
LETTER FROM SCB



September 2, 2020

To Qualifying Shareholders

Dear Sir or Madam,

VOLUNTARY CASH PARTIAL OFFER BY STANDARD CHARTERED BANK (HONG KONG) LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE 154,592,765 SHARES IN THE SHARE CAPITAL OF THE COMPANY FROM QUALIFYING SHAREHOLDERS

INTRODUCTION

On August 6, 2020, the Offeror and the Company jointly announced that SCB, on behalf of the Offeror, would make a conditional voluntary cash partial offer to acquire 154,592,765 Shares (representing approximately 2.00% of the Shares in issue, or approximately 2.82% of the Shares in issue held by the Qualifying Shareholders, as at the Latest Practicable Date) from the Qualifying Shareholders at the Offer Price of HK\$5.20 per Offer Share in cash.

As at the Latest Practicable Date, there were 7,729,638,249 Shares in issue, and the Company had no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest as at the Latest Practicable Date.

This letter forms part of this Composite Document and sets out certain background information of the Offeror, the reasons for making the Partial Offer and the intentions of the Offeror in relation to the Company. The terms of the Partial Offer are set out in this letter, Appendix I to this Composite Document and in the accompanying Form of Approval and Acceptance.

Your attention is drawn to the letter from the Board on pages 18 to 22, the letter from the Independent Board Committee on pages 23 to 24 and the letter from Somerley on pages 25 to 53 in this Composite Document.

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THE PARTIAL OFFER

Offer Price

The Partial Offer is being made by SCB on behalf of the Offeror at the following price:

For each Offer Share HK\$5.20 in cash

Reference is made to the Interim Results Announcement in which the Company announced the declaration of (i) an interim cash dividend to Shareholders of 9.18 HK cents in respect of each Share they hold as at the Record Date (the “**Interim Cash Dividend**”); and (ii) a special interim dividend in the form of a distribution in specie to Shareholders of 85 PCPD Shares for every 1,000 Shares they hold as at the Record Date, provided however that if the Bondholders’ Consent is obtained by September 1, 2020, the amount of the distribution in specie will be increased to 108 PCPD Shares for every 1,000 Shares they hold as at the Record Date (the “**Dividend in Specie**”). The Company announced on August 28, 2020 that the Bondholders’ Consent was obtained and, accordingly, the Dividend in Specie will be increased to 108 PCPD Shares for every 1,000 Shares held as at the Record Date. The implied value of the Dividend in Specie (based on the closing price of HK\$1.38 per PCPD Share as at the Last Trading Day) is 14.90 HK cents per Share (the “**Dividend in Specie Value**”).

The Offeror will not receive the Interim Cash Dividend or the Dividend in Specie in respect of the Offer Shares, and the Offer Price has been determined on that basis.

Conditions of the Partial Offer

The Partial Offer is subject to the fulfilment of the following Conditions on or prior to the First Closing Date (unless the First Closing Date is extended in accordance with the Takeovers Code):

- (i) acceptances being received in respect of 154,592,765 Offer Shares for the Partial Offer; and
- (ii) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders in the Register as at the First Closing Date holding over 50% of the Shares not held by the Offeror and parties acting, and presumed to be acting, in concert with it, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

For Qualifying Shareholders who wish to approve and accept the Partial Offer, they are reminded to complete both Box A and Box B of the Form of Approval and Acceptance. Whether or not the Qualifying Shareholders accept the Partial Offer, they may approve the Partial Offer and specify the number of Shares in respect of which they approve the Partial Offer in the Form of Approval and Acceptance. Each Share which is subject to the Partial Offer shall be entitled to ONE vote only. Multiple votes in respect of the same Share will not be taken into account in counting the approval of the Partial Offer. Qualifying Shareholders may also specify the number of Shares in respect of which they tender for acceptance of the Partial Offer.

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In the event that the Conditions are not fulfilled, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offer will not proceed and will immediately lapse.

Pursuant to Rule 15.1 of the Takeovers Code, the Partial Offer must initially be open for acceptance for at least 21 days following the Despatch Date.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter.

Accordingly, if the Partial Offer is declared unconditional in all respects on or before the 7th day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date. If the Partial Offer is declared unconditional in all respects later than the 7th day after the Despatch Date, then the Final Closing Date would be at least 14 days after the date of such declaration.

Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been approved for the purposes of Rule 28.5 of the Takeovers Code by Qualifying Shareholders who are registered as Shareholders in the Register as at the First Closing Date holding over 50% of the Shares not held by the Offeror and parties acting, and presumed to be acting, in concert with it, and has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

WARNING: Shareholders and potential investors of the Company should note that the Partial Offer is subject to the satisfaction of the Conditions. Accordingly, the Partial Offer may or may not become unconditional. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and, if they are in any doubt about their positions, they should consult their professional advisers.

VALUE OF THE PARTIAL OFFER

Comparison of value

The Offer Price of HK\$5.20 per Offer Share represents:

- (i) a premium of approximately 7.00% over the closing price of HK\$4.86 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 15.81% over the closing price of HK\$4.49 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 17.59% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 18.10% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;

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- (v) a premium of approximately 17.85% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 207.69% to the unaudited consolidated net asset value attributable to Shareholders of approximately HK\$1.69 per Share as at June 30, 2020, calculated based on the unaudited consolidated net asset value attributable to Shareholders of HK\$13,071 million as at June 30, 2020 and 7,729,638,249 Shares in issue as at the Latest Practicable Date;
- (vii) a premium of approximately 158.71% to the audited consolidated net asset value attributable to Shareholders of approximately HK\$2.01 per Share as at December 31, 2019, calculated based on the audited consolidated net asset value attributable to Shareholders of HK\$15,538 million as at December 31, 2019 and 7,729,638,249 Shares in issue as at the Latest Practicable Date; and
- (viii) taking into consideration the Interim Cash Dividend and the Dividend in Specie, a premium of approximately 22.35% over the implied ex-dividend price of HK\$4.25 per Share (being the closing price of the Shares as at the Last Trading Day, adjusted for the Interim Cash Dividend and the Dividend in Specie Value). For the avoidance of doubt, the Interim Cash Dividend and the Dividend in Specie are made independently of the Partial Offer and each Qualifying Shareholder will be entitled to the Interim Cash Dividend and the Dividend in Specie in respect of each Share held as at the Record Date whether or not such Qualifying Shareholder accepts the Partial Offer in respect of some or all of its Offer Shares.

Highest and lowest Share prices

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$4.97 on August 10, 2020 and HK\$3.92 on March 23, 2020, respectively.

Total consideration of the Partial Offer

On the assumption that the Partial Offer is accepted in full, the cash consideration payable by the Offeror for the relevant Offer Shares under the Partial Offer is approximately HK\$803,882,378.

THE IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, China Unicom beneficially owned, through its wholly owned subsidiary China Unicom BVI, 1,424,935,885 Shares, representing approximately 18.43% of the total number of Shares in issue. China Unicom BVI has irrevocably undertaken that it will approve the Partial Offer in respect of all of the 1,424,935,885 Shares that it owns, but has not undertaken either to accept or not accept the Partial Offer. The Irrevocable Undertaking will only cease to be binding on the date that is the earlier of (i) the close of the Partial Offer; (ii) the lapse of the Partial Offer; and (iii) November 30, 2020.

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BENEFITS TO THE QUALIFYING SHAREHOLDERS

Upon the Partial Offer becoming unconditional, each Qualifying Shareholder:

- (a) will receive a payment of HK\$5.20 in cash for every Share in respect of which that Shareholder validly accepts the Partial Offer and which is taken up by the Offeror under the Partial Offer (less the seller's ad valorem stamp duty arising therefrom) within 7 Business Days after the Final Closing Date; and
- (b) will have the opportunity of retaining an interest in the Company going forward.

Each Qualifying Shareholder will also be entitled to the Interim Cash Dividend and the Dividend in Specie in respect of each Share held as at the Record Date (whether or not such Qualifying Shareholder accepts the Partial Offer in respect of some or all of its Offer Shares).

OTHER TERMS OF THE PARTIAL OFFER

Acceptance of the Partial Offer

The number of Shares to be taken up by the Offeror pursuant to the Partial Offer is 154,592,765 Shares, which represent approximately 2.00% and 2.82% of the 7,729,638,249 Shares in issue and of the 5,477,736,723 Shares held by the Qualifying Shareholders, respectively, as at the Latest Practicable Date.

