

DATED:[*]

CSI PROPERTIES LIMITED
(Incorporated in Bermuda with limited liability)

WARRANT INSTRUMENT

DRAFT FOR INSPECTION
SUBJECT TO CHANGE BEFORE FINALISATION AND EXECUTION

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THIS INSTRUMENT by way of deed poll is executed on [*] by **CSI PROPERTIES LIMITED**, a company incorporated in Bermuda whose registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and principal place of business in Hong Kong is at 31/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong (the "**Company**").

WHEREAS:-

- (A) The Company has by a resolution passed at its general meeting on [*] granted authority to the Directors to exercise the powers of the Company to create and issue an aggregate of [460,489,483] warrants in registered form conferring rights on the holders to subscribe for up to an aggregate of [460,489,483] new shares in the capital of the Company, exercisable in whole or in part during the Subscription Period at the price of \$[0.22] per Share (subject to adjustment).
- (B) The board of directors of the Company resolved at a meeting on [*] to exercise the powers of the Company to issue the Warrants and execute this Instrument by way of deed poll setting out provisions to protect the rights and interests of the holders of the Warrants.
- (C) The Company has no intention to transfer any Shares held in treasury upon exercise of the Subscription Rights.

NOW THIS INSTRUMENT WITNESSETH and the Company hereby declares as follows:-

1. DEFINITIONS AND INTERPRETATION

- (a) In this Instrument (excluding the First Schedule), unless there is something in the subject matter or context inconsistent therewith, the words and expressions set out below shall bear the following respective meanings:-

"Approved Financial Adviser" means reputable merchant bank or financial adviser selected by the Company;

"Business Day" means a day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are generally open for business;

"Bye-Laws" means the bye-laws of the Company from time to time;

"closing price" in relation to a Share on a particular date, means the closing price as shown in the daily quotation sheets issued by the Stock Exchange for one Share in issue on that particular date and, if that particular date is not a trading day, on the trading day immediately preceding that particular date;

"Companies Act" means the Companies Act 1981 of Bermuda (as amended);

"Companies Ordinance"	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
"Conditions"	means the terms and conditions endorsed on the Warrant Certificates as the same may from time to time be modified in accordance with the provisions set out therein and "Condition" refers to the relative numbered paragraph of the Conditions;
"Directors"	means the directors of the Company for the time being and from time to time;
"dollars", "\$" and "cents"	means Hong Kong dollars and cents, respectively;
"Equity Share Capital"	means the issued share capital of the Company excluding any part thereof which does not either as respects dividends or as respects capital carry any right to participate beyond a specified amount or beyond an amount calculated by reference to a specified rate in a distribution;
"Exercise Moneys"	has the meaning assigned thereto in the Conditions;
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China;
"Instrument"	means this Instrument and the Schedules hereto (as from time to time modified in accordance with the terms hereof) and includes any instrument which is executed in accordance with the provisions hereof (as from time to time modified as aforesaid) and expressed to be supplemental hereto;
"Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"notice"	means, in the case of notices given to the Warrantholders, a notice given or to be given in accordance with Condition 14;
"Non-public Member"	in relation to the Company means, at any point in time, any person not regarded or recognised by the Stock Exchange as a member of "the public", or the Shares held by him not recognised as being "in public hands" at that time within the meaning of Rule 8.24 of the Listing Rules;
"Original Issue Date"	[*], being the date on which the Warrants are issued by the Company;

"Public Float Requirement"	means the public float requirement stipulated under Rules 8.08 and 13.32 of the Listing Rules;
"recognised clearing house"	has the meaning assigned to it in the Conditions;
"Record Date"	means the date fixed by the Company in accordance with the Bye-Laws for the purpose of determining entitlement to dividends or other distributions to, or rights of, holders of Shares;
"Register"	means the register of Warrantholders required to be maintained pursuant to Clause 9;
"Registrar"	means Computershare Hong Kong Investor Services Limited or such other person, firm or company retained by the Company for the time being to maintain in Hong Kong (unless the Directors otherwise determine) the Register;
"Scrip Dividend Scheme"	means a scheme or arrangement of the Company whereby the holders of one or more classes of the securities of the Company may elect to receive fully-paid Shares in lieu of a cash dividend;
"Share Scheme"	has the meaning assigned to it in the Conditions;
"Shares" or "Ordinary Capital"	means the ordinary shares, currently of \$[0.016] each, in the authorised capital of the Company existing on the date of issue of the Warrants and all other (if any) stock or shares from time to time and for the time being ranking <i>pari passu</i> therewith and all other (if any) shares or stock in the Equity Share Capital resulting from any subdivision, consolidation, re-classification or reduction of capital of Shares;
"Special Resolution"	has the meaning assigned to it in the Conditions;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited, or such other stock market or exchange in Hong Kong or any other territory on which Shares are for the time being listed as is in the opinion of the Directors the principal stock market or exchange in relation to the Shares;
"Subscription Date", "Subscription Form", "Subscription"	have the respective meanings assigned to them in the Conditions;

**Period" and
"Subscription Price"**

**"Subscription
Rights"**

means the rights of the Warrantholders represented by the Warrants to subscribe for Shares pursuant to the Warrants and, in relation to each Warrant, means the right of the relevant Warrantholder in respect of such Warrant to subscribe for, subject to Clause 4(b), one Share upon and subject to the Conditions;

**"Subscription Rights
Reserve"**

has the meaning assigned to it in Clause 6(a)(i);

"Subsidiary"

means a company which is for the time being and from time to time a subsidiary (within the meaning of the Listing Rules) of the Company;

"trading day"

means a day when the Stock Exchange is open for dealing business, provided that if no closing price is reported in respect of the relevant Shares on the Stock Exchange for one or more consecutive days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of trading days;

**"Warrant
Certificate(s)"**

means the certificate(s) (in registered form) to be issued in respect of the Warrants in the form or substantially in the form shown in the First Schedule hereto, as from time to time modified in accordance with the provisions set out therein;

"Warrantholder"

means, in relation to any Warrant, the person or persons who is or are for the time being registered in the Register as the holder or joint holders of the Warrant; and

"Warrants"

means the rights created by this Instrument and any deed poll supplemental hereto entitling the registered holders thereof to exercise Subscription Rights on the terms set out in this Instrument and in the Conditions.

- (b) Unless the context otherwise requires terms importing the singular number only shall include the plural and vice versa and terms importing persons shall include firms and corporations and terms importing one gender only shall include the other gender.
- (c) References in this Instrument to Clauses and Schedules shall be construed as references to the clauses of and schedules to this Instrument and any reference to a sub-clause shall be construed as a reference to the relevant sub-clause of the Clause in which such reference appears and any reference to a paragraph

shall be construed as a reference to the relevant paragraph of the sub-clause in which such reference appears.

- (d) The headings to Clauses and Conditions and the Table of Contents are inserted for convenience only and shall be ignored in construing this Instrument and the Conditions.
- (e) In giving any certificate or making any adjustment hereunder, the relevant Approved Financial Adviser shall be deemed to be acting as an expert and not as an arbitrator and, in the absence of manifest error, its decision shall be conclusive and binding on the Company and the Warrantholders and all persons claiming through or under them respectively.
- (f) Unless otherwise expressly stated, a reference to any Shares in issue or any issued Shares in this Instrument or the Conditions does not include a reference to any Shares held or owned by the Company or its subsidiaries in treasury.

2. GRANT OF RIGHTS TO SUBSCRIBE

- (a) The Company hereby creates and grants to the Warrantholders in respect of the Warrants to be issued pursuant to the resolution passed referred to in recitals above rights, which may be exercised in whole or in part, but not in respect of a fraction of a Share, at any time during the Subscription Period, to subscribe in cash for up to an aggregate number of [460,489,483] fully-paid Shares, subject to Clause 4(b), at a price per Share equal to the Subscription Price applicable on the relevant Subscription Date. The Subscription Rights in respect of each Warrant shall entitle the holder to subscribe for, subject to Clause 4(b), one (1) fully-paid Share at the Subscription Price applicable on the relevant Subscription Date.
- (b) The Subscription Rights may only be exercised if and to the extent that, immediately following the allotment of the Shares pursuant to the exercise of the relevant Warrants, the Company would still be able to meet the Public Float Requirement.

3. WARRANT CERTIFICATES

- (a) Every Warrantholder will be entitled to a Warrant Certificate in the form or substantially in the form of that shown in the First Schedule having endorsed thereon the Conditions in or substantially in the form also set out in that Schedule.
- (b) All Warrant Certificates shall be issued under the common seal of the Company or, where permitted under the applicable law, under a facsimile or securities seal adopted for that purpose.
- (c) The Company shall comply with the provisions of the Warrant Certificates and the Conditions in all respects and the Warrants shall be held subject to such provisions and Conditions which shall be binding upon the Company and the Warrantholders and all persons claiming through or under them respectively.

Without prejudice to the generality of sub-clause (c), the Company shall upon exercise of all or any of the Subscription Rights from time to time during the Subscription Period issue and allot the appropriate number of Shares in accordance with the Conditions.

- (d) On the Original Issue Date, the board lot size of the Warrants is 20,000.

4. ADJUSTMENTS

- (a) Upon the occurrence of any of the events described in paragraphs 1(a) to (g) in the Fourth Schedule to this Instrument, subject as thereafter provided, the Subscription Price shall be adjusted in accordance with the provisions in the Fourth Schedule.
- (b) Whenever the Subscription Price is adjusted as a result of the occurrence of the events described in paragraph 1(a) or 1(b) in the Fourth Schedule to this Instrument, the number of Shares which may be subscribed upon exercise of each Warrant shall be equal to the number of Shares to be allotted upon exercise of each Warrant immediately before such adjustment multiplied by the following fraction :-

$$\frac{X}{Y}$$

where :-

X = the Subscription Price immediately before such adjustment; and

Y = the Subscription Price immediately after such adjustment.

Each such variation shall take place (if appropriate retroactively) at the same time as the adjustment to the Subscription Price takes effect.

- (c) Notwithstanding the foregoing provisions of this Clause or the Fourth Schedule, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price or the Subscription Rights provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price or the Subscription Rights should be made notwithstanding that no such adjustment is required under the foregoing provisions of this Clause or the Fourth Schedule, the Company may appoint an Approved Financial Adviser to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby. If such Approved Financial Adviser shall consider this to be the case, the adjustment to the Subscription Price or the Subscription Rights shall be modified or nullified, or an adjustment shall be made instead of no adjustment, in such manner (including without limitation, making an adjustment calculated on a different basis) as shall be certified by such Approved Financial Adviser to be in its opinion appropriate.

