

EXECUTION VERSION

Dated 4 October 2021

COOLPAD GROUP LIMITED
(酷派集團有限公司)

and

SAI GROWTH FUND I, LLLP

WARRANT SUBSCRIPTION AGREEMENT

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THIS AGREEMENT is made on 4 October 2021.

BETWEEN:

1. **Coolpad Group Limited (酷派集團有限公司)**, an exempted company incorporated in the Cayman Islands, whose registered address is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands (the “**Issuer**”); and
2. **SAI Growth Fund I, LLLP**, a limited liability limited partnership formed in the State of Delaware, the United States of America, whose registered address is at 251 Little Falls Drive, Wilmington, DE 19808, USA (the “**Subscriber**”).

WHEREAS:

- (A) The Issuer is an exempted company incorporated in the Cayman Islands and, as at the date of this Agreement, has 10,803,259,308 Shares in issue, and the Shares are listed on the HKSE.
- (B) The Issuer intends to obtain approval from the Shareholders at the EGM in respect of the issue of the Warrants and the Warrant Shares, pursuant to which, among other things, a specific mandate will be sought for the Directors to allot and issue the Warrants and the Warrant Shares, subject to the terms and conditions of this Agreement and the Warrant Instruments.
- (C) The Board has authorised the creation and issue of the Warrants and the Warrant Shares subject to the terms and conditions of this Agreement and the Warrant Instruments.
- (D) The Issuer has agreed to issue, and the Subscriber has agreed to subscribe for, the Warrants subject to the terms and conditions of this Agreement.
- (E) The Issuer has entered into the Share Subscription Agreement dated the same date hereof with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Issuer has conditionally agreed to allot and issue 800,000,000 Shares, subject to the terms and conditions of the Share Subscription Agreement.
- (F) The Issuer has entered into the Other Share Subscription Agreements dated the same date hereof with certain other subscribers, pursuant to which each of those subscribers has severally and conditionally agreed to subscribe for, and the Issuer has conditionally agreed to allot and issue a total of 2,200,000,000 Shares.

IT IS AGREED as follows:

1 INTERPRETATION

1.1 In this Agreement, the following expressions have the following meanings:

“**Affiliate**” means:

- (a) in relation to an individual, that individual’s close relatives (being any spouse, child (including adopted child and step-child), parent or sibling of that individual), any person which is Controlled by that individual and/or that individual’s close relatives (acting singly or together) (“**Controlled Entity**”) and any Affiliate of a Controlled Entity; and

- (b) in relation to any other person, any other person that (directly or indirectly) Controls, is Controlled by or is under common Control with such person,

and an Affiliate of the Subscriber shall include: (i) the limited partners or general partners of one or more investment funds that directly or indirectly Control the Subscriber or any of their nominees; (ii) an investment vehicle (including a partnership of the Subscriber or of any of the abovementioned persons), and an investment fund (or investment vehicle thereof) managed by the Subscriber or by any of the abovementioned persons, or of which the Subscriber or any of the abovementioned persons is a general partner or which is advised by the same investment advisor as the Subscriber or any of the abovementioned persons; (iii) any alternative investment or co-investment fund, entity or company (including any investment trust, limited partnership or general partnership) managed by, or to which management or consulting services or capital has been provided by, or otherwise directly or indirectly Controlling, Controlled by or under common Control with the Subscriber or any of the abovementioned persons (and any nominee, trustee or custodian for alternative investment or co-investment fund, entity or company acting in such respective capacities); and (iv) any subsidiary, subsidiary undertaking or holding company of the Subscriber and any subsidiary undertaking of such holding company (as each such term is defined in the Companies Ordinance);

“**AML Laws**” has the meaning given to it in Paragraph 2.19 of Schedule 1;

“**Announcement**” means the announcement to be issued by the Issuer on the HKSE following execution of this Agreement in accordance with the Listing Rules;

“**Anti-Boycott Laws**” means the Laws administered and enforced by the US Departments of Treasury and Commerce prohibiting and/or restricting participating in, cooperating with, or otherwise supporting a foreign boycott that the US Government does not sanction;

“**Anticorruption Laws**” mean all Laws or orders relating to anti-bribery or anticorruption (governmental or commercial) which apply to the business and dealings of any member of the Group and the shareholders of any member of the Group; including Laws that prohibit the corrupt payment, offer, promise or authorisation of the payment or transfer of anything of value (including gifts or entertainment), directly or indirectly, to any Government Official, Authority, commercial entity, or other any other person to obtain a business advantage; such as (if applicable) the Anti-Unfair Competition Law of the PRC, the Criminal Law of the PRC, the Prevention of Bribery Ordinance of Hong Kong, the Banking Ordinance of Hong Kong and the Independent Commission Against Corruption Ordinance of Hong Kong, the FCPA, the UK Bribery of 2010 and all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions;

“**Authorisation**” means any license, permit, consent, authorisation, resolution, exemption, filing, notarisation, variation, registration, permission, clearance or approval of any Authority or any other person;

“**Authority**” means: (a) any national, federal, state, county, municipal, local or foreign government or any entity exercising executive, legislative, judicial, regulatory, taxing or administrative functions of or pertaining to government (including the HKSE or other stock exchange); (b) any agency, division, bureau, department or other political subdivision of any government, entity or organisation described in the foregoing paragraph (a) of this definition; (c) any company, business, enterprise or other entity owned, in whole or in part, or Controlled by any government, entity, organisation or other person described in the foregoing paragraphs (a) or (b) of this definition;

“**Balance Sheet Date**” means 31 December 2020;

“**Board**” means the board of Directors;

“**Business**” means the business of the Group;

“**Business Assets**” means all the assets of the Group and any assets used by or in connection with the Business or necessary for the operation of the Business (including the Fixed Assets and the Business Premises), and all the Intellectual Property Rights used by or in connection with the Business;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which banks are open for general business in (unless otherwise stated) Hong Kong (other than a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm);

“**Business Premises**” means the land, premises and other real property occupied or used by any member of the Group;

“**Change of Substantial Shareholding**” means (a) any person (including such person’s Affiliates)’s beneficial ownership of the issued share capital of the Issuer is greater than such total issued share capital beneficially held by Mr. Chen Jiajun and his Affiliates, as a result of which Mr. Chen Jiajun is no longer the largest shareholder of the Issuer; or (b) Mr. Chen Jiajun transfers, sells or assigns any issued share capital of the Issuer during the period between the date of this Agreement and the Completion Date;

“**Closing Account**” has the meaning given to it in Clause 4.4;

“**Companies Ordinance**” means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

“**Completion**” means the completion of the subscription for and issue of the Warrants in accordance with this Agreement;

“**Completion Date**” means the date for Completion, being the tenth Business Day after the last Condition Precedent is satisfied or waived in accordance with this Agreement (other than any Condition Precedent which is expressed to be fulfilled on or as at the Completion Date, but subject to the fulfilment or waiver of such Condition Precedent), or such other date as the Parties may agree in writing;

“**Computer System**” means the Hardware, the Software and the Data (including all documentation, user’s manuals and training materials relating to any of the foregoing, including any translations thereof);

“**Conditions Precedent**” means the conditions precedent set forth in Clause 3;

“**Confidential Information**” has the meaning given to it in Clause 15.1;

“**connected person**” has the meaning given to it in the Listing Rules;

“**Constitution**” means, at any time, the memorandum of association and articles of association of the Issuer at that time;

“**Control**” means:

- (a) in relation to a corporate person: (i) direct or indirect ownership or control of more than 30% of the outstanding voting securities of such corporate person; (ii) the ability to appoint or remove more than one-third of the directors of the board (or equivalent governing body) of such person; (iii) the right to control the votes at a meeting of the board of directors (or equivalent governing body) of such person; or (iv) the ability to direct or cause the direction of the management and policies of such person (whether by contract or howsoever arising); or
- (b) in relation to a non-corporate person: (i) direct or indirect ownership or control of a comparable voting interest (as set forth in paragraph (a) above) for such person; (ii) the ability to direct or cause the direction of the management and policies of such person (whether by contract or howsoever arising); or (iii) the operational or practical control of such person,

and the terms “**Controls**”, “**Controlling**” and “**Controlled**” shall be construed accordingly;

“**Coolpad International**” has the meaning given to it in Clause 6.2(d);

“**Data**” means any data, libraries, databases, compilations or information (whether machine readable, on paper or otherwise) used by or for the benefit of the Business at any time and stored electronically at any time;

“**Data Protection Legislation**” means all statutes, enacting instruments and codes of practice in Hong Kong (and any other relevant jurisdiction) concerning the protection and/or processing of personal data;

“**Diligence Documents**” means the documents and other information relating to any member of the Group made available to the Subscriber on the USB provided by, or on behalf of, the Issuer to the Subscriber or its Representatives prior to the date of this Agreement, the receipt of which is hereby acknowledged by the Subscriber;

“**Director**” means a director of the Issuer;

“**Disclosed**” means, in respect of any fact, matter or circumstance, that such fact, matter or circumstance is fully and fairly disclosed to the Subscriber in the Diligence Documents or the Previous Announcements (excluding any disclosure in the Diligence Documents or the Previous Announcements which relate to financial forecasts, risk factors or industry overview and other statements that are similarly non-specific, predictive, cautionary or forward-looking);

“**EGM**” means an extraordinary general meeting of the Shareholders duly convened and held in accordance with the Constitution;

“**Employee**” means an individual who is employed by any member of the Group;

“**Encumbrance**” means any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of

security, trust arrangement for the purpose of providing security or other security interests of any kind securing any obligation of any person or any agreement or arrangement having a similar effect, and “**Encumber**” shall be construed accordingly;

“**Environment**” means: (a) all or any of the following media: air (including the air within buildings or other natural or man-made structures above or below ground), water (including surface or ground water, water in pipes, drainage or sewerage systems) and/or land; and (b) any living organisms (including human beings) or systems supported by all or any of those media;

“**Environmental Laws**” means all or any Laws relating to Environmental Matters;

“**Environmental Matters**” means all or any matters relating to the pollution or protection of the Environment, the use, storage, handling, transportation or disposal of Hazardous Material, human health and safety (including health and safety of employees, occupiers and invitees, and fire safety) and matters relating to the construction, demolition, alteration or use of buildings or land to the extent that they relate to any of the foregoing;

“**Exercise Price**” has the meaning given to it in the Warrant Instruments;

“**Ex-Im Laws**” means all US, Chinese, and any other applicable Laws regulating the export, re-export, transfer, deemed export or import of goods, services, technology, software or any other items;

“**FCPA**” means the US Foreign Corrupt Practices Act of 1977;

“**Financial Statements**” means the audited consolidated financial statements of the Group for the year ended on the Balance Sheet Date;

“**Fixed Assets**” means all fixtures and fittings and other fixed plant, machinery and equipment physically attached to the Owned Business Premises, and all the plant and machinery, tools and equipment, vehicles and office furniture and other tangible property owned by the Group or which is or will be used by, or in connection with, the Business or necessary for the operation of the Business;

“**Four-year Warrant Instrument**” means the deed poll to be executed by the Issuer to create and constitute the Four-year Warrants in the form set out in Appendix 3;

“**Four-year Warrants**” means the fully detachable and transferable warrants, exercisable for a period of four (4) years from the date of issue, as constituted by the Four-year Warrant Instrument and issued with the benefit of, and subject to, the terms and conditions set out therein entitling the holder to subscribe for up to HK\$213,344,000 of Shares at the price per Share of HK\$0.8;

“**Fundamental Warranties**” means the Warranties set forth in Paragraphs 1.1 to 1.5, 1.7, 2.2, 2.9, 2.10, 2.15, 3.6, 4, and 7 of Schedule 1;

“**Government Official**” means: (a) any official, officer, employee or any person acting in an official capacity for or on behalf of any Authority; (b) any political party or party official or candidate for political office; (c) a Politically Exposed Person (PEP) as defined by the Financial Action Task Force (FATF) or Groupe d’action Financière sur le Blanchiment de Capitaux (GAFI); or (d) any company, business, enterprise or other entity owned, in whole or in part, or controlled by any person described in the foregoing paragraphs (a), (b) or (c) of this definition;

“**Group**” means the Issuer and its Subsidiaries, and “**member of the Group**” shall be construed accordingly;

“**Group Registered IP**” has the meaning given to it in Paragraph 10.2(a) of Schedule 1;

“**Hardware**” means any computer equipment used by or for the benefit of the Business (or, where so specified, by or for the benefit of any other person) at any time (including parts of computer equipment such as firmware, screens, terminals, keyboards, disks, cabling and other peripheral and associated electronic equipment, but excluding all Software);

“**Hazardous Material**” means any wastes, pollutants, contaminants and any other natural or artificial substance, material or waste (whether in the form of a solid, liquid, gas or vapour) which is capable of causing harm or damage to the Environment or a nuisance to any person, or for which liability or standards of conduct may be imposed under Environmental Laws;

“**HK\$**” or “**HKD**” means Hong Kong dollars, the lawful currency of Hong Kong;

“**HKFRS**” means the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

“**HKIAC**” has the meaning given to it in Clause 19.2;

“**HKSE**” means The Stock Exchange of Hong Kong Limited;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC;

“**Indemnified Party**” has the meaning given to it in Clause 7.7;

“**Intellectual Property Rights**” means:

- (a) copyrights, patents, goodwill, Know-How, trade secrets, Data and data base rights, trade marks, service marks, trade names, business names, domain names, works of authorship, inventions, rights in Software, logos, get-up and designs (whether registered or unregistered);
- (b) registrations, applications for registration (including all corresponding foreign counterpart applications, re-issues, re-examinations, divisionals, continuations, part and extensions thereof) and the right to apply for registration for any of the same; and
- (c) all other intellectual property rights and equivalent or similar forms of protection, howsoever described, existing anywhere in the world;

“**Interim Balance Date**” means 30 June 2021;

“**Interim Statements**” means the unaudited consolidated financial statements of the Group for the six month period ended on the Interim Balance Date;

“**Issuer Affiliate**” means the Issuer or any other member of the Group, or any director, officer, agent, employee, representative, consultant or any other person acting for or on behalf of the foregoing (individually or collectively);

“Know-How” means all technical and commercial information, data and documents of whatever kind (including the knowledge and skill of employees, drawings, specifications, photographs, samples, models, processes, procedures, reports and correspondence) and the underlying copyright in works of authorship (other than Software) embodying the foregoing, but excluding any other intellectual property rights rested thereon;

“Law” means all civil, criminal and common law, statute, subordinate legislation, treaty, regulation, directive, decision, by-law, ordinance, circular, code, order, notice, demand, decree, injunction, resolution or judgment of any Authority (including the Listing Rules): (a) as to any person, in each case applicable to or binding upon such person or any of its property (or which such person or any of its property is subject); or (b) applicable to any or all of the transactions contemplated or referred to in this Agreement;

“Leshi Group” means Leview Mobile HK Limited, its ultimate beneficial owner(s) (including Mr. Jia Yueting) and their respective Affiliates;

“Listing Rules” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Long Stop Date” means 31 December 2021 (or such later date as the Issuer and the Subscriber may agree in writing from time to time);

“Losses” means, with respect to any individual or entity, any and all actions, claims, losses, liabilities, Taxes, damages (including fines, penalties and administrative, criminal or civil judgments and settlements), costs (including court costs and the costs of retaining expert witnesses), expenses (including reasonable attorneys’, accountants’ and consultants’ fees), disbursements, diminution in value, penalty or settlement of any kind or nature, including: (a) any Taxes that may be payable by such individual or entity by reason of the indemnification of any Loss; and (b) any sum of required deduction or withholding from a payment to such individual or entity by reason of the indemnification of any Loss;

“Management Accounts” means the unaudited consolidated management accounts of the Issuer for the six months period ended on the Management Accounts Date;

“Management Accounts Date” means 30 June 2021;

“Managers” has the meaning given to it in Paragraph 11(a) of Schedule 1;

“Material Adverse Change” means any change, effect, event, occurrence, state of facts or any combination of them that is (or could reasonably be expected to be) materially adverse to the business, operations, properties, assets (tangible or intangible, including the Business Assets), liabilities (including contingent liabilities), earnings, results of operations or financial condition of the Group taken as a whole, or to the ability of the Issuer to perform its obligations under any Warrant Document, provided that any effect, event, occurrence, state of facts or any combination of them resulting from COVID-19 shall not constitute, and shall be excluded in determining whether there has been the occurrence of, a Material Adverse Change, except to the extent any such effects affect the Group in a materially disproportionate manner as compared to other businesses that participate in the business that the Group operates.

“Material Contracts” has the meaning given to it in Paragraph 2.6(a) of Schedule 1;

“**Material Permits**” has the meaning given to it in Paragraph 2.15(a) of Schedule 1;

“**OFAC**” means the US Department of the Treasury’s Office of Foreign Assets Control or its successor organisation from time to time;

“**Other Share Subscription Agreements**” means, collectively, the share subscription agreements dated the same date hereof entered into between the Issuer and certain other subscribers, pursuant to which each of those subscribers has severally and conditionally agreed to subscribe for, and the Issuer has conditionally agreed to allot and issue an aggregate of 2,200,000,000 Shares;

“**Owned Business Premises**” means the land, premises and other real property owned by any member of the Group;

“**Party**” means a party to this Agreement, and “**Parties**” means both of them;

“**PRC**” means the People’s Republic of China;

“**Previous Announcements**” means all the annual reports for the years ended 31 December 2018, 31 December 2019 and 31 December 2020, all the interim reports and all other announcements and circulars issued by the Issuer on the website of HKSE (www.hkexnews.hk) from 1 January 2018 up to the Completion Date;

“**Principal Business**” means the business of the Group relating to the sale of mobile phones and smartphones, the provision of wireless application services, the research and development of smartphone operation systems and software, mobile data platform system, other value-added business operations and property investment;

“**Proceedings**” means any proceeding, suit or action arising out of or in connection with this Agreement or its subject matter (including its validity, formation at issue, effect, interpretation, performance or termination) or any transaction contemplated by any Warrant Document;

“**Records**” has the meaning given to it in Paragraph 5.1 of Schedule 1;

“**Register**” means the register of Warrantholders;

“**Regulation S**” means Regulation S under the Securities Act;

“**Representative**” means, in relation to any person, such person’s directors, officers, employees, agents, delegates, lawyers, accountants, managers, administrators, nominees, trustees, custodians, bankers or other professional advisers;

“**Representative Body**” means any association, trade union, works council or any other persons elected or appointed to represent any of the Employees;

“**SAFE**” means the State Administration of Foreign Exchange of the PRC or its local counterpart, as applicable;

“**Sanctioned Country**” means any country or region that is the subject or target of a comprehensive embargo under Sanctions Laws (including Cuba, Iran, North Korea, Sudan, Syria and the Crimea region of the Ukraine, as may be amended from time to time);

“**Sanctioned Person**” means any individual, entity or vessel that is the subject or target of sanctions under Sanctions Laws, including: (a) any individual, entity or vessel listed on any US, Chinese or other sanctions-related restricted party list (including OFAC’s List of Specially Designated Nationals and Blocked Persons); (b) any entity that is 50% or more owned or otherwise controlled by an individual or entity described in paragraph (a) above; or (c) any national of a Sanctioned Country (excluding any such national that has taken up permanent residence outside the relevant Sanctioned Country);

“**Sanctions Laws**” means all economic or financial sanctions Laws, measures or embargoes administered or enforced by the United States (including OFAC or the US Department of State), China, the European Union, the United Nations, the United Kingdom or any other relevant sanctions Authority;

“**Securities Act**” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

“**SFC**” means the Securities and Futures Commission of Hong Kong;

“**SFO**” means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

“**Share Option Scheme**” means the Issuer’s share option schemes adopted in 2014, details of which are set out in the Financial Statements;

“**Share Options**” means the share options granted to eligible participants under the Share Option Scheme;

“**Share Subscription Agreement**” means the subscription agreement entered into between the Subscriber and the Issuer on the date hereof in relation to the subscription of Subscription Shares (as defined therein);

“**Shareholder**” means a holder of any Shares, whose name is entered on the register of members of the Issuer;

“**Shares**” means the ordinary shares with a par value of HK\$0.01 each in the share capital of the Issuer;

“**Software**” means any set of instructions for execution by a computer processor used by or for the benefit of the Business (or, where so specified, by or for the benefit of any other person) at any time (irrespective of application, language or medium), including software, firmware, middleware and computer programs (in each case, whether in source code, object code, or other format);

“**Subscription**” means the subscription of the Warrants in accordance with this Agreement;

“**Subscription Price**” means HK\$45,066,880;

“**Subsidiary**” of a controlling entity (the “**Controlling Person**”) means:

- (a) any corporation of which securities, having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then

only for as long as it continues), are at the time directly, indirectly or beneficially owned or controlled by the Controlling Person (or one or more of its Subsidiaries);

- (b) any partnership of which the Controlling Person (or one or more of its Subsidiaries): (i) directly, indirectly or beneficially owns or controls more than 50% of the income, capital, beneficial or ownership interest (however designated) thereof; or (ii) is a general partner, in the case of a limited partnership, or is a partner that has the authority to bind the partnership in all other cases; or
- (c) any other person of which at least 50% of the income, capital, beneficial or ownership interest (however designated) is at the time directly, indirectly or beneficially owned or controlled by the Controlling Person (or one or more of its Subsidiaries);

