bonds when due and such default continues for a period of 7 days (in the case of principal) or 14 days (in the case of interest); or
- (ii) *Failure to deliver Shares*: any failure by the Issuer to deliver any Shares as and when the Shares are required to be delivered following Conversion of Bonds and such failure continues for a period of 7 days; or
- (iii) *Breach of Other Obligations*: the Issuer does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee, such default is capable of remedy, such default is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee; or
- (iv) *Cross-Default*: (a) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (c) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(iv) have occurred equals or exceeds HK\$ 50,000,000 or its equivalent (as determined on the basis of the middle spot rate for the relevant currency against the Hong Kong dollar as quoted by any leading bank on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity); or
- (v) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or substantially all of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days; or
- (vi) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) against all or substantially all of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days; or
- (vii) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer or any of its Principal Subsidiaries (except for a members’ voluntary solvent winding up of a Principal Subsidiary), or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or

consolidation (a) on terms approved by an Extraordinary Resolution of the Bondholders, or (b) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Principal Subsidiaries; or

- (viii) *Insolvency*: the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any substantial part of such debts or a moratorium is agreed or declared in respect of or affecting all or any substantial part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries; an administrator or liquidator of the Issuer or any of its Principal Subsidiaries or the whole or any substantial part of the assets and turnover of the Issuer or any of its Principal Subsidiaries is appointed except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by an Extraordinary Resolution of the Bondholders, or (b) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Principal Subsidiaries; or
- (ix) *Nationalisation*: (a) any step is lawfully taken by any competent governmental authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or substantially all of the assets of the Issuer or any of its Principal Subsidiaries or (b) the Issuer, or any of its Principal Subsidiaries is prevented by any competent governmental authority from exercising normal control over all or substantially all of its property, assets and turnover; or
- (x) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to ensure that the Issuer's obligations under the Bonds and the Trust Deed are legally binding and enforceable, and (b) to make the Bonds and the Trust Deed admissible in evidence in the courts of the Cayman Islands and Hong Kong is not taken, fulfilled or done; or
- (xi) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or
- (xii) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(v) to 10(viii) (both inclusive).

a “**Principal Subsidiary**” means at any time a Subsidiary of the Issuer:

- (a) whose revenue or whose total assets represent in each case not less than 5 per cent. of the consolidated revenue, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the (i) then latest audited accounts of such Subsidiary and (ii) then latest audited consolidated accounts of the Issuer and its Subsidiaries (such accounts, “**Audited Consolidated Accounts**”);
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall become a Principal Subsidiary pursuant to this subparagraph (b) with effect from the date on which the Audited Consolidated Accounts for the financial period current at the date of such transfer have been prepared as aforesaid; or

(c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated not less than 5 per cent. of the consolidated revenue, or represent not less than 5 per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate not less than 5 per cent. of the consolidated revenue, respectively, or its assets represent not less than 5 per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall become a Principal Subsidiary pursuant to this subparagraph (c) with effect from the date on which the Audited Consolidated Accounts for the financial period current at the date of such transfer have been prepared,

provided that in each of subparagraph (a), (b) and (c) above of this definition, if a Subsidiary of the Issuer is acquired after the end of the financial period to which the then latest Audited Consolidated Accounts relate, the reference to the then latest Audited Consolidated Accounts for the purposes of the calculations above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer.

The Trustee and the Agents shall not be required to take any steps to ascertain whether an Event of Default or any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default has occurred and shall not be responsible or liable to the Bondholders, the Issuer or any other person for any loss arising from any failure to do so.

## **11 Notices**

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register or published in a leading newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be.

*So long as the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.*

## **12 Prescription**

Claims in respect of amounts due in respect of the Bonds shall be prescribed and become void unless made as required by Condition 7 within 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.

## **13 Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or any Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity and/or security as the Issuer or the Registrar or such Transfer Agent (as the case may be) may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 14 Meetings of Bondholders, Modification and Waiver

### (A) *Meetings of Bondholders*

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee, and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding and provided that the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (a) to modify the maturity of the Bonds, the Optional Redemption Date or the dates on which interest is payable in respect of the Bonds, (b) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Conditions 8(B), 8(C) or 8(D), (c) to reduce or cancel the principal amount, interest, Early Redemption Amount or Equivalent Amount payable in respect of the Bonds or changing the method of calculation of interest, (d) to change the currency of denomination or payment of the Bonds, (e) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, or (f) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of Bonds for the time being outstanding shall be as valid and effective as a duly passed Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

### (B) *Modification and Waiver*

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (a) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions (together the “**Documentation**”) which in the Trustee’s opinion is of a formal, minor or technical nature, or is made to correct a manifest error, or to comply with mandatory provisions of law, and (b) any other modification to the Documentation (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Documentation which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, any such modification and any authorisation or waiver which is in writing shall be notified by the Issuer to the Bondholders promptly in accordance with Condition 11. Notwithstanding any other provision, no modification to the Bonds or the Documentation shall be made without the written consent of the Issuer.