- (d) Any adjustment to the Subscription Price shall be made to the nearest one thousandth of a dollar (so that any amount less than five ten-thousandths of a dollar shall be rounded down and any amount equal to five ten-thousandths of a dollar or more shall be rounded up). In no event shall any adjustment (otherwise than upon the consolidation of the Company's outstanding Shares into a smaller number of shares as a class) involve an increase in the Subscription Price.
- (e) Notwithstanding anything contained in this Instrument or the Conditions, no adjustment shall be made to the Subscription Price in any case where:
 - (i) the amount by which the same would be reduced in accordance with the foregoing provisions of this Clause would be less than one thousandth of a dollar, and any adjustment that would otherwise be required then to be made shall not be carried forward; or
 - (ii) it would result in the Company in breach of any law or regulations including the Listing Rules.
- (f) In addition to any determination which may be made by the Directors, every adjustment to the Subscription Price or the Subscription Rights shall, save as otherwise expressly provided herein, be certified by an Approved Financial Adviser.
- (g) Whenever the Subscription Price or the Subscription Rights is adjusted as herein provided, the Company shall give notice to the Warrantheolders that the Subscription Price or the Subscription Rights has been adjusted (setting forth the event giving rise to the adjustment, the Subscription Price or the Subscription Rights in effect prior to such adjustment, the adjusted Subscription Price or the Subscription Rights and the effective date thereof).
- (h) So long as any of the Subscription Rights remain exercisable, the Company shall make available for inspection by Warrantheolders at the Company's principal place of business for the time being in Hong Kong, where copies of the same may be obtained:
 - (i) a signed copy of the said certificate of Approved Financial Adviser; and
 - (ii) a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Subscription Price or the Subscription Rights in effect prior to such adjustment, the adjusted Subscription Price or the adjusted Subscription Rights and the effective date thereof.

5. RESTRICTIONS TO PROTECT SUBSCRIPTION RIGHTS

Save as announced by the Company in its announcement prior to the date of this Instrument, as from the date hereof and so long as any of the Subscription Rights remains exercisable:-

- (a) the Company shall not make any Capital Distribution (as defined in the Fourth Schedule) unless an adjustment of the Subscription Price would be required (or would but for Clause 4(d) be required) to be made by reason of such Capital Distribution in accordance with the Fourth Schedule;
- (b) the Company shall reserve and keep available for issue, free from pre-emptive or other similar rights, out of its authorised but unissued capital such number of Shares as would be required to be issued upon exercise in full of all Subscription Rights from time to time remaining unexercised and exercisable and to satisfy in full all other rights for the time being outstanding of subscription or exchange for, or conversion into, Shares, and shall ensure that all Shares allotted upon exercise of any Subscription Rights will be duly and validly issued fully paid;
- (c) to the extent permitted by applicable law, the Company shall not in any way modify the rights attached to the Shares as a class or attach any special restrictions thereto;
- (d) the Company shall not issue or pay up any securities by way of capitalisation of profits or reserves other than (i) by the issue of fully-paid Shares to holders of its Shares under a Bonus Share Issue (as defined in the Fourth Schedule) or (ii) by the issue of Shares pursuant to a Scrip Dividend Scheme in the manner referred to in paragraph 3(f) of the Fourth Schedule;
- (e) the Company shall not create or permit to be in issue any Equity Share Capital other than Shares, provided that nothing in this paragraph (e) shall prevent (i) any consolidation or subdivision of the Shares or (ii) the issue of any Equity Share Capital which does not participate in dividend before a certain date or in respect of a certain financial period but is *pari passu* in all other respects with the Shares or (iii) the issue of Equity Share Capital to officers or employees of the Company or any Subsidiaries pursuant to a Share Scheme;
- (f) the Company shall procure that, without the consent of a Special Resolution, (i) no securities (whether issued by the Company or any other company) shall be converted into, or exchanged for, Shares except in accordance with the terms of issue thereof (save to the extent that any of such terms have been amended by, or as a result of any change in, or the bringing into force of, any law or other applicable law occurring after the issue of the relative securities), (ii) no securities (whether issued by the Company or any other company) issued without rights to convert into, or to be exchanged for, Shares shall subsequently be granted such rights and (iii) to the extent permitted by applicable law, at no time shall there be in issue Shares of differing nominal values;
- (g) the Company shall not do any act or engage in any transaction the result of which, having regard to the provisions of Clause 4, would be to reduce the Subscription Price to below the nominal amount of a Share [unless (i) the Bye-Laws shall be in such form, or shall have been altered or added to in such manner, as may be necessary or appropriate to enable the following provisions of this paragraph (g) and the provisions of Clause 6 to be implemented, (ii) implementation of such provisions is not prohibited by and is in compliance

with the provisions of the Companies Act, and (iii) the Company shall have established and shall thereafter (subject as provided in Clause 6) maintain in accordance with the provisions of Clause 6 the Subscription Rights Reserve referred to therein];

- (h) if an offer is made to the holders of Shares (or such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire all or a proportion of the Shares and such offer comes to the knowledge of the Company, the Company shall forthwith upon obtaining such knowledge give notice of such offer to the Warrantholders and use all reasonable endeavours to procure that such or a like offer is extended to holders of any Shares issued on exercise of the Subscription Rights attaching to any Warrant during the period in which the offer is open for acceptance and that a like offer is extended to holders of the Warrants; and
- (i) to the extent permitted by applicable law, the Company shall not, without the sanction of a Special Resolution, but subject as hereinafter provided, make any reduction or redemption of share capital, share premium, or capital redemption reserve fund (if any) resulting in, or in connection with which it is required or proposes to make, a repayment of money to shareholders (other than to shareholders having the right on a winding-up to return of capital in priority to the holders of Shares) or reduce any uncalled liability in respect of capital unless, in any such case, the same gives rise (or would, but for the provisions of Clause 4(d) or (f) give rise) to an adjustment of the Subscription Price in accordance with Clause 4.

6. SUBSCRIPTION RIGHTS RESERVE

- (a) If, so long as any of the Subscription Rights shall remain exercisable, at any time after the Bye-Laws shall be in such form, or shall have been altered or added to, as provided in paragraph (g) of Clause 5 and the following provisions of this Clause 6 are not prohibited by and are implemented in compliance with the provisions of the Companies Act, the Company does any act or engages in any transaction to which the provisions of paragraph (g) of Clause 5 relate, then in compliance with the provisions of that paragraph, the following provisions shall apply:-
 - (i) As from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Clause) maintain in accordance with the provisions of this Clause a reserve (the "**Subscription Rights Reserve**") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional Shares required to be issued and allotted credited as fully paid up pursuant to paragraph (iii) of this sub-clause (a) on the exercise in full of all the Subscription Rights outstanding (and any other subscription rights outstanding in respect of Shares under other subscription warrants) and shall apply the Subscription Rights Reserve in paying up in full such additional Shares as and when the same are allotted.

- (ii) The Subscription Rights Reserve will not be used for any purpose other than that specified above unless all other reserves of the Company (other than share premium (if any)) have been extinguished and will then only be used to make good losses of the Company if and so far as is required by law.
- (iii) Upon the exercise of the Subscription Rights represented by any Warrant, the relevant Subscription Rights shall be exercisable in respect of a nominal amount of Shares equal to the Exercise Moneys (or, as the case may be, the portion thereof in respect of which the Subscription Rights are then exercised) and, in addition, there shall be allotted in respect of such Subscription Rights to the exercising Warrantholder credited as fully paid such additional nominal amount of Shares as is equal to the difference between:-
 - (1) the Exercise Moneys (or, as the case may be, the portion thereof in respect of which the Subscription Rights are then exercised); and
 - (2) the nominal amount of Shares in respect of which such Subscription Rights would have been exercisable, having regard to the provisions of Clause 4, had it been possible for such Subscription Rights to represent the right to subscribe for Shares at less than par and immediately upon such exercise so much of the sum standing to the credit of the Subscription Rights Reserve as is required to pay up in full such additional nominal amount of Shares shall be capitalised and applied in paying up in full such additional nominal amount of Shares (other than a fraction of a Share) and the relevant number of Shares shall forthwith be allotted credited as fully paid to the exercising Warrantholder.
- (iv) If upon the exercise of Subscription Rights represented by any Warrant the amount standing to the credit of the Subscription Rights Reserve is not sufficient to pay up in full such additional nominal amount of Shares equal to such difference as aforesaid to which the exercising Warrantholder is entitled, the Directors shall apply any profits or reserves then, or thereafter becoming, available (including, to the extent permitted by law, share premium account (if any)) for such purpose until such additional nominal amount of Shares is paid up and the relevant number of Shares are allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the Shares then in issue. Pending such payment out of the Subscription Rights Reserve and the available profits and reserves of the Company and allotment the exercising Warrantholder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of Shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one Share in the like manner as the Shares for the time being are transferable, and the Company shall make such arrangements in

relation to the maintenance of a register therefor and other matters in relation thereto as the Directors may think fit, and adequate particulars thereof shall be made known to each relevant exercising Warrantholder upon the issue of such certificate.

- (b) Shares allotted pursuant to the provisions of this Clause shall rank *pari passu* in all respects with the other Shares allotted on the relevant exercise of the Subscription Rights represented by the Warrant concerned.
- (c) Notwithstanding anything contained in sub-clause (a), no fraction of any Share shall be allotted on exercise of the Subscription Rights and the provisions of Condition 2(c) shall apply. For this purpose, if the provisions of paragraph (iii) of sub-clause (a) apply on the occasion of the exercise of the Subscription Rights represented by any Warrant, then for the purpose of determining whether any (and if so what) fraction of a Share arises:-
 - (i) if the amount standing to the credit of the Subscription Rights Reserve is sufficient (when aggregated with the Exercise Moneys relating to such Warrant or, as the case may be, the portion thereof payable upon exercise in part of the Subscription Rights represented by such Warrant) to enable the issue of the full nominal amount of Shares in respect of which the Subscription Rights represented by such Warrant are then being exercised, any fractions that would arise on the basis of (separately) the Exercise Moneys (or, as the case may be, the portion thereof as aforesaid) relating to such Warrant and the capitalisation of an amount standing to the credit of the Subscription Rights Reserve shall be aggregated; and
 - (ii) if the contrary to (i) is the case, the provisions of Condition 2(c) and the foregoing provisions of this sub-clause (c) shall not be applied until the full nominal amount of the Shares which fall to be issued on exercise in full of the Subscription Rights represented by such Warrant is issued (and at that point the Exercise Moneys relating to such Warrant and the amount, or all the amounts, capitalised as provided by paragraph (iii) of sub-clause (a) shall be aggregated and the fraction to which the provisions of Condition 2(c) and the foregoing provisions of this sub-clause (c) shall apply shall be the amount of any fraction of a Share then resulting).
- (d) The establishment and maintenance of the Subscription Rights Reserve is subject to compliance with the relevant provisions of the Companies Act and the Bye-Laws shall not be further altered or added to in any way which would vary or abrogate, or would have the effect of varying or abrogating, the provisions for the benefit of the Warrantholders under this Clause without the sanction of a Special Resolution.
- (e) A certificate or report by an Approved Financial Adviser as to whether or not the Subscription Rights Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Rights Reserve has been used, as to the

extent to which it has been used to make good losses of the Company, as to the number of Shares required to be allotted to exercising Warrantholders credited as fully paid and as to any other matter concerning the Subscription Rights Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all the Warrantholders and shareholders and all persons claiming through or under them respectively.

