

BONUS ISSUE OF WARRANTS

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Subject to the conditions set out below, the Board proposes a bonus issue of warrants (the “Bonus Warrants”) to be granted to shareholders whose names appear on the Register of Members of the Company in Hong Kong on January 19, 2001 (the “Record Date”) (other than those shareholders whose addresses on the Register of Members on the Record Date are outside Hong Kong) on the basis of one Bonus Warrant for every ten existing shares held on that date (the “Bonus Warrant Issue”). The Bonus Warrants shall confer on their owners the right to subscribe in cash at an initial subscription price of HK\$2.20 (subject to adjustment) for one new ordinary share of HK\$0.50 each in the capital of the Company (“Share”) at any time between the date of issue thereof and one year from such issue date, both days inclusive. Fractional entitlements to Bonus Warrants shall not be granted but shall be aggregated and sold and the net proceeds of sales shall be retained for the benefit of the Company.

The warrant subscription price of HK\$2.20 represents a premium of approximately 15.8% to the closing price of HK\$1.90 per Share of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on December 20, 2000. On the basis of the 531,604,865 Shares in issue on December 20, 2000, approximately 53,160,486 Bonus Warrants are proposed to be issued pursuant to the Bonus Warrant Issue. Upon exercise of the subscription rights attaching to the Bonus Warrants, approximately 53,160,486 new Shares would fall to be issued, representing 10% of the existing share capital of the Company and approximately 9% of the share capital of the Company as enlarged by the issue of such Shares.

The Bonus Warrants Issue is subject to, among other things, the following conditions:

- (1) the passing of a resolution approving the Bonus Warrants Issue by the shareholders at an extraordinary general meeting of the Company to be convened shortly; and
- (2) the Listing Committee of the Stock Exchange granting or agreeing to grant listings of, and the permission to deal in, the Bonus Warrants and any new Shares which may fall to be issued upon exercise of the subscription rights attaching to the Bonus Warrants.

Application shall be made to the Stock Exchange for the listing of, and the permission to deal in, the Bonus Warrants and any new Shares which may fall to be issued upon exercise of the subscription rights attaching to the Bonus Warrants.

A circular containing, among other things, further information on the Bonus Warrant Issue and a notice of the extraordinary general meeting of the Company shall be despatched to shareholders of the Company as soon as practicable.

By Order of the Board
Wong Man Kit
Company Secretary

Hong Kong, December 21, 2000