“Surviving Provisions” means Clause 1 (Interpretation), Clause 7.7 (Indemnity), Clause 10 (Notices), Clause 12 (Costs and Expenses), Clause 13 (General Provisions), Clause 14 (Announcements), Clause 15 (Confidentiality), Clause 17 (Language), Clause 18 (Counterparts), Clause 19 (Governing Law and Jurisdiction) and Schedule 3;

“Takeovers Code” means the Hong Kong Code on Takeovers and Mergers issued by the SFC;

“Tax” or **“Taxation”** means all forms of taxation, duties, levies, imposts and other similar impositions of any jurisdiction whether central, regional or local (including corporate income tax, value added tax, goods and services tax, personal income tax, withholding tax, import tax, export tax, stamp duty and other transaction or documentary taxes, social security and state pension contributions, taxes arising from the ownership of any property or assets, payroll and employment taxes, taxes arising on the sale, lease, hire, gift or other disposal of real or personal assets or property, and taxes of any kind whatsoever), together with any interest and levies and all penalties, charges, costs and additions to tax in relation to any of the foregoing or resulting from failure to comply with the provisions of any legislation, enactment or other law relating to the foregoing;

“Tax Authority” means any taxing or other authority competent to impose any liability in respect of Taxation or responsible for the administration and/or collection of Taxation or enforcement of any law in relation to Taxation;

“Three-year Warrant Instrument” means the deed poll to be executed by the Issuer to create and constitute the Three-year Warrants in the form set out in Appendix 2;

“Three-year Warrants” means the fully detachable and transferable warrants, exercisable for a period of three (3) years from the date of issue, as constituted by the Three-year Warrant Instrument and issued with the benefit of, and subject to, the terms and conditions set out therein entitling the holder to subscribe for up to HK\$186,662,000 of Shares at the price per Share of HK\$0.7;

“Two-year Warrant Instrument” means the deed poll to be executed by the Issuer to create and constitute the Two-year Warrants in the form set out in Appendix 1;

“Two-year Warrants” means the fully detachable and transferable warrants, exercisable for a period of two (2) years from the date of issue, as constituted by the Two-year Warrant Instrument and issued with the benefit of, and subject to, the terms and conditions set out therein entitling the holder to subscribe for up to HK\$159,996,000 of Shares at the price per Share of HK\$0.6;

“United States” or **“US”** means the United States of America;

“**US\$**” means United States dollars, the lawful currency of the United States;

“**Warrantholder**” has the meaning given to it in the Warrant Instruments;

“**Warranties**” means the representations, warranties and undertakings contained in Clause 7 and Schedule 1, and “**Warranty**” means any one of them;

“**Warrants**” means, collectively, the Two-year Warrants, the Three-year Warrants and the Four-year Warrants;

“**Warrant Certificates**” means the certificates issued to the Warrantholder in respect of its registered holding of Warrants in the form set out in the Warrant Instruments;

“**Warrant Documents**” means:

- (a) this Agreement;
- (b) the Warrant Instruments; and
- (c) the Warrant Certificates,

and any other document relating to the transactions contemplated in the above documents which may from time to time be designated as such by the Subscriber and the Issuer (each, a “**Warrant Document**”);

“**Warrant Instruments**” means, collectively, the Two-year Warrant Instrument, the Three-year Warrant Instrument and the Four-year Warrant Instrument;

“**Warrant Shares**” means Shares issued on the exercise of the Warrants in accordance with the Warrant Instruments; and

“**Wire Transfer Instruction**” has the meaning given to it in Clause 4.4.

- 1.2 The expressions “**Issuer**” and “**Subscriber**” shall, where the context permits, include their respective successors and permitted assigns and any persons deriving title under them.
- 1.3 Any statement in this Agreement qualified by the expression “**to the best of the Issuer’s knowledge**” or “**so far as the Issuer is aware**”, or any similar expression, shall be deemed to include an additional statement that it has been made after due and careful enquiry, and shall be deemed also to include the best information, knowledge and belief of the management team and key staff of the Issuer and each member of the Group in relation to the subject of the Warranty which such persons have responsibility (and each of such persons shall be deemed to have knowledge of such matters as he/she would have discovered, had he/she made due and careful enquiries).
- 1.4 In this Agreement, except where the context otherwise requires:
 - (a) a reference to Clauses, Paragraphs, Schedules, Appendices and Recitals are to the clauses, paragraphs, and recitals of, and schedules and appendices to, this Agreement;

- (b) a reference to this Agreement or to any specified provision of this Agreement are to this Agreement or provision as in force for the time being (as amended, modified, supplemented, varied, assigned or novated, from time to time);
- (c) a reference to this Agreement includes the Schedules and the Appendices to it, each of which forms part of this Agreement for all purposes;
- (d) a reference to a “**person**” shall be construed so as to include any individual, company, corporation, joint stock company, body corporate, association, trust, joint venture, partnership, firm, organisation, Authority or any other entity (whether or not having separate legal personality), its successors and assigns;
- (e) a reference to writing shall include any mode of reproducing words in a legible and non-transitory form;
- (f) a reference to a time of a day is to Hong Kong time;
- (g) a reference to any Hong Kong legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than Hong Kong be deemed to include what most nearly approximates the Hong Kong legal term in that jurisdiction and references to any Hong Kong statute or enactment shall be deemed to include any equivalent or analogous laws or rules in any other jurisdiction;
- (h) a reference to any Law, enactment or Listing Rule includes references to:
 - (i) that Law, enactment or Listing Rule as re-enacted, amended, extended or applied by or under any other enactment (before or after execution of this Agreement);
 - (ii) any Law, enactment or Listing Rule which that Law, enactment or Listing Rule re-enacts (with or without modification); and
 - (iii) any subordinate legislation made (before or after execution of this Agreement) under any Law or enactment, as re-enacted, amended, extended or applied, as described in sub-paragraph (i) above, or under any Law or enactment referred to in sub-paragraph (ii) above,

except to the extent that any Law, enactment or subordinate legislation made or enacted after the date of this Agreement would create or increase a liability of the Parties under this Agreement, and “**Law**” and “**enactment**” includes any legislation in any jurisdiction;
- (i) the Parties acknowledge that they have participated jointly in the negotiation and drafting of this Agreement and, in the event that a question of interpretation arises (including as to the intention of the Parties), no presumption or burden of proof shall arise in favour of or against any Party based on the authorship of any provisions;
- (j) words importing the singular include the plural and vice versa, and words importing a gender include every gender;
- (k) headings are included in this Agreement for convenience only and do not affect its interpretation;

- (l) the word “**including**” shall be construed without limitation;
- (m) where any Party undertakes or assumes any obligation in this Agreement, that obligation is to be construed as requiring the Party concerned to exercise all rights and powers of control over the affairs of any other person which it is able to exercise (whether directly or indirectly) in order to secure performance of the obligation; and
- (n) any share calculation that makes reference to a specific date shall be appropriately adjusted to take into account any bonus share issue, share subdivision, share consolidation or combination, share split, recapitalisation, reclassification or similar event affecting the Shares after such date.

1.5 In calculations of share numbers or percentages under this Agreement, references to “**fully-diluted basis**” and “**as-converted basis**” shall mean that the calculation is to be made assuming that all outstanding options, warrants and other securities convertible into or exercisable or exchangeable for ordinary shares (whether or not by their terms then currently convertible, exercisable or exchangeable) have been so converted, exercised or exchanged. Any such share calculation shall be appropriately adjusted to take into account any share split, share consolidation, recapitalization, bonus issue, reclassification or similar event. References to a person’s stake, interest or similar terms shall (unless the context deems otherwise) refer to the aggregate amount of equity interests held by such person and its Affiliates in the applicable entity.

2 SUBSCRIPTION FOR AND ISSUE OF THE WARRANTS

- 2.1 Subject to fulfilment (or, as the case may be, waiver) of the Conditions Precedent, the Issuer shall issue and deliver the Warrants to the Subscriber or its nominee (which shall be an Affiliate of the Subscriber) in accordance with the Warrant Instruments, and the Subscriber shall subscribe for (or procure the subscription by its nominee of) the Warrants (free and clear from all Encumbrances) for the Subscription Price, on the Completion Date.
- 2.2 The Subscription Price shall be payable by the Subscriber to the Issuer on Completion as provided in Clause 4.4.

3 CONDITIONS PRECEDENT

- 3.1 The obligations of each Party to effect Completion shall be conditional upon satisfaction or waiver of the following conditions, or their satisfaction subject only to Completion:
 - (a) approval by way of ordinary resolutions at the EGM (by a simple majority of the votes cast by the Shareholders entitled to vote and present at the EGM (in person (or if a corporate, by authorised representative) or by proxy) (other than those who are required by the HKSE and / or the Listing Rules to abstain from voting) in respect of the issue and allotment of the Warrants and the Warrant Shares and the granting of authority to the Board to deal with all related matters and such approval remaining valid and effective);
 - (b) the HKSE having approved the Warrants prior to its issue or grant and the Listing Committee of the HKSE having granted the approval for the listing of and the permission to deal in all the Warrant Shares, and such approval remains valid and effective;
 - (c) the Issuer having complied with all of its obligations under this Agreement;

- (d) no order or judgment of any court or governmental, statutory or regulatory body having been issued or made prior to Completion (and no legal or regulatory requirements remaining to be satisfied) which has the effect of making unlawful or otherwise prohibiting the Subscription or any transactions contemplated by the Warrant Documents;
 - (e) no litigation, action, suit, investigation, claim or proceeding challenging the legality of, or seeking to restrain, prohibit or materially modify, the Subscription or any transactions provided for by the Warrant Documents having been instituted and not settled or otherwise terminated;
 - (f) there has been no occurrence of a Material Adverse Change on or prior to Completion;
 - (g) the Warranties remaining true and accurate in all respects and not misleading in any respect on the Completion Date, and no event has occurred and no matter has arisen which would render any of the Warranties untrue, inaccurate or misleading; and
 - (h) the conditions precedent under the Share Subscription Agreement, other than the conditions precedent that by their nature are to be satisfied at the completion of the Share Subscription Agreement but subject to the satisfaction or waiver of such conditions at the completion of the Share Subscription Agreement, having been fulfilled or, as applicable, waived.
- 3.2 The Subscriber may waive (in whole or in part, whether conditionally or unconditionally) any of the Conditions Precedent (except for Clauses 3.1(a) and 3.1(b)), provided that any such waiver shall be without prejudice to the Subscriber's right under this Agreement to elect to treat any further or other such breach, failure or event as releasing and discharging the Subscriber from its obligations to subscribe for the Warrants under this Agreement. The Issuer may not waive any of the Conditions Precedent.
- 3.3 The Issuer undertakes to use its best endeavours to ensure that the Conditions Precedent are fulfilled as soon as reasonably practicable after the date of this Agreement (and in any event before the Long Stop Date). Each Party shall furnish such information, supply such documents, pay such fees and do all such acts and things as may be reasonably required by the other Party or any relevant Authority in connection with the fulfilment of the Conditions Precedent to which it is responsible.
- 3.4 Without limiting the generality of Clause 3.3, in connection with the Condition Precedent set out in Clause 3.1(a):
- (a) the Issuer shall use its reasonable endeavours to: (i) prepare, finalise and post a circular to its Shareholders and/or such other announcements, documents, notices and communications as may be required by applicable Law (including the Listing Rules) and the Constitution, in each case, subject to clearance of the same (if required) by the HKSE, as soon as practicable, which shall, amongst other things, convene the EGM to consider resolutions to be passed by the relevant Shareholders for the purposes set out in Clause 3.1(a); and (ii) hold the EGM as soon as practicable;
 - (b) the Issuer undertakes to provide the Subscriber (or advisers nominated by the Subscriber) with draft copies of all circulars, announcements, documents, notices and other communications to be sent to the Shareholders as referred to in Clause 3.4(a) at such time as will allow the Subscriber a reasonable opportunity to provide comments on the relevant

draft circulars, announcements, documents, notices and other communications before they are finalised and despatched or released; and

- (c) subject to the requirements under applicable Laws (including the Listing Rules) and the Constitution, the Issuer undertakes and agrees to take into account in good faith any reasonable comments provided by the Subscriber in relation to any circulars, announcements, documents, notices and other communications proposed to be despatched or released to the extent they relate to the transactions contemplated by the Warrant Documents.

3.5 Without limiting the generality of Clause 3.3, in connection with the Conditions Precedent set out in Clauses 3.1(a) and 3.1(b):

- (a) as soon as reasonably practicable after the date of signing of this Agreement, the Issuer shall file, or shall procure the filing of, the notices and applications necessary to satisfy such Conditions Precedent;
- (b) the Issuer and the Subscriber shall supply as promptly as practicable any additional information and documentary material that may be requested by the HKSE in connection with such Conditions Precedent;
- (c) to the extent permissible under applicable Laws, the Issuer shall as soon as reasonably practicable notify the Subscriber of any written communication from the HKSE in relation to satisfying such Conditions Precedent;
- (d) the Issuer shall, to the extent permissible under applicable Laws and to the extent practicable and as soon as it becomes practicable, provide copies of any proposed communication with the HKSE in connection with such Conditions Precedent to the Subscriber, together with any supporting documentation or information reasonably requested by the Subscriber, and shall, to the extent practicable, take due consideration of any reasonable comments that the Subscriber may have in relation to such proposed communication prior to making it;
- (e) subject to the Issuer's consent (which shall not be unreasonably withheld or delayed), the Subscriber shall have the right to send its representatives (including external advisers) to attend the Issuer's meetings with the HKSE in relation to such Conditions Precedent, provided that the HKSE has agreed thereto; and
- (f) each of the Issuer and the Subscriber shall not take (and shall refrain from taking) any action which may delay, impede or prejudice the satisfaction of such Conditions Precedent.

3.6 The Issuer shall, not later than the Business Day after being notified in writing by the HKSE that the approval for the listing of, and permission to deal in, the Warrant Shares has been granted, give written notice to the Subscriber.

3.7 If the Conditions Precedent have not been fulfilled (or, as the case may be, waived) by the Long Stop Date, the Subscriber may (by notice in writing to the Issuer) terminate this Agreement whereupon this Agreement (save and except the Surviving Provisions, which shall survive termination of this Agreement) shall lapse immediately thereafter and be of no further effect, but (for the avoidance of doubt) all rights and liabilities of the Parties which have accrued before termination shall continue to exist.

- 3.8 Each Party undertakes to disclose in writing to the other Party anything which will or may prevent any of the Conditions Precedent from being satisfied on or prior to the Long Stop Date promptly after it comes to its notice.
- 3.9 The Issuer shall deliver to the Subscriber reasonable evidence for the satisfaction of the Conditions Precedent in Clause 3.1 as soon as reasonably practicable after its fulfilment.

4 COMPLETION

- 4.1 Subject to the Conditions Precedent being fulfilled (or, as the case may be, waived by the relevant Party(ies)), Completion shall take place at the office of Kirkland & Ellis at 26th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong at 10:00 am (or at such other place, time or date as the Parties may agree) on the Completion Date.
- 4.2 At or before Completion, the Issuer shall procure that a meeting of the Board is duly convened and held in accordance with the Constitution at which the execution of each Warrant Document to which the Issuer is a party and the performance by the Issuer of its obligations under such Warrant Documents is approved and/or ratified.
- 4.3 At Completion, all (but not some only, unless the Subscriber so agrees) of the following business shall be transacted:
- (a) the Issuer shall issue the Warrants to the Subscriber (or its nominee) free and clear of all Encumbrances and register the Subscriber (or its nominee) in the Register;
 - (b) the Issuer shall deliver to the Subscriber, each in form and substance to the reasonable satisfaction of the Subscriber:
 - (i) a certified true copy of the Board resolutions approving and/or ratifying the matters below:
 - (A) approving the terms of, and the transactions contemplated by, the Warrant Documents to which it is a party and resolving that the Issuer executes the Warrant Documents to which it is a party;
 - (B) authorising a specified person or persons to execute the Warrant Documents to which it is a party on its behalf;
 - (C) authorising a specified person or persons, on behalf of the Issuer, to sign, execute and/or despatch all documents and notices to be signed, executed and/or despatched by it under or in connection with any Warrant Documents to which the Issuer is a party; and
 - (D) a specimen of the signature of each person authorised by the resolution referred to in Clause 4.3(b)(i)(B) above;
 - (ii) a certified true copy of the Register, reflecting ownership of the Warrants by the Subscriber (or its nominee);
 - (iii) a copy of the approval from the HKSE for the listing of, and permission to deal in, all the Warrant Shares;

- (iv) a closing certificate, dated as at the Completion Date and addressed to the Subscriber from the Issuer, executed by a Director (or another duly authorised signatory) and substantially in the form set out in Schedule 2, and attaching thereto as exhibits all supporting documents, showing such fulfilment; and
- (v) the original executed copies of the following documents:
 - (A) the Warrant Instruments; and
 - (B) the Warrant Certificates.

4.4 Subject to the Issuer's compliance with Clause 4.3, at Completion, the Subscriber shall pay or cause to be paid the Subscription Price, or, if Clause 12.1(b) applies, an amount equal to the Subscription Price less the Cost Reimbursement Amount deductible pursuant to Clause 12.1(b), in HKD or USD (based on a fixed exchange rate of HKD7.775 : USD1) (at the Subscriber's election) by wire transfer of immediately available funds to the Issuer's bank account (the "**Closing Account**"), provided that the details of the Closing Account shall be provided by the Issuer in the duly executed wire transfer instruction in the form and substance as set out in Appendix 4 (the "**Wire Transfer Instruction**") to the Subscriber at least five Business Days prior to the Completion Date, and further provided that the duly executed Wire Transfer Instruction shall have been sent to the Subscriber on the Completion Date via email by the Issuer to wireverification@sig.com (copying Alex.Chu@sig.com) or another email account as otherwise designated by the Subscriber.

4.5 If the obligations of the Issuer under Clause 4.3 or if the obligations of the Subscriber under Clause 4.4 are not complied with on the Completion Date, the non-default Party may, without prejudice to its other rights:

- (a) defer Completion (so that the provisions of this Clause 4, other than this Clause 4.5(a) regarding such non-default Party's right to defer Completion, shall apply to Completion as so deferred) to a day of not more than 20 Business Days from the Completion Date;
- (b) proceed to Completion as far as practicable (without limiting its rights under this Agreement); or
- (c) terminate this Agreement by notice in writing to the default Party in accordance with Clause 9.2.

Neither Party shall be obliged to perform any obligation on its part undertaken under this Agreement unless the other Party has fully complied with its obligations and requirements in Clauses 4.3 and 4.4 (as applicable).

5 INTERIM COVENANTS UP TO COMPLETION

5.1 The Issuer undertakes to procure that, save as required or contemplated by this Agreement, prior to Completion, the Business shall be operated as a going concern on its normal and usual basis as carried on prior to the date of this Agreement, and the Group shall not do or omit to do (or allow to be done or to be omitted to be done) any act or thing which is a breach of the Warranties or would lead to a breach thereof in any respect; and, in particular, no member of the Group shall, prior to Completion (without the prior written consent of the Subscriber (which shall not be unreasonably withheld or delayed) or except as provided in this Agreement) undertake (or agree to undertake) any of the following matters:

- (a) any transaction resulting in any Change of Substantial Shareholding or change of Control of any member of the Group including any sale of any member of the Group, or any merger, consolidation or amalgamation with another company, or any restructuring, or any other transaction of similar nature;
- (b) alter the nature or scope of its business from that carried on as at the date of this Agreement or enter into any new line of business or discontinue any line of business, in each case that may result in the revenue generated from the Principal Business falling to a level below 60% of the Issuer's consolidated gross revenues as shown in its Financial Statements;
- (c) save for the subscriptions under the Warrant Subscription Agreement and the Other Share Subscription Agreements (including the share subscription by Mr. Chen Jiajun or his Affiliates of up to 800,000,000 Shares), any change in the capital structure of any member of the Group, or create, allot or issue any securities or any option to subscribe for any such securities (other than to other members of the Group and upon exercise of Share Options);
- (d) redeem or repurchase any securities (other than from an employee following his termination or when contractually bound to do so pursuant to the terms on which the securities were issued);
- (e) declare, make or pay any dividend or other distribution on account of shares in its capital (other than to other members of the Group);
- (f) change its auditors;
- (g) change its accounting practices or policies, or the financial year;
- (h) propose to wind up or commence other voluntary proceeding seeking liquidation, administration (whether out of court or otherwise), reorganisation or other relief under any bankruptcy, insolvency or similar law or the appointment of a trustee, receiver, administrator (whether out of court or otherwise) or liquidator or similar office; or
- (i) enter into any agreement or obligation to do anything prohibited under the preceding paragraphs.

5.2 The Issuer undertakes that, between the date of this Agreement and the Completion Date:

- (a) save and except for issuance of shares under the Other Share Subscription Agreements, neither the Issuer nor any person acting on its behalf may take, directly or indirectly, any action designed to or which constitutes or which could reasonably be expected to cause or result in an adjustment of the initial Exercise Price as if the Warrants had been issued on the date hereof; and
- (b) it shall not, and it shall procure that each other member of the Group (as well as any officer, director, Employee or other person acting on behalf of any member of the Group) shall not, engage in any activity that would cause any person (including any member of the Group, the Subscriber, the Subscriber's Affiliates or any persons acting on behalf of such persons) to violate applicable AML Laws, Anticorruption Laws, Sanctions Laws or Ex-Im Laws.