While the number of Shares to be taken up by the Offeror pursuant to the Partial Offer represents approximately 2.82% of the Shares held by the Qualifying Shareholders as at the Latest Practicable Date, Qualifying Shareholders may accept the Partial Offer in respect of **some (which may be more than such percentage) or all** of the Shares held by them. Subject to the Partial Offer becoming unconditional in all respects: (i) if valid acceptances are received for 154,592,765 Shares, all Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than 154,592,765 Shares, the total number of Shares to be taken up by the Offeror from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula:

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

A = 154,592,765 Shares, being the total number of Shares for which the Partial Offer is made

B = the total number of Shares tendered by all Qualifying Shareholders under the Partial Offer

C = the number of Shares tendered by the relevant individual Qualifying Shareholder under the Partial Offer

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Partial nature of the Partial Offer and effect of fractions

It is possible that, if a Qualifying Shareholder tenders all his/her Shares for acceptance under the Partial Offer, not all of such securities will be taken up.

Fractions of Shares will not be taken up under the Partial Offer and, accordingly, the number of Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Offeror.

Odd lots

The Shares are currently traded in board lots of 1,000 Shares each. Such board lot size will not be changed as a result of the implementation of the Partial Offer. Qualifying Shareholders should note that acceptance of the Partial Offer may result in their holding odd lots of Shares. Accordingly, Computershare Hong Kong Investor Services Limited whose address is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (telephone number: 2862 8647, office hours: 9:00 a.m. to 4:30 p.m.) has been appointed as the designated agent to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks following the closing of the Partial Offer to enable such Qualifying Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots of 1,000 Shares each. Qualifying Shareholders should note that the matching of odd lots is not guaranteed. Qualifying Shareholders who would like to match odd lots are recommended to make an appointment in advance by dialling the telephone number of Computershare Hong Kong Investor Services Limited set out above. Qualifying Shareholders who are in any doubt about the matching arrangements described above are recommended to consult their own professional advisers.

Effect of accepting the Partial Offer

By validly accepting the Partial Offer, the Qualifying Shareholders will sell to the Offeror their tendered Shares which are finally taken up by the Offeror in accordance with the formula set out in the section headed "Acceptance of the Partial Offer" above.

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Qualifying Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after, the Final Closing Date (other than the Interim Cash Dividend and the Dividend in Specie). No dividends or other distributions (other than the Interim Cash Dividend and the Dividend in Specie) are expected to be declared, made or paid prior to the Final Closing Date.

Acceptance of the Partial Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Settlement of consideration

Settlement of the consideration payable by the Offeror in respect of acceptance of the Partial Offer will be made as soon as possible but in any event within seven Business Days of the Final Closing Date.

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CONFIRMATION OF FINANCIAL RESOURCES

The Offeror intends to finance the cash required for the Partial Offer from its internal cash resources. SCB, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the aggregate cash consideration payable under the Partial Offer.

SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PARTIAL OFFER

Assuming that there will be no change to the total number of Shares in issue between the Latest Practicable Date and the Final Closing Date, the shareholding structure of the Company, as at the Latest Practicable Date and after the closing of the Partial Offer, is set out below:

	As at the Latest Practicable Date		Immediately after the completion of the Partial Offer and assuming all Qualifying Shareholders validly elect to accept the Partial Offer and there are no other changes to the shareholdings held by all parties	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Offeror and concert parties				
The Offeror	0	0	154,592,765	2.00
The Principal (<i>Note 1</i>)	2,236,536,593	28.93	2,236,536,593	28.93
Fung Jenny Wai Ling (<i>Note 2</i>)	6,400	0.0001	6,400	0.0001
	<u>2,236,542,993</u>	<u>28.93</u>	<u>2,391,135,758</u>	<u>30.93</u>
Sub-total of Offeror and parties acting in concert with it				
	<u>2,236,542,993</u>	<u>28.93</u>	<u>2,391,135,758</u>	<u>30.93</u>
Directors (excluding the Principal) (<i>Note 3</i>)				
Hui Hon Hing, Susanna	7,242,175	0.09	7,242,175	0.09
Srinivas Bangalore Gangaiah	2,218,768	0.03	2,218,768	0.03
Lee Chi Hong, Robert	993,111	0.01	993,111	0.01
Tse Sze Wing, Edmund	367,479	0.005	367,479	0.005
	<u>10,821,533</u>	<u>0.14</u>	<u>10,821,533</u>	<u>0.14</u>
Sub-total of Directors (excluding the Principal)				
	<u>10,821,533</u>	<u>0.14</u>	<u>10,821,533</u>	<u>0.14</u>