7. UNDERTAKINGS BY THE COMPANY

Subject to Clause 2, the Company covenants to and with each Warrantholder that so long as any of the Subscription Rights remain exercisable:-

- (a) upon the exercise of any Subscription Rights pursuant to the Conditions it will within twenty-eight (28) days after the relevant Subscription Date (and subject, in regard to fractional entitlements, to Condition 2(c)) allot and issue the Shares falling to be issued upon such exercise;
- (b) all Shares so allotted shall, taking account of any adjustment which may have been made pursuant to Clause 4, rank *pari passu* in all respects with the Shares in issue on the relevant Subscription Date and shall accordingly entitle the holders to participate in full in all dividends or other distributions paid or made on the Shares on or after the relevant Subscription Date other than any dividend or other distribution previously declared, or recommended or resolved to be paid or made if the Record Date therefor shall be before the relevant Subscription Date and notice of the amount and Record Date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date;
- (c) it will send to each Warrantholder, at the same time as the same are sent to the holders of Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of the Shares generally;
- (d) it will pay all stamp and capital duties, registration fees or similar charges in respect of the execution of this Instrument, the creation and issue of the Warrants hereof in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights;
- (e) it will keep available for issue sufficient Shares to satisfy in full all Subscription Rights; and
- (f) it will use its best endeavours to procure that:-
 - (i) at all times during the Subscription Period, the Warrants may be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Warrants on the Stock Exchange is withdrawn following a general offer for all of the Warrants); and
 - (ii) all Shares allotted upon exercise of the Subscription Rights may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following

an offer for all or any of the Shares where a like offer is extended to holders of the Warrants).

8. WINDING-UP OF THE COMPANY

- (a) In the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purposes of considering, and if thought fit approving, a resolution to voluntarily wind-up the Company, in situations other than those falling under the provisions contained in Clause 8(b) below, the Company shall forthwith give notice thereof to each Warrantholder and thereupon, every Warrantholder shall be entitled by irrevocable surrender of his Warrant Certificate(s) to the Company (such surrender to occur not later than two (2) Business Days prior to the proposed shareholders' meeting referred to above) with the Subscription Form(s) duly completed, together with payment of the Exercise Moneys (or the relative portion thereof), to exercise the Subscription Rights represented by such Warrant Certificate(s) and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting allot such number of Shares to the Warrantholder which fall to be issued pursuant to the exercise of the Subscription Rights represented by such Warrant Certificate(s) to the extent specified in the Subscription Form(s). The Company shall give notice to the Warrantholders of the passing of such resolution within seven (7) days after the passing thereof.
- (b) If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some persons designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all the Warrantholders.
- (c) Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the date of the passing of such resolution shall lapse and each Warrant Certificate will cease to be valid for any purpose.

9. TRANSFER, TRANSMISSION AND REGISTER

- (a) The Warrants shall be in registered form and shall be transferable in accordance with the terms hereof by an Instrument of Transfer (as defined in the Conditions). For this purpose, the Company shall maintain a register of Warrantholders in Hong Kong (or in such other place as the Directors consider appropriate, having regard to the applicable law and rules governing the listing of the Warrants on the Stock Exchange) and the provisions of the Second Schedule in relation to transfer, transmission and registration of Warrants shall have full effect as if the same had been incorporated herein. Where the transferor or the transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the board of Directors for this purpose), the transfers may be executed under the hand of an authorised person(s) or by

machine imprinted signature(s) on its behalf or of such person(s), as the case may be. The provisions of the Bye-Laws relating to the registration, transfer and transmission of Shares shall, *mutatis mutandis*, apply to the registration, transfer and transmission of the Warrants.

- (b) Persons who hold Warrants and have not registered the Warrants in their own names and wish to exercise the Warrants may incur additional costs and expenses in connection with any expedited re-registration of the Warrants prior to the transfer or exercise of the Warrants.
- (c) Since the Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities, terms of the Instrument and circumstances permit, the Company may determine the last trading day of the Warrants to be a date falling three (3) trading days before the last day of the Subscription Period.

10. PURCHASE AND CANCELLATION

The Company or any of the Subsidiaries may at any time, subject to the passing at a general meeting of the Company of an ordinary resolution to approve the mandate to repurchase securities, purchase Warrants :-

- (a) in the open market (where the Warrants have become listed on the Stock Exchange during the Subscription Period) or by tender (available to all Warrantholders alike) at any price; or
- (b) by private treaty at a price, exclusive of expenses, not exceeding 110 per cent. of the closing price on the Stock Exchange per Warrant for one or more board lot(s) of Warrants prior to the date of purchase of the Warrants,

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

11. CLOSURE OF REGISTER

- (a) The registration of transfers may be suspended and the register of Warrantholders may be closed at such times and for such periods as the Directors may from time to time direct, provided that the same shall not be closed for a period in aggregate more than 30 days in any one year.
- (b) Any transfer or exercise of the Subscription Rights attached to the Warrants made while the register of Warrantholders is so closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and the Warrantholders who have so exercised their respective Subscription Rights attached to their Warrants (but not otherwise), be considered as made immediately after the reopening of the register of Warrantholders.

12. MEETINGS OF WARRANTHOLDERS

The provisions of the Third Schedule relating to meetings of Warrantholders shall have full effect as if the same had been incorporated herein. To the extent that the provisions of the Third Schedule and any further regulations prescribed by the Company under paragraph 20 of the Third Schedule do not specifically regulate any aspect of meetings of Warrantholders, including, without limitation, any matter to do with convening notice, appointment of proxies, attendance, adjournment, conduct, voting and recording proceedings in relation to meetings of Warrantholders, the equivalent provisions of the Bye-Laws for the time being relating to meetings of holders of Shares shall apply, mutatis mutandis, to meetings of Warrantholders and shall have full effect as if the same had been incorporated herein.

13. OVERSEAS WARRANTHOLDERS

If a Warrantholder has a registered address in any territory other than Hong Kong where the offer or issuance of Shares to such Warrantholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration, filing or any other legal or regulatory requirements in such territory, be unlawful, then the Company shall as soon as practicable after exercise by such Warrantholder of any Subscription Rights either:-

- (a) allot the Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company; or
- (b) allot such Shares to such Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company, in each case for the best consideration then reasonably obtainable by the Company.

As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company shall pay to the relative Warrantholder an amount equal to the consideration received by the Company therefor (but having deducted therefrom all brokerages, commissions, stamp duties, withholding tax and similar charges and taxes, if any, payable in respect of such sale only, in the case of an allotment and sale as aforesaid, and such payment, unless the amount falling to be distributed to any such person is less than HK\$100 (in which case it will be retained for the benefit of the Company)) by posting the relevant remittance to him at his risk. The Company is hereby deemed to be authorised to effect any of the aforesaid transactions pursuant to this Clause 13 and for this purpose the Company may appoint one or more persons to execute such transfers, renunciations or other documents on behalf of the relevant Warrantholders as may be required to be executed and generally may make all such arrangements as may appear to the Directors to be necessary or appropriate in connection therewith.

14. MODIFICATIONS

- (a) Any modification to this Instrument or any of the Conditions may be effected only by deed poll, executed by the Company and expressed to be supplemental hereto, and only if it shall first have been sanctioned by a Special Resolution of the Warrantholders.
- (b) A memorandum of every such supplemental deed poll shall be endorsed on this

Instrument.

- (c) Notice of every modification to this Instrument shall promptly be given to the Warrantholders.

15. ISSUE OF FURTHER WARRANTS

- (a) Without prejudice to any of the provisions herein relating to the adjustment of the Subscription Price or otherwise, the Company hereby reserves the right to issue further warrants or other securities convertible into, exchangeable for or carrying rights to subscribe for Shares in such manner and upon such terms as the Company sees fit.
- (b) In any case where the Company issues further warrants to subscribe for shares in the capital of the Company, the terms and conditions attached to which are the same in all respects as those attached to the Warrants and such issue does not involve any adjustment of the Subscription Price, such further warrants shall form one uniform class with the existing Warrants and from and after their issue the term "Warrants" as used in this Instrument and other expressions used in reference thereto shall be construed as referring both to the Warrants issued pursuant to this Instrument and all and any such further warrants.
- (c) All Warrant Certificates shall, notwithstanding the fact that they do not incorporate any amendments to the "**Form of Warrant Certificate**" (as set out in the First Schedule to this Instrument) as effected by any supplement to this Instrument, be valid documents of title for the Warrants in all respects and be treated as if such amendments had been incorporated therein.

16. SUIT BY WARRANTHOLDERS

- (a) The Company hereby acknowledges and covenants that the benefit of the covenants, obligations and conditions on the part of or binding upon it contained in this Instrument shall enure to each and every Warrantholder.
- (b) Each Warrantholder shall be entitled severally to enforce the said covenants, obligations and conditions against the Company insofar as each such Warrantholder's Warrants are concerned, without the need to join the person to whom any such Warrant was originally issued by the Company or any intervening or other Warrantholder in the proceedings for such enforcement.

17. SEVERABILITY

All the provisions of this Instrument are severable and if any provision is held to be invalid or unenforceable by any court of competent jurisdiction then such invalidity or unenforceability shall not affect the remaining provisions of this Instrument.

18. GOVERNING LAW AND JURISDICTION

- (a) This Instrument and the Warrants are governed by and will be construed in accordance with the laws of Hong Kong.

- (b) The Company hereby agrees for the exclusive benefit of the Warrantholders that the courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with this Instrument or the Warrants and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Instrument or the Warrants may be brought in such courts. Nothing contained in this Clause shall limit any right to take Proceedings against the Company 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.

IN WITNESS whereof this Instrument has been executed by the Company as a deed and delivered and intended to take effect on the day and year first above written.

THE COMMON SEAL of)
CSI PROPERTIES LIMITED)
was hereunto affixed and signed by)

Director)

Director/Secretary)

in the presence of:-)

THE FIRST SCHEDULE

Form of Warrant Certificate

DATE OF ISSUE OF THIS CERTIFICATE	CERTIFICATE NUMBER	RUN/TRF. NO.	REGISTER	NUMBER OF WARRANT(S)
[•]	[•]	[•]	[•]	[•]



CSI PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)
(the "Company")

REGISTERED WARRANT TO SUBSCRIBE FOR SHARES

THIS IS TO CERTIFY that the undermentioned person(s) is/are the registered holder(s) of the Warrant(s) represented by this certificate and has right, exercisable upon and subject to the Conditions (defined below) set out below and on the reverse hereof, in respect of the whole or part of the number of Warrant(s) specified below, to subscribe at the Subscription Price in Hong Kong dollars (initially at HK\$[*], subject to adjustment) for one fully-paid Share of the Company in respect of each Warrant during the Subscription Period subject to the terms of the Instrument (defined below) and the Bye-Laws of the Company.