5.3 Between the date of this Agreement and the Completion Date, upon reasonable advance notice, the Issuer shall (and shall procure that each member of the Group to), cooperate and assist, to the extent

reasonably requested by the Subscriber, with the Subscriber's due diligence investigation of the properties, assets and financial condition of the Group or the Business. In addition, the Subscriber shall, to the extent legally permissible and upon reasonable advance notice, have the right to inspect the real property and tangible personal property of any member of the Group for the purpose of determining the physical condition and legal characteristics thereof.

6 USE OF PROCEEDS AND POST-COMPLETION UNDERTAKINGS

- 6.1 The Issuer shall (unless with the prior written consent of the Subscriber) use the proceeds from the Subscription solely (a) for the Group's general working capital purposes, (b) for the growth and expansion of the Business, and (c) for repayment of the Group's existing indebtedness, provided that neither the Issuer nor any other member of the Group may knowingly use, directly or indirectly, the proceeds from the Subscription (or knowingly lend, contribute or otherwise make available such proceeds to any person) for the purpose of financing the activities of any Sanctioned Person or any person located, organised or resident in a Sanctioned Country to the extent such action would cause any person (including any member of the Group, the Subscriber, the Subscriber's Affiliates or any persons acting on behalf of such persons) to violate applicable Sanctions Laws.
- 6.2 For so long as the Subscriber (and/or any of its Affiliates) remains as a Warrantholder or a Shareholder and subject always to compliance with any applicable Laws and any requirements of any Authority from time to time, the Issuer agrees and undertakes to the Subscriber that (unless with the prior written consent of the Subscriber):
- (a) it shall (and it shall procure each member of the Group to) comply with all applicable Sanctions Laws, Ex-Im Laws, Anti-Boycott Laws and AML Laws, and shall cease (and shall procure that other members of the Group cease) any business or dealings that would cause any person (including any member of the Group, the Subscriber, the Subscriber's Affiliates or any persons acting on behalf of such persons) to violate any such Laws (including the provision of aftermarket services or replacement parts relating to products sold prior to the Completion Date), provided that (in the case of Anti-Boycott Laws) this undertaking is only made with respect to the US members of the Group, if any;
 - (b) it shall not (and it shall cause each member of the Group and its and their respective Affiliates not to), and it shall ensure that its and their respective Affiliates shall not, directly or indirectly (either make or authorise):
 - (i) offer or give anything of value to any public official or other person with the intent of obtaining any improper advantage, affecting or influencing any act or decision of any such person, assisting any member of the Group in obtaining or retaining business for, or with, or directing business to, any person (or constituting a bribe, kickback or illegal or improper payment to assist any member of the Group in obtaining or retaining business);
 - (ii) take any other action, in each case, in violation of the FCPA (as if it were a US person), or any other applicable similar Anticorruption Laws, recordkeeping and internal controls laws;
 - (iii) establish or maintain any fund or assets in which any member of the Group has proprietary rights that have not been recorded in the books and records of the members of the Group; or

- (iv) permit any Government Official to serve in any capacity within the Group (including as a board member, employee or consultant);
 - (c) during the period of investment from the Subscriber, upon a request from the Subscriber, it will promptly provide the Subscriber and its Affiliates with any information or materials relating to the Group's compliance with Sanctions Laws, Ex-Im Laws, Anti-Boycott Laws, Anticorruption Laws, or AML Laws;
 - (d) the Issuer shall use reasonable endeavours to resolve any rights, claims, disputes or remedies against 酷派国际控股(深圳)有限公司 (“Coolpad International”) that are arising from Coolpad International's redemption obligation and its assumption of liability (if any) under a share purchase agreement (增资协议) entered into by and among Coolpad International and certain other parties thereto, without causing any Material Adverse Change to the Group;
 - (e) if and to the extent required by applicable Laws, the Issuer shall procure the relevant members of the Group to apply for and obtain any and all material licenses and permits that are necessary to carry on the Principal Business;
 - (f) the Issuer shall procure that each member of the Group shall take all necessary actions to comply with all its obligations in all material respects under applicable Laws, including those related to value-added telecommunication business, payment and settlement, cyber security, personal information protection, real properties, intellectual properties and labour aspects of the business operation of Group;
 - (g) the Issuer shall, if necessary, procure that the relevant members of the Group shall use reasonable endeavours to respond to all of the civil, criminal, arbitration, investigation, administrative, disciplinary or other actions, suits or proceeding (only to the extent relating to the Group) against the Issuer, the Subsidiaries, their respective current directors and/or senior management, to avoid Material Adverse Change on the Group; and
 - (h) the Issuer shall and shall procure each Subsidiary to purchase all such reasonably necessary insurance for all real estate projects under construction and all such reasonably necessary property and public liability insurance for all completed real estate projects promptly after Completion.
- 6.3 The Issuer undertakes to (so far as within its powers and subject to applicable Law) take or cause to be taken all actions (and to do, or cause to be done, all things necessary) to give effect to the terms of Clause 6.1 and Clause 6.2.
- 6.4 The Issuer shall use its best endeavours to obtain all approvals and consents and promptly make all notifications, registrations and filings as may from time to time be required on the part of the Issuer in relation to the Warrant Shares.
- 6.5 The Issuer shall procure that neither the Issuer, nor any of its affiliates (for the purposes of this Clause 6.5, as defined in Rule 405 under the Securities Act), nor any person acting on its or their behalf will engage in any “directed selling efforts” (as defined in Regulation S) with respect to the Warrants.

7 ISSUER'S WARRANTIES AND INDEMNITY

- 7.1 The Issuer represents and warrants to the Subscriber that, save as Disclosed, each of the Warranties is as at the date of this Agreement true and accurate in all respects and not misleading in any respect. The Warranties shall be deemed to be so repeated by the Issuer at Completion by reference to the facts and circumstances then subsisting at Completion (except where the relevant Warranty is stated to be expressed as at a different date).
- 7.2 The Issuer acknowledges and accepts that the Subscriber is entering into this Agreement in reliance upon each of the Warranties which has also been given as a representation and with the intention of inducing the Subscriber to enter into this Agreement.
- 7.3 The Issuer undertakes to the Subscriber that, as soon as reasonably practicable after it becoming aware (between the date of this Agreement and the Completion Date) of any fact, matter or circumstance relating to the Group, which it is aware is (or may constitute) a breach of (or be inconsistent with) any of the Warranties as at the date of this Agreement and/or will constitute a breach of any of the Warranties when they are repeated at Completion, it shall disclose in writing such fact, matter or circumstance to the Subscriber as soon as reasonably practicable after it becomes so aware and shall forthwith take such steps as the Subscriber may reasonably require to remedy and/or publicise the fact, matter or circumstance.
- 7.4 Each of the Warranties shall be construed as a separate and independent warranty and representation and (except where expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Warranty.
- 7.5 No information relating to the Group of which the Subscriber has knowledge (actual, constructive, imputed or otherwise), or which the Subscriber could have obtained knowledge (actual, constructive, imputed or otherwise) in the course of its due diligence, shall prejudice any claim made by the Subscriber under this Agreement or operate to reduce any amount recoverable.
- 7.6 The Issuer shall give to the Subscriber and its advisers both before and at Completion all such information and documentation relating to each member of the Group as the Subscriber may require to enable it to satisfy itself as to the accuracy and due observance of the Warranties.
- 7.7 The Issuer shall indemnify, defend and hold each of the Subscriber, its nominee and their respective directors, officers, employees or Affiliates (each an “**Indemnified Party**”) harmless from and against any and all Loss incurred by any such Indemnified Party, resulting or arising from or in relation to:
- (a) any Warranty of the Issuer being untrue, inaccurate or misleading in any respect, or the Issuer otherwise failing to comply with any of its obligations under any of the Warrant Documents to which the Issuer is a party, including for the avoidance of doubt any covenants contained therein;
 - (b) any breach or non-compliance of the covenants set out in Clause 6.2; and
 - (c) any violation of applicable Anticorruption Laws, Sanctions Laws, Ex-Im Laws, Anti-Boycott Laws, or AML Laws by any member of the Group in connection with the business of the Group, or by any distributor of any member of the Group in connection with such distributor's distribution of the Group's products or other services for any member of the Group,

provided that the Subscriber shall not have any duty or obligation, whether as fiduciary or trustee for any Indemnified Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this Clause.

7.8 The representations, warranties, agreements, undertakings and indemnities in this Agreement and other Warrant Documents shall continue in full force and effect, despite Completion or any investigation made by the Subscriber.

7.9 The liability of the Issuer in respect of any claim for breach of Warranties shall be limited as set out in Schedule 3.

8 SUBSCRIBER'S WARRANTIES AND UNDERTAKINGS

8.1 The Subscriber represents and warrants to the Issuer that, as at the date of this Agreement and the Completion Date:

- (a) each of the Subscriber and its nominee (as the case may be) is duly incorporated and validly existing under the laws of its place of incorporation;
- (b) the Subscriber has all necessary authority and corporate power to enter into, and each of the Subscriber and its nominee (as the case may be) has all necessary authority and corporate power to perform its obligations under, the Warrant Documents;
- (c) this Agreement constitutes valid, binding and enforceable obligations of the Subscriber and its nominee (as the case may be), except as such enforceability may be limited under applicable bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium or similar laws of general applicability relating to or affecting creditors' rights and to general equitable principles;
- (d) the execution and delivery of, and the performance of the obligations under, the Warrant Documents by each of the Subscriber and its nominee (as the case may be) do not and will not breach any provisions of its constitutional documents or any applicable Law;
- (e) the Subscriber or its nominee (as the case may be) is not a connected person (as defined in the Listing Rules) of the Issuer;
- (f) the Subscriber and its nominee (as the case may be) are not acting in concert (as defined in the Takeovers Code) with any Shareholder; and
- (g) the subscription of the Warrants and the Warrant Shares will not constitute a violation by the Subscriber or its nominee (as the case may be) of any applicable "insider dealing" or similar legislation, including the provisions under Part XIII of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

8.2 The Subscriber's warranties shall be deemed to be so repeated by the Subscriber at Completion by reference to the facts and circumstances then subsisting at Completion.

9 TERMINATION

9.1 If at any time prior to Completion:

- (a) the Issuer commits any material breach of or material omission to observe any of its obligations or undertakings under this Agreement and such breach or omission will not be cured by the Completion Date;
- (b) without prejudice to any other provisions of this Clause 9, between the date of this Agreement and Completion, any obligation or undertaking of the Issuer in Clause 5 has not been duly and promptly fulfilled, observed or performed in all material respects and it is not reasonable to expect such obligation or undertaking will be performed or cured prior to the Completion Date;
- (c) a Material Adverse Change has occurred;
- (d) it becomes apparent that any of the Fundamental Warranties is or will be, or any event occurs or matter arises which renders, or will render, any of the Fundamental Warranties untrue or incorrect in any material respect as at the date of this Agreement or at Completion;
- (e) the Shares cease to be listed on the HKSE;
- (f) there has been a suspension of trading of the Shares on the HKSE for seven consecutive trading days or more after the date of this Agreement, other than any suspension in connection with this Agreement;
- (g) there is a change in Law in any relevant jurisdiction which will materially prejudice the ability of the Subscriber or the Issuer to complete the transactions contemplated under this Agreement; or
- (h) any of the Conditions Precedent become incapable of being fulfilled (and are not waived by the Subscriber) on or prior to the Long Stop Date,

then, in any such case, the Subscriber may (in its reasonable discretion without any liability on its part resulting therefrom) by notice in writing to the Issuer, forthwith terminate this Agreement. The right to terminate this Agreement under each of Clauses 9.1(a) through 9.1(h) is a separate and independent right and the exercise of any such right shall not affect or prejudice or constitute a waiver of any other right, remedy or claim which the Subscriber may have as of the date of such notice (including any other right to terminate this Agreement).

9.2 Upon the giving of notice pursuant to Clause 9.1, all obligations of the Parties under this Agreement shall cease and terminate and no Party shall have any claim against the other Party in respect of any matter or thing arising out of or in connection with this Agreement, save and except:

- (a) in respect of any antecedent breach; and
- (b) that the termination shall not affect the accrued rights and obligations of the Parties on or prior to such termination and shall be without prejudice to the continued application of the Surviving Provisions.

9.3 If the Subscriber becomes entitled to terminate this Agreement under Clause 9.1 and elects not to do so, it shall nevertheless be entitled to make any claim for damages or exercise any other right, power or remedy under this Agreement or otherwise provided by Law in respect of the breach of the terms of this Agreement giving rise to such right to give notice to terminate.

10 NOTICES

10.1 Any notice or other communication to be given under or in connection with this Agreement (a “Notice”) shall be:

- (a) in writing in the English language;
- (b) delivered:
 - (i) personally by hand or courier (using an internationally recognised courier company);
 - (ii) by local post or registered mail if local address and by airmail if overseas address; or
 - (iii) by e-mail,

to the Party due to receive the Notice, to the address and for the attention of the relevant Party set out in this Clause 10 (or to such other address and/or for such other person’s attention as may have been notified to the giver of the relevant Notice and become effective, in accordance with this Clause 10, prior to despatch of the Notice).

10.2 In the absence of evidence of earlier receipt, any Notice served in accordance with this Clause 10 shall be deemed given and received:

- (a) in the case of personal delivery by hand or courier, at the time of delivery at the address referred to in Clause 10.3;
- (b) in the case of local post or registered mail (other than airmail), at 10:00 am on the second Business Day after posting;
- (c) in the case of airmail, at 10:00 am on the fifth Business Day after posting; and
- (d) in the case of e-mail, at the time of its despatch.

10.3 The addresses of the Parties for the purpose of this Clause 10 are as follows:

The Issuer:

For the attention of: Mr. Chen Jiajun
Address: 44/F, Office Tower, Convention Plaza 1 Harbour Road
Wanchai, Hong Kong
E-mail address: chenjiajun@yulong.com and ir@yulong.com

The Subscriber:

For the attention of: Mr. Luo Yi
Address: Corporate Avenue, Suite 1705-09,
No. 222 Hu Bin Road, Huangpu District
Shanghai 200021, P. R. China
Tel: +86 21 6122 2881
Email: Yi.Luo@sig.com and chinalegal@sig.com

For the attention of: Gary Li and Joey Chau
Address: Kirkland & Ellis
26th Floor, Gloucester Tower, The Landmark
15 Queen's Road, Central, Hong Kong
Tel: +852 3761 3442; +852 3761 3533
Email: gary.li@kirkland.com; joey.chau@kirkland.com

- 10.4 In proving service, it shall be sufficient to prove that:
- (a) the envelope containing the Notice was properly addressed and delivered to the address of the relevant Party; or
 - (b) the e-mail containing the Notice was transmitted to the e-mail address of the relevant Party (which shall be satisfied by delivery of a transmission record showing the date and time of the e-mail on the machine sending that e-mail).
- 10.5 Any Party may notify the other Party of any change to its name, address or facsimile number for the purpose of this Clause 10, provided that such Notice shall be sent to the other Party and shall only be effective on:
- (a) the date specified in such Notice as the date on which the change is to take effect; or
 - (b) if no date is so specified or the date specified is less than three Business Days after which such Notice was deemed to be given, the fourth Business Day after such Notice was deemed to be given.
- 10.6 A Notice required to be given under or in connection with this Agreement shall not be validly given if sent by email, unless upon the mutual consent of the Parties in respect of such Notice.
- 10.7 This Clause 10 shall not prejudice the service of, or any step in, Proceedings permitted by law or the rules of the relevant Authority.

11 EFFECT OF COMPLETION

Any provisions of this Agreement and any other documents referred to in it which is capable of being performed after (but which has not been performed at or before) Completion and all warranties, covenants and other undertakings contained in or entered into pursuant to this Agreement shall remain in full force and effect notwithstanding Completion.

12 COSTS AND EXPENSES

- 12.1 Save as otherwise expressly provided in this Agreement, each Party shall pay its own costs and expenses in relation to the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated by the Warrant Documents, provided that:
- (a) the Issuer shall, subject to Completion, use funds from its bank account located in Hong Kong to pay or reimburse the Subscriber an amount equal to the costs and expenses reasonably incurred or payable by the Subscriber or its Affiliates in connection with the negotiation, preparation, execution and performance of the Share Subscription Agreement and the Warrant Documents (including the costs and expenses of all the legal and other

professional advisers engaged by the Subscriber) up to US\$500,000 (the “**Cost Reimbursement Amount**”) promptly, and in any event within 15 Business Days, after a written request for payment or reimbursement is made by the Subscriber to the Issuer; or

- (b) the Subscriber may, at its sole discretion, deduct the Cost Reimbursement Amount (in part or in whole) from the Subscription Price payable to the Issuer at Completion, provided that reasonable written evidence of the relevant incurred costs and expenses has been provided to the Issuer at least five Business Days prior to Completion.
- 12.2 Without limiting the generality of Clause 12.1, all the fees payable to any Authority in connection with the creation, offering and issue of the Warrants or the Warrant Shares or the execution or delivery of the Warrant Documents (including expenses incurred or to be incurred in connection with the listing of the Warrant Shares on the HKSE, stamp, issue and registration duties and documentary or other taxes, including interest and penalties payable, if any) shall be paid by the Issuer.

13 GENERAL PROVISIONS

- 13.1 Any time, date or period referred to in this Agreement may be extended by mutual agreement in writing between the Parties (but, as regards any time, date or period originally fixed or any time, date or period so extended, time shall be of the essence).
- 13.2 This Agreement shall be binding on and inure for the benefit of the successors of each of the Parties but shall not be assignable without the prior written consent of the other Party (save that the Subscriber shall be entitled to freely assign any of its rights under this Agreement, and delegate, transfer or novate any or all of its obligations under this Agreement to an Affiliate of the Subscriber or any of their financiers). Any purported assignment in contravention of this Clause 13.2 shall be null and void *ab initio*.
- 13.3 No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the Parties. The expression “variation” shall, in each case, include any variation, supplement, deletion or replacement howsoever effected.
- 13.4 Any waiver of any right or default under this Agreement shall be effective only in the instance given and shall not operate as or imply a waiver of any other or similar right or default on any subsequent occasion. No waiver of any provision of this Agreement shall be effective unless in writing and signed by each Party against whom such waiver is sought to be enforced.
- 13.5 Any delay by any Party in exercising, or any failure to exercise, any right or remedy under this Agreement shall not constitute a waiver of the right or remedy (or a waiver of any other rights or remedies), and no single or partial exercise of any rights or remedy under this Agreement or otherwise shall prevent any further exercise of the right or remedy (or the exercise of any other right or remedy).
- 13.6 The rights and remedies of the Parties under this Agreement are not exclusive of any rights or remedies provided by Law.
- 13.7 Each of the Parties acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement is not performed in accordance with its specific terms or otherwise are breached or violated. Accordingly, each of the Parties agrees that, without posting a bond or other undertaking, the other Party will be entitled to an injunction or injunctions

to prevent breaches or violations of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court having jurisdiction over the Parties and the matter in addition to any other remedy to which it may be entitled, at law or in equity. Each of the Parties further agrees that, in the event of any action for specific performance in respect of such breach or violation, the other Party will not assert the defence that a remedy at law would be adequate.

- 13.8 This Agreement contains the whole agreement and understanding between the Parties relating to the transactions contemplated by this Agreement and supersedes all previous agreements, understandings or arrangements (whether oral or written) between the Parties relating to such transactions.
- 13.9 Each of the Parties acknowledges that (in agreeing to enter into this Agreement) it has not relied on any representation, warranty, collateral contract, undertaking or other assurance (except those expressly set out in this Agreement) made by or on behalf of the other Party before the execution of this Agreement (including during the course of negotiating this Agreement). Each of the Parties waives all rights and remedies which, but for this Clause 13.9, might otherwise be available to it in respect of any such representation, warranty, collateral contract, undertaking or other assurance (provided that nothing in this Clause 13.9 shall limit or exclude any liability for fraud or fraudulent misrepresentation).
- 13.10 If at any time any provision of this Agreement shall be held to be illegal, void, invalid or unenforceable in whole or in part under any Law in any jurisdiction, then:
- (a) such provision shall:
 - (i) to the extent that it is illegal, void, invalid or unenforceable, be given no effect and shall be deemed not to be included in this Agreement in that jurisdiction;
 - (ii) not affect or impair the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; and
 - (iii) not affect or impair the legality, validity or enforceability under the Law of any other jurisdiction of such provision or any other provision of this Agreement; and
 - (b) the Parties shall use all reasonable efforts to replace such a provision with a valid and enforceable substitute provision which carries out, as closely as possible, the intentions of the Parties under this Agreement.
- 13.11 Each of the Indemnified Parties shall be a third party beneficiary of this Agreement with the full ability of enforce Clause 7.7 hereof as if it were a party hereto. Save for the exception stated in the foregoing sentence, a person who is not a party to this Agreement has no right under the Contract (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or enjoy the benefit of any term of this Agreement.