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	As at the Latest Practicable Date		Immediately after the completion of the Partial Offer and assuming all Qualifying Shareholders validly elect to accept the Partial Offer and there are no other changes to the shareholdings held by all parties	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Other parties presumed to be acting in concert with the Offeror				
The Foundation <i>(Note 4)</i>	4,537,000	0.06	4,537,000	0.06
Sub-total of Offeror and parties acting, and presumed to be acting, in concert with it <i>(Note 1)</i>	2,251,901,526	29.13	2,395,672,758	30.99
Substantial shareholders				
China Unicom <i>(Note 5)</i>	1,424,935,885	18.43	1,384,634,443	17.91
BlackRock, Inc. <i>(Note 6)</i>	441,612,206	5.71	429,122,094	5.55
Trustee <i>(Note 7)</i>	11,808,749	0.15	11,808,749	0.15
Other Shareholders	3,599,379,883	46.57	3,508,400,205	45.39
Total	7,729,638,249	100.00	7,729,638,249	100.00

Notes:

1. The Principal's shareholding after the completion of the Partial Offer is expressed without taking into account the Shares to be acquired by the Offeror, in which the Principal will be interested as ultimate beneficial owner of the Offeror. After the completion of the Partial Offer, the Principal, together with parties acting, and presumed to be acting, in concert with him, will be interested in aggregate in 2,395,672,758 Shares (representing approximately 30.99% of the existing total number of Shares in issue). The Directors who are presumed to be acting in concert with the Principal by virtue of class (6) of the definition of "acting in concert" will no longer be presumed to be acting as such following the completion of the Partial Offer, and accordingly their shareholdings are not included in the shareholding of the Principal and parties acting, and presumed to be acting, in concert with him immediately upon completion of the Partial Offer.
2. Fung Jenny Wai Ling, the sole director of the Offeror, is presumed to be acting in concert with the Offeror under the Takeovers Code. Fung Jenny Wai Ling is taken for the purposes of the Takeovers Code to be interested in 6,400 Shares held by a close relative. Fung Jenny Wai Ling was deemed to be interested in the shareholdings of the related trusts of the Principal under Part XV of the SFO as she controlled the exercise of one-third or more of the voting power at general meetings of certain companies operating such related trusts.
3. The Directors are presumed to be acting in concert with the Principal by virtue of class (6) of the definition of "acting in concert" under the Takeovers Code. The number of Shares held by the relevant Directors excludes any interests which are subject to certain vesting conditions pursuant to an award scheme of the Company.

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4. By virtue of the terms of the constituent documents of the Foundation, the Foundation may be regarded as a company in which the close relatives of the Principal hold 30% or more of the voting rights of the Foundation and a presumed concert party of the Offeror falling within class (8) of the definition of “acting in concert” under the Takeovers Code.
5. China Unicom indirectly holds these interests through China Unicom BVI, a company wholly-owned by China Unicom. The number of Shares held by China Unicom is based on the number of Shares stated to be held by China Unicom BVI in the Irrevocable Undertaking.
6. The number of Shares held by BlackRock, Inc. is based on the disclosure of securities dealings published on the website of the Stock Exchange pursuant to Rule 22 of the Takeovers Code.
7. Under its mandate, the Trustee is a non-voting and non-participating Shareholder. As such, the Trustee will not participate in the Partial Offer in respect of the Shares that it holds.

REASONS FOR THE PARTIAL OFFER

A key rationale for the Partial Offer is to provide the Company with greater flexibility to manage its capital structure. In light of the Principal’s current holdings (see the section headed “Shareholding structure of the Company and effect of the Partial Offer” above), the Company is restricted from pursuing Share buy-backs opportunistically without potentially triggering a mandatory general offer by the Principal under the Takeovers Code. Assuming that the Partial Offer is completed, it would give the Company additional flexibility (within the limit of the creeper requirements under the Takeovers Code) to carry out Share buy-backs which may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company’s net assets and/or its earnings per Share.

By way of illustration only, the maximum number of Shares that can be bought back by the Company without triggering a mandatory general offer by the Principal and his concert parties before and after the Partial Offer are 259,392,938 Shares (representing approximately 3.36% of the total number of Shares in issue) and 468,558,719 Shares (representing approximately 6.06% of the total number of Shares in issue), respectively (assuming no increase or reduction in the number of Shares held by the Principal and his concert parties).

The Company does not currently have a Share buy-back programme in place and does not have any immediate plans to introduce such a programme. Any buy-back of Shares will be implemented in accordance with the Listing Rules and only when the Directors believe that such buy-backs will benefit the Company and its Shareholders as a whole. There is no guarantee that the Company will buy back any of its Shares following the completion of the Partial Offer. The Company has not bought back any of its Shares (whether on the Stock Exchange or otherwise) during the Relevant Period.