### (C) *Entitlement of the Trustee*

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 14) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the



Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.

## **15 Enforcement**

The Trustee may, at any time, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

## **16 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Bondholders on any report, confirmation, certificate or information from or any advice or opinion of any accountants, lawyers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, information, advice or opinion, in which case such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer and the Bondholders.

## **17 Further Issues**

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 17 and forming a single series with the Bonds. Any further securities forming a single series with the Bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

## **18 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

## **19 Governing Law and Submission to Jurisdiction**

### **(A) Governing Law**

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

**(B) Jurisdiction**

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition 19(B) is for the benefit of the Trustee and each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

**(C) Agent for Service of Process**

Pursuant to the Trust Deed, the Issuer has irrevocably appointed an agent in England to receive service of process in any Proceedings in England based on any of the Bonds.

## THE GLOBAL CERTIFICATE

*The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Memorandum. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:*

### **Meetings**

The registered holder (as defined in the Conditions) (and any proxy or representative appointed by it) of the Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each HK\$1,000,000 in principal amount of Bonds for which the Global Certificate is issued. The Trustee may (but is not obliged to) allow a person with an interest in the Bonds in respect of which this Global Certificate has been issued to attend and speak (but not to vote) at a meeting of Bondholders on appropriate proof of his identity and interest.

### **Cancellation**

Cancellation of any Bond by the Issuer following its redemption, conversion or purchase by the Issuer will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

### **Trustee's Powers**

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

### **Conversion**

Subject to the requirements of Euroclear and Clearstream or any other clearing system (an "**Alternative Clearing System**") as shall have been designated by the Issuer and approved by the Trustee on behalf of which the Bonds evidenced by the Global Certificate may be held, the Conversion Rights attaching to the Bonds in respect of which the Global Certificate is issued may be exercised by the presentation thereof to, or to the order of the Principal Agent of one or more Conversion Notices duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with the Principal Agent together with the relevant Conversion Notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of the Global Certificate.

### **Payment**

Payments of principal and interest in respect of Bonds represented by the Global Certificate will be made without presentation or, if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose. Such payment will be made to, or to the order of, the person whose name is entered in the register of Bondholders at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

## **Notices**

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

## **Bondholder's Redemption**

The Bondholder's redemption option in Condition 8(D) may be exercised by the holder of the Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Certificate for endorsement or exercise (if required) within the time limits specified in the Conditions.

## **Redemption at the Option of the Issuer**

The options of the Issuer provided for in Conditions 8(B) and 8(C) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by such Conditions and Condition 8(H) except that the notice shall not be required to contain the serial numbers of Bonds drawn for redemption in the case of a partial redemption of Bonds and accordingly no drawing of Bonds for redemption shall be required. Partial redemptions will be conducted in accordance with the rules of the relevant clearing system.

## **Bondholder's Tax Option**

The option of Bondholders not to have the Bonds redeemed as provided in Condition 8(B) shall be exercised by the presentation to any Paying Agent, or to the order of such Paying Agent, of a duly completed Tax Option Exercise Notice within the time limits set out in and containing the information required by Condition 8(B).

## **Registration of Title**

Certificates in definitive form for individual holdings of Bonds will not be issued in exchange for interests in Bonds in respect of which the Global Certificate is issued, except if either Euroclear or Clearstream (or any Alternative Clearing System) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

## **Transfers**

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or such Alternative Clearing System) and their respective direct and indirect participants.

## DESCRIPTION OF THE SHARES

The following is a description of the Shares, including summaries of material relevant provisions of the Issuer's Memorandum and Articles of Association (the "**Articles**") and the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Cayman Companies Law**"). These summaries do not purport to be complete and are qualified in their entirety by reference to the full Articles.