14 ANNOUNCEMENTS

- 14.1 No announcement, press release or other public disclosure concerning the existence or the subject matter of this Agreement or any ancillary matter shall be made by or on behalf of any Party without the prior written approval of the other Party (such approval not to be unreasonably withheld or delayed). This Clause 14.1 does not apply in the circumstances described in Clause 14.2.

- 14.2 A Party may make an announcement concerning the existence or the subject matter of this Agreement if required by:
- (a) Law (including the Listing Rules); or
 - (b) any Authority to which that Party is subject or submits, wherever situated,
- in which case that Party shall:
- (c) to the extent permitted by Law, first give notice to the other Party of its intention to make such an announcement; and
 - (d) take all such steps as may be reasonable and practicable in the circumstances to seek the other Party's comments on the contents of such announcement,
- before making such announcement.
- 14.3 Without the prior written consent of the Subscriber (whose consent shall not be unreasonably withheld or delayed), the Issuer or any of its Affiliates or Representatives shall not use, publish, reproduce, or refer to in any documents or other materials the English or Chinese versions of (a) the names "SIG", "Susquehanna", "Susquehanna International Group", "海纳亚洲", "海纳华" or any similar name, trademark or logo, (b) the names or identities of the officers, directors or employees of the Subscriber or any of its Affiliates, or (c) any other information that might reasonably be expected to identify the Subscriber, its direct and indirect shareholders or ultimate parent entity, except for the names of the Subscriber and its direct or indirect shareholders, provided that the aforesaid disclosure shall be limited to the factual description of such persons as Shareholder only.
- 14.4 The restrictions contained in this Clause 14.3 shall continue to apply after Completion or termination of this Agreement without limit in time.

15 CONFIDENTIALITY

- 15.1 Subject to the permitted disclosures provided for in Clause 15.2, each Party shall treat as strictly confidential and shall not, without the written consent of the other Party, disclose to any other person any information:
- (a) received or obtained as a result of entering into or performing this Agreement;
 - (b) which relates to the provisions, negotiations or subject matter of the Warrant Documents (including the existence, status or resolution of, or facts or details of, any proceeding, suit or action arising out of, or in connection with the Warrant Documents and any matter arising therefrom); and
 - (c) which relates to the other Party,
- including written information and information transferred or obtained orally, visually, electronically or by any other means (collectively "**Confidential Information**").
- 15.2 Notwithstanding the other provisions of this Clause 15, a Party may disclose Confidential Information which would otherwise be subject to the provisions of Clause 15.1 if and to the extent:

- (a) it is required by applicable Laws to which such party is subject or for the purpose of any judicial proceedings;
- (b) it is required by any Authority to which it or its Affiliates are subject or submit (whether or not the requirement for information has the force of Law);
- (c) it is required by any judicial or administrative process including in connection with any dispute, controversy, difference, claim or obligation in connection with arbitration under the Warrant Documents;
- (d) it is disclosed on a strictly confidential basis to its advisers, partners, co-investors, auditors, bankers and/or financing sources and their respective Representatives;
- (e) it is disclosed on a strictly confidential basis to its Affiliates or Representatives (or to Representatives of its Affiliates) on a need to know basis;
- (f) it is disclosed on a strictly confidential basis to a permitted transferee or prudent prospective transferee of the Warrants;
- (g) it was lawfully in its possession or in the possession of any of its Affiliates or Representatives (in either case as evidenced by written records) free of any restriction as to its use or disclosure prior to it being so disclosed;
- (h) the information has come into the public domain through no fault of that Party or any of its Affiliates or Representatives;
- (i) the other Party has given prior written consent to the disclosure (such consent not to be unreasonably withheld or delayed);
- (j) in the case of the Subscriber, to the extent disclosed: (i) in reports to the Subscriber's shareholders, investors or potential investors; or (ii) to any Subscriber's Affiliates; or
- (k) it is required to enable that Party to perform this Agreement or enforce its rights under this Agreement,

and provided that, to the extent permitted by Law, any Confidential Information to be disclosed in reliance on Clauses 15.2(a) or 15.2(b) shall be disclosed only after consultation with the other Party and the Party intending to disclose the Confidential Information shall take into account the reasonable comments or requests of such other Party.

16 FURTHER ASSURANCE

Without prejudice to any other provision of this Agreement, each Party shall (on being reasonably required to do so by the other Party, now or at any time in the future) do or procure the doing of all such acts (and/or execute or procure the execution of such documents in a form reasonably satisfactory to such other Party) which such other Party may from time to time reasonably require for giving full effect to this Agreement and securing to such other Party the full benefit of the rights, powers and remedies conferred upon such other Party in this Agreement.

17 LANGUAGE

- 17.1 Each notice, demand, request, statement, instrument, certificate or other communication under or in connection with this Agreement shall be in English.
- 17.2 If this Agreement is translated into any language other than English, the English language text shall prevail.

18 COUNTERPARTS

This Agreement may be executed in counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but the counterparts shall together constitute one and the same instrument.

19 GOVERNING LAW AND ARBITRATION

- 19.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter shall be governed by, and construed in accordance with, Hong Kong law.
- 19.2 Any dispute, controversy, difference or claim arising out of or relating to this Agreement and/or the other Warrant Documents (including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to this Agreement and/or the other Warrant Documents) shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (the “**HKIAC**”) under the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the notice of arbitration is submitted. The governing law of this arbitration clause shall be Hong Kong law. The seat of arbitration shall be Hong Kong. The number of arbitrators shall be three, of whom one shall be appointed by the claimant(s) to the dispute, one arbitrator shall be appointed by the respondent(s) to the dispute, and the third arbitrator, who shall be the presiding arbitrator, shall be appointed by the HKIAC. The arbitration proceedings shall be conducted, and all written decisions or correspondences shall be, in English. The costs of the arbitration shall be borne by the unsuccessful party. Each Party retains the right to request, before or during arbitral proceedings, from a court any interim relief and any such request shall not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate.
- 19.3 For the purposes of waiver of any applicable sovereign immunity, each Party unconditionally and irrevocably: (a) agrees that the execution, delivery and performance by it of this Agreement and other Warrant Documents constitutes private and commercial acts rather than public or governmental acts; (b) agrees that, should any judicial or arbitral proceeding be brought against it or its assets in any jurisdiction under this Agreement and other Warrant Documents, no immunity from such proceedings or in respect of its assets shall be claimed by or on behalf of itself or with respect to any of its assets; (c) waives (to the fullest extent) any right of immunity which it or any of its assets now has or may acquire in the future in any jurisdiction; (d) waives (to the fullest extent) any and all procedural privileges or immunities which it may be entitled to exercise and assents and consents to the giving of relief against it or its assets by way of injunction (interlocutory or final) or any analogous relief; and (e) consents generally, in respect of the enforcement of any arbitral award, judgment or interlocutory order against it in any judicial or arbitral proceeding in any jurisdiction, to the giving of any relief or to the issue of any process in connection with such proceedings (including the making, enforcement or execution of any judgment or arbitral award,

or any order arising out of any such judgment or arbitral award, against or in respect of any of its assets whatsoever irrespective of their use or intended use).

20 MOST FAVOURABLE TERMS

The Issuer acknowledges and agrees that the terms and conditions extended to the Subscriber under the Warrant Documents are no less favourable than the rights, powers, privileges and preferences available to the other subscribers under the Other Share Subscription Agreements. In the event that during the period from the date of this Agreement and up to the first anniversary of the Completion Date, the Issuer grants any investor any rights, powers, privileges and preferences favourable than those granted to the Subscriber under the Warrant Documents, the Subscriber shall be entitled to and the Issuer shall as soon as reasonably practicable notify the Subscriber of such more favourable terms and take all necessary actions to ensure that the Subscriber is entitled to such more favourable terms.

SCHEDULE 1 WARRANTIES

1. THE ISSUER AND THE GROUP

1.1 Due Incorporation

Each member of the Group is duly incorporated and validly existing under the laws of its place of incorporation and each member of the Group has the power and capacity to own its assets and to conduct its business in the manner presently conducted and there has been no petition filed, order made or effective resolution passed for the liquidation or winding up of any member of the Group.

1.2 Power and Authority

- (a) The Issuer has the full power, authority and capacity to enter into and perform its obligations under this Agreement and, subject to satisfaction of the Condition Precedent in Clause 3.1(a), to issue the Warrants and (upon exercise of the Warrants) the Warrant Shares to the Subscriber (or its nominee) and all necessary Authorisations relating to the same have been (or will, prior to Completion, be) unconditionally obtained and are (or will, prior to Completion, be) in full force and effect.
- (b) Each of the Warrant Documents has been duly authorised, executed and delivered by the Issuer and constitutes valid and binding obligations of the Issuer enforceable in accordance with its terms (except as such enforceability may be limited under applicable bankruptcy, insolvency, reorganisation, moratorium or similar Laws of general applicability relating to or affecting creditors' rights and to general equitable principles).
- (c) The execution and delivery of, and the performance by the Issuer of its obligations under, the Warrant Documents to which the Issuer is party to will not:
 - (i) be or result in a breach of any provisions of the Constitution or any constitutional documents of any member of the Group or a violation of any applicable Law;
 - (ii) be or result in a breach in any material respect of, or constitute a default in any material respect under, any instrument to which the Issuer or any other member of the Group is a party or by which the Issuer or any other member of the Group is bound; or
 - (iii) be or result in a breach of any order, judgment or decree of any court or Authority to which the Issuer or any other member of the Group is a party or by which the Issuer or any other member of the Group is bound.

1.3 Share Capital

- (a) Each Subsidiary of the Issuer is directly or indirectly wholly-owned or majority-controlled by the Issuer. There is no dispute on the Issuer's direct or indirect ownership in each Subsidiary.
- (b) As at the date of this Agreement, 10,803,259,308 Shares are in issue and are fully paid up.
- (c) Except for (i) the granting of the Share Options to eligible participants under the Share Option Scheme; (ii) the issue of Shares pursuant to any exercise of Share Options; and (iii)

the issue of Shares pursuant to the Share Subscription Agreement and the Other Share Subscription Agreements, there are no outstanding securities issued by any member of the Group convertible into or exchangeable for Shares (or warrants, rights or options to purchase or subscribe for Shares from any member of the Group), nor are there other or similar arrangements providing for the issue or purchase of Shares or the subscription for Shares, and no unissued share capital of the Issuer is under option or agreed conditionally or unconditionally to be put under option.

- (d) No member of the Group has: (i) at any time repaid or redeemed or agreed to repay or redeem any shares of its capital or in any way effected any reduction of its issued share capital; or (ii) at any time purchased its own shares.
- (e) The register of members and all other statutory books of each member of the Group are up to date and contain true and accurate records of all matters required to be dealt with therein in all material respects. Any changes of the capital structure of each Subsidiary (including any change to its shareholding structure and/or registered capital) were made in accordance with applicable laws in all material respects. No member of the Group has received any notice of any application or intended application by any person or Authority for rectification of its register. All annual or other returns required to be filed with any Authority have been properly filed in all material respects within any applicable time limit and all legal requirements relating to the formation of each member of the Group and the issue of any securities of any member of the Group have been complied with in all material respects.

1.4 Warrants

- (a) The Warrants (when issued) will be duly and validly issued, free and clear of all Encumbrances.
- (b) The Warrants (when issued) will be freely transferable subject to the terms and conditions of the Warrant Documents and compliance with applicable Laws.

1.5 Issuance of Warrant Shares

- (a) The Issuer has and will comply with the Listing Rules, the Takeovers Code and the Constitution so far as the issue of Warrant Shares under the Warrant Instruments are concerned.
- (b) The Warrant Shares (when issued) will be duly and validly issued, fully-paid and rank *pari passu* with, and carry the same rights in all respects as, the other Shares then in issue and shall be entitled to all dividends and other distributions declared, paid or made thereon.
- (c) The Warrant Shares, when issued and delivered in the manner contemplated by the Warrants, will be free and clear of all Encumbrances, not be subject to calls for further payment, any pre-emptive or similar rights or claims of third parties and there will be no restrictions on transfers and tradings of the Warrant Shares other than as set out in the Constitution.
- (d) Other than as set out in the Constitution, there are no restrictions applicable to the Shares generally upon the voting or transfer of any of the Shares pursuant to the Constitution or

pursuant to any agreement or other instrument to which the Issuer or any other member of the Group is a party or by which the Issuer or any other member of the Group is bound.

1.6 **Investments, Associations and Branches**

Neither the Issuer nor any other member of the Group:

- (a) is the holder or beneficial owner of, and has not agreed to acquire, any share or other capital of any other company or corporation (wherever incorporated) other than those of the other members of the Group;
- (b) is, and has not agreed to become, a member of any partnership, joint venture, consortium or other unincorporated association, body or undertaking in which it is to participate with any other in any business or investment;
- (c) has any branch, agency or place of business outside the jurisdiction of its incorporation and no permanent establishment (as that expression is defined in the relevant double taxation relief orders current at the date of this Agreement) outside the jurisdiction of its incorporation.

1.7 **Authorisations**

Each member of the Group has obtained such Authorisations as are required under the provisions of any applicable Law in connection with the operation of the Business and utilising any of the Business Assets and there is no breach by any member of the Group of the provisions of any applicable Law governing such Authorisations (nor is there any reason why any such Authorisation should be withdrawn or cancelled).

1.8 **Constitution and other Constitutional Documents**

The copies of the Constitution and the memoranda and articles of association (or equivalent constitutional documents) of the other members of the Group provided to the Subscriber are true and complete and have embodied therein or annexed to them copies of every resolution or agreement as are required by Law to be embodied in or annexed to them, and set out completely the rights and restrictions attaching to each class of capital of the Issuer and the other members of the Group (as the case may be).

1.9 **Structured Contracts**

- (a) The arrangements underlying the structured contracts (the “**Structured Contracts**”) between members of the Group which effectively constitute a variable interest entity (VIE) structure are, in all material respects, in compliance with and enforceable under the Laws of such jurisdiction in which the Issuer and its Subsidiaries respectively are incorporated, subject to future amendment to existing Laws or enactment of new Laws and/or interpretations. Each party to such contractual arrangements has the necessary power, authority and legal right to execute, deliver and perform its obligations under the contractual arrangements to which it is a party. The Structured Contracts are in full force and effect and have been implemented and performed by the parties thereto in all material respects and none of the parties thereto is in material breach or default in the performance of the Structured Contracts. None of the parties to the Structured Contracts or any arrangements underlying the Structured Contracts has sent or received any communication

regarding termination of, or intention not to renew, any of the Structured Contracts or any arrangement underlying the Structured Contracts, and, to the best of the Issuer's knowledge, no such termination or non-renewal has been threatened or is being contemplated by any of the parties thereto.

- (b) The Structured Contracts are narrowly tailored to achieve the business purposes of the relevant member of the Group and minimise the potential for conflict with relevant Laws of the PRC and regulations and also are designed to enable the Issuer to exercise effective control over the relevant entities in the PRC and to protect and safeguard the interest of the Issuer and its shareholders as a whole in the event of any dispute between the Issuer and the registered shareholders of the relevant entities in the PRC.

2. THE BUSINESS AND LAW

2.1 Compliance with Law

- (a) The Business has been conducted by the Group in accordance with all applicable Law and save as Disclosed, there is no investigation, disciplinary proceeding or enquiry by, or order, decree, decision or judgment of any Authority outstanding, or (to the best of the Issuer's knowledge) threatened or expected to be issued against any member of the Group, the Business or their respective assets or any person for whose acts or defaults they may be vicariously liable, and which is of a material nature.
- (b) The Issuer is in compliance with all applicable Law with respect to the Warrants and the Warrant Shares.
- (c) No Authorisation of or with any Authority having jurisdiction over the Issuer is required and no other action or thing is required to be taken, fulfilled or done for the issue or offer of the Warrants and the Warrant Shares or the consummation of the other transactions contemplated by the Warrant Documents (except for those which have been or will, on or prior to the Completion Date be, obtained and are or will, on the Completion Date be, in full force and effect).

2.2 Authorisations

- (a) All material Authorisations necessary for utilising any of the Business Assets or carrying on any aspect of the Business in the places and in the manner in which such business is now carried on and presently proposed to be carried on (including any Authorisations for the manufacturing, production and distribution of its products) have been duly obtained by the applicable member of the Group. Each of such Authorisations is in full force and effect and there is no statement, notification or intimation of or reason to expect an intention to suspend, cancel, modify or revoke or not to renew the same having been recorded.
- (b) All reports, returns and information required by any Law or as a condition of any Authorisations to be made or given to any person or Authority in connection with the Business have been made or given to the appropriate person or Authority by the applicable member of the Group in all material respects.
- (c) The utilisation of any of the assets of the Group or the carrying on of any aspect of the Business is not in breach of any of the terms and conditions of any Authorisation and (to the best of the Issuer's knowledge) there is no circumstance which indicates that any

Authorisation is likely to be suspended, cancelled, or revoked or that any of them will expire and not be renewed within a period of five years from the date of this Agreement.

- (d) At Completion, there will be no restriction on the right of the Issuer or any other member of the Group to carry on the Business which is not now applicable.
- (e) To the knowledge of the Issuer, all applicable foreign exchange registration or filing requirements with respect to any legal or beneficial PRC owner of any securities of the Issuer (whether directly or indirectly) have been duly made with competent SAFE office in accordance with applicable laws (including the *Notice on Issues Relating to the Administration of Foreign Exchange in Fundraising and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies* effective as of 1 November 2005 and the *Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and Round Trip Investment via Special Purpose Companies* effective as of 4 July 2014).

2.3 Breach of Law

- (a) No member of the Group nor any of its officers, agents or employees (during the course of their duties in relation to the Business) have committed, or omitted to do, any act or thing the commission or omission of which is in contravention of any Law and, to the best of the Issuer's knowledge, no notice or communication has been received with respect to any alleged, actual or potential violation of or failure to comply with, any Law in all material respects.
- (b) Save as Disclosed, the Issuer is not in breach of any rules, regulations or requirements of the HKSE (including the Listing Rules), the Companies Ordinance or the SFO or any undertakings provided in favour of the HKSE, other than the Condition Precedent in Clause 3.1(b) (listing approval), all necessary consents (if any) have been obtained from the HKSE and other Authority to execute and enter into the transactions contemplated by the Warrant Documents.

2.4 Litigation

- (a) Save as Disclosed and except for litigations or claims arising in the ordinary and usual course of business (including claims made to or by suppliers) not exceeding US\$3,000,000 in aggregate in a financial year, no member of the Group (nor any of their officers or employees of the Business) is engaged in or the subject of any litigation or arbitration or administrative or criminal proceedings (whether as claimant, plaintiff, defendant or otherwise), or any investigation or enquiry by any Authority, which is of a material nature and the quantum of which is expected to exceed US\$3,000,000.
- (b) Save as Disclosed and except for litigations or claims arising in the ordinary and usual course of business (including claims made to or by suppliers) not exceeding US\$3,000,000 in aggregate in a financial year, no litigation or arbitration or administrative or criminal proceedings or investigation or enquiry relating to the Business of a material nature is pending or threatened or (to the best of the Issuer's knowledge) expected by or against any member of the Group (or any of their officers or employees) and there are no facts or circumstances likely to give rise to the same.

- (c) Save as Disclosed and except for litigations or claims arising in the ordinary and usual course of business (including claims made to or by suppliers) not exceeding US\$3,000,000 in aggregate in a financial year, no member of the Group (nor any of their officers or employees) has been a party to any material undertaking or assurance given to any Authority, or is subject to any injunction or other similar court order of a material nature which is still in force.

2.5 **Related Party Transactions**

All transactions between any member of the Group on the one hand and a connected person of the Issuer on the other hand are in all material respects in compliance with the Listing Rules (to the extent applicable), and such transactions as described in the Previous Announcements were true and accurate in all material respects and not misleading in any material respect.

2.6 **Material Contracts**

- (a) For the purposes of this Agreement, “**Material Contracts**” means all subsisting agreements, contracts, leases, licenses, instruments, commitments (oral or written) and other obligations to which any member of the Group is a party or by which it is bound that are material to the conduct and operations of its business and properties, where “**material**” means: (i) having an aggregate value, cost or amount, or imposing liability or contingent liability on any member of the Group, in excess of US\$3,000,000; (ii) not terminable upon 30 days’ notice without incurring any penalty or obligation; (iii) containing exclusivity, non-competition, or similar clauses that impair, restrict or impose conditions on the right of any member of the Group to operate its business in specified areas, during specified periods, or otherwise; (iv) not in the ordinary course of business; or (v) an agreement the termination of which would be reasonably likely to have a Material Adverse Change.
- (b) Each subsisting Material Contract to which any member of the Group is a party is valid and in full force and effect, and is enforceable by such member of the Group in accordance with its terms.

2.7 **Health and Safety**

The Group has, in relation to the employees of and any person who might be affected by the conduct of the Business or the operation of the Business Assets, complied in all material respects with all requirements of all applicable Law relating to health and safety and all regulations made thereunder.

2.8 **Inducements**

To the best of the Issuer’s knowledge, no officer, agent or employee of any member of the Group has paid or accepted any unlawful bribe or inducement (monetary or otherwise) or used any Business Assets unlawfully to obtain an advantage for himself or any other person.

