

The Warrants will be constituted by an instrument by way of deed poll ("Instrument") executed by the Company.

Following completion of the issue of Shares to Core Investors and on the assumption that the Placing is fully subscribed, there will be in issue Warrants to subscribe up to US\$20,000,000 for Shares, equivalent to the aggregate subscription price for a total of 20,000,000 Shares on the basis of an initial subscription price of US\$1.00 per Share (subject to adjustment as summarised below). The Warrants will be issued, immediately following the completion of the issue of Shares to Core Investors and under the Placing, to each of the then registered holders of Shares in the proportion of one Warrant for every five Shares held. The Warrants will be issued in registered form and will form one class with and rank *pari passu* in all respects with each other.

Warrantheolders will be entitled to the benefit of, be bound by, and be deemed to have notice of all the provisions of the Instrument. Copies of the Instrument, the principal provisions of which are summarised below, will be available at the registered office of the Company, or such other place as may be notified to Warrantheolders from time to time.

1. Subscription

- (a) The registered holder or joint holders for the time being of a Warrant ("Warrantheolder") shall have rights ("Subscription Rights") to subscribe in whole or in part but not in respect of any fraction of a Share the amount in respect of which the Warrant is issued, for fully paid Shares at a price (subject to the adjustments referred to below) of US\$1.00 per Share ("Subscription Price"). The Subscription Rights attaching to the Warrants may be exercised at any time between 22nd July, 1993 and 30th June 1996, both dates inclusive ("Subscription Period"). Any Subscription Rights which have not been exercised on or before 30th June 1996 will thereafter lapse and the relevant Warrants will cease to be valid for any purpose. References in these particulars to "Shares" are to the Shares in issue immediately following the issue of Shares to Core Investors and under the Placing and all other (if any) Shares issued from time to time thereafter and for the time being ranking *pari passu* therewith.
- (b) A Warrantheolder may exercise his Subscription Rights by completing and signing the subscription form endorsed on the Warrant certificate or the separate subscription form which the Company permits to be used (both of which shall, once signed and completed, be irrevocable) and delivering the Warrant certificate, together with the separate subscription form if appropriate, to the registrars of the Company for the time being ("Registrars"), together with a remittance for the relevant subscription moneys for the Shares in respect of which the Subscription Rights are being exercised. The date on which such documents (duly completed and signed) and the relevant remittance are delivered to the Registrars shall be the date on which the relevant Subscription Rights are exercised and is hereafter referred to as a "Subscription Date". In each case, compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.
- (c) No fraction of a Share will be allotted but any balance of the subscription moneys paid on the exercise of the Subscription Rights will be refunded by the Company to the relevant Warrantheolder, provided that if the Subscription Rights comprised in two or more Warrant certificates are exercised by a Warrantheolder on the same Subscription Date then, for the purpose of determining whether any (and if so what) fraction of a Share arises, the Subscription Rights represented by such Warrant certificates shall be aggregated.
- (d) The Company undertakes in the Instrument that Shares falling to be issued upon the exercise of the Subscription Rights will be issued and allotted not later than 28 days after the relevant Subscription Date and will rank *pari passu* with the fully paid Shares in issue on the relevant Subscription Date and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made after the relevant Subscription Date unless adjustment thereof has been made as provided in the Conditions (as defined in the Instrument) and other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the Record Date (as defined in the Instrument) therefor is on or before the relevant Subscription Date and notice of the amount and Record Date therefor has been given to the Stock Exchange prior to the relevant Subscription Date.
- (e) As soon as practicable after the relevant allotment of Shares (and not later than 28 days after the relevant Subscription Date) there will be issued free of charge to the Warrantheolder:
 - (i) a certificate (or certificates) for the relevant Shares in the name of such Warrantheolder;
 - (ii) (if applicable) a balancing Warrant certificate in registered form in the name of such Warrantheolder in respect of any Subscription Rights comprised within the Warrant certificate(s) delivered as described in sub-paragraph (b) above remaining unexercised;

- (iii) (if applicable) a cheque representing any fractional entitlement to Shares not allotted as mentioned in sub-paragraph (c) above; and
- (iv) (if applicable) a Deficiency Certificate (as defined in the Instrument).