[]	CODE:
[]	NUMBER OF WARRANT(S):

The Warrants represented by this certificate form part of an authorised issue of Warrants to subscribe at the Subscription Price for up to an aggregate of [460,489,483] Shares (subject to adjustment). The Warrants are issued subject to and with the benefit of the Instrument dated [*] 20[*] ("Instrument") and executed by the Company. Such Instrument is and will be held by the Registrar and copies thereof are and will be available for inspection by Warrantheolders at the principal place of business for the time being of the Company in Hong Kong and the office of the Registrar for the time being in Hong Kong throughout the Subscription Period. Warrantheolders will be deemed to have notice of all the provisions contained in the Instrument (and any instruments supplemental thereto) and the Bye-Laws of the Company.

Terms defined in the Instrument and the Conditions have the same meanings when used in this Certificate.

GIVEN under the Securities Seal of the Company on the date stated above.

NO TRANSFER OF THE WHOLE OR ANY PORTION OF THE WARRANT(S) REPRESENTED BY THIS CERTIFICATE WILL BE REGISTERED UNLESS ACCOMPANIED BY THIS CERTIFICATE.

REGISTRAR: COMPUTERSHARE HONG KONG INVESTOR SERVICES LIMITED AT SHOPS 1712-1716, 17/F, HOPEWELL CENTRE, 183 QUEEN'S ROAD EAST, WANCHAI, HONG KONG

* For identification purpose only

CONDITIONS

1. DEFINITIONS

- (a) In these Conditions the words and expressions set out below shall bear the following meanings:-

"Approved Financial Adviser" means reputable merchant bank or financial adviser selected by the Company;

"Business Day" means a day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are generally open for business;

"Bye-Laws" means the bye-laws of the Company from time to time;

"Companies Act" means the Companies Act 1981 of Bermuda (as amended);

"Companies Ordinance" means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

"Company" means CSI PROPERTIES LIMITED;

"Conditions" means the terms and conditions endorsed on this Warrant Certificate as the same may from time to time be modified in accordance with the provisions set out herein, and "Condition" refers to the relative numbered paragraph of the Conditions;

"Current Market Price" with respect to a Share at a particular date, the [arithmetic average of the closing prices] (in Hong Kong Dollars) of a Share for the five consecutive trading days (on each of which there is a closing price) ending on the trading day immediately preceding such date;

"Directors" means the directors of the Company for the time being;

"dollars", "\$" and "cents" means Hong Kong dollars and cents respectively;

"Equity Share Capital" means the issued share capital of the

	Company excluding any part thereof which does not either as respects dividends or as respects capital carry any right to participate beyond a specified amount or beyond an amount calculated by reference to a specified rate in a distribution;
"Exercise Moneys"	means, in relation to any Warrant, the amount in cash payable in respect of the Shares for which the Warrantholder is entitled to subscribe upon the exercise of the Subscription Rights represented thereby;
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China;
"Instrument"	means the Instrument by way of deed poll dated [*] and executed by the Company together with the Schedules thereto (as from time to time modified in accordance with the terms thereof) and includes any instrument supplemental thereto which is executed in accordance with the provisions of such Instrument (as from time to time modified as aforesaid);
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange;
"notice"	means a notice given or to be given in accordance with Condition 14;
"Original Issue Date"	means the date on which the Warrants are issued by the Company;
"recognised clearing house"	means a recognised clearing house within the meaning of section 1 of Part 1 of Schedule 1 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Record Date"	means the date fixed by the Bye-Laws or otherwise specified by the Company or otherwise for the purpose of determining entitlements to dividends or other distributions to, or rights of, holders of Shares;

"Register"

means the register of Warrantholders required to be maintained pursuant to Condition 5;

"Registrar"

means Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or such other person, firm or company retained by the Company for the time being to maintain in Hong Kong (unless the Directors otherwise determine) the Register;

"Share Scheme"

means a scheme approved by the members of the Company in general meeting and established in accordance with Chapter 17 or any similar sections of the Listing Rules, under which Shares or securities convertible into or exchangeable for or carrying rights of subscription for Shares may be issued, or options or other rights to acquire any Shares or any such securities by way of subscription or otherwise may be granted, by the Company or any Subsidiary to the directors, employees and consultants of the Company or any Subsidiary;

"Shares"

means the shares of \$[0.016] each in the authorised capital of the Company existing on the date of issue of the Warrants and all other (if any) stock or shares from time to time and for the time being ranking *pari passu* therewith and all other (if any) shares or stock in the Equity Share Capital resulting from any subdivision, consolidation, reclassification or reduction of capital of Shares;

"Special Resolution"

means a resolution passed at a meeting of the Warrantholders duly convened and held and carried by a majority consisting of not less than three-fourths of the votes cast upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on a poll;

"Instrument of Transfer"

means the Standard Form of Transfer in the form prescribed by the Stock Exchange from time to time, which has been approved and adopted by the Directors for the purposes of transfer of Warrants;

"Stock Exchange"

means The Stock Exchange of Hong Kong Limited, or such other stock market or exchange in Hong Kong or in any other territory on which Shares are for the time being listed as is in the opinion of the Directors the principal stock market or exchange in relation to the Shares;

"Subscription Date"

means, in relation to any Warrant, any Business Day falling within the Subscription Period on which any of the Subscription Rights represented by such Warrant are duly exercised by delivery of the relative Warrant Certificate to the Registrar with the Subscription Form duly completed, together with a remittance for the Exercise Moneys or (in the case of partial exercise) the relevant portion thereof and otherwise in accordance with Condition 2, provided that if such rights are exercised during a period when the register or branch register of members of the Company maintained in the territory in which the Stock Exchange for the time being is situate is closed, the **"Subscription Date"** in relation to such exercise shall be the close of business on the next following Business Day on which such register or branch register is open;

"Subscription Form"

means, in relation to any Warrant, the form contained in each Warrant Certificate issued in respect thereof (and includes, where the context admits or requires, a consolidated Subscription Form in relation to (inter alia) that Warrant) (or a separate form which the Company may in its discretion permit to be used for the purpose of exercise of the Warrant Subscription Rights and obtained from the office of the Registrar or in other

manner as specified by the Company from time to time);

"Subscription Period"

means the period commencing on the Original Issue Date and ending on the second anniversary of the Original Issue Date (both dates inclusive, and if either such date is not a Business Day, then the Business Day immediately preceding such date);

"Subscription Price"

means, in relation to each Share, the sum payable in respect of such Share to which the registered holder of each Warrant will be entitled upon exercise of the Subscription Rights represented thereby being \$[0.22] or such adjusted price as may for the time being be applicable, in accordance with the terms of the Instrument referred to in Condition 3 and, in relation to more than one Share, the aggregate of the sums payable as aforesaid in respect of all the relevant Shares;

"Subscription Rights"

means the rights of the Warrantholders represented by the Warrants to subscribe for Shares pursuant to the Warrants and, in relation to each Warrant, means the right of the relevant Warrantholder(s) to subscribe for one Share pursuant to such Warrant subject to Clause 4(b) of the Instrument;

"Subsidiary"

means a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance) of the Company and includes a company which would be a subsidiary of the Company within the meaning of the Companies Ordinance had it (and the Company) been incorporated thereunder;

"trading day"

means a day when the Stock Exchange is open for dealing business, provided that if no closing price is reported in respect of the relevant Shares on the Stock Exchange for one or more consecutive days, such day (or days) will be disregarded in any relevant calculation

and shall be deemed not to have existed when ascertaining any period of trading days;

"Warrant Certificates"

means the certificates (in registered form) issued in respect of the Warrants as from time to time modified in accordance with the provisions set out in the Instrument;

"Warrantholder"

means, in relation to any Warrant, the person or persons who is or are for the time being registered in the Register as the holder or joint holders of such Warrant; and

"Warrants"

means the rights created by the Instrument and any deed poll supplemental thereto and entitling the registered holders thereof to exercise Subscription Rights on the terms set out in the Instrument and in these Conditions.

- (b) Unless the context otherwise requires, terms importing the singular number only shall include the plural and vice versa and terms importing persons shall include firms and corporations and terms importing one gender only shall include the other gender.
- (c) Unless expressly stated otherwise, any reference to Shares in issue or issued Shares do not include any Shares held or owned by the Company or its subsidiaries in treasury.

2. EXERCISE OF SUBSCRIPTION RIGHTS

- (a) Subject to the provisions hereof and in compliance with all exchange control, fiscal and other laws and regulations applicable thereto, the holder of the Warrant represented by this Warrant Certificate shall have the right, which may be exercised in whole or in part, but not in respect of a fraction of a Share, at any time during the Subscription Period, to subscribe in cash for one fully-paid Share in respect of each Warrant held by such Warrantholder at the Subscription Price per Share applicable on the relevant Subscription Date. After expiry of the Subscription Period, being after 4:00 p.m. (Hong Kong time) on the last day of the Subscription Period, any Subscription Rights which have not been exercised will lapse and Warrant Certificates will cease to be valid for any purpose whatsoever.
- (b) In order to exercise in whole or in part the Subscription Rights represented by this Warrant Certificate, the Warrantholder must complete and sign the Subscription Form (which shall be irrevocable) and deliver the same and this Warrant Certificate to the Registrar, together with a remittance for the Exercise Moneys (or, in the case of a partial exercise, the relevant portion of the Exercise

Moneys), being the amount of the Subscription Price for the Shares in respect of which the Warrantholder is exercising his Subscription Rights. In each case, compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.

- (c) The number of Shares to be allotted on exercise of the Subscription Rights shall be, in respect of each one (1) Warrant exercised, one (1) Share subject to adjustment in accordance with Clause 4(b) of the Instrument. No fraction of a Share will be allotted or issued but any balance representing fractions of the Exercise Moneys paid on exercise of the Subscription Rights represented by this Warrant Certificate will be paid by the Company to the Warrantholder, provided always that if the excess is equal to or less than \$100, such excess will be retained by the Company for its own benefit. For the purpose of determining whether any (and if so what) fraction of a Share arises:-
 - (i) if the Subscription Rights represented by this Warrant Certificate and any one or more other Warrant Certificates are exercised on the same Subscription Date by the same Warrantholder such that the Shares to be allotted and issued and delivered in respect of such exercise are to be registered in the same name, the Subscription Rights represented by such Warrant Certificates shall be aggregated in calculating the total number of Shares to be allotted and issued and delivered in respect thereof taken together; and
 - (ii) regard shall be paid, where applicable, to the provisions of Clause 6(c) of the Instrument.

Where the holder of this Warrant Certificate is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the board of Directors for this purpose), the Subscription Form may be executed under the hand of an authorised person(s) or by machine imprinted signature(s) on its behalf or of such person(s), as the case may be.