### Meetings

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution shall be called by notice of at least twenty-one (21) days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition, notice of every general meeting shall be given to all members of the Issuer other than such as, under the provisions of the Articles or the terms of issue of the Shares they hold, are not entitled to receive such notices from the Issuer.

Notwithstanding that a meeting of the Issuer is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange (as defined in the Articles), it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Issuer entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued Shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (a) the sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheet and the reports of the Directors and the auditors;
- (c) the election of Directors;
- (d) the appointment of auditors and other officers in place of those retiring;
- (e) the fixing of or the delegation of power to the Directors to fix the remuneration of the Directors and of the auditors;
- (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued Shares of the Issuer; and
- (g) the granting of any mandate or authority to the Directors to repurchase securities of the Issuer.

### Voting Rights

Subject to any special rights or restrictions as to voting for the time being attached to any Shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid Share of which he is the holder but so that no amount paid up or credited as paid up on a Share in advance of calls or instalments is treated for the foregoing purposes as paid up on the Share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting, a resolution put to the vote of the meeting is to be decided by way of a poll, save that the chairman of the meeting may in good faith allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In which case, every member present in person (or being a corporation, is present by a duly authorized representative) or by proxy(ies) shall have one vote, provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)) each such proxy shall have one vote on a show of hands.

If a clearing house (or its nominee(s)) is a member of the Issuer, it may authorize such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of the Issuer or at any meeting of any class of members of the Issuer provided that, if more than one person is so authorized, the authorization shall specify the number and class of Shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the Shares of the Issuer held by that clearing house (or its nominee(s)), including, where a show of hands is allowed, the right to vote individually on a show of hands.

### **Variation of Rights of Existing Shares or Any Class of Share**

Subject to the Cayman Companies Law, all or any of the special rights attached to the Shares or any class of Shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting, the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued Shares of that class and at any adjourned meeting, two holders present in person or by proxy whatever the number of Shares held by them shall be a quorum.

The special rights conferred upon the holders of any Shares or class of Shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such Shares, be deemed to be varied, modified or abrogated by the creation or issue of further Shares ranking *pari passu* therewith.

### **Transfer of Shares**

Subject to the Cayman Companies Law, all transfers of Shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the stock exchange in the Relevant Territory (as defined in the Articles) on which any of the securities of the Issuer are listed or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee or accept mechanically executed transfers in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the register of members in respect thereof.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any Share upon the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no Shares on the principal register shall be transferred to any branch register nor may Shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of

Shares on a branch register, at the relevant Registration office and, in the case of Shares on the principal register, at the place where the principal register is kept for the time being.

The Board may, in its absolute discretion, refuse to register a transfer of any Share (not being a fully paid up share) to a person of whom it does not approve or any Share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any Share to more than four joint holders or any transfer of any Share (not being a fully paid up Share) on which the Issuer has a lien.

The Board may decline to recognize any instrument of transfer unless a fee of such maximum sum as allowed under the rules of the relevant stock exchange in Hong Kong to be payable or such lesser sum as the Directors may from time to time require is paid to the Issuer in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of Share and is lodged at the relevant registration office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of the stock exchange in the Relevant Territory (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of Shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

### **Share Repurchase**

The Issuer is empowered by the Cayman Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Issuer subject to any applicable requirements imposed from time to time by the rules of the stock exchange of the Relevant Territory (as defined in the Articles).

### **Dividends and Other Methods of Distribution**

Subject to the Cayman Companies Law, the Issuer in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

The Issuer may also make a distribution out of share premium account subject to the provisions of the Cayman Companies Law.

Unless and to the extent that the rights attached to any Shares or the terms of issue thereof otherwise provide, all dividends will be apportioned and paid pro rata according to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid on a Share in advance of calls will for this purpose be treated as paid on the Shares. The Board may retain any dividends or other moneys payable on or in respect of a Share upon which the Issuer has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Board may deduct from any dividend or bonus payable to any member all sums of money (if any) presently payable by him to the Issuer on account of calls, instalments or otherwise.

Whenever the Board or the Issuer in general meeting has resolved that a dividend be paid or declared on the share capital of the Issuer, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of Shares credited as fully paid, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that

the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as the Board may think fit.

The Issuer may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any particular dividend of the Issuer that it may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Board or the Issuer in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Issuer until claimed and the Issuer shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions or proceeds as aforesaid unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Issuer and, in the case where any of the same are securities in the Issuer, may be re-allotted or re-issued for such consideration as the Board think fit and the proceeds thereof shall accrue to the benefit of the Issuer absolutely.