The certificate(s) for Shares arising on the exercise of Subscription Rights, the balancing Warrant certificate (if any), the cheque in respect of fractional entitlement (if any) and the Deficiency Certificate (if any) will be sent by post at the risk of such Warrantholder to the address of such Warrantholder as set out in the register of Warrantholders (or in the case of a joint holding to that one of them whose name stands first in the register of Warrantholders). If the Company agrees, such certificates and cheques may by prior arrangement be retained by the Registrars to await collection by the relevant Warrantholder.

2. Adjustment of Subscription Price

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 the Instrument.

- (a) The Subscription Price shall (except as mentioned in sub-paragraphs (b) and (c) below) be adjusted as provided in the Instrument in each of the following cases:
 - (i) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
 - (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
 - (iii) a Capital Distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of Shares in their capacity as such;
 - (iv) a grant by the Company to the holders of Shares (in their capacity as such) of rights to acquire for cash any assets of the Company or any of its Subsidiaries (as defined in the Instrument);
 - (v) an offer or grant of Shares being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for Shares at a price which is less than 90 percent of the market price (calculated as provided in the Instrument);
 - (vi) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) per Share is less than 90 percent of the market price (calculated as provided in the Instrument), or the terms of any such issue are altered so that the said total Effective Consideration is less than 90 percent of the market price;
 - (vii) an issue being made wholly for cash of Shares (other than pursuant to a Share Option Scheme, as defined in the Instrument) at a price less than 90 percent of the market price (calculated as provided in the Instrument);
 - (viii) the purchase by the Company of Shares in circumstances where the total Effective Consideration per Share (as defined in the Instrument) is more than 110 percent of the Last Dealt Price (as defined in the Instrument) of one Share on the Stock Exchange (calculated as provided in the Instrument); and
 - (ix) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares in any other circumstance where the Company considers that it may be appropriate to make an adjustment to the Subscription Price.
- (b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in sub-paragraph (a) (ii) to (vii) above will be made in respect of:
 - (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;
 - (ii) an issue of Shares, or other securities of the Company or any Subsidiary, wholly or partly convertible into, or rights to acquire Shares pursuant to a Share Option Scheme (as defined in the Instrument);
 - (iii) an issue by the Company of Shares or by the Company or any Subsidiary of securities wholly or partly convertible into or rights to acquire Shares, in any such case in consideration in whole or in part for the acquisition of any other securities, assets or business;

- (iv) an issue of fully paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the Instrument) which has been or may be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into or rights to acquire Shares); or
 - (v) an issue of Shares in lieu of a cash dividend where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculated as provided in the Instrument) of such Shares is not more than 110 percent of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash.
- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Company considers 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 effect from a different time from that provided for under the said provisions, the Company may appoint an Approved Merchant Bank (as defined in the Instrument) 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 the Approved Merchant Bank considers 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 an Approved Merchant Bank to be in its opinion appropriate.
- (d) Any adjustment to the Subscription Price will be made to the nearest one US cent so that any amount under half a US cent shall be rounded down and any amount of half a US cent or more shall be rounded up. No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one US cent and any adjustment which would otherwise then be required shall not be carried forward. No adjustment may be made (except on a consolidation of Shares) which would increase the Subscription Price.
- (e) Every adjustment to the Subscription Price shall be certified by the Company's auditors or an Approved Merchant Bank (acting as experts whose decision, in the absence of manifest error, shall be conclusive and binding on the Company and the Warranholders) and notice of each adjustment (giving the relevant particulars) shall be given to the Warranholders. Any such certificates of the Company's auditors and/or Approved Merchant Bank shall be available for inspection at the registered office of the Company or such other place as may be notified to the Warranholders from time to time, where copies may be obtained.

3. 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 as 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 the Company has express or other notice thereof.

4. Transfer, transmission and register

The Subscription Rights are transferable, in whole amounts or integral multiples of US\$1.00 of Subscription Rights, by instrument of transfer in any usual or common form or in any other form which may be approved by the Directors. The Company shall maintain a register of Warranholders accordingly. Transfers of Warrants must be executed by both the transferor and the transferee. The provisions of the Company's Articles of Association relating to the registration, transfer and transmission of Shares shall apply, mutatis mutandis, to the registration, transfer and transmission of the Warrants.

5. Closure of register of Warranholders

The registration of transfers may be suspended and the register of Warranholders may be closed for such periods as the Directors may from time to time direct, provided that the same may not be closed for a period of more than 60 days in any one year. Any transfer or exercise of the Subscription Rights attached to the Warrants made while the register of Warranholders 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 Warranholder who has so exercised the Subscription Rights attached to his Warrant (but not otherwise), be considered as made immediately after the re-opening of the register of Warranholders.