- (d) The Company has undertaken in the Instrument that any Shares falling to be issued upon the exercise of any of the Subscription Rights represented by this Warrant Certificate will be issued and allotted not later than twenty-eight (28) days after the relevant Subscription Date, taking account of any adjustment which may have been made pursuant to Clause 4 of the Instrument, and will rank *pari passu* with the Shares in issue on the relevant Subscription Date and accordingly shall entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the relevant Subscription Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the Record Date therefor shall be before the relevant Subscription Date and notice of the amount and Record Date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date.
- (e) As soon as practicable after the relevant allotment and issue of Shares under this Condition (and, in any event, not later than twenty-eight (28) days after the relevant Subscription Date), there will be issued free of charge to the

Warrantholder(s) to whom such allotment has been made upon his exercise of any Subscription Rights:-

- (i) a certificate (or certificates) for the relevant Shares in the name(s) of such Warrantholder(s);
- (ii) a balancing Warrant Certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights represented by this Warrant Certificate remaining unexercised (if applicable);
- (iii) a cheque representing fractions of the Exercise Moneys in respect of the Warrantholder's fractional entitlement to Shares as mentioned in paragraph (c) of this Condition (if applicable); and
- (iv) the certificate mentioned in Clause 6(a)(iv) of the Instrument (if applicable).

The certificate(s) for Shares arising on the exercise of Subscription Rights, the balancing Warrant Certificate (if any), the cheque in respect of the Exercise Moneys in respect of the Warrantholder's fractional entitlement to Shares (if any) and the certificate mentioned in Clause 6(a)(iv) of the Instrument (if any) will be sent by post at the risk of such Warrantholder(s) to the address of such Warrantholder(s) (or in the case of a joint holding to that one of them whose name stands first in the Register). If the Company agrees, such certificates and cheques may by prior arrangement be retained by the Registrar to await collection by the relevant Warrantholder(s).

3. ADJUSTMENTS OF SUBSCRIPTION PRICE

Schedule 4 of the Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the provisions of Clause 4 and Schedule 4 of the Instrument:

- (a) The Subscription Price shall (except as mentioned in paragraphs (b), (c) and (d) of this Condition) be adjusted as provided in the Instrument in each of the following cases (but shall however not be adjusted below the nominal value of Shares until the Subscription Rights Reserve (as defined in the Instrument) is maintained pursuant to Clause 6 thereof):-
 - (i) if the Company makes a subdivision or consolidation of its outstanding Shares;
 - (ii) if and whenever the Company shall issue (other than pursuant to a Scrip Dividend Scheme (as defined in the Instrument)) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account fund);
 - (iii) if and whenever the Company makes a Capital Distribution (as defined in the Instrument);

- (iv) if and whenever the Company issues 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 or purchase any Shares, in each case at less than 90 per cent. (90%) of the Current Market Price (calculation as provided in the Instrument) on the date of the announcement of the terms of the issue or grant;
 - (v) if and whenever the Company issues any securities (other than Shares or options, warrants or other rights to subscribe or purchase new Shares) which by their terms are convertible into or exchangeable for or carry rights of subscription for or purchase of new Shares to all or substantially all Shareholders as a class by way of rights, and the total Effective Consideration per Share initially receivable (as defined in the Instrument) for such securities is less than 90 per cent. (90%) of the Current Market Price on the date of the announcement of the terms of issue of such securities;
 - (vi) if and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in sub-paragraph (v) above are modified so that the total Effective Consideration per Share initially receivable for such securities (as defined in the Instrument) shall be less than 90 per cent. (90%) of the Current Market Price on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription;
 - (vii) if and whenever the Company shall issue wholly for cash any Shares (other than Shares issued pursuant to any Share Scheme) at a price which is less than 90 per cent. (90%) of the Current Market Price on the date of the announcement of the terms of such issue; or
 - (viii) if and whenever the Company makes an offer or invitation to Shareholders generally to tender for sale to the Company any Shares or if the Company purchases/buys back any Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange pursuant to a general mandate granted by the Shareholders) and the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.
- (b) Except as mentioned in paragraph (c) of this Condition, no such adjustment as is referred to in paragraph (a) of this Condition shall be made in respect of:-
- (i) (1) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights (including any conversion of the Warrants) to acquire Shares or (2) any adjustment in the Subscription Price of any of the Warrants, if such adjustment is in accordance with the existing terms of such securities, provided that an adjustment to the Subscription Price has been made (if appropriate) under the provisions herein in respect of the issue of such securities or granting of such rights (as the case may be);

- (ii) an issue of Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or rights to acquire, Shares pursuant to any Share Scheme;
 - (iii) an issue by the Company of Shares or by the Company or any Subsidiary of the Company of securities wholly or partly convertible into or rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iv) an issue of any of the Warrants;
 - (v) an issue of Shares pursuant to a Scrip Dividend Scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares is not more than 110 per cent. of the amount of dividend which holders of the Shares could elect to or would otherwise receive in cash, for which purpose the "market value" of a Share shall mean the average of the closing prices for such trading days on which dealings in the Shares took place (being not less than 5 such days) as are selected by the directors of the Company in connection with determining the basis of allotment in respect of the relevant scrip dividend and which fall within the period of one month ending on the last day on which holders of Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash.
- (c) Notwithstanding the provisions referred to in paragraphs (a) and (b) of this Condition, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the said provisions, the Company may appoint an Approved Financial Adviser to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such Approved Financial Adviser shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by such Approved Financial Adviser to be in its opinion appropriate.
- (d) Any adjustment to the Subscription Price shall be made to the nearest one thousandth of a dollar (so that any amount less than five ten-thousandths of a dollar shall be rounded down and any amount equal to five ten-thousandths of a dollar or more shall be rounded up). No adjustment shall be made to the Subscription Price in any case where the amount by which the same would be reduced would be less than one thousandth of a dollar and any adjustment which would otherwise then be required shall not be carried forward. No adjustment

shall be made (except on a consolidation of Shares into shares of a larger nominal amount each or upon a repurchase of Shares) which would increase the Subscription Price.

- (e) Every adjustment to the Subscription Price will be certified to be fair and appropriate by an Approved Financial Adviser and notice of each adjustment (giving the relevant particulars) will be given to the Warrantholders. In giving any certificate or making any adjustment hereunder, the Approved Financial Adviser shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest errors, their decision shall be conclusive and binding on the Company and the Warrantholders and all persons claiming through or under them respectively. Any such certificates of the Approved Financial Adviser will be available for inspection at the principal place of business of the Company for the time being in Hong Kong, where copies may be obtained.

The Instrument also contains provisions for the adjustment to the Subscription Rights attaching to the Warrants so that if and whenever the Subscription Price is adjusted by reason of a subdivision or consolidation of the Shares or a capitalisation issue of Shares as herein provided, the Subscription Rights attaching to the Warrants shall be varied so that the number of Shares which may be subscribed upon exercise of each Warrant immediately after such adjustment shall equal to the number of Shares which may be subscribed upon exercise of each Warrant immediately before such adjustment multiplied by a fraction the numerator of which shall be the Subscription Price immediately before the adjustment and the denominator of which shall be the Subscription Price immediately after the adjustment.

4. REGISTERED WARRANTS

The Warrants are issued in registered form. The Company shall be entitled to treat the registered holder of any Warrant as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or required by law, be bound to recognise any equitable or other claim to or interest in such Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

5. TRANSFER, TRANSMISSION AND REGISTER

The Warrants shall be transferable in accordance with the terms hereof by an Instrument of Transfer or such other form of transfer as may be approved by the Directors for the purposes of transfer of Warrants. The Company shall accordingly maintain a register of Warrantholders in Hong Kong (or such other place as the Directors consider appropriate having regard to the applicable law and rules governing the listing of Warrants on the Stock Exchange). Transfers of Warrants must be executed by both the transferor and the transferee. Where the transferor or the transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the board of Directors for this purpose), the transfers may be executed under the hand of an authorised person(s) or by machine imprinted signature(s) on its behalf or of such persons, as the case may be. The provisions of the Bye-Laws relating to the registration, transmission and transfer of Shares and the register of members shall, mutatis mutandis, apply to the registration, transmission and transfer of the Warrants and the Register. The Instrument contains provisions relating to the transfer, transmission and registration of the Warrants.

Persons who hold the Warrants and have not registered the Warrants in their own names and wish to exercise the Warrants should note that they may incur additional costs and expenses in connection with any expedited re-registration of the Warrants prior to the transfer or exercise of the Warrants.

Since the Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities, terms of the Instrument and circumstances permit, the Company may (so far as any applicable laws or regulations of the relevant regulatory authorities, the terms of the Instrument and the circumstances permit) determine the last trading day of the Warrants to be a date at least 3 trading days before the last day of the Subscription Period.

6. CLOSURE OF REGISTER

The registration of transfers may be suspended and the Register may be closed at such times and for such periods as the Directors may from time to time direct, provided that the same shall not be closed for a period in aggregate more than 30 days in any one year. Any transfer or exercise of the Subscription Rights attached to the Warrants made while the Register is so closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and the Warrantholders who have so exercised their respective Subscription Rights attached to their Warrants (but not otherwise), be considered as made immediately after the reopening of the Register.

7. PURCHASE AND CANCELLATION

Subject to The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong, the Listing Rules and all other applicable laws, rules and regulations, the Company or any of the Subsidiaries may at any time purchase Warrants:-

- (a) in the open market or by tender (available to all Warrantholders alike) at any price; or
- (b) by private treaty at a price, exclusive of expenses, not exceeding 110 per cent. of the closing price of the Warrants for one or more board lots of Warrants on the last day on which the Warrants were traded on the Stock Exchange prior to the date of purchase thereof, but not otherwise.

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

8. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

- (a) The Instrument contains provisions for convening meetings of Warrantholders to consider any matter affecting the interests of Warrantholders, including the modification by a Special Resolution of the provisions of the Instrument and/or these Conditions. A resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.

- (b) All or any of the rights for the time being attached to the Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of these Conditions and/or the Instrument) and the sanction of a Special Resolution shall be necessary and sufficient to effect such alteration or abrogation.
- (c) At any meeting of Warrantholders, two or more Warrantholders (or their proxies) shall form a quorum.
- (d) Where a Warrantholder is a recognised clearing house or its nominee(s), it may authorize such person or persons as it thinks fit to act as its representative (or representatives) or proxy (or proxies) at any Warrantholders' meeting. If more than one person is so authorised, the authorization or proxy form must specify the number and class of Warrants in respect of which each such person is so authorised. The person or persons so authorised shall be entitled to exercise the same powers on behalf of the recognised clearing house as that recognised clearing house or its nominee(s) could exercise as if it were an individual Warrantholder. Each person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence for substantiating the fact that it is duly authorised.

9. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant Certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the office of the Registrar on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding \$2.50 (or such higher fee as may from time to time be permitted under the Listing Rules) as the Company may determine. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.

In case of lost Warrant Certificates, Division 5 of Part 4 of the Companies Ordinance (except sub-section (5) of section 166) shall apply *mutatis mutandis* as if "shares" referred to therein included Warrants.

10. PROTECTION OF SUBSCRIPTION RIGHTS

The Instrument contains certain undertakings by and restrictions on the Company designed to protect the Subscription Rights.