2.9 **No Breach of Contract**

The compliance by the Issuer with the provisions of this Agreement (as well as the consummation of the transactions contemplated by this Agreement) will not conflict with or result in a breach or violation of, or result in any third party consent being required under, any of the terms or provisions of any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument, decree, regulation or Law to which any member of the Group is a party or by which any of the property or

assets of any member of the Group is subject or any Law or Authority having jurisdiction over any member of the Group or the property or assets of any member of the Group.

2.10 **No Conflict with Other Obligations**

No member of the Group is in breach of or in default of: (a) any Material Contract; or (b) any other contract or agreement which may result in or has resulted in a Material Adverse Change. Neither this Agreement nor any transactions contemplated by it will constitute or give rise to a breach of or default under: (i) any Material Contract; or (ii) any other agreement or arrangement to which any member of the Group is a party or give rise to any rights of any third party in respect of any assets of the Group.

2.11 **Employees**

- (a) Each member of the Group has complied with its statutory and contractual obligations in all material respects to applicants for employment, its Employees and former employees.
- (b) To the best of the Issuer's knowledge, none of the Employees belongs or has belonged at any material time to any Representative Body.
- (c) There is no employee representative representing all or any of the Employees.
- (d) There is no material outstanding undischarged liability to pay to any Authority any contribution, Taxation or other duty arising in connection with the employment or engagement of any of the Employees.
- (e) No member of the Group has come to any arrangement pursuant to which any person is to receive from any member of the Group any severance related, incentive related or other payment as a result of the entering of this Agreement.
- (f) All amounts to be paid by any member of the Group to any Employee in respect of redundancy or economic dismissal (whether statutory or contractual) have been paid or have been accrued in full in the accounts of the relevant member of the Group.
- (g) To the extent applicable, each employee benefit plan, program, policy, arrangement or agreement maintained or contributed to by any member of the Group (collectively, the "**Employee Benefit Plans**") has been maintained in substantial compliance with its terms and with the requirements of any and all applicable Laws. No member of the Group has incurred any obligation in connection with the termination of or withdrawal from any of the Employee Benefit Plans.

2.12 **Employee Disputes**

There is no:

- (a) outstanding or (to the best of the Issuer's knowledge) threatened claim, or application in any employment tribunal or court or any pending appeal from any tribunal or court, by any person who is now or has been an Employee or any circumstances in existence which is likely to give rise to any such dispute involving an amount in excess of HK\$3,000,000 (or its equivalent in other currencies, whether individually or in a series of related transactions);

- (b) industrial action involving any member of the Group, whether official or unofficial, currently occurring or threatened, and there has been no such action during the three years prior to the date of this Agreement;
- (c) Employee who has within the period of 12 months prior to the date of this Agreement been involved in any civil or criminal proceedings relating to the Business and (to the best of the Issuer's knowledge) there are no circumstances which are likely to give rise to any such proceedings;
- (d) to the best of the Issuer's knowledge, strike, labour dispute or negotiation regarding a claim of material importance with the employees of the Group (or with any trade union or other body representing the employees or the former employees of each member of the Group) exists or (to the best of the Issuer's knowledge) is imminent; and
- (e) existing or (to the best of the Issuer's knowledge) imminent labour disturbance by the employees of any of the contractors of any member of the Group which could result in a Material Adverse Change.

2.13 **Fraud**

Save as Disclosed (including but not limited to the proceedings commenced by the SFC at the High Court of Hong Kong under section 214 of the SFO, as Disclosed in the Issuer's announcement dated 2 August 2021), no director, officer, agent or employee of any member of the Group has (in the course of the activities of the Business) committed or purported to commit any member of the Group to any contract, commitment, engagement, arrangement or obligation of any kind which is not in accordance with the authority given to such director, officer, agent or employee by the directors of any member of the Group responsible for conferring such authority and (to the best of the Issuer's knowledge) no director, officer, agent or employee or any of the customers or suppliers of the Business or any other person has committed any fraud upon any member of the Group or has misappropriated any of its property or assets employed in the Business or falsified any of its records.

2.14 **Data Protection**

- (a) Each member of the Group has complied in all material respects with all relevant requirements of the Data Protection Legislation and any similar requirements (including notification, consent and transfer requirements) of any other jurisdiction in which the Group operates.
- (b) To the best of the Issuer's knowledge, no member of the Group has received a notice (including any enforcement or investigation notice), letter or complaint from any Authority or a data subject alleging material non-compliance, breach or contravention by it of any Data Protection Legislation.
- (c) No material claim against any member of the Group for compensation under any Data Protection Legislation is outstanding.

2.15 **Permits**

- (a) Each member of the Group is in possession of all material authorisations, licenses, grants, permits, easements, variances, exceptions, consents, certificates, approvals and orders of

any Authority necessary for it to own, lease, operate and use of its properties and assets or to carry on its business as it is now being conducted (the “**Material Permits**”).

- (b) As at the date of this Agreement, no suspension or cancellation of any of the Material Permits is pending or (to the best of the Issuer’s knowledge) threatened. All such Material Permits are valid and in full force and effect. Each member of the Group is in compliance, in all material respects, with the terms of the Material Permits. Without limiting the generality of the foregoing, all Material Permits which are required to be obtained or made in respect of each member of the Group with respect to its capital structure and operations as it is now being conducted, have been duly completed in accordance with applicable Laws.

2.16 **Environmental Laws**

Each member of the Group:

- (a) is and has been in material compliance with, and has received and is and has been in material compliance with all authorisations, licenses, grants, permits, consents, certificates or approvals required of it (or for the occupation of any of its property) under applicable Environmental Laws;
- (b) to the best of the Issuer’s knowledge, has not received notice of any actual or potential material violation of or liability under any applicable Environmental Laws; and
- (c) has not been engaged in any Proceedings, litigation, arbitration, administrative or criminal proceedings or negotiations with any person or Authority relating to any Environmental Matters, and no Proceedings, litigation, arbitration, administrative or criminal proceedings or negotiations with any person or Authority relating to any actual or potential Environmental Matters are pending or (to the best of the Issuer’s knowledge) threatened or envisaged by or against any member of the Group, the Business or the Business Assets.

2.17 **Legal and Ethical Practice**

- (a) No Issuer Affiliate has violated the US Foreign Corrupt Practices Act or any other applicable anti-bribery or Anticorruption Laws, nor has any Issuer Affiliate offered, paid, promised to pay, or authorized the payment of any money (or offered, given, promised to give, or authorized the giving of anything of value) to any Government Official or to any person under circumstances where such Issuer Affiliate knew (or was aware of a high probability) that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any Government Official:
 - (i) for the purpose of: (A) influencing any act or decision of such Government Official in his official capacity; (B) inducing such Government Official to do or omit to do any act in violation of his lawful duties; (C) securing any improper advantage; (D) inducing such Government Official to influence or affect any act or decision of any Authority; or (E) assisting the Issuer or any other member of the Group in obtaining or retaining business for or with, or directing business to, the Issuer or any other member of the Group; or

- (ii) in a manner which would constitute or have the purpose or effect of public or commercial bribery, acceptance of, or acquiescence in extortion, kickbacks or other unlawful or improper means of obtaining business or any improper advantage.
- (b) No Issuer Affiliate has conducted or initiated any internal investigation or made a voluntary, directed or involuntary disclosure to any Authority or similar agency with respect to any alleged act or omission arising under or relating to any non-compliance with any applicable Anticorruption Laws.
- (c) No Issuer Affiliate has received (or, to the best of the Issuer's knowledge, may receive) any notice, request or citation for any actual or potential non-compliance with any of the foregoing in this Paragraph.
- (d) No officer, director or employee of any member of the Group is a Government Official.
- (e) No Government Official or Authority: (i) owns an interest, whether direct or indirect, in any member of the Group; or (ii) has any legal or beneficial interest in any member of the Group or to payments to be made to the Issuer by the Subscriber under this Agreement.
- (f) The Issuer and each member of the Group has maintained complete and accurate books and records, including records of payments to any agents, consultants, representatives, third parties and Government Officials in accordance with international financial reporting standards.

2.18 **Economics Sanctions Laws**

No member of the Group, nor any officer or director thereof (nor, to the best of the Issuer's knowledge, any Employee, agent, joint venture partner or other third party acting on behalf of any member of the Group): (a) is a Sanctioned Person or is located, organized or resident in a Sanctioned Country; (b) is engaging or has engaged in any operations or dealings in a Sanctioned Country or with any Sanctioned Person to the extent such operations or dealings violate or violated applicable Sanctions Laws; (c) is exporting or importing (or has exported or imported) any goods, services, technology or software without any licenses, authorizations, approvals or registrations required under Ex-Im Laws; (d) has participated in, cooperated with or otherwise supported any foreign boycott that is not sanctioned by the United States (including the Arab League's boycott of Israel); or (e) is otherwise engaging in (or has otherwise engaged in) any activity or dealing in violation of applicable Sanctions Laws, Ex-Im Laws, Anti-Boycott Laws or AML Laws (provided that, in the case of Anti-Boycott Laws, this warranty is only made with respect to the US members of the Group). Each member of the Group is complying (and has complied) in all respects with any licenses, authorizations, approvals or registrations that it has received from any Authority that administers or enforces Sanctions Laws or Ex-Im Laws.

2.19 **Anti-Money Laundering**

The operations of each member of the Group are and have been conducted at all times in compliance with all applicable anti-money laundering laws, regulations and rules ("**AML Laws**") and no action or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving any member of the Group with respect to applicable AML laws is pending (or, to the knowledge of the Issuer, threatened or contemplated).

3. **INFORMATION**

3.1 **Announcement**

- (a) The Issuer will make all necessary disclosures pursuant to the Listing Rules and the SFO in connection with the transactions contemplated under this Agreement (including the Announcement).
- (b) All statements of fact contained in the Announcement (including statements on use of the proceeds raised pursuant to this Agreement) will be true and accurate in all material respects and not misleading in any material respect and all statements of opinion, intention or expectation of the Directors in relation to the Issuer or the Group contained therein (if any) are truly and honestly held and have been made on reasonable grounds after due and careful consideration and on bases and assumptions that will be fair and reasonable, and there will be no other fact or matter omitted therefrom the omission of which would make any statement therein misleading in any material respect (or which is otherwise material in the context of this Agreement and the transactions contemplated by this Agreement).

3.2 **Public Information**

- (a) All publicly available information and records of the Issuer (including information contained in annual reports, statutory filings and registrations) released or produced by any member of the Group within the three years before the date of this Agreement was, when supplied or published, true and accurate in all material respects and not misleading in any material respect.
- (b) Except the transactions contemplated by this Agreement, the Share Subscription Agreement and the Other Share Subscription Agreements, the Issuer is not in possession of any inside information relating to the Issuer or the Group that is required to be disclosed to the public under Part XIVA of the SFO.

3.3 **Previous Announcements**

With respect to all the Previous Announcements, all statements of fact contained therein were true and accurate in all material respects and not misleading in any material respect, and all statements of opinion, intention or expectation of the Directors in relation to the Issuer or the Group contained therein were truly and honestly held and were made on reasonable grounds after due and careful consideration and on bases and assumptions that were fair and reasonable, and there were no other facts or matters omitted therefrom the omission of which would make any statement therein misleading in any material respect (or which would or might have been material in the context in which the Previous Announcements were made).

3.4 **Model Code**

The Issuer has adopted a code for transactions in its securities by the Directors no less stringent than the Model Code for Securities Transactions by Directors of Listed Companies set out in the Listing Rules and such code has been and will be fully complied with in connection with the Subscription and the related transactions entered into or to be entered into pursuant to this Agreement.

3.5 **Share Repurchase**

The Issuer has not repurchased any Share within the 30 days preceding the date of this Agreement.

3.6 All Material Matters Disclosed

The Issuer and the applicable members of the Group have provided the Subscriber or its Representatives with all information and facts relating to the Group, the Business and the Business Assets (including financial information) that the Subscriber and its Representatives have requested in all material respects. To the best knowledge of the Issuer, no information or materials provided to the Subscriber and its Representatives in connection with its due diligence investigation of any member of the Group or the negotiation and execution of this Agreement and the other Warrant Documents, taken as a whole, contains any untrue statement of a material fact or intentionally omits to state any material fact required to be stated therein or necessary in order to make the statement therein, in light of the circumstance in which they are made, not misleading. The Issuer is not aware of any other fact or matter the disclosure of which might reasonably affect the willingness of the Subscriber to subscribe for the Warrants and the Warrant Shares on the terms and conditions of the Warrant Documents.

4. SOLVENCY

4.1 Winding-up

No order has been made, petition presented or resolution passed for the winding up of any member of the Group and no meeting has been convened for the purpose of winding up any member of the Group.

4.2 Administration and Receivership

No steps have been taken for the appointment of an administrator or receiver (including an administrative receiver) in respect any member of the Group or all or any part of the Business Assets.

4.3 Compositions

No member of the Group has made or proposed any arrangement or composition with its creditors or any class of its creditors.

4.4 Insolvency

No member of the Group is insolvent, or is otherwise unable to pay its debts within the meaning of the insolvency laws applicable to it. Save as Disclosed, no member of the Group has stopped paying its debts as they fall due.

4.5 Unsatisfied Judgments

No distress, execution or other process has been levied against any member of the Group or action taken to repossess any of the Business Assets which has not been satisfied in full. No unsatisfied judgment is outstanding against any member of the Group.

4.6 Floating Charges

No floating charge created by any member of the Group has crystallised and there are no circumstances likely to cause such a floating charge to crystallise.

4.7 **Analogous Events**

No event analogous to any of the foregoing has occurred in any other jurisdiction.

5. **ACCOUNTS AND RECORDS RELATING TO THE BUSINESS**

5.1 **Books and Records**

All accounts, books, ledgers, financial and other records of whatsoever kind (“**Records**”) of the Business:

- (a) have been properly maintained on a consistent basis and in accordance with Law, are and will at the Completion Date be up to date and contain true records in all material aspects of the Business and/or the Business Assets to which they relate and of all matters required by Law to be entered therein;
- (b) do not contain or reflect any material inaccuracies or discrepancies;
- (c) give and reflect a true and fair view of the financial, contractual and trading position of the Business and of its fixed and current assets and liabilities (actual and contingent), debtors and creditors (as appropriate) and all other matters which ought or would normally be expected to appear therein;
- (d) are in the possession (or under the control) of a member of the Group; and
- (e) no notice or allegation that any of the records is incorrect or should be rectified has been received.

5.2 **Financial Statements**

The Financial Statements:

- (a) have been prepared on a recognised and consistent basis and in accordance with the requirements of all relevant Law and HKFRS;
- (b) comply with all applicable Law, and show a true and fair view of the state of affairs, assets and liabilities, financial position and profit or loss of the Group for the period in question;
- (c) are not affected by any unusual or non-recurring items and do not include transactions not normally undertaken by the relevant member of the Group (save as disclosed in such accounts); and
- (d) make adequate provision for all Taxation in respect of all accounting periods ended on or before the respective date for which the relevant member of the Group was then or might at any time thereafter become or have been liable.

5.3 **Interim Statements**

The Interim Statements:

- (a) have been prepared on a recognised and consistent basis and in accordance with the requirements of all relevant Law and HKFRS;

- (b) comply with all applicable Law, and are not affected by any unusual or non-recurring items and do not include transactions not normally undertaken by the relevant member of the Group (save as disclosed in such accounts);
- (c) have been prepared in good faith, are not misleading and fairly present in all material respects, and do not materially misstate:
 - (i) the assets and liabilities of the Group as at the Interim Balance Date; and
 - (ii) the profits and losses and cash flows of the Group for that period ending on the Interim Balance Date,

using the same accounting policies as adopted in the Financial Statements applied on a consistent basis (except that the period end adjustments which would arise on an audit have not been made, but which should not have a material impact to the profit and loss or the financial position of the Group); and
- (d) as at the Interim Balance Date:
 - (i) make full provision for all actual liabilities;
 - (ii) disclose all contingent liabilities required to be disclosed by HKFRS; and
 - (iii) make provision reasonably regarded as adequate for all bad and doubtful debts.

5.4 **Management Accounts**

The Management Accounts:

- (a) have been prepared in good faith, are not misleading and fairly present in all material respects, and do not materially misstate:
 - (i) the assets and liabilities of the member of the Groups as at the Management Accounts Date; and
 - (ii) the profits and losses and, where applicable, cash flows of the member of the Groups for that period ending on the Management Accounts Date,

using the same accounting policies as adopted in the Financial Statements applied on a consistent basis (except that the period end adjustments which would arise on an audit have not been made, but which should not have a material impact to the profit and loss or the financial position of the Group); and
- (b) as at the Management Accounts Date:
 - (i) make full provision for all actual liabilities;
 - (ii) disclose all contingent liabilities required to be disclosed by HKFRS; and
 - (iii) make provision reasonably regarded as adequate for all bad and doubtful debts.

5.5 **Profits**

The profits of the Business as shown by the Financial Statements, the Interim Statements and the Management Accounts have not (save as fairly disclosed in such accounts) been affected by the inclusion of non-recurring items of income or expenditure, by transactions of an abnormal or unusual nature or entered into otherwise than on normal commercial terms or by any other factors rendering such profits exceptionally high or low.

5.6 **Dividends**

Any dividends paid or payable to shareholders of each of the Issuer and the other members of the Group are duly declared and distributed in accordance with Law and the Constitution or the memorandum and articles of association (or equivalent constitutional documents) of the Issuer or the relevant other member of the Group (as the case may be), and the relevant taxes were properly borne by the responsible parties in accordance with the taxation laws in the relevant jurisdiction.

5.7 **Provision for Liabilities**

- (a) Full provision has been made in the Financial Statements for all actual liabilities of the Group outstanding at the Balance Sheet Date and proper provision (or note) in accordance with HKFRS at the time they were audited has been made therein for all other liabilities of the Group then outstanding in relation to the Business (whether contingent, quantified, disputed or not).
- (b) Full provision has been made in the Interim Statements and the Management Accounts for all actual liabilities of the Group outstanding at the Interim Balance Date and the Management Accounts Date respectively, and proper provision (or note) in accordance with HKFRS has been made therein for all other liabilities of the Group then outstanding in relation to the Business (whether contingent, quantified, disputed or not).
- (c) No member of the Group has any material liabilities except for: (i) liabilities set forth on the face of the Financial Statements; and (ii) liabilities incurred in the ordinary course of business since the Balance Sheet Date (none of which results from, arises out of or relates to any breach or violation of, or default under, any obligations under any contract to which such member of the Group is a party or any applicable Law).

5.8 **Others**

- (a) No change in the policies of accounting has been made in preparing the accounts of the Group for each of the financial periods covered by the Financial Statements, the Interim Statements and the Management Accounts.
- (b) The assets of each member of the Group covered were depreciated and amortised: (i) in accordance with the relevant accounting policies disclosed in; and (ii) on the same basis for each of the financial periods covered by, the Financial Statements, the Interim Statements and the Management Accounts.
- (c) In connection with the Subscription, the Issuer has furnished to the Subscriber certain projected budgets, financial statements and forecasts. Such projected budgets, financial statements and forecasts were prepared by the Issuer in good faith based on its best knowledge, information and belief.

- (d) All amounts paid or otherwise distributed by any member of the Group to its direct or indirect equity holders (other than to another member of the Group) for dividend, distribution, share redemption or repurchase or similar transactions have been paid or otherwise distributed in compliance with all applicable Law and accounting requirements.

6. CONDUCT OF THE BUSINESS

Since the Balance Sheet Date:

- (a) the Business has been carried on in the ordinary and usual course so as to maintain it as a going concern and without any material interruption or alteration in the nature, scope or manner of the Business;
- (b) no member of the Group has suspended or ceased (or threatened to suspend or cease) to carry on all or a material part of its business;
- (c) there has been no deterioration in the financial or trading position, profitability, prospects or turnover of the Business;
- (d) there has been no significant event or occurrence (including the loss of any significant customer or supplier) which has resulted in or may following Completion result in a Material Adverse Change;
- (e) no member of the Group has done or omitted to do anything which might adversely affect the goodwill of the Business;
- (f) there has been no unusual change in the stock in trade or work in progress of the Group;
- (g) no member of the Group has entered into any material contract outside the ordinary course of business or inconsistent with past practice;
- (h) save as Disclosed, no member of the Group has entered into, or agreed to enter into, any commitment to acquire or dispose of any asset or any commitment involving expenditure involving an amount in excess of HK\$10,000,000 (or its equivalent in other currencies, whether individually or in a series of related transactions);
- (i) save as Disclosed, no member of the Group has assumed or incurred any material liabilities in excess of HK\$10,000,000 (including contingent liabilities) otherwise than in the ordinary course of carrying on the Business consistent with past practice;
- (j) save as Disclosed, no member of the Group has incurred any borrowings or other indebtedness or raised money or taken any form of financial facility (whether pursuant to a factoring arrangement or otherwise) in excess of HK\$10,000,000;
- (k) no member of the Group has declared, made or paid any dividend or other distribution of profits or assets to any person (except to another member of the Group);
- (l) save as Disclosed, no member of the Group has issued or allotted (or agreed to issue or allot) any share or loan capital, or any other security giving rise to a right over its capital;

- (m) there have been no material changes in the accounting policies of any member of the Group (including the change in depreciation or amortisation policies) and no revaluation of any member of the Group's properties or assets; and
- (n) there has been no Material Adverse Change.