INTENTION OF THE OFFEROR

Reference is made to the announcements of the Company on August 6, 2020 in which the Company: (i) announced the proposed transfer of PCCW Media Limited to the HKT Group and the Strategic Review; and (ii) announced the declaration of the Dividend in Specie which will leave the Company with a reduced interest in Pacific Century Premium Developments Limited (Stock Code: 0432). The Offeror intends that the existing businesses, staffing and assets deployment of the Group in the ordinary course be continued (including as set out in the announcements of the Company on August 6, 2020) and considers that the Group should continue to review its strategy and focus to best suit the operating environment of the Group, and does not intend that major changes to the business of the Group be introduced. The Offeror does not intend to make any significant changes to the continued employment of the employees of the Group.

The Offeror and the Board have not entered and do not intend to enter into any agreement, arrangements or understanding to (i) acquire and/or develop any new business; and (ii) save as set out in the announcements of the Company made on August 6, 2020, dispose of or downsize the existing businesses and/or material operating assets, of the Company.

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PUBLIC FLOAT

The Stock Exchange has stated that if, at the closing of the Partial Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend dealings in the Shares.

As at the Latest Practicable Date, the Company has a public float of approximately 52.49% of the Shares in issue. Assuming full acceptances of the Partial Offer by all the public Qualifying Shareholders, the Company will have a public float of approximately 51.01% of the Shares in issue immediately following the closing of the Partial Offer (assuming there are no changes to the total number of Shares in issue after the Latest Practicable Date) and accordingly the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules. As required to be disclosed pursuant to Rule 14.81(1) of the Listing Rules, the Offeror intends that the Company remains listed on the Stock Exchange. The sole director of the Offeror undertakes to the Stock Exchange to take appropriate steps if required to ensure that sufficient public float exists in the Shares as a result of the Partial Offer.

HONG KONG STAMP DUTY

In Hong Kong, the seller's ad valorem stamp duty arising in connection with acceptance of the Partial Offer will be payable by the relevant Qualifying Shareholders in respect of their Offer Shares which are taken up by the Offeror under the Partial Offer at a rate of 0.1% of (i) the market value of such Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Partial Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Qualifying Shareholder on acceptance of the Partial Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Qualifying Shareholders accepting the Partial Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Partial Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Partial Offer. None of the Offeror, SCB, the Company and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Partial Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Partial Offer.

OVERSEAS SHAREHOLDERS

This Composite Document will not be filed or registered under the applicable securities or equivalent legislation or rules of any jurisdiction other than Hong Kong. A copy of this Composite Document will be sent to each Shareholder with registered addresses in jurisdictions outside Hong Kong.

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Acceptance of the Partial Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Shareholder to the Offeror that the local laws and requirements have been complied with and that the Partial Offer can be accepted by such Shareholder lawfully under the laws of the relevant jurisdiction. Shareholders should consult their professional advisers if in doubt.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the Cayman Islands with limited liability and the sole director of the Offeror is Fung Jenny Wai Ling.

The entire issued share capital of the Offeror is indirectly held by the Principal. The Principal is an Executive Director and the Chairman of the Company.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition.

FURTHER TERMS OF ACCEPTANCE OF THE PARTIAL OFFER

Further terms of acceptance of the Partial Offer, including, among other things, procedures for acceptance and settlement and the acceptance period, are set out in Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

ADDITIONAL INFORMATION

To ensure equality of treatment of all Qualifying Shareholders, registered Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of Shares by each beneficial owner separately. In order for the beneficial owners of Shares whose investments are registered in nominee names (including those whose interests in Shares are held through CCASS) to approve and/or accept the Partial Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Partial Offer.

Your attention is drawn to the letter from the Board on pages 18 to 22, the letter from the Independent Board Committee on pages 23 to 24 and the letter from Somerley on pages 25 to 53 in this Composite Document.

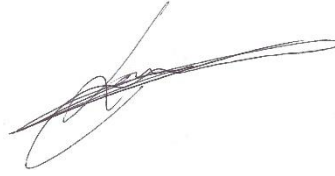
In considering what action to take in connection with the Partial Offer, you should consider your own tax and financial positions and, if you are in doubt, you should consult your professional advisers.

Yours faithfully
For and on behalf of
Standard Chartered Bank (Hong Kong) Limited
Fred Leung
Managing Director

Lodewijk Meens
Managing Director



Yours faithfully,
For and on behalf of
Standard Chartered Bank (Hong Kong) Limited
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