11. CALL

If at any time the aggregate number of Warrants outstanding is equal to or less than 10 per cent. of the total number of Warrants issued under the Instrument, then the Company may, on giving not less than 3 months' notice to the Warrantholders, require the Warrantholders either to exercise their Subscription Rights represented thereby or

allow the Warrants held by them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without any compensation being payable to the Warrantholders.

12. FURTHER ISSUES

The Company shall be at liberty to issue further warrants or other securities convertible into, exchangeable for or carrying rights to subscribe for Shares in such manner and on such terms as it sees fit.

13. UNDERTAKINGS BY THE COMPANY

In addition to the undertakings given by it in relation to the grant and exercise of the Subscription Rights and the protection thereof and subject to the provisions in Clause 2 of the Instrument, the Company has undertaken in the Instrument that:-

- (a) it will send to each Warrantholder, at the same time as the same are sent to the holders of Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of Shares generally;
- (b) it will pay all stamp and capital duties, registration fees or similar charges, if any, in respect of the execution of the Instrument, the creation and issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights;
- (c) it will keep available for issue sufficient shares in its Equity Share Capital to satisfy in full all rights for the time being outstanding of subscription for and conversion into Shares; and
- (d) it will use its best endeavours to procure that:-
 - (i) at all times during the Subscription Period, the Warrants may be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Warrants on the Stock Exchange is withdrawn following an offer for all or any of the Warrants); and
 - (ii) all Shares allotted upon exercise of the Subscription Rights may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares where a like offer is extended to holders of the Warrants).

14. NOTICES

The Instrument contains provisions relating to notices to be given to Warrantholders and the following provisions shall apply to such notices:-

- (a) every Warrantholder shall register with the Company an address either in Hong Kong or elsewhere to which notices to be given to such Warrantholder are to be

sent and if any Warrantholder shall fail so to do, notice may be given to such Warrantholder by sending the same in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same for 3 days at the principal place of business of the Company in Hong Kong;

- (b) a notice may be given by physical delivery, post or facsimile transmission or by electronic communication (including posting on the website of the Company or of the Stock Exchange) in accordance with the Listing Rules; and
- (c) all notices with respect to Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the Register and notice so given shall be sufficient notice to all the joint holders of such Warrants.

15. WINDING-UP OF THE COMPANY

The Instrument contains provisions to the effect that:-

- (a) in the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purposes of considering, and if thought fit approving, a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to each Warrantholder and thereupon, every Warrantholder shall be entitled by irrevocable surrender of his Warrant Certificate(s) to the Company (such surrender to occur not later than seven (7) Business Days prior to the proposed shareholders' meeting referred to above) with the Subscription Form(s) duly completed, together with payment of the Exercise Moneys (or the relative portion thereof), to exercise the Subscription Rights represented by such Warrant Certificate(s) and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting allot such number of Shares to the Warrantholder which fall to be issued pursuant to the exercise of the Subscription Rights represented by such Warrant Certificate(s) to the extent specified in the Subscription Form(s). The Company shall give notice to the Warrantholders of the passing of such resolution within seven (7) days after the passing thereof; and
- (b) if an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some persons designated by them for such purpose by Special Resolution, shall be a party, or in conjunction with which a proposal is made to the Warrantholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all the Warrantholders.

Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the date of the passing of such resolution shall lapse and Warrant Certificates shall cease to be valid for any purpose.

16. OVERSEAS WARRANTHOLDERS

The Instrument contains provisions in relation to issuing new Shares to a Warrantholder having a registered address in any territory other than Hong Kong where the offer or issuance of Shares upon exercise of any of the Subscription Rights attaching to any Warrants held by such Warrantholder may be unlawful.

17. GOVERNING LAW

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

The Company submits to the non-exclusive jurisdiction of the courts of Hong Kong in respect of the Instrument and the Warrants and all matters and disputes in connection with them.

18. MISCELLANEOUS

In the case where there is inconsistency between the terms in the Instrument and these Conditions, the terms in the Instrument shall prevail.

SUBSCRIPTION FORM

(To be executed and lodged with the Registrar to exercise the Subscription Rights represented by this Warrant Certificate) (NOTE 1)

To: [REGISTRAR]
[ADDRESS]

CSI PROPERTIES LIMITED (the "Company") (Stock Code:497)
Listed Warrants (Warrant Stock Code:[*])

The undersigned, being the duly registered holder(s) of the Subscription Rights represented by this Warrant Certificate:-

- (a) hereby irrevocably elect(s) to exercise the Subscription Rights represented by this Warrant Certificate to the extent of _____ Warrant(s) (NOTE 2)/all of the Warrants to which this Warrant Certificate relates and to subscribe HK\$ _____ for the relevant number of Shares at the Subscription Price, and agree(s) to accept such Shares on the terms of the Bye-laws of the Company;
- (b) make(s) payment in full for such Shares by sending herewith a remittance for the full amount representing such payment(s) (NOTE 3); and
- (c) request(s) that a certificate for such Shares and a balancing Warrant Certificate (if any) in registered form in respect of any Subscription Rights represented by this Warrant Certificate and remaining unexercised be issued in the name(s) of the person(s) whose name(s) stand(s) in the Register as the Warrantholder or joint Warrantholders of the Warrants represented by this Warrant Certificate and that such certificate(s), together with a cheque in respect of any refund (if any), be sent by post at the risk of such Warrantholder(s) to the address of such Warrantholder(s) (or, in the case of a joint holding, to that one of them whose name stands first in such Register in respect of the Warrants represented by this Warrant Certificate).

We understand and acknowledge that any exercise of the Subscription Rights will only be effected and accepted by the Company in accordance with the terms and conditions of the Warrants.

Dated.....

SIGNATURE(S) (NOTE 4)
(NOTE 5)

(1).....

(2).....

NOTES:-

1. Exercise of the Subscription Rights represented by this Warrant Certificate may be consolidated with the exercise of the Subscription Rights represented by one or more other Warrant Certificates by the use of the consolidated Subscription Form prepared for the purpose, copies of which may be obtained from the Registrar or in any other manner as specified by the Company from time to time.
2. Please complete and/or delete as appropriate.
3. Remittance must be in the form of a cheque drawn in Hong Kong dollars on a bank in Hong Kong and be made payable to "**CSI PROPERTIES LIMITED**".
4. In the case of a joint holding all joint holders must sign.
5. In exercising the Subscription Rights represented by this Warrant Certificate compliance must be made with any exchange control, fiscal or other laws or regulations for the time being applicable.

THE SECOND SCHEDULE

Provisions as to transfer, transmission and other matters

1. The Company shall be entitled to treat the registered holder of any Warrant as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as required by law, be bound to recognise any equitable or other claims to or interest in such Warrant on the part of any other person whether or not it shall have express or other notice thereof.
2. The Warrants are transferable in any whole number of Warrants in accordance with the terms hereof by Instrument of Transfer or such other form of transfer as may be approved by the Directors for the purposes of transfer of Warrants.
3. The procedures involving a transfer of the Warrants are as follows:

- (a) A transfer of the Warrants shall be effected by instrument of transfer executed by both the transferor and transferee. The transferor shall be deemed to remain the holder of the relevant Warrants until the name of the transferee is entered in the Register in respect thereof.

Where the transferor or the transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the board of Directors for this purpose), the transfers may be executed under the hand of an authorised person(s) or by machine imprinted signature(s) on its behalf or of such persons, as the case may be.

- (b) The Instrument of Transfer can be obtained at the office of the Registrar in Hong Kong.
- (c) The Warrant Certificate(s) in respect of the Warrant(s) to be transferred must be delivered for registration during normal business hours at the aforesaid office of the Registrar accompanied by:
 - (i) a duly completed and executed Instrument of Transfer;
 - (ii) in case of the execution of the Instrument of Transfer on behalf of a corporation by its officers, the authority of that person or those persons to do so; and
 - (iii) such other evidence (including legal opinions) as the Company may reasonably require if the Instrument of Transfer is executed by some other person on behalf of the relevant Warrantholder(s).

The Company shall, within ten (10) Business Days of receipt of such documents by the Registrar from the Warrantholder(s), cancel the existing Warrant Certificate(s) and issue a new Warrant Certificate in favour of the transferee.

- (d) Each new Warrant Certificate to be issued upon a transfer of Warrants will be made available for personal collection by the new Warrantholder entitled

thereto during normal business hours at the aforesaid office of the Registrar from the tenth (10th) Business Day onwards following receipt of the documents specified above by the Registrar and upon production of such identification papers as may be reasonably requested by the Company.

- (e) Where some but not all the Warrants in respect of which a Warrant Certificate is issued are to be transferred, a new Warrant Certificate in respect of the balance of the Warrants not so transferred will be made available for personal collection by such Warrantholder during normal business hours at the aforesaid office of the Registrar from the tenth (10th) Business Day onwards following receipt of the documents specified above by the Registrar and upon production of such identification papers as may be reasonably requested by the Company.
 - (f) Registration of transfer of Warrants will be effected upon (i) payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Exchange) for each Warrant Certificate cancelled or each new Warrant Certificate issued ("**Transfer Fee**"), whichever number of Warrant Certificates cancelled/issued is higher; and (ii) payment (or the giving of such indemnity as the Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer. Both charges shall be borne by the Warrantholder(s) or transferee who lodges the request with the Registrar.
- 4. The Directors may decline to recognise any instrument or transfer of any Warrants unless such instrument is deposited with the Registrar accompanied by the Warrant Certificate representing such Warrants, together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors may waive production of any certificate upon evidence satisfactory to them of its loss or destruction.
 - 5. A fee not exceeding \$2.50 (or such other amount as may from time to time be permitted under the Listing Rules), may be charged for the registration of any other document which in the opinion of the Directors requires registration in conjunction with the registration of each transfer and such fee shall if required by the Directors be paid before the registration thereof.
 - 6. Warrantholders who hold Warrants and have not registered the Warrants in their own names and wish to exercise the Warrants may incur additional costs and expense in connection with any expedited re-registration of the Warrants prior to the transfer or exercise of the Warrants.
 - 7. The transfer books and the Register may be closed for such period as the Directors may from time to time direct, but so that the same may not be closed for a longer period in the whole than 30 days in any one year.
 - 8. Any transfer made while the Register is so closed shall, as between the Company and the person claiming under the transfer (but not otherwise), be considered as made immediately after the reopening of the Register.
 - 9. The registration of a transfer shall be conclusive evidence of the approval by the Directors thereof.

