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Exemption Order

MACRO-LINK International Investment Co., Ltd.

Section 114(2)(c) of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 MACRO-LINK applied under section 114(2)(c) of the Act for an order that the take over bid requirements of the Act (the Take Over Bid Requirements) not apply to the unconditional mandatory cash offers (the Offers) made by Quam Securities Company Limited (Quam) for and on behalf of MACRO-LINK for all of the issued shares and outstanding warrants of Applied (China) Limited (ACL), other than those already owned by MACRO-LINK or parties acting in concert with it.

Representations

- ¶ 2 MACRO-LINK represents that:
1. it is a private investment company incorporated in the British Virgin Islands on October 21, 2003 with limited liability and is wholly and beneficially owned by MACRO-LINK Sdn. Bhd.;
 2. MACRO-LINK Sdn. Bhd., incorporated in Malaysia on December 14, 1990, is principally engaged in trading of industrial products and consumer goods, property investment and development and the manufacture and sale of chemical and ceramic products in the People's Republic of China;
 3. Quam is a deemed licensed corporation to carry out the relevant activities in this transaction under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong); Quam is the financial adviser appointed by MACRO-LINK for the purpose of the Offer;
 4. MACRO-LINK, Quam and ACL are not reporting issuers under the laws of any jurisdiction in Canada and none of them has any intention of becoming a reporting issuer;

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5. ACL was incorporated under the laws of Bermuda and its head office and principal place of business is located in Hong Kong;
6. ACL is engaged in the business of manufacture and trading of healthcare and electronic products;
7. ACL's authorized share capital consists of 16,000,000,000 ordinary shares of par value HK\$0.01 each (the Shares);
8. as at January 13, 2004, 1,149,261,820 Shares were issued;
9. as of February 10, 2004, there were 114,926,182 outstanding warrants (the Warrants) which are exercisable at any time on or before April 30, 2004 and which, if exercised, will result in the issue of an additional 114,926,182 Shares;
10. the Shares are currently listed on the Main Board of The Stock Exchange of Hong Kong Limited;
11. according to ACL's register of shareholders, as of January 13, 2004, there was one person whose last address as shown on such register was in British Columbia and such person was shown as the registered holder of 44,425 Shares representing approximately 0.0039% of the issued Shares of ACL;
12. on December 1, 2003, MACRO-LINK entered into a sale and purchase deed (the Sale and Purchase Deed) with Applied International Holdings Limited (AIHL) and Mr. Raymond Hung Kin Sang under which MACRO-LINK agreed to purchase AIHL's entire interest in ACL, being a total of 861,887,920 Shares, representing approximately 74.99% of the issued Shares of ACL at a price of HK\$0.1427 per Share;
13. under Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the Hong Kong Takeovers Code), as a result of acquiring 30% or more of the voting rights of ACL under the Sale and Purchase Deed, MACRO-LINK is required to make unconditional mandatory cash offers for all of the issued Shares and outstanding Warrants;
14. the cash offer price per Share is HK\$0.1427 and the offer price for each outstanding Warrant represents a nominal value of HK\$0.001 per Warrant;

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15. the Offers are being made in accordance with the laws and regulations of Hong Kong, including the requirements of the Hong Kong Takeovers Code, and not pursuant to any exemptions from such requirements;
16. the Offers are being extended to all holders (other than MACRO-LINK and the parties acting in concert with it) of Shares and Warrants;
17. the Offers are required to remain open for acceptance for at least 21 days following the date on which the documents setting out the terms of the Offers (the Offer Documents) are first mailed to shareholders;
18. MACRO-LINK and Quam mailed the Offer Documents to the holders of Shares and Warrants on February 11, 2004 so the Offer will remain open until at least March 3, 2004;
19. under the Hong Kong Takeovers Code, MACRO-LINK and Quam are obligated to pay the consideration due to any holder of Shares or Warrants who tenders a valid acceptance of the Offers within 10 days of receipt of the tender documents;
20. the Offers will be made on the same terms and conditions to the holder(s) of Shares resident in British Columbia as those applicable to holders of Shares residing outside Canada;
21. the Offer Documents and all other material relating to the Offers, including any amendments, sent by or on behalf of MACRO-LINK or Quam to holders of Shares residing outside Canada shall concurrently be sent to the holder(s) of Shares resident in Canada and filed with the Commission; and
22. MACRO-LINK and Quam cannot rely on the *de minimis* exemption from the Take Over Bid Requirements because the Commission has not recognized Hong Kong for the purpose of that exemption.

Order

- ¶ 3 Because it is not prejudicial to the public interest the Commission orders, under section 114(2)(c) of the Act, that MACRO-LINK and Quam are exempt from the Take Over Bid Requirements in connection with the Offers, provided that
- (a) the Offers and all amendments to the Offers are made in compliance with the laws and regulations of Hong Kong, including the Hong Kong Takeovers Code; and

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- (b) the Offer Documents and all other materials relating to the Offers, including any amendments, that are sent by or on behalf of MACRO-LINK or Quam to holders of Shares residing outside Canada are concurrently sent to holder(s) of Shares resident in British Columbia and copies of such material are filed contemporaneously with the Commission.

¶ 4 March 2, 2004

Derek E. Patterson
Acting Director