### **Inspection of Corporate Records**

Members of the Issuer will have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the Issuer. They will, however, have such rights as may be set out in the Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Cayman Companies Law required or permitted to be kept. The Issuer shall cause to be kept at the place where the Issuer's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Cayman Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

### **Protection of Minorities**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression, however, the Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge; (a) an act which is ultra vires the company or illegal; (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.



Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

### **Procedures on Liquidation**

A resolution that the Issuer be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares: (i) if the Issuer shall be wound up and the assets available for distribution among the members of the Issuer shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them respectively; and (ii) if the Issuer shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the Shares held by them respectively.

If the Issuer shall be wound up (whether the liquidation is voluntary or by the court), the liquidator may, with the authority of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Issuer, whether the assets shall consist of property of one kind or shall consist of properties of different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any Shares or other property in respect of which there is a liability.

## **DIVIDENDS**

Subject to the Cayman Companies Law and the Articles, the Issuer in general meeting may declare dividends to be paid to Shareholders, but no dividend shall exceed the amount recommended by the Board.

The Board may subject to its articles from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the financial conditions and the net realisable value of the assets of the Issuer. The Board may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of the Issuer and as they think fit. No dividend shall be declared or paid or shall be made otherwise than in accordance with the applicable statutes. No dividend or other moneys payable on or in respect of a Share shall bear interest as against the Issuer.

The Issuer declared an interim dividend in the total amount of HK\$43,729,650 representing HK\$0.9 cent per Share, and a final dividend in the total amount of HK\$87,442,000 for FY2013 representing HK\$1.6 cents per Share.

The Issuer declared an interim dividend in the total amount of HK\$54,651,500 representing HK\$1.0 cent per Share, and a final dividend in the total amount HK\$109,383,000 for FY2014 representing HK\$2.0 cents per Share.

## TAXATION

*The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds and Shares is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds or Shares and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Bonds and Shares. Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.*

### **The Cayman Islands**

The Cayman Islands currently have no taxes based upon profits, income, gains or appreciations applicable to the Issuer and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Issuer levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. Other than being a party to a double tax treaty entered into with the United Kingdom in 2010, the Cayman Islands are not party to any double tax treaties.

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Issuer has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Issuer or its operations; and
- (2) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
  - (i) on or in respect of the shares debentures or other obligations of the Issuer; or
  - (ii) by way of the withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

These concessions shall be for a period of twenty years from 24 October 2000.

### **Hong Kong**

#### ***Withholding Tax***

No withholding tax in Hong Kong is payable on payments of principal or interest in respect of the Bonds.

No tax is payable in Hong Kong by withholding or otherwise in respect of payments of dividends on the Shares.

#### ***Profits Tax***

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business. Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) as it is currently applied,

Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal, conversion or redemption of the Bonds where such sale, disposal, conversion or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Bonds will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- (a) a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (b) a corporation carrying on a trade, profession or business in Hong Kong; or
- (c) a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong, or to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong, from the sale, disposal or redemption of the Bonds may be subject to Hong Kong profits tax if such sums have a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed.

Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale or disposal of the Shares where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

### ***Stamp Duty***

No Hong Kong stamp duty will be chargeable upon the issue, transfer (for so long as the register of holders of the Bonds is maintained outside Hong Kong) or conversion of a Bond.

Hong Kong stamp duty is payable on any purchase and sale of Shares, including the transfer of the Bonds and transfer of interest in the Bonds upon conversion of Bonds, for as long as the transfer thereof is required to be registered in Hong Kong. The duty is charged on each of the purchaser and the seller at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares bought and sold. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a sale or purchase of Shares registered on a Hong Kong share register is effected by a person who is not resident in Hong Kong and any stamp duty payable thereon is not paid, the relevant instrument of transfer (if any) is chargeable with such duty in default and the transferee is liable to pay such duty.

### **EU Directive on the Taxation of Savings Income**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") Member States of the European Union ("**EU Member States**") are required to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or secured by such person for the benefit of) an individual resident or to (or secured for) certain other types of entities established in that other EU Member State, except that Austria will instead impose a tax withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise.

The Council of the European Union has adopted a Directive (the "**Amending Directive**") which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above.