10. In the case of the death of a Warrantholder, the survivor(s) (where the deceased was a joint holder) or the executors or administrators of the deceased (where he was a sole or only surviving joint holder), shall be the only person(s) recognised by the Company as having any title to his Warrants, but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any Warrant solely or jointly held by him.
11. Subject to any other provision herein contained, any person becoming entitled to a Warrant in consequence of the death or bankruptcy of a Warrantholder or otherwise than by transfer may, upon producing such evidence of title as the Directors shall require, and subject as hereinafter provided, be registered himself as the holder of the relative Warrant. Subject to any other provision herein contained, if the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. All the limitations, restrictions and provisions herein contained relating to the right of transfer and the registration of transfer of Warrants shall be applicable to any such notice of transfer as aforesaid as if the death or bankruptcy of the Warrantholder had not occurred and the notice of transfer were a transfer executed by such Warrantholder.
12. A person becoming entitled to a Warrant in consequence of the death or bankruptcy of a Warrantholder shall be entitled to receive and may give good discharge for any moneys payable in respect thereof, but shall not be entitled to receive notices of or to attend or vote at meetings of the Warrantholders or, save as aforesaid, to any of the rights or privileges of a Warrantholder until he shall have become a Warrantholder in respect of the relative Warrant.
13. Every Warrantholder shall register with the Company an address to which notices to be given to such Warrantholder may be sent and if any Warrantholder shall fail so to do notice may be given to such Warrantholder by sending the same in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same, for 3 days at the principal place of business of the Company in Hong Kong.
14. A notice or other document to be given or issued to Warrantholders, whether required by these Conditions or otherwise, shall be in writing or by facsimile transmission message or other form of electronic transmission or electronic communication as permitted by the Listing Rules, Companies Act and the applicable laws, rules and regulations.
15.
 - (a) A notice delivered to the registered address of a Warrantholder shall be deemed to have been served at the time of delivery.
 - (b) A notice sent by post to any address shall be deemed to have been served on the day following its posting. In the case of a notice sent by post, in providing service thereof it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and stamped and was deposited in a post box or at the post office.
 - (c) A notice sent by facsimile transmission message shall be deemed to have been

served on the day of despatch of the facsimile transmission message.

- (d) A notice sent by electronic communication shall be deemed to be served on the day on which it is transmitted from the server of the Company or its agent. A notice or document placed on either the Company's website or the website of the Stock Exchange, is deemed given or served by the Company on the day it first so appears on the relevant website, unless the Listing Rules specify a different date. In such cases, the deemed date of service shall be as provided or required by the Listing Rules.
- 16. All notices with respect of any Warrant standing in the names of joint holders shall be given to whichever of such persons is named first in the Register in respect of the relevant Warrant and notice so given shall be sufficient notice to all the holders of such Warrant.
- 17. Any person who by operation of law, transfer or other means whatsoever shall become entitled to any Warrant shall be bound by every notice in respect of such Warrant which previously to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such Warrant.
- 18. Any notice or document delivered or sent to any Warrantholder in pursuance of these Conditions shall, notwithstanding that such Warrantholder may be then deceased and whether or not the Company has notice of his decease, be deemed to have been duly served in respect of any Warrant, whether held solely or jointly with other persons, on such Warrantholder until some other person be registered in his stead as the holder or joint holder thereof and such service shall for all purposes of these Conditions be deemed a sufficient service of such notice or document on his executors or administrators and all persons (if any) jointly interested with him in such Warrant.
- 19. Unless otherwise expressly provided in these Conditions, when a given number of clear days' notice is required to be given, the day when it is given or served (or deemed to be given or served) and the day for which it is given or on which it is to take effect shall not be included in such number of clear days.
- 20. The signature to any notice to be given by the Company may be written or printed.

THE THIRD SCHEDULE

Provisions for Meetings of the Warrantholders

1. The Company at any time may, and upon a request in writing of the Warrantholders holding not less than one-tenth of all the Warrants for the time being outstanding and exercisable shall, convene a meeting of the Warrantholders. Every such meeting shall be held at such place as the Directors may approve.
2. At least 14 clear days' notice of any meeting of the Warrantholders shall be given to the Warrantholders. The notice shall specify the day, time and place of the meeting and the terms of the resolutions to be proposed. The accidental omission to give notice to or the non-receipt of notice by any of the Warrantholders shall not invalidate the proceedings at any meeting.
3. A person (who may, but need not be, a Warrantholder) nominated in writing by the Company shall be entitled to take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within fifteen minutes after the time appointed for the holding of such meeting the Warrantholders present shall choose one of their number to be chairman.
4. At any such meeting two or more persons holding Warrants and/or being proxies shall form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business.
5. If within half an hour after the time appointed for any meeting a quorum is not present, the meeting shall, if convened upon the requisition of Warrantholders, be dissolved. In any other case it shall stand adjourned for such period, not being less than 14 days nor more than 28 days, and to such time and place, as may be appointed by the chairman. At such adjourned meeting two or more persons present in person holding Warrants or being proxies shall form a quorum and shall have the power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had a quorum been present at such meeting.
6. Where a Warrantholder is a recognised clearing house or its nominee(s), it may authorize such person or persons as it thinks fit to act as its representative (or representatives) or proxy (or proxies) at any Warrantholders' meeting. If more than one person is so authorised, the authorization or proxy form must specify the number and class of Warrants in respect of which each such person is so authorised. The person or persons so authorised shall be entitled to exercise the same powers on behalf of the recognised clearing house as that recognised clearing house or its nominee(s) could exercise if it were an individual Warrantholder. Each person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence for substantiating the fact that it is duly authorised.
7. The chairman may with the consent of (and shall if directed by) any meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted

at the meeting from which the adjournment took place.

8. At least 7 clear days' notice of any meeting adjourned through want of a quorum shall be given in the same manner as of an original meeting, and such notice shall state the quorum required at such adjourned meeting. Subject as aforesaid, it shall not be necessary to give any notice of an adjourned meeting.
9. Every question submitted to a meeting shall be decided by 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 equality of votes, the chairman of the meeting shall, on a show of hands and on a poll, have a casting vote in addition to the vote or votes (if any) to which the chairman may be entitled as a Warrantholder or as a proxy.
10. At any meeting, a poll (before or on the declaration of the result of the show of hands) may be demanded by the chairman or by one or more persons holding one or more Warrants or being proxies and being or representing in the aggregate the holders of not less than 10 per cent. of all Warrants then outstanding and exercisable. Unless a poll be so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has on a show of hands been carried, carried unanimously, or by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
11. If at any meeting a poll is so demanded, it shall be taken in such manner and, subject as hereinafter provided, either at once or after any adjournment, as the chairman directs, and the result of such poll shall be deemed to be the resolution as at the date of the meeting at which the poll was demanded. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.
12. Any poll demanded at any meeting on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.
13. The Company (through its representatives) and its legal and financial advisers shall be entitled to attend and speak at any meeting of the Warrantholders. Save as aforesaid, no person shall be entitled to attend, speak or vote at any meeting of the Warrantholders or to join with others in requesting the convening of such a meeting unless he is a Warrantholder or the duly authorised representative of a corporate Warrantholder or a duly appointed proxy. Neither the Company nor any Subsidiary shall be entitled to vote, whether on a show of hands or on a poll, in respect of Warrants held by it or on its behalf nor shall the holding of any such Warrants count towards a quorum.
14. Subject as provided in paragraph 13 hereof:-
 - (a) at any meeting on a show of hands every Warrantholder who is present in person or (in the case of a corporation) by a duly authorised representative and every person who is a proxy shall have one vote; and
 - (b) at any meeting on a poll every Warrantholder who is present in person or (in the

case of a corporation) by a duly authorised representative and every person who is a proxy as aforesaid shall have one vote in respect of each Warrant held by him. Any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

15. A proxy need not be a Warrantholder.
16. A meeting of the Warrantholders shall in addition to all other powers (but without prejudice to any powers conferred on other persons by these presents) have the following powers exercisable by a Special Resolution, namely:-
 - (a) power to sanction any compromise or arrangement proposed to be made between the Company and the Warrantholders or any of them;
 - (b) power to sanction any proposal by the Company for modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Warrantholders against the Company whether such rights shall arise under these presents or otherwise;
 - (c) power to sanction any proposal by the Company for the exchange or substitution for the Warrants of, or the conversion of the Warrants into, shares, stock, bonds, debentures, debenture stock or other obligations or securities of the Company, or of any other body corporate formed or to be formed;
 - (d) power to assent to any modification of the Conditions and/or the provisions contained in these presents which shall be proposed by the Company;
 - (e) power to authorise any person to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Special Resolution;
 - (f) power to discharge or exonerate any person from any liability in respect of any act or omission for which such person may have become responsible under these presents or the Conditions;
 - (g) power to give any authority, direction or sanction which under the provisions of these presents or the Conditions is required to be given by Special Resolution; and
 - (h) power to appoint any persons (whether Warrantholders or not) as a committee or committees to represent the interests of the Warrantholders and to confer upon such committee or committees any powers or discretions which the Warrantholders could themselves exercise by Special Resolution.
17. Any resolution shall be binding upon all the Warrantholders, whether present or not present at such meeting, and each of the Warrantholders shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of such resolution justified the passing thereof.
18. The expression "**Special Resolution**" when used in these presents means a resolution

passed at a meeting of the Warrantholders duly convened and held and carried by a majority consisting of not less than three-fourths (3/4) of the votes cast upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths (3/4) of the votes cast on a poll.

19. Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Company, and any such minutes, if the same are signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding meeting of the Warrantholders, shall be conclusive evidence of the matters therein contained and, until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted thereat to have been duly passed and transacted.
20. Subject to all other provisions contained in these presents, the Company may without the consent of the Warrantholders prescribe such further regulations regarding the holding of meetings of Warrantholders and attendance and voting thereat as the Company may at its sole discretion determine, including particularly (but without prejudice to the generality of the foregoing) such regulations as the Company thinks reasonable so as to satisfy itself that persons are in fact Warrantholders who purport to requisition a meeting in accordance with paragraph 1 of this Third Schedule.
21. Any reference in these presents to the value of any Subscription Rights shall be a reference to the amount of Exercise Moneys in respect of the Warrant Certificate representing such Subscription Rights or, if such Subscription Rights are represented by two or more Warrant Certificates, the aggregate of the Exercise Moneys in respect of such Warrant Certificate(s).

THE FOURTH SCHEDULE

ADJUSTMENTS

1. The Subscription Price will be subject to adjustment as follows:

(a) Subdivision or consolidation

If and whenever there shall be an alteration to the nominal amount of each of the Shares or the total number of the Shares as a class by reason of any subdivision or consolidation, the Subscription Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:—

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

where:

A is the nominal amount of one Share or the total number of Shares, as the case may be, immediately after such alteration; and

B is the nominal amount of one Share or the total number of Shares, as the case may be, immediately before such alteration.

Each such adjustment shall be effective from the close of business on the Business Day immediately preceding the date on which the relevant consolidation or subdivision (as the case may be) becomes effective provided that where the subscription date in respect of a particular exercise of any of the subscription rights attaching to a Bonus Warrant shall fall on or before such business day but the Company shall not by the close of business on such business day have allotted the relative Shares in accordance with its obligations under the Instrument, such adjustment shall, for the purpose of determining the number of Shares to be allotted to the Warrantholder exercising the said Subscription Rights, be deemed to be effective immediately before such Subscription Date.