7. CONSEQUENCE OF THE ISSUE OF WARRANTS

The issue of the Warrants and the Warrant Shares and compliance with the terms of this Warrant Documents will not:

- (a) to the best of the Issuer's knowledge, cause any member of the Group to lose the benefit of any Authorisation or any right or privilege it presently enjoys or relieve any person of any obligation to any member of the Group (whether contractual or otherwise) or enable any person to determine any such obligation or any contractual right or benefit now enjoyed by any member of the Group or to exercise any right (whether under an agreement with any member of the Group or otherwise);
- (b) result in any present or future indebtedness of any member of the Group becoming due or capable of being declared due and payable prior to its stated maturity;
- (c) give rise to or cause to become exercisable any right of pre-emption;
- (d) result in a breach of (or constitute a default under) any provision of the memorandum or articles of association or other constitutional documents of any member of the Group;
- (e) result in a breach of (or constitute a default under) any order, judgment or decree of any Authority by which any member of the Group is bound or subject; or
- (f) result in a breach of (or constitute a default under) the terms, conditions or provisions of any agreement, understanding, arrangement or instrument (including any contracts to which any member of the Group is party),

and (to the best of the Issuer's knowledge) the relationships of each member of the Group with its clients, customers, suppliers and employees will not be materially and adversely affected thereby and the Issuer is not aware of any circumstances (whether or not connected with the Subscriber or the Subscription) indicating that, nor has it been informed or is otherwise aware that, any person who now has business dealings with any member of the Group would or might cease to do so as a result of the issue of the Warrants and the Warrant Shares to the Subscriber.

8. FINANCIAL MATTERS

8.1 Off-balance Sheet Financing

No member of the Group has engaged in any borrowing or financing not required to be reflected in the Financial Statements or the Interim Statements, and the Group has not engaged in any borrowing or financing which is not reflected in the Financial Statements or the Interim Statements.

8.2 Working Capital

Each member of the Group has sufficient working capital to continue to carry on its business in substantially the same manner as at the date of this Agreement, and for the purposes of performing in accordance with their terms all subsisting orders, projects and contractual obligations that have been placed with or undertaken by any member of the Group.

8.3 **Financing Facilities**

The total amount borrowed by the Group from its financiers does not exceed its facilities and the total amount borrowed by the Group from whatsoever source does not exceed any limitation on its borrowing contained in its memorandum and articles of association (or other constitutional documents), or in any agreement to which any member of the Group is a party.

9. **INSURANCES**

- (a) Each member of the Group has maintained adequate insurance coverage against risks normally insured against by companies carrying on similar businesses (including property insurance, product liabilities insurance, business interruption insurance and third party liability insurance). Each such insurance policy is legal, valid, binding, enforceable and in full force and effect. No member of the Group is in breach in any material respect or default (including with respect to the payment of premiums or the giving of notices) under such policy.
- (b) All premiums due and payable under all such policies have been paid, and no member of the Group is liable for any retrospective premiums or similar payments.
- (c) No material insurance claim is outstanding and no circumstances exist which are likely to give rise to any material insurance claim.

10. **THE BUSINESS AND ITS ASSETS**

10.1 **Assets and Charges**

- (a) The members of the Group are the owners legally and beneficially of, and have good title to, all of the material Business Assets free from any Encumbrance or any third party claim and all such assets are within the control or possession of the Group.
- (b) No material Business Asset is shared by the Group with any other person outside the Group.
- (c) The Business Assets comprise all of the assets, rights and privileges which are currently required by the Group to carry on the Business and all in satisfactory working order.
- (d) To the best of the Issuer's knowledge, there is no dispute or circumstances likely to give rise to a dispute directly or indirectly relating to all or any of the Business Assets which would materially adversely affect the trading or financial position of the Business.

10.2 **Intellectual Property Rights**

- (a) A true and complete list of all Intellectual Property Rights of the Group which are subject to registration has been provided by the Issuer to the Subscriber (the "**Group Registered IP**").

- (b) The Group: (i) exclusively owns all right, title and interest in and to the Group Registered IP; and (ii) exclusively owns all right, title and interest in and to, or has sufficient rights pursuant to a license, all other Intellectual Property Rights used in or necessary to carry on the Business in each country in which it operates, in each case free and clear from all Encumbrances.
- (c) Save as Disclosed, no member of the Group has received any notice or is otherwise aware of any facts or circumstances which would render any Group Registered IP, or any other Intellectual Property Rights necessary to carry on the Business, invalid or unenforceable.
- (d) Save as Disclosed, members of the Group and the conduct of the Business do not infringe, misappropriate or violate (and have not infringed, misappropriated or violated) the Intellectual Property Rights of any third party. Save as Disclosed and to the best of Issuer's knowledge, no third party is infringing, misappropriating or violating (or has infringed, misappropriated or violated) the Group's Intellectual Property Rights.
- (e) Save as Disclosed, no member of the Group has received any notice of material infringement or misappropriation of, or conflict with, the Intellectual Property Rights of any third party.

10.3 Computer Systems

- (a) The Computer Systems owned by or licensed to each member of the Group comprise all computer hardware and software systems necessary for the operation of the Business as carried on at the date of this Agreement, and no member of the Group is in breach of any material agreement relating to Computer Systems.
- (b) To the best of the Issuer's knowledge, the activities of each member of the Group does not infringe and have not infringed any rights to Computer Systems (including source codes) of any third party and do not make unauthorised use, and have not made unauthorised use, of any rights to Computer Systems (including source codes) owned by any third party. No claims have been received by any member of the Group in respect of any such infringement or unauthorised use.

11. MANAGERS

- (a) A true and complete list of the full names of and offices held by each person who is a director or senior officer or key management personnel of each member of the Group as of the date of this Agreement (the "**Managers**") has been provided by the Issuer to the Subscriber.
- (b) Save as Disclosed, all Managers have entered into non-compete agreements with the Group and to the best knowledge of the Issuer, none of the Managers is in violation of his/her employment agreement or confidential information, non-compete and intellectual property rights assignment agreement with the Issuer or any of his/her former employer(s).
- (c) None of the Managers has given notice terminating his contract of employment or engagement.

- (d) Since the Balance Sheet Date, no material change has been made in: (i) the rate of remuneration (or the emoluments or pension benefits or other contractual benefits) of any of the Managers; or (ii) the terms of engagement of any of the Managers.

12. TAXATION

12.1 Liability for Tax

- (a) No member of the Group has any liability in respect of Taxation (whether actual or contingent):
 - (i) assessable or payable by reference to profits, gains, income or distributions earned, benefits claimed, received or paid or arising or deemed to arise on or at any time prior to the Balance Sheet Date; or
 - (ii) referable to transactions effected on or before the Balance Sheet Date,
that is not disclosed or provided for in the Financial Statements.
- (b) No member of the Group is or will become liable to pay or make reimbursement or indemnity in respect of any Taxation for which it is not primarily liable in consequence of the failure by any other person to discharge that Taxation within any specified period or otherwise, where such Taxation relates to a profit, income or gain, transaction, event, omission or circumstances arising, occurring or deemed to arise or occur (whether wholly or partly) prior to Completion.

12.2 Payment

- (a) All Taxation of any nature whatsoever for which any member of the Group is liable or for which it is liable to account has been duly and punctually paid insofar as such Taxation ought to have been paid and has not paid any Tax which it was and is not properly due to pay. Without prejudice to the generality of the foregoing, each member of the Group has made all such deductions and retentions as it was obliged or entitled to make and all such payments as should have been made.
- (b) No member of the Group is, or has been in the past five years, under any liability to pay any penalty, fine or interest in connection with any claim for Tax, and (to the best of the Issuer's knowledge) there are no circumstances existing at Completion which may give rise to any such penalty, fine or interest.
- (c) All payments by a member of the Group to any person which ought to have been made after deduction of Tax have been so made and such member of the Group has (if required by any applicable law or regulation to do so) provided certificates of deduction to such person and accounted to any Tax Authority concerned for the Tax so deducted.
- (d) There are no liens for Taxes upon any assets of any member of the Group, except statutory liens for Taxes not yet due and payable.

12.3 General and Compliance Matters

- (a) Each member of the Group has, in accordance with Law, duly registered with the relevant Tax Authority and has complied with all requirements imposed by such Tax Authority in all material respects.
- (b) Provision or reserve has been made in the Financial Statements for all Tax liable to be assessed on the Group or for which it is or may become accountable in respect of income, profits or gains earned, accrued or received by the Business or any member of the Group on or before the Balance Sheet Date and any event on or before the Balance Sheet Date (including distributions made down to such date or provided for in the Financial Statements) and provision has been made in the Financial Statements for deferred Tax, if any, calculated in accordance with applicable accounting principles.
- (c) Each member of the Group has complied with all Law relating to registration or notification for Taxation purposes in respect of the Business in all material respects.
- (d) Each member of the Group has paid or accounted for all Taxes (if any) due to be paid or accounted for by it in respect of the Business.
- (e) The returns and Tax payments which ought to have been made by or in respect of the Business and the Group for any Taxation purposes have been made and all such returns have been prepared on a correct and proper basis and remain correct and complete, and none of such returns is disputed in any material respect and (to the best of the Issuer's knowledge) no material dispute is likely.
- (f) There is no material dispute or disagreement outstanding nor is any contemplated at the date of this Agreement with the relevant Tax Authority regarding liability or potential liability to any Tax or duty (including in each case penalties or interest) recoverable from any member of the Group or the Business or regarding the availability of any relief from any Tax or duty to any member of the Group or the Business.
- (g) Each member of the Group has duly made up all deeds and documents (properly registered and stamped where necessary) belonging to, under the control of or in the possession of each member of the Group and the Business and all such deeds and documents do not contain any material inaccuracies or discrepancies of any kind and accurately reflect all transactions which it has entered into.
- (h) Each member of the Group has kept and preserved records and information:
 - (i) as may be needed to enable it to deliver correct and complete returns for its accounting periods; and
 - (ii) relating to past events to calculate the Tax liability which would arise on any disposal or on the realisation of any asset owned at the Balance Sheet Date by any member of the Group or acquired by any such member of the Group since that date but before Completion.
- (i) The Issuer is not, and is not at risk of being or becoming, classified as a "passive foreign investment company" or a "controlled foreign corporation" for United States federal income tax purposes.

- (j) The Issuer has not, for any period commencing after the Balance Sheet Date, taken any action which has had or might have the result of altering, prejudicing or in any way disturbing for any period commencing after the Balance Sheet Date any arrangement or agreement which it has previously negotiated with any Tax Authority.
- (k) To the best of the Issuer's knowledge, no jurisdiction where any member of the Group does not file a tax return has made a claim that such member of the Group is required to file a tax return.
- (l) Each member of the Group has in the last five years neither received any visit or inspection from any Tax Authority nor any notice of enquiry into any return made by such member, save for any visit or inspection that is within the usual course of business.
- (m) No member of the Group has received any notice from any Tax Authority which required or will or may require such member of the Group to withhold tax from any payment made since the Balance Sheet Date or which will or may be made after the date of this Agreement.

12.4 Tax Avoidance

- (a) No member of the Group has entered into or been engaged in or been a party to any transaction which is artificial or fictitious or any transaction or series of transactions or scheme or arrangement of which the main or dominant purpose (or one of the main or dominant purposes) was the avoidance or deferral of or reduction in a liability for Tax.
- (b) No member of the Group has been involved in any transaction, or series of transactions, or part of transactions that may for any Tax purposes be disregarded, recharacterised or reconstructed by reason of any motive to avoid, reduce or delay a possible liability to Tax.
- (c) All agreements and arrangements entered into by the Issuer and/or between members of the Group in relation to the Business have been entered into and effected on an arm's length basis and in accordance with the transfer pricing principles, laws and documentation requirements applied by Tax Authorities in all relevant jurisdictions.

12.5 Employees

- (a) No member of the Group has made any payment to or provided any benefit for any officer or employee or ex-officer or ex-employee of such member of the Group which is not allowable as a deduction in calculating the profits of such member of the Group for Taxation purposes.
- (b) No member of the Group is under an obligation to pay nor has it since the Balance Sheet Date paid or agreed to pay any compensation for loss of office or any gratuitous payment not deductible in computing its income for the purposes of Tax.
- (c) Each member of the Group has made adequate social security and social insurance contributions and housing benefits for their employees, and timely withheld adequate personal income tax and social security payments on behalf of their employees, as required by Law.

12.6 Tax Incentives

Each member of the Group has used its best efforts to obtain Tax incentives available in the jurisdiction of their operations (including Tax holidays) available to its industry or business sector or to the companies of its type.

12.7 Double Taxation and Tax Sharing

- (a) Each member of the Group has made all claims necessary to obtain relief from double taxation under any relevant bilateral convention relating to double taxation in respect of income, profits, gains or payments accrued in the Financial Statements or made prior to the Balance Sheet Date.
- (b) No member of the Group is bound by or party to (nor will it become bound by or party to) any tax indemnity, tax sharing or tax allocation agreement in respect of which claims would not be time barred.

12.8 Stamp Duty

- (a) All documents which are of material importance (and in the enforcement of which any member of the Group may be interested) have been duly stamped in accordance with applicable Laws.
- (b) Each member of the Group has duly paid or has procured to be paid all stamp duty and all other similar Taxes on documents to which it is a party or in which it is interested and which are liable to stamp duty and which are of material importance.

13. RELATIONSHIP WITH LESHI GROUP

- (a) No agreement, understanding or arrangement (whether oral or written, formal or informal) has been entered into between any member of the Group and any member of the Leshi Group.
- (b) The Issuer is a respondent to the proceedings commenced by the SFC under section 214 of the SFO at the High Court of Hong Kong, as Disclosed in the Issuer's announcement dated 2 August 2021. The Issuer may commence proceedings against, amongst others, Jia Yueting. Except for the foregoing, there is no dispute or disagreement outstanding nor is any contemplated at the date of this Agreement between any member of the Group and any member of the Leshi Group, and to the best of the Issuer's knowledge, there are no circumstances likely to give rise to a dispute or disagreement between any member of the Group and any member of the Leshi Group.

SCHEDULE 2 FORM OF COMPLETION CERTIFICATE

Warrants

I, the undersigned, being a director of Coolpad Group Limited (酷派集團有限公司) (the “**Issuer**”), refer to the subscription agreement dated 4 October 2021 between the Issuer and SAI Growth Fund I, LLLP (as may be amended or supplemented from time to time) (the “**Subscription Agreement**”) in respect of the Warrants. Terms defined in the Subscription Agreement have the same meanings in this certificate.

As required by Clause 3.1 (Conditions Precedent) of the Subscription Agreement, I hereby certify that:

- (a) the Warranties are true and correct as at, and as if made on, the Completion Date;
- (b) the Conditions Precedent have been duly fulfilled (except for such Conditions Precedent specified on the part of the Subscriber or to be performed by the Subscriber or waived by the Subscriber);
- (c) the Issuer has not committed any breach of or has omitted to observe any of its obligations or undertakings under the Subscription Agreement; and
- (d) there has not occurred any Material Adverse Change.

Yours faithfully
for and on behalf of
Coolpad Group Limited (酷派集團有限公司)

.....
Chen Jiajun
Director

SCHEDULE 3 LIMITATIONS ON THE LIABILITY OF THE ISSUER

1. Scope

- 1.1 Save as otherwise expressly provided in this Schedule, the provisions of this Schedule shall operate to limit the liability of the Issuer in respect of any claim for breach of Warranties and references to “claim” and “claims” shall be construed accordingly.
- 1.2 All of the limitations on the liability of the Issuer contained in this Schedule are subject to paragraph 7 of this Schedule.

2. Limitations of quantum

- 2.1 The maximum aggregate liability of the Issuer in respect of all claims for breach of Warranties shall not exceed the amount of the Subscription Price.
- 2.2 No liability shall attach to the Issuer unless the aggregate amount of all claims for breach of Warranties for which it would, in the absence of this provision, be liable shall exceed HKD1,000,000 and in such event the Issuer shall be liable for the whole of such amount and not merely the excess.

3. Time limits

- 3.1 The Issuer shall be under no liability in respect of any claim for breach of Warranties unless notice of such claim shall have been served upon the Issuer by the Subscriber by no later than the date specified below:
 - (a) in respect of any Fundamental Warranties: at any time prior to the expiry of the applicable statutory limitation period; and
 - (b) in respect of any Warranties (other than the Fundamental Warranties): within twenty-four months after the Completion Date.

4. No double recovery

The Subscriber shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity more than once for the same Losses.

5. Payment of Claim to be in reduction of Consideration

If the Issuer pays any sum to the Subscriber pursuant to a claim, that part of the Subscription Price received by the Issuer shall be deemed to be reduced by the amount of such payment.

6. Survival of these provisions

The provisions of this Schedule shall apply notwithstanding any other provision of this Agreement and/or the Warrant Documents and will not be discharged or cease to have effect in consequence of any termination or rescission of any other provisions of this Agreement and/or the Warrant Documents.

7. Fraud, power, authority and capacity

None of the limitations on the liability of the Issuer set out in this Schedule (whether as to the quantum of the claim, the time limit for notification of the claim, the procedures or requirements for making a claim or otherwise) shall apply to any claim against the Issuer to the extent that the

liability of the Issuer in respect of that claim arises from fraud, gross negligence, wilful default or dishonesty on the part of the Issuer on or prior to Completion.

Executed as an agreement.

SIGNED

for and on behalf of

Coolpad Group Limited (酷派集團有限公司)



.....
Name: Chen Jiajun
Authorised Signatory

SAI Growth Fund I, LLLP

By: SIG Asia Investment, LLLP,

Its authorized agent

By: Heights Capital Management, Inc.,

Its authorized agent

By: 

Name: Michael Spolan

Title: General Counsel

Heights Capital Management, Inc.

By: SIG Asia Investment, LLLP
as authorized agent

By: Heights Capital Management, Inc.
as authorized agent

Michael L. Spolan
General Counsel
Heights Capital Management, Inc.
as authorized agent

APPENDIX 1

FORM OF TWO-YEAR WARRANT INSTRUMENT

2021

COOLPAD GROUP LIMITED

WARRANT INSTRUMENT

**constituting warrants to subscribe for ordinary
shares in the capital
of Coolpad Group Limited**

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THIS INSTRUMENT is made by way of deed on the th day of 2021 by **COOLPAD GROUP LIMITED**, an exempted company with limited liability incorporated under the laws of Cayman Islands whose registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, with its principal place of business in Hong Kong at 44th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong and whose shares are listed on the Stock Exchange (stock code: 2369) (the *Issuer*).

WHEREAS:

- (A) The Board has, pursuant to a resolution of the Board passed on 2021 and a resolution of the Shareholders passed on 2021 in respect of a specific mandate for the Directors to deal with Shares, resolved to issue the warrants constituted as provided below.
- (B) The Issuer has determined to create and issue the warrants to be constituted by this Instrument by way of deed in order to more effectively protect the rights and interests of the Warranholders for the time being.
- (C) The Issuer has agreed to give, among other things, certain representations, covenants and undertakings in this Instrument in relation to its obligations set out herein.