The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the European Union (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

The European Commission has published a proposal for a Council Directive repealing the Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). The proposal also provides that, if it is adopted, EU Member States will not be required to implement the Amending Directive.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. Furthermore, if the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State (to the extent that there is such a Member State) that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. However, investors should be aware that any custodians or intermediaries through which they hold their interest in the Bonds may nonetheless be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

### **The Proposed Financial Transactions Tax (“FTT”)**

On 14 February 2013, the European Commission has published a proposal (the "**Commission Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Bonds should, however, be exempt.

Under Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

## **SELLING RESTRICTIONS**

### **General**

The distribution of this Offering Memorandum or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Memorandum or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Memorandum may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Offering Memorandum or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Bonds may be distributed or published in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer.

### **United States**

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds and the Shares to be issued upon conversion of the Bonds may only be offered outside the United States in reliance on Regulation S under the Securities Act. Accordingly, no person may engage in any directed selling efforts with respect to the Bonds or the Shares to be issued upon conversion of the Shares. Terms used in this paragraph have the meaning given to them by Regulation S.

### **United Kingdom**

Each invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA")) in connection with the issue or sale of the Bonds has only been communicated or caused to be communicated and may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer and all applicable provisions of the FSMA must be complied with in respect of anything done in relation to the Bonds in, from or otherwise involving the United Kingdom.

### **Hong Kong**

The Bonds have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, any Bonds other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the Bonds has been issued or had been in the possession of any person, or will be issued or will be in the possession of any person, for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

## Singapore

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**"). Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A), of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Bonds are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person who is:

- (A) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (B) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the Securities and Futures Act; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act (Act No. 25 of 1948) of Japan (the "**Financial Exchange and Instruments Act**"). Accordingly, the Bonds may not be offered or sold directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Exchange and Instruments Act and other relevant laws and regulations of Japan.



**The Cayman Islands**

No invitation will be made directly or indirectly to any person in the Cayman Islands to subscribe for any of the Bonds, but the Bonds may be acquired by Cayman Islands persons who receive the offer of the Bonds outside of the Cayman Islands and in a manner which does not contravene the laws of the jurisdiction in which such offer is made.

**People's Republic of China**

This Offering Memorandum does not constitute a public offer of the Bonds, whether by sale or by subscription, in the PRC. The Bonds will not be offered or sold within the PRC by means of this Offering Memorandum or any other document.

## GENERAL INFORMATION

1. The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 125150438 and the International Securities Identification Number for the Bonds is XS1251504384.
2. Approval-in-principal has been received from the SGX-ST for listing of, and quotation for, the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Memorandum. Conditional approval granted by the Singapore Stock Exchange for the listing and quotation of the Bonds on the SGX-ST is not to be taken as indication of the merits of the Issuer or any other subsidiary or associated company of the Issuer, the Bonds or the Shares. Listing of the Bonds on the SGX-ST is conditional upon satisfaction of the requirements of such exchange. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. The Bonds will trade on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) so long as the Bonds remain listed on the SGX-ST.
3. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Bonds and Shares upon the conversion of the Bonds. The issue of the Bonds and the Shares upon the conversion of the Bonds were authorised and approved by resolutions of the Board of the Issuer passed on 15 June 2015.
4. Except as disclosed in this Offering Memorandum, there has been no change, or any development reasonably likely to involve a prospective change, in the financial condition, business operations or results of operations in the general affairs of the Issuer since 31 December 2014, the date of the Issuer's most recent published audited annual consolidated financial statements, that is material and adverse in the context of the issue of the Bonds.
5. Except as disclosed in this Offering Memorandum, there are no litigation or arbitration proceedings against or affecting the Issuer or of the Group or any of the Issuer's assets, nor is the Issuer aware of any such proceedings which are pending or threatened, in each case which, to the Issuer's best knowledge and belief, are or might be material in the context of the issue of the Bonds.
6. The Issuer's Annual Financial Statements have been audited by Ernst & Young, Certified Public Accountants in accordance with the Hong Kong Standards on Auditing issued by the HKICPA, as stated in their reports incorporated by reference herein.
7. Copies of the latest annual reports and interim reports may be downloaded free of charge from the Issuer's website ([www.tongda.com/index.php/en/investor-relations/financial-report](http://www.tongda.com/index.php/en/investor-relations/financial-report)) and copies of the Trust Deed and the Agency Agreement will be made available for inspection, at the specified office of the Principal Agent (being at the date of this Offering Memorandum at Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong) upon prior written notice during normal business hours, so long as any of the Bonds is outstanding.

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