6. Purchase and cancellation

The Company or any Subsidiary may at any time purchase Warrants:

- (a) in the open market or by tender (available to all Warranholders alike) at any price; or

- (b) by private treaty at a price per Warrant, exclusive of expenses, not exceeding 110 percent of the Last Dealt Price (as defined in the Instrument) prior to the date of purchase of the Warrants on the Stock Exchange;

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

7. Meetings of Warrantheolders and modification of rights

- (a) The Instrument contains provisions for convening meetings of Warrantheolders to consider any matter affecting the interests of Warrantheolders, including the modification by Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or of the Conditions. A Special Resolution duly passed at any such meeting shall be binding on the Warrantheolders, 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 the Conditions and/or the Instrument) and the sanction of a Special Resolution shall be necessary and sufficient to effect such alteration or abrogation.

8. Quorum

A quorum of a meeting of Warrantheolders will be two or more persons representing in aggregate the holders of not less than ten percent (thirty-three and one third percent for the passing of a Special Resolution) of the Warrants for the time being outstanding, present in person or by proxy.

9. Replacement of Warrant certificates

If a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the Company's discretion, be replaced at the office of the Registrars 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 US\$0.25 (or such higher fee as may from time to time be permitted under the rules of the Stock Exchange) as the Company may determine. Mutilated or defaced Warrant certificates must be surrendered before replacements will be issued.

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 of the amounts in cash which all Warrantheolders may subscribe in respect of unexercised Subscription Rights is equal to or less than US\$2,000,000, then the Company may, on giving not less than three months' notice, require Warrantheolders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled.

12. Issue of further warrants

The Company shall be at liberty to issue further subscription warrants.

13. Undertakings by the Company

The Company undertakes in the Instrument, inter alia, that:

- (a) upon exercise of any Subscription Rights it will within 28 days after the relevant Subscription Date allot the number of Shares for which subscription is made;
- (b) all Shares allotted on the exercise of Subscription Rights will rank *pari passu* in all respects with the fully paid Shares in issue on the relevant Subscription Date, and shall accordingly entitle the holders to participate in full in all dividends or other distributions, declared, paid or made on the Shares after the relevant Subscription Date unless adjustment therefor has been made as provided in the Instrument and 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 on or 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 Warrantheolder, at the same time as the same are sent to Shareholders, its audited accounts and all other notices, reports and communications despatched by it to Shareholders generally;

- (d) it will pay all Hong Kong stamp duties, registration fees or similar charges in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights;
- (e) it will use its best endeavours to ensure that all Shares allotted on exercise of the Subscription Rights shall be admitted to listing on the Stock Exchange provided that no admission shall be obtained in the event that the Shares cease to be listed on the Stock Exchange as a result of an offer being made to the holders of Shares (or to holders excluding the offeror and/or its nominee(s)) to acquire all or a proportion of the Shares;
- (f) it will keep available for issue sufficient Ordinary Share Capital (as defined in the Instrument) to satisfy in full all rights for the time being outstanding of subscription for and conversion into Shares;
- (g) it will ensure that no event occurs as a result of which the Subscription Price would be reduced below the nominal amount of the Shares unless at that time the Subscription Right Reserve would permit the fulfilment by the Company of its obligations under the Conditions; and
- (h) it will use all reasonable efforts to procure that at all times during the Subscription Period, the Warrants may be dealt in on the Stock Exchange.

14. Winding up of the Company

If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company, then:

- (a) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person 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 will be binding on all the Warrantholders; and
- (b) in any other case, every Warrantholder will be entitled at any time within six weeks after the passing of such resolution for the voluntary winding-up of the Company by irrevocable surrender of his Warrant certificate to the Company with the subscription form duly completed, together with payment of the relevant subscription moneys, to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Subscription Rights represented by such Warrant to the extent specified in the subscription form and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the Company and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the Warrantholders of the passing of any such resolution within seven days after the passing thereof and such notice will contain a reminder to Warrantholders with respect to their rights under this sub-paragraph (b).

Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the commencement of the winding-up will lapse and each Warrant certificate will cease to be valid for any purpose.

15. Notices

The Instrument contains provisions relating to notices to be given to Warrantholders.

16. Governing law

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