NOW THIS INSTRUMENT WITNESSES AND THE ISSUER DECLARES as follows:

1 INTERPRETATION

1.1 The following expressions have the following meanings:

Alternative Stock Exchange means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

Business Day means a day, other than a Saturday, Sunday or public holiday, on which banks are open for general business in (unless otherwise stated) Hong Kong (other than a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm) and, in the case of a surrender of a Warrant Certificate, in the place where the Warrant Certificate is surrendered;

Capital Distribution means any distribution of assets in specie charged or provided or to be provided for in the accounts of the Issuer for any financial period (whenever paid or made and however described) but excluding a cash Dividend and a distribution of assets in specie in lieu of a cash Dividend which would not have constituted an extraordinary dividend under paragraph (b) of this definition below (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid-up (other than Shares credited as fully paid) by way of capitalisation of reserves), PROVIDED THAT:

- (a) a purchase or redemption of Shares by or on behalf of the Issuer shall not constitute a Capital Distribution or be taken into account in determining whether any other Dividend or distribution shall constitute a Capital Distribution unless in the case of purchases of Shares by the Issuer, the average price per Share (before expenses) on any one day in respect of such purchases exceeds by more

than 5 per cent. the Current Market Price per Share either: (1) on that date; or (2) where an announcement has been made (excluding, for the avoidance of doubt, any general authority for such purchases given by a Shareholders' meeting of the Issuer, or any notice convening such meeting) of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement in which case such purchase shall be deemed to constitute a Capital Distribution in the amount of the aggregate price paid (before expenses) in respect of such Shares purchased by the Issuer; and

- (b) in making any such calculation under this definition, such adjustments (if any) shall be made as a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, may consider appropriate to reflect: (1) any consolidation or subdivision of the Shares; (2) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event; or (3) the modification of any rights to Dividends of Shares;

Closed Period has the meaning given to it in Condition 5.5;

Closing Price for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day;

Current Market Price means, in respect of a Share at a particular time on a particular date, the average of the volume-weighted average price (**VWAP**) (as referenced by Bloomberg) per Share (being a Share carrying full entitlement to Dividend) for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 20 Trading Day period, the Shares shall have been quoted ex-Dividend and during some other part of that period the Shares shall have been quoted cum-Dividend then:

- (a) if the Shares to be issued in such circumstances do not rank for the Dividend in question, the VWAP quotations on the dates on which the Shares shall have been quoted cum-Dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that Dividend per Share; or
- (b) if the Shares to be issued in such circumstances rank for the Dividend in question, the VWAP quotations on the dates on which the Shares shall have been quoted ex-Dividend shall, for the purpose of this definition, be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of that Dividend per Share, PROVIDED THAT:
 - (i) if the Shares on each of the said 20 Trading Days have been quoted cum-Dividend in respect of a Dividend which has been declared or announced but the Shares to be issued do not rank for that Dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that Dividend per Share; and

- (ii) if less than five such such VWAP is available in the relevant period, then the current market price shall be determined in good faith by an independent investment bank of international repute (acting as expert) appointed by the Issuer and approved by an Ordinary Resolution of the Warrantholders;

Designated Office means the Issuer's principal place of business in Hong Kong, being 44/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, as may be changed from time to time in accordance with Condition 5.1;

Dividend means any dividend or distribution, whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets

includes, without limitation, an issue of Shares or other securities credited as fully or partly paid-up) provided that:

- (a) where a cash Dividend is announced which is to be, or may at the election of a holder or holders of Shares be, satisfied by the issue or delivery of Shares or other property or assets, then, the Dividend in question shall be treated as a cash Dividend of an amount equal to the greater of: (a) the cash Dividend so announced; and (b) the Current Market Price on the date of announcement of such Dividend of such Shares or the Fair Market Value of other property or assets to be issued or delivered in satisfaction of such Dividend (or which would be issued if all holders of Shares elected therefor, regardless of whether any such election is made); and
- (b) any issue of Shares falling within Condition 6.5(b) shall be disregarded;

Equivalent Amount has the meaning given to it in Condition 6.3(c)(v);

Exchange Rate means the exchange rate between US\$ and HK\$ published on Bloomberg at 5:00 pm, Eastern time, on the day before the relevant date, or in The Wall Street Journal on such date if not so published on Bloomberg;

Exercise Amount means an amount in HK\$ equal to the aggregate value of Shares represented by a Warrant (as stated in the Register of Warrantholders);

Exercise Date has the meaning given to it in Condition 6.3(a)(ii);

Exercise Monies means an amount in cash in HK\$ (or in US\$ at the then prevailing Exchange Rate at the Election of the Warrantholder) represented by the portion of the Exercise Amount of a Warrant in respect of which the Warrantholder intends to exercise its Exercise Rights;

Exercise Notice has the meaning given to it in Condition 6.3(a)(i);

Exercise Period has the meaning given to it in Condition 6.1;

Exercise Price means the price per Share payable in HK\$ (or in US\$ at the then prevailing Exchange Rate at the Election of the Warrantholder) on exercise of the

Exercise Rights, which shall initially be HK\$0.60 per Share, and shall be subject to adjustment from time to time in accordance with Condition 6.4 of this Instrument;

Exercise Rights means, in respect of a Warrant, the rights of the holder of that Warrant to subscribe for Shares at the Exercise Price up to an aggregate Exercise Price equal to the Exercise Amount represented by such Warrant;

Expiration Date means the second anniversary of the Issue Date;

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 a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders; provided that: (i) the fair market value of a cash Dividend paid or to be paid per Share shall be the amount of such cash Dividend per Share determined as at the date of announcement of such Dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such investment bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Day on which such options, warrants or other rights are publicly traded;

HK Dollar, Hong Kong Dollar, HKD and HK\$ means the legal currency of Hong Kong;

Issue Date means, in respect of any Warrant, the date of issue of such Warrant;

Listing Rules means the rules governing the listing of securities on the main board of the Hong Kong Stock Exchange in force from time to time;

Long Stop Date has the meaning ascribed to it under the Warrant Subscription Agreement;

Maximum Exercise Amount means an amount equal to HK\$159,996,000;

normal office hours means 9 a.m. to 5 p.m. on a Business Day;

Ordinary Resolution has the meaning given to it in paragraph 19 of Schedule 4;

Outstanding Warrants refers to all the Warrants issued other than:

- (a) those in respect of which Exercise Rights have been exercised in accordance with these Conditions;
- (b) those mutilated or defaced Warrants which have been surrendered in exchange for replacement Warrants pursuant to Condition 10; or
- (c) (for the purpose only of determining how many Warrants are outstanding and without prejudice to their status for any other purpose) those Warrants alleged to have been lost, stolen or destroyed and in respect of which replacement Warrants have been issued pursuant to Condition 10;

person includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the board of directors or any other governing board and does not include the Issuer's wholly owned direct or indirect subsidiaries;

Principal Business means the business of the Group relating to the sale of smartphones, the provision of wireless application services and the research and development of smartphone operation systems and software;

Register of Warrantholders has the meaning given to it in Condition 5.1;

Registration Date has the meaning given to it in Condition 6.3(c)(iv);

Shares means ordinary shares with a par value of HK\$0.01 each in the capital of the Issuer (which include ordinary shares of the Issuer listed on the Stock Exchange of Hong Kong Limited (the **Hong Kong Stock Exchange**)) or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

Shareholders means the holders of Shares from time to time;

Special Resolution has the meaning given to it in paragraph 18 of Schedule 4;

Subsidiary of a controlling entity (**Controlling Person**) means:

- (a) any corporation of which securities, having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues), are at the time directly, indirectly or beneficially owned or controlled by the Controlling Person (or one or more of its Subsidiaries);
- (b) any partnership of which the Controlling Person (or one or more of its Subsidiaries): (i) directly, indirectly or beneficially owns or controls more than 50% of the income, capital, beneficial or ownership interest (however designated) thereof; or (ii) is a general partner, in the case of a limited partnership, or is a partner that has the authority to bind the partnership in all other cases; or
- (c) any other person of which at least 50% of the income, capital, beneficial or ownership interest (however designated) is at the time directly, indirectly or beneficially owned or controlled by the Controlling Person (or one or more of its Subsidiaries);

Taxes has the meaning given to it in Condition 6.3(b);

Trading Day means a day when the Hong Kong Stock Exchange or, as the case may be, an Alternative Stock Exchange is open for dealing business, provided that if no

VWAP or Closing Price, as the case may be, is reported in respect of the relevant Shares on the Hong Kong Stock Exchange or, as the case may be, the Alternative Stock Exchange for one or more consecutive dealing 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 dealing days;

Warrant Certificate has the meaning given to it in Condition 4.1;

Warrantholders, and (in relation to a Warrant) **holder** means the person in whose name a Warrant is registered in the Register of Warrantholders;

Warrants means the fully detachable and transferable warrants as constituted by this Instrument and issued with the benefit of, and subject to, the terms and conditions set out herein entitling the holder to exercise the Exercise Rights in accordance with the terms of this Instrument and the Warrant Certificate;

Warrant Subscription Agreement has the meaning given to it in the recitals;

US\$ means United States dollars, the lawful currency of the United States of America; and

VWAP has the meaning given to it in the definition of Current Market Price.

- 1.2 Headings used in this Instrument are for ease of reference only and shall be ignored in interpreting this Instrument.
- 1.3 References to Conditions and Schedules are references to Conditions and Schedules of or to this Instrument.
- 1.4 Words and expressions in the singular include the plural and vice versa and words and expressions importing one gender include every gender.
- 1.5 Reference to person includes any public body and any body of persons, corporate or unincorporate.
- 1.6 References to any ordinance, statute, legislation or enactment shall be construed as a reference to such ordinance, statute, legislation or enactment as may be amended or re-enacted from time to time and for the time being in force.

2 GRANT OF RIGHTS TO SUBSCRIBE

The Issuer hereby creates and constitutes Warrants entitling the holders thereof to subscribe, in aggregate up to the Maximum Exercise Amount, at any time and from time to time during the Exercise Period for Shares at a price per Share equal to the Exercise Price.

3 STATUS

The Warrants are (subject to the Conditions of this Instrument) detached and fully tradable call warrants. Each Warrant shall have an Exercise Amount and the aggregate Exercise Amount of all Warrants in issue from time to time shall not exceed the Maximum Exercise Amount. No application will be made for a listing of the Warrants.

4 FORM, DENOMINATION AND TITLE

4.1 Form and Denomination

The Warrants are issued in registered form. A warrant certificate in the form set out in Schedule 1 (each a *Warrant Certificate*) will be issued to each Warrantholder in respect of its registered holding of Warrants. Each Warrant and each Warrant Certificate will be numbered serially with an identifying number which will be recorded on the relevant Warrant Certificate and in the Register of Warrantholders which the Issuer will keep.

4.2 Title

Title to the Warrants passes only by transfer and registration in the Register of Warrantholders as described in Condition 5. The holder of any Warrant will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Warrant Certificate issued in respect of it (other than the endorsed form of transfer)) and no person will be liable for so treating the holder.

5 TRANSFERS OF WARRANTS; ISSUE OF WARRANT CERTIFICATES

5.1 Register of Warrantholders

The Issuer will cause to be kept at its registered office a register on which shall be entered the names and addresses of the holders of the Warrants and the particulars of the Warrants held by them (including the Exercise Amount of each Warrant) and of all transfers of the Warrants (the *Register of Warrantholders*). Any change in the Designated Office shall be notified to the Warrantholders in accordance with Condition 12.

5.2 Transfers

Subject to Condition 5.5, a Warrant may be transferred or exchanged, in whole or in part, at any time by delivery of the Warrant Certificate issued in respect of that Warrant, with the endorsed form of transfer (in the form set out in Schedule 2 to these Conditions) duly completed and signed by the registered Warrantholder or his attorney duly authorised in writing, to the Issuer at the Designated Office together with such evidence as the Issuer may reasonably require to prove the authority of the individuals who have executed the form of transfer provided that the prior approval of the Hong Kong Stock Exchange shall be obtained (if required) for any transfer or exchange to any person who the transferor knows to be a connected person (as defined in the Listing Rules) of the Issuer. No transfer of title to a Warrant, in whole or in part, will be valid unless and until entered on the Register of Warrantholders.

5.3 Delivery of New Warrant Certificates

- (a) Each new Warrant Certificate to be issued upon a transfer, exchange or exercise of Warrants shall, within five Business Days of receipt by the Issuer of the endorsed form of transfer duly completed and signed, be made available for collection at the Designated Office or, if so requested in the form of transfer, be

mailed by uninsured mail at the risk of the holder entitled to the Warrants (but free of charge to the holder) to the address specified in the form of transfer.

- (b) Where (i) only some (but not all) of the Exercise Amount in respect of which a Warrant Certificate is issued is to be transferred or (ii) where Exercise Rights are to be exercised in respect of some (but not all) of the Exercise Amount in respect of which a Warrant Certificate is issued, a new Warrant Certificate in respect of the remaining Exercise Amount will, within five Business Days of delivery of the existing Warrant Certificate to the Issuer, be mailed by uninsured mail at the risk of the relevant holder (but free of charge to the holder) to the address of such holder appearing on the Register of Warrantholders or such other address as specified in the Exercise Notice.

5.4 **Formalities Free of Charge**

Registration of a transfer of Warrants will be effected without charge by or on behalf of the Issuer, but only upon: (i) payment (or the giving of such indemnity as the Issuer may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; and (ii) the Issuer, acting reasonably, being satisfied that the regulations concerning the transfer of Warrants have been complied with.

5.5 **Closed Periods**

No Warrantholder may require the transfer of a Warrant to be registered after an Exercise Notice has been delivered with respect to such Warrant, such period being a *Closed Period*.

6 **EXERCISE**

6.1 **Exercise Period**

Subject as hereinafter provided, Warrantholders have the right to exercise their Warrants and subscribe for Shares at the Exercise Price any time during the Exercise Period. Subject to and upon compliance with the provisions of this Condition, the Exercise Rights attaching to any Warrant may be exercised, at the option of the holder thereof, at any time on or after the Issue Date up to the close of business (at the place where the Warrant Certificate evidencing such Warrant is deposited for exercise) on the Expiration Date (but in no event thereafter) (the *Exercise Period*). After the close of business on the Expiration Date, the Exercise Rights shall lapse and each warrant shall cease to be valid for any purpose.

6.2 **Fractions of Shares**

Fractions of Shares will not be issued on exercise of the Exercise Rights attaching to any Warrant and no cash adjustments will be made in respect thereof.

6.3 **Exercise Procedure**

- (a) *Exercise Notice:*

- (i) To exercise the Exercise Rights attaching to any Warrant (which may be exercised in respect of some or all of the Exercise Amount represented by the Warrant in question), the holder thereof must complete, execute and deposit at his own expense during normal office hours at the Designated Office a notice of exercise (an *Exercise Notice*) in duplicate in the form set out in Schedule 3 to this Instrument, together with: (i) the relevant Warrant Certificate; and (ii) a remittance for the Exercise Monies. An Exercise Notice deposited outside the normal office hours or on a day which is not a Business Day at the place of the Designated Office shall for all purposes be deemed to have been deposited with the Issuer during the normal office hours on the next Business Day following such day.
 - (ii) The exercise date in respect of a Warrant (the *Exercise Date*) must fall at a time when the Exercise Rights attaching to that Warrant is expressed in these Conditions to be exercisable and will be deemed to be the Trading Day immediately following the date of the surrender of the Warrant Certificate in respect of such Warrant and delivery of such Exercise Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Exercise Rights. An Exercise Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal.
- (b) *Stamp Duty etc.*: A Warrantholder delivering a Warrant Certificate in respect of a Warrant for exercise must pay: (i) any taxes and capital, stamp, issue and registration duties arising on exercise (other than any taxes or capital or stamp duties payable in Hong Kong, and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or Alternative Stock Exchange on exercise) (the *Taxes*); and (ii) all, if any, taxes arising by reference to any disposal or deemed disposal of a Warrant in connection with such exercise, in each case directly to the relevant authorities. The Issuer is under no obligation to determine whether a Warrantholder is liable to pay any Taxes under this Condition 6.3 and shall not be liable for any failure of a Warrantholder to make such payment. The Issuer will pay all other expenses arising on the issue of Shares upon any exercise of Warrants.
- (c) *Registration*:
 - (i) As soon as practicable, and in any event not later than five Trading Days after the Exercise Date, the Issuer will, in the case of exercise of Exercise Rights and in respect of which a duly completed Exercise Notice has been delivered and the relevant Warrant Certificate and amounts payable by the relevant Warrantholder deposited or paid as required by Conditions 6.3(a) and 6.3(b), register the person or persons designated for the purpose in the Exercise Notice as holder(s) of the relevant number of Shares in the Issuer's share register and will cause its Hong Kong share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by uninsured ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such

certificate or certificates to the person and at the place specified in the Exercise Notice, together with any other securities, property or cash required to be delivered upon exercise and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.

- (ii) The number of Shares to be allotted on exercise of the Exercise Rights shall be calculated by dividing the amount specified in the relevant Exercise Notice and duly remitted as aforesaid by the Exercise Price applicable on the Exercise Date. No fraction of a Share shall be allotted but any balance representing fractions of the Exercise Monies paid on exercise of the Exercise Rights will be retained for the benefit of the Issuer.
- (iii) If the Exercise Date in relation to any Warrant shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Exercise Price pursuant to Condition 6.4, but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective the Issuer shall within ten Business Days allot to the exercising Warrantholder such additional number of Shares as, together with the Shares originally allotted, is equal to the number of Shares which would have been required to be allotted on exercise of the Warrant if the relevant adjustment to the Exercise Price had been made and become effective immediately after the relevant record date (or in accordance with the instructions contained in the Exercise Notice (subject to applicable exchange control or other laws and regulations)).
- (iv) The person or persons designated in the Exercise Notice will become the holder(s) of record of the number of Shares issuable upon exercise with effect from the date he is or they are registered as such in the Issuer's register of members (the **Registration Date**). The Shares issued upon exercise of the Warrants will in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on exercise of Warrants shall not be entitled to any rights the record date for which precedes the relevant Registration Date.
- (v) If the record date for the payment of any Dividend or other distribution in respect of the Shares is on or after the Exercise Date in respect of any Warrant, but before the Registration Date (disregarding any retroactive adjustment of the Exercise Price referred to in this Condition 6.3(c) prior to the time such retroactive adjustment shall have become effective), the Issuer will pay to the exercising Warrantholder or his designee an amount (the **Equivalent Amount**) equal to the Fair Market Value of any such Dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the Dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall

be paid by means of a HK dollar cheque drawn on a bank in Hong Kong and sent to the address specified in the relevant Exercise Notice.

6.4 Liquidation Event

On a liquidation, dissolution, winding-up (whether voluntary or involuntary) of the Issuer prior to the Long Stop Date, all Exercise Rights which have not been exercised prior to the commencement of the liquidation, dissolution, winding-up (whether voluntary or involuntary) of the Issuer (as the case may be) shall lapse and the Warrants will cease to be valid with immediate effect for the purpose of exercising any Exercise Rights.

6.5 Adjustments to Exercise Price

The Exercise Price will be subject to adjustment in the following events:

- (a) *Consolidation, Subdivision or Reclassification*: If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such alteration by the following fraction:

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

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (b) *Capitalisation of Profits or Reserves*: If and whenever the Issuer shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash Dividend (the **Relevant Cash Dividend**), being a Dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (a **Scrip Dividend**), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue by the following fraction

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

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares on the date of announcement of the terms of such issue of Shares multiplied by the number of Shares issued exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before the issue of such Shares by the following fraction:

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

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue;

B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which: (i) the numerator is the amount of the whole (or the relevant part) of the Relevant Cash Dividend; and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole (or the relevant part) of the relevant cash dividend; and

C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, the day immediately after such record date.

(c) *Capital Distribution:* If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except where the Exercise Price falls to be adjusted under Condition 6.5(b) above), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such Capital Distribution by the following fraction:

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

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is made.

- (d) *Dividends*: If and whenever the Issuer shall pay or make any Dividend to the Shareholders, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such Dividend by the following fraction:

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

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Dividend is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the cash distribution attributable to one Share.

Such adjustment shall become effective on the date that such Dividend is paid.

- (e) *Rights Issues of Shares or Options over Shares*: If and whenever the Issuer 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, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 80% of the Current Market Price per Share, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

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

where:

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

B 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 or granted by way of rights and for the total number of Shares comprised therein would purchase at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

- (f) *Rights Issues of Other Securities*: If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for

or purchase Shares) to all or substantially all Shareholders as a class, by way of rights, or the issue or grant to all or substantially all Shareholders as a class by way of rights, of any options, warrants or other rights to subscribe for or purchase or otherwise acquire, any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

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

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

- (g) *Issues at less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6.5(d)) any Shares (other than Shares issued on the exercise of Exercise Rights or the options granted by the Issuer pursuant to its employee share option schemes, or any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant of (otherwise than as mentioned in Condition 6.5(e) above and other than the options granted by the Issuer pursuant to its employee share option schemes) options, warrants or other rights to subscribe or purchase Shares in each case at a price per Share which is less than 80% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

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

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for such additional Shares to be issued or otherwise made available or, as the case may be, upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Share; and

C is the maximum number of additional Shares issued or the maximum number of Shares that may be issued upon exercise of such options, warrants or rights.

References to additional Shares in the above formula shall, in the case of an issue or grant by the Issuer of options, warrants or other rights to subscribe for or purchase Shares, mean such Shares to be issued, or otherwise made available, assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

(h) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other existing securities in accordance with the terms applicable to such existing securities themselves falling within the provisions of this Condition 6.5(h), if and whenever the Issuer or any Subsidiary of the Issuer (otherwise than as mentioned in Conditions 6.5(d), 6.5(f) or 6.5(g) above) or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary) any other company, person or entity (otherwise than as mentioned in Conditions 6.5(d), 6.5(f) or 6.5(g) above) shall issue any securities (other than the Warrants and the options granted by the Issuer pursuant to its employee share option schemes) which by their terms of issue carry (directly or indirectly) rights of exercise into, or exchange or subscription for or purchase of, or to otherwise acquire, Shares issued or to be issued by the Issuer or securities which by their terms may be redesignated Shares receivable upon conversion, exchange, subscription or redesignation at a consideration per Share which is less than 80% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue by the following fraction:

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

where:

A is the number of Shares in issue immediately before such issue or grant (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued by the Issuer for the purposes of, or in connection with, such issue, less the number of Shares so issued);

B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for the Shares to be issued or otherwise made available upon exercise or exchange or on exercise of the right of subscription or purchase or acquisition attached to such securities or, as the case may be, the Shares would purchase at such Current Market Price per Share; and

C is the maximum number of Shares to be issued or otherwise made available upon exercise or exchange of such securities or on the exercise of such rights of subscription or purchase or acquisition attached thereto at the initial exercise, exchange or subscription price or rate or, as the case may be, the maximum number of Shares to be issued or to arise or to be made available from any such redesignation.

Such adjustment shall become effective on the date of issue of such securities.