(b) Bonus shares

If and whenever the Company shall issue (other than pursuant to Scrip Dividend Scheme) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account fund), the Subscription Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{C+D}$$

where:

- C is the aggregate nominal amount of the Shares in issue immediately before such issue; and
- D is the aggregate nominal amount of the ordinary capital of the Company capitalized from the profits or reserves of the Company in connection with and as a result of such issue.

Provided that if the relevant issue of Shares is made as part of an arrangement involving a reduction of capital of the Company, the Subscription Price shall be adjusted in such manner as an Approved Financial Adviser shall certify to be appropriate, having regard to the relative interests of the persons affected thereby and such other matters as the Approved Financial Adviser shall consider relevant.

Each such adjustment shall be effective (if appropriate retrospectively) from the commencement of the day immediately following the Entitlement Record Date for such issue.

(c) Capital Distribution

If and whenever the Company shall make any Capital Distribution to the Shareholders (whether on a reduction of capital or otherwise), the Subscription Price shall be adjusted by multiplying the prevailing Subscription Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{E - F}{E}$$

where:

- E is the closing price on the trading day immediately preceding the date on which the Capital Distribution or, as the case may be, the grant is announced (whether or not such Capital Distribution or grant is subject to the approval of the Shareholders or other persons) or (if there is no such announcement) immediately preceding the date on which the Share is traded ex-entitlement to such Capital Distribution or, as the case may be, the grant (or, where there is no closing price on such trading day, the closing price on the trading day on which there was a closing price immediately preceding the relevant date); and
- F is the fair market value of the portion of the Capital Distribution attributable to one Share on the date of such announcement or (as the case may require) the day immediately preceding the date on which the Share is traded ex-entitlement to such Capital Distribution or, as the case may be, the grant, as determined in good faith by an Approved Financial Adviser.

Provided that if in the opinion of the relevant Approved Financial Adviser, the use of the fair market value as aforesaid produces a result which, having regard to the relative interests of the persons affected thereof taken as a whole, is significantly inequitable, it may instead determine (and in such event the above

formula shall be construed as if F meant) the portion of the said closing price which should, in its opinion, properly be attributed to the value of the relevant Capital Distribution or rights in question.

The provisions referred to in this sub-paragraph 1(c) shall not apply in relation to the issue of Shares credited as fully paid or partly paid out of profits or reserves and issued in lieu of a cash dividend under a Scrip Dividend Scheme.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the Entitlement Record Date for the relevant Capital Distribution or grant.

(d) Rights and options or warrants to subscribe for new Shares to all Shareholders

If and whenever the Company 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 or purchase any new Shares, in each case at less than [90] per cent. [(90%)] of the Current Market Price on the date of the announcement of the terms of the issue or grant, the Subscription Price shall be adjusted by multiplying the Subscription Price in force immediately before such issue or grant by the following fraction:

$$\frac{G + H}{G + I}$$

where:

G is the number of Shares in issue immediately before such announcement;

H 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 by way of rights and for the total number of Shares comprised therein would purchase at such Current Market Price; and

I is the aggregate number of Shares issued or, as the case may be, comprised in the grant (excluding Shares not taken up).

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the Entitlement Record Date for the relevant offer or grant.

For the avoidance of doubt, no adjustment shall take effect in accordance with this sub-paragraph 1(d) should such offer or grant fail to become effective or unconditional.

(e) Issue for cash of securities convertible into or exchangeable for or carrying rights of subscription for new Shares

(i) If and whenever the Company shall issue any securities which by their

terms are convertible into or exchangeable for or carry rights of subscription for or purchase of new Shares to all or substantially all Shareholders as a class by way of rights, and the total Effective Consideration per Share initially receivable (as defined below in this sub-paragraph 1(e)) for such securities is less than [90] per cent. [(90%)] of the Current Market Price on the date of the announcement of the terms of issue of such securities, the Subscription Price shall be adjusted by multiplying the prevailing Subscription Price in force immediately before such issue or grant by the following fraction:

$$\frac{K+L}{K+M}$$

where:

- K is the number of Shares in issue immediately before the date of such issue of securities;
- L is the number of Shares which would be purchased at such Current Market Price by the total Effective Consideration receivable for such securities issued; and
- M is the maximum number of new Shares to be issued upon full conversion or exchange of, or the exercise in full of the subscription rights conferred by, such securities at their relative initial conversion or exchange rate or subscription price.

Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustment of conversion, exchange or subscription terms.

Such adjustment shall become effective (if appropriate retroactively) from the close of business on the business day immediately preceding the date on which the issuer of the relevant securities determines the conversion or exchange rate or subscription price in respect of such securities or, to the extent that the relevant issue is announced (whether or not subject to the approval of Shareholders or other persons) and the date of such announcement is earlier than the said date, the business day immediately preceding the date of such announcement.

- (ii) If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in sub-paragraph 1(e)(i) are modified so that the total Effective Consideration per Share initially receivable for such securities shall be less than [90] per cent. [(90%)] of the Current Market Price on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Subscription Price shall be adjusted by multiplying the Subscription

Price in force immediately prior to such modification by the following fraction:

$$\frac{N+O}{N+P}$$

where:

- N is the number of Shares in issue immediately before the date of such modification;
- O is the number of Shares which would be purchased at such Current Market Price by the total Effective Consideration receivable for such securities issued at the modified conversion or exchange rate or subscription price; and
- P is the maximum number of new Shares to be issued upon full conversion or exchange of, or the exercise in full of the subscription rights conferred by, such securities at their relative modified conversion or exchange rate or subscription price.

Such adjustment shall become effective (if appropriate retroactively) as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the purposes of this sub-paragraph 1(e)(ii) where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustments of conversion, exchange or subscription terms.

For the purposes of this sub-paragraph 1(e):

- (1) the “**total Effective Consideration**” receivable for the securities issued shall be deemed to be the aggregate consideration receivable by the issuer for any such securities plus the additional minimum consideration (if any) to be received by the issuer and/or the Company (if not the issuer) upon (and assuming) the full conversion or exchange thereof or the exercise in full of such subscription rights, and
- (2) the “**Effective Consideration per Share initially receivable for such securities**” shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise in full of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

(f) Issue for cash of new Shares

If and whenever the Company shall issue wholly for cash any Shares (other than Shares issued pursuant to any Share Scheme) at a price which is less than [90] per cent. [(90%)] of the Current Market Price on the date of the announcement of the terms of such issue, the Subscription Price shall be adjusted by multiplying the Subscription Price in force immediately prior to the date of such announcement by the following fraction:

$$\frac{R+S}{R+T}$$

where:

R is the number of Shares in issue immediately before the date of such announcement; and

S is the number of Shares which the aggregate amount payable for the Shares allotted pursuant to such issue would purchase at such Current Market Price (exclusive of expenses); and

T is the number of Shares allotted pursuant to such issue.

Such adjustment shall become effective (if appropriate retroactively) on the date of the issue of such Shares.

(g) Share buy-back by general offer

If and whenever the Company makes an offer or invitation to Shareholders generally to tender for sale to the Company any Shares or if the Company purchases/buys back any Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange pursuant to a general mandate granted by the Shareholders) and the Directors consider that it may be appropriate to make an adjustment to the Subscription Price, at that time the Directors shall appoint an Approved Financial Adviser to consider whether, for any reason whatever as a result of such purchases, an adjustment should be made to the Subscription Price fairly and appropriately to reflect the relative interests of the persons affected by such purchases by the Company and, if such Approved Financial Adviser shall consider in its opinion that it is appropriate to make an adjustment to the Subscription Price, an adjustment to the Subscription Price shall be made in such manner as such Approved Financial Adviser shall certify to be, in its opinion, appropriate.

Such adjustment shall become effective (if appropriate retroactively) from the close of business in Hong Kong on the business day next preceding the date on which such purchases by the Company are made.

2. Where more than one event which gives or may give rise to an adjustment to the Subscription Price occurs within such a short period of time that in the opinion of an Approved Financial Adviser, 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 Approved Financial Adviser to be in its opinion appropriate in order to give such intended result.

3. No adjustment shall be made to the Subscription Price in any of the following cases:
- (a) (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights (including any conversion of the Warrants) to acquire Shares pursuant to any options, warrants, and similar rights to subscribe or purchase equity securities of the Company from time to time or (ii) any adjustment in the Subscription Price of any Warrants, if such adjustment is in accordance with the existing terms of such securities, provided that an adjustment to the Subscription Price has been made (if appropriate) under the provisions herein in respect of the issue of such securities or granting of such rights (as the case may be);
 - (b) an issue of Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or rights to acquire, Shares pursuant to any Share Scheme;
 - (c) an issue by the Company of Shares or by the Company or any subsidiary of the Company of securities wholly or partly convertible into or rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (d) an issue of any of the Warrants; or
 - (e) an issue of Shares pursuant to a Scrip Dividend Scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares is not more than 110 per cent. (110%) of the amount of dividend which holders of the Shares could elect to or would otherwise receive in cash, for which purpose the "market value" of a Share shall mean the average of the closing prices for such trading days on which dealings in the Shares took place (being not less than 5 such days) as are selected by the directors of the Company in connection with determining the basis of allotment in respect of the relevant scrip dividend and which fall within the period of one month ending on the last day on which holders of Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash.

4. For the purposes of this Schedule:

"Bonus Share Issue" means a bonus share issue (by way of capitalisation of profits or reserves (including, to the extent permitted by law, those in share premium account or contributed surplus account (if any)) other than in lieu of a cash dividend by the Company under a Scrip Dividend Scheme in the manner referred to in paragraph 3(f) above);

"Capital Distribution" shall, subject to below, mean any distributions in cash or specie. Any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a Capital Distribution;

Provided that any such dividend shall not be so deemed if (a) it is paid out of the aggregate of the net profits (less losses) attributable to the holders of Shares as shown in the audited consolidated profit and loss account of the Company and its Subsidiaries for any financial period of the Company; or (b) to the extent that (a) above does not apply, the rate of that dividend, together with all other dividends on the class of capital in question charged or provided for in the accounts for the financial period in question, does not exceed the aggregate rate of dividend on such class of capital charged or provided for in the accounts for the last preceding financial period. In computing such rates, such adjustments may be made as are in the opinion of the auditors of the Company appropriate to the circumstances and shall be made in the event that the lengths of such periods differ materially;

"closing price" for the Shares on any trading day shall be the closing price published in the daily quotation sheet published by the Stock Exchange;

"Fair Market Value" means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Approved Financial Adviser;

"issue" shall include allot;

"reserves" includes unappropriated profits, and undistributable reserves;

"rights" includes rights in whatsoever form issued; and

"Shares" includes, for the purposes of Shares comprised in any issue, distribution, offer or grant pursuant to paragraph 1, any such shares of the Company as, when fully paid, will be Shares. A disposition of any Shares held or owned by the Company or its subsidiaries in treasury (other than a cancellation of such Shares or a transfer of such Shares to the Company or any of its subsidiaries for holding as treasury shares) shall be considered an issue or sale of such Shares for the purposes of this Schedule.