- (i) *Modification of Rights of Exercise etc.:* If and whenever there is any modification of the rights of exercise, exchange, subscription, purchase or acquisition attaching to any such securities as are mentioned in Condition 6.5(h) above (other than in accordance with the existing terms applicable to such securities) so that the consideration per Share (for the number of Shares available on exercise, exchange or subscription following the modification) is less than 80% of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such modification by the following fraction:

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

where:

- A is the number of Shares in issue immediately before such modification (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued by the Issuer for the purposes of, or in connection with, such issue, less the number of Shares so issued);
- B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for the Shares to be issued, or otherwise made available, on exercise or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing exercise, exchange, subscription or purchase price of such securities; and
- C is the maximum number of Shares to be issued, or otherwise made available, on exercise or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified exercise, exchange, subscription or purchase price or rate but giving credit in such manner as a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, consider appropriate (if at all) for any previous adjustment under this Condition 6.5(h) or Condition 6.5(i) above.

Such adjustment shall become effective on the date of modification of the rights of exercise, exchange, subscription, purchase or acquisition attaching to such securities.

- (j) *Other Offers to Shareholders:* If and whenever there is an issue, sale or distribution by or on behalf of the Issuer or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or any Subsidiary or such other company, person or entity pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 50 per cent. of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Exercise Price falls to be adjusted under Condition 6.5(d), 6.5(f), 6.5(g) or 6.5(h) above), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue, sale or distribution by the following fraction:

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

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities.

- (k) *Other Events:* If either: (i) the rights of conversion, exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for Shares or the rights carried by such securities to subscribe for or purchase Shares are modified (other than pursuant to, and as provided in, the existing terms and conditions of such options, rights, warrants or securities); or (ii) the Issuer determines that an adjustment should be made to the Exercise Price as a result of one or more events or circumstances not referred to in any other provisions of this Condition 6.4 which in either case have or would have an effect on the position of the Warrantheolders as a class compared with the position of the holders of all the securities (and options, rights and warrants relating thereto) of the Issuer, taken as a class, which is analogous to any of the events referred to in Conditions 6.5(a)(a) to (j)) (including any demerger, spin-off or similar arrangement in respect of any business of the Issuer and its Subsidiaries), then, in any such case, the Issuer shall at its own expense request a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantheolders, to determine as soon as practicable what adjustment (if any) to the Exercise Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Exercise Price, and the date on which such adjustment should take effect

and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination *provided that* where the circumstances giving rise to any adjustment pursuant to this Condition 6.4 have already resulted or will result in an adjustment to the Exercise Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Exercise Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6.4 as may be advised by a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, to be in its opinion appropriate to give the intended result.

- 6.6 All costs, charges, liabilities and expenses incurred in connection with the appointment, retention, consultation and remuneration of the investment bank appointed under these Conditions shall be borne by the Issuer.
- 6.7 On any adjustment, the relevant Exercise Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest four decimal places of one Hong Kong cent. No adjustment shall be made to the Exercise Price where such adjustment (rounded down, if applicable) would be less than one per cent. of the Exercise Price then in effect. Any adjustment not required to be made, and any amount by which the Exercise Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to the Warrantholders (in accordance with Condition 12) *as soon as practicable* after the determination thereof.
- 6.8 The Exercise Price may not be reduced so that, on exercise of Warrants, Shares would fall to be issued at a discount to their nominal value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in Hong Kong.
- 6.9 Where more than one event which gives or may give rise to an adjustment to the Exercise Price occurs within such a short period of time that in the opinion of a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, 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 a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, to be in its opinion appropriate in order to give such intended result.
- 6.10 No adjustment shall be made to the Exercise Price where Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of employees, former employees, contractors or former contractors (including directors holding or formerly holding executive office) of the Issuer or any Subsidiary, pursuant to any share option scheme or plan that is duly adopted by the Issuer in accordance with the Listing Rules.
- 6.11 No adjustment involving an increase in the Exercise Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6.5(a) above or to correct an error.

7 UNDERTAKINGS

7.1 The Issuer undertakes and warrants, inter alia, that so long as there are any Outstanding Warrants save with the approval of a Special Resolution of the Warrantholders, it shall (and, where applicable, shall procure that its Subsidiaries shall):

- (a) continue to be primarily engaged in the Principal Business in which it is engaged as at the date hereof;
- (b) use all reasonable endeavours: (i) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange; (ii) to obtain and maintain a listing for all the Shares issued on the exercise of the Exercise Rights attaching to the Warrants on the Hong Kong Stock Exchange; and (iii) if the Issuer is unable to maintain or obtain such listing, to obtain and maintain a listing for all the Shares issued on the exercise of the Exercise Rights on an Alternative Stock Exchange as the Issuer with the approval by an Ordinary Resolution of the Warrantholders may from time to time determine and will forthwith give notice to the Warrantholders (in accordance with Condition 12) of the listing or delisting of the Shares (as a class) by any of such stock exchanges;
- (c) pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on exercise of the Warrants;
- (d) comply in all material respects with all the rules, regulations and requirements of the Hong Kong Stock Exchange (including the Listing Rules) or the Alternative Stock Exchange (if applicable);
- (e) comply in all material respects with all applicable laws and regulations, including without limitation, the Foreign Corrupt Practices Act 1977, as amended, or any other applicable anti-corruption legislation;
- (f) reserve, free from any pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital, the full number of Shares liable to be issued on exercise of the Warrants from time to time and will ensure that all Shares will be duly and validly issued as fully-paid; and
- (g) not make any offer, issue or distribution or take any action the effect of which would be to reduce the Exercise Price below the par value of the Shares of the Issuer, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

7.2 Notice of Change in Exercise Price

The Issuer shall give notice to the Hong Kong Stock Exchange (or, as the case may be, the Alternative Stock Exchange) (if required) and the Warrantholders in accordance with Condition 12 of any change in the Exercise Price. Any such notice relating to a change in the Exercise Price shall set forth the event giving rise to the adjustment, the Exercise Price prior to such adjustment, the adjusted Exercise Price and the effective date of such adjustment.

8 MEETINGS OF WARRANTHOLDERS AND MODIFICATIONS

8.1 Meetings

- (a) Schedule 4 to these Conditions contains provisions for convening meetings of Warrantholders to consider any matter affecting their interests, including the sanctioning by Special Resolution of a modification of the Warrants (subject to Condition 8.2 below) and the sanctioning by Ordinary Resolution of any matter requiring their approval pursuant to these Conditions. When there is only one Warrantholder, no meetings are required and any resolution of the Warrantholder can be passed by written resolution in accordance with paragraph 20 of Schedule 4.
- (b) A Special Resolution passed at any meeting of Warrantholders will be binding on all Warrantholders, whether or not they are present at the meeting. Schedule 4 provides that a written resolution signed by or on behalf of persons holding Warrants representing in aggregate not less than 90 per cent. of the aggregate Exercise Amount of the Outstanding Warrants shall be as valid and effective as a duly passed Special Resolution.

8.2 Modification

The Issuer may without any such meeting or sanction of the Warrantholders, amend the terms of Warrants if, in the reasonable opinion of the Issuer, having consulted with its financial adviser, legal adviser or auditor, such amendment is of a minor or technical nature or corrects a manifest error. Any such amendment will be binding on the Warrantholders.

8.3 Form of Modification

Any modification to the terms of the Warrants, whether pursuant to Condition 8.1 or 8.2, shall be effected by way of deed poll executed by the Issuer. A copy of such deed poll will be sent by the Issuer to the Warrantholders in accordance with Condition 12 as soon as practicable thereafter.

9 VOTING AND OTHER RIGHTS

The Warrantholders will not be entitled to receive notice of or attend or vote at general meetings of the Issuer by reason only of being the holders of a Warrant. The Warrantholders will not be entitled to participate in any distribution and/or offers of further securities made by the Issuer by reason only of being the holders of the Warrants.

10 REPLACEMENT OF WARRANT CERTIFICATES

If any Warrant Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the Designated Office upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued .

11 FURTHER ISSUES

The Issuer may from time to time, without the consent of the Warrantheolders, create and issue further warrants having the same terms and conditions as the Warrants in all respects (other than the date of issue) and so that such further issue shall be consolidated and form a single series with the Warrants.

12 NOTICES

All notices to Warrantheolders shall be validly given if mailed to them at their respective addresses in the Register of Warrantheolders. Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed to the Warrantheolders, as the case may be.

13 GOVERNING LAW AND JURISDICTION

- 13.1 This Agreement, as to which time shall be of the essence, is governed by and shall be construed in accordance with Hong Kong law.
- 13.2 All disputes arising out of or in connection with this Agreement shall be submitted to the Hong Kong International Arbitration Centre and shall be finally settled and resolved under the Hong Kong International Arbitration Centre Administered Arbitration Rules by three arbitrators appointed in accordance with the said Rules. The place of arbitration shall be Hong Kong and the language to be used in the arbitral proceedings shall be English. Nothing in this clause shall prevent any party at any time seeking any interim or interlocutory relief in aid of any arbitration or in connection with enforcement proceedings.

Schedule 1

FORM OF WARRANT CERTIFICATE

Exercise Amount of Warrant (HK\$)	Certificate No.
[●]	0001

COOLPAD GROUP LIMITED
(a company incorporated in the Cayman Islands with limited liability)

Warrant to Subscribe for Ordinary Shares

COOLPAD GROUP LIMITED (the *Issuer*) hereby certifies that

[SUBSCRIBER] of [●]

is, at the date hereof, entered in the Issuer's register of Warrantheolders as the holder of a warrant (the *Warrant*) to subscribe for ordinary shares with a par value of HK\$0.01 each in the capital of the Issuer (the *Shares*). The Warrant forms part of an authorised issue of warrants to subscribe in aggregate at the Exercise Price (as defined in the Warrant Instrument) for Shares up to a maximum value of HK\$[●] and is constituted by a warrant instrument executed by the Issuer as a deed poll dated [●] 2021 (the *Warrant Instrument*). The Warrant is subject to, and has the benefit of, that Warrant Instrument and the terms and conditions set out therein, which is enforceable severally by each Warrantheolder (as defined in the Warrant Instrument) against the Issuer, and by the Issuer against each Warrantheolder, insofar as each such Warrantheolder's Warrant is concerned.

This Certificate is evidence of entitlement only. Title to the Warrant passes only on due registration in the register of Warrantheolders and only the duly registered holder is entitled to exercise the Warrant in respect of which this Certificate is issued.

The warrants constituted under the Warrant Instrument have not been and will not be registered under the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time (the *Securities Act*), any state securities laws of the United States, or the securities law of any other jurisdiction, and may not be offered, sold, pledged or otherwise transferred in the absence of such registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any state securities laws of the states of the United States and other jurisdictions and the respective rules and regulations thereunder.

This Certificate is governed by, and shall be construed in accordance with, the laws of Hong Kong.

IN WITNESS whereof the Issuer has executed this Certificate as a deed on 2021.

EXECUTED AS A DEED BY)
COOLPAD GROUP LIMITED)
Acting by:)
In the presence of:)

Schedule 2

FORM OF TRANSFER

COOLPAD GROUP LIMITED

Warrants to subscribe for Ordinary Shares

TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned hereby transfers to

Name:

Address:

.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

[the Warrant / HK\$[●] of the Exercise Amount represented by the Warrant] in respect of which the enclosed Warrant Certificate is issued, and all rights in respect thereof.

All payments in respect of the [part of the] Warrant hereby transferred are to be made (unless otherwise instructed by the transferee) to the following account or, if no account is specified, by cheque posted to the address above:

Name of bank:.....

HK\$ account number:.....

For the account of:

SIGNED BY)	SIGNATURE	_____
FOR AND ON BEHALF OF)		
[●])	NAME	_____

Notes:

- (a) A representative of the holder of the Warrant should state the capacity in which he signs, e.g. executor.
- (b) The signature of the persons effecting a transfer shall conform to any list of duly authorised specimen signatures supplied to the Issuer by the registered holder or be certified by a notary public or in such other manner as the Issuer may require.
- (c) This form of transfer should be dated as of the date. it is deposited with the Issuer.

Schedule 3

FORM OF EXERCISE NOTICE

COOLPAD GROUP LIMITED

Warrants to subscribe for Ordinary Shares

EXERCISE NOTICE

(To be completed in duplicate)

(Please read the notes overleaf before completing this Notice.)

Name:

Date:

Address:

Signature:

To: COOLPAD GROUP LIMITED (the *Issuer*)

I/We, by or on behalf of the holder or beneficial owner of the Warrant (the *Warrant*) specified below, hereby elect to exercise such Warrant and subscribe for ordinary shares of the Issuer (the *Shares*) in accordance with Condition 6 of the terms and conditions of the Warrant.

1. Exercise Amount of Warrant to be exercised and certificate number in respect of such Warrant:

Exercise Amount of Warrant to be exercised (HK.\$):.....

Certificate number of Warrant:.....

2. Name(s), address(es) and signature(s) of person(s) in whose name(s) the Shares required to be delivered on exercise are to be registered:-

Name:.....

Address:.....

Signature:.....

3. I/We hereby request that the certificates for the Shares (or other securities) required to be delivered upon exercise be dispatched (at my/our risk and expense if dispatched other than by ordinary mail) to the person whose name and address is given below and in the manner specified below:

Name:.....

Address:.....

Manner of dispatch (if other than by ordinary mail):.....

4. I/We hereby request that any cash amount (or property) required to be delivered upon exercise be dispatched by cheque (at my/our risk and expense if dispatched by other than ordinary mail) to the person whose name and address is given below and in the manner specified below:

Name:.....

Address:.....

Manner of dispatch (if other than by ordinary mail):.....

5. I/We hereby request that a balance Warrant Certificate (if any) in registered form in respect of the Exercise Amount represented by the accompanying Warrant Certificate and remaining unexercised be issued in the name(s) of the person(s) whose name(s) stand(s) in the Register of Warrantholders as the Warrantholder(s) of the Warrant represented by this Warrant Certificate and that such certificate(s) be dispatched (at my/our risk and expense if dispatched other than by ordinary mail) to the person whose name and address is given below and in the manner specified below:

Name:.....

Address:.....

Manner of dispatch (if other than by ordinary mail):.....

6. The Certificate representing the Warrant exercised hereby accompany this Exercise Notice.
7. I/we make payment in full for the Shares to be subscribed by sending herewith a cheque for the full amount mentioned in paragraph 2 of this form.
8. I/We hereby declare that all approvals, consents and authorisations (if any) required by the laws of to which I am / we are subject and to be obtained by me/us prior to the said exercise have been obtained and are in full force and effect and that any applicable condition thereto has been complied with by me/us.

Notes:

- (i) This Exercise Notice will be void unless the introductory details, Sections 1, 2, 3 and (if applicable) 4 are completed.

- (ii) Your attention is drawn to Condition 6.3 of the Warrant Instrument with respect to the conditions precedent which must be fulfilled before the Warrants specified above will be treated as effectively eligible for exercise.
- (iii) Cheque(s) should be drawn in Hong Kong dollars on a bank in Hong Kong or such other place as may be determined by the Issuer and be made payable to “COOLPAD GROUP LIMITED”
- (iv) Despatch of share certificates or other securities, cash or property will be made at the risk and expense of the exercising Warrantholder if dispatched other than by ordinary mail and the exercising Warrantholder will be required to prepay the expenses of, and submit any necessary documents required in order to effect, despatch in the manner specified.
- (v) If an adjustment contemplated by the terms and conditions of the Warrants is required in respect of an exercise of Warrants where additional Shares are to be issued, certificates for the additional Shares deliverable pursuant to such adjustment (together with any other securities, property or cash) will be delivered or despatched in the same manner as the Shares, other securities, property and cash previously issued pursuant to the relevant Exercise Notice.

For the Issuer’s use only:-

- 1 (A) Warrant exercise identification reference:.....
- (B) Exercise Date:.....
- (C) Delivery Date:
- 2 (A) Exercise Amount of Warrant (HK.\$) in respect of which Certificates have been deposited for exercise:.....
- (B) Exercise Price on Exercise Date:.....
- (C) Number of Shares issuable:.....
(disregard fractions)
- 3 (If applicable) amount of cash payment due to exercising Warrantholder under Condition 6.3(c)(v)

Note: The Issuer must complete items 1, 2 and (if applicable) 3.

Schedule 4

PROVISIONS FOR MEETINGS OF WARRANTHOLDERS

1. Proxies

A holder of a Warrant may by an instrument in writing (a *form of proxy*) in the form available from the Designated Office signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the Issuer not later than 48 hours before the time fixed for any meeting, appoint any person (a *proxy*) to act on his or its behalf in connection with any meeting or proposed meeting of Warrantholders. A Proxy need not be a Warrantholder.

2. Representatives

A holder of a Warrant which is a corporation may by delivering to the Issuer not later than 48 hours before the time fixed for any meeting a resolution of its directors or other governing body in English authorise any person to act as its representative (a *representative*) in connection with any meeting or proposed meeting of Warrantholders.

3. Duration of Appointment

A proxy or representative so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with any meeting or proposed meeting of Warrantholders specified in such appointment, to be the holder of the Warrants to which such appointment relates and the holder of the Warrant shall be deemed for such purposes not to be the holder.

4. Calling of Meetings

The Issuer may at any time convene a meeting of Warrantholders. If the Issuer receives a written request by persons holding Warrants representing in aggregate at least 10 per cent. of the aggregate Exercise Amount of the Outstanding Warrants it shall as soon as reasonably practicable convene a meeting of Warrantholders. Every meeting shall be held at a time and place approved by the directors of the Issuer.

5. Notice of Meetings

At least 21 days' notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Warrantholders to convene a meeting of Warrantholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of meeting, be given in the manner provided in the Conditions and shall specify the nature of the resolutions to be proposed and shall include a statement to the effect that the holders of Warrants may appoint proxies by executing and delivering a form of proxy in English to the Designated Office not later than 48 hours before the time fixed for the meeting or, in the case of corporations, may appoint representatives by resolution in English of their directors or other governing body and by delivering an executed copy of such resolution to the Issuer not later than 48 hours before the time fixed for the meeting. The accidental

omission to give notice to, or the non-receipt of notice by, any Warrantholder shall not invalidate any resolution passed at any such meeting.

6. Chairman of Meetings

A person (who may, but need not, be a Warrantholder) nominated in writing by the Issuer may act as chairman of a meeting but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Warrantholders present shall choose one of them to be chairman. The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.

7. Quorum at Meetings

At a meeting two or more persons present in person holding Warrants or being proxies or representatives and holding or representing in the aggregate not less than 10 per cent. of the aggregate Exercise Amount of the Outstanding Warrants shall (except for the purpose of passing a Special Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted unless the requisite quorum be present at the commencement of business. The quorum at a meeting for passing a Special Resolution shall (subject as provided below) be two or more persons present in person holding Warrants or being proxies or representatives and holding or representing in the aggregate over 50 per cent. of the aggregate Exercise Amount of the Outstanding Warrants provided that the quorum at any meeting the business of which includes any of the matters specified in the proviso to paragraph 16 shall be two or more persons so present holding Warrants or being proxies or representatives and holding or representing in the aggregate not less than 66 per cent. of the aggregate Exercise Amount of the Outstanding Warrants.

8. Absence of Quorum

If within 15 minutes from the time fixed for a 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 to such date, not less than 14 nor more than 42 days later, and to such place as the chairman may decide. At such adjourned meeting two or more persons present in person holding Warrants or being proxies or representatives (whatever the aggregate Exercise Amount of the Warrants so held or represented) shall form a quorum and may pass any resolution and 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 provided that at any adjourned meeting at which is to be proposed a Special Resolution for the purpose of effecting any of the modifications specified in the proviso to paragraph 16 the quorum shall be two or more persons so present holding Warrants or being proxies or representatives and holding or representing in the aggregate not less than 33 per cent. of the aggregate Exercise Amount of the Outstanding Warrants.

9. Adjournment of Meetings

The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place but no business shall be transacted

at an adjourned meeting which might not lawfully have been transacted at the meeting from which the adjournment took place.

10. Notice of Adjourned Meetings

At least 10 days' notice of any meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and such notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

11. Manner of Voting

Each question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) which he may have as a Warrantholder or as a proxy or representative. Unless a poll is (before or on the declaration of the result of the show of hands) demanded at a meeting by the chairman, the Issuer or by one or more persons holding one or more Warrants or being proxies or representatives and holding or representing in the aggregate not less than two per cent. of the aggregate Exercise Amount of the Outstanding Warrants, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a 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.

12. Manner of Taking Poll

If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such an adjournment as the chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuation of the meeting for the transaction of any business other than the question on which the poll has been demanded.

13. Time for Taking Poll

A poll demanded on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.

14. Persons Entitled to Attend

The Issuer (through its representatives) and its financial and legal advisers may attend and speak at any meeting of Warrantholders. No one else may attend or speak at a meeting of Warrantholders unless he is the holder of a Warrant or is a proxy or a representative.

15. Votes

On a poll every person who is so present shall have one vote in respect of each Share which he would be entitled on exercise in full of the Exercise Rights represented by the Warrants held or in respect of which he is a proxy or a representative. Without prejudice

to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

16. Powers of Meetings of Warrantholders

A meeting of Warrantholders shall, subject to the Conditions, in addition to the powers given above, have power exercisable by Special Resolution:

- (a) to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Warrantholders against the Issuer;
- (b) to sanction the exchange or substitution for the Warrants of, or the exercise of the Warrants into, shares, bonds, or other obligations or securities of the Issuer or any other entity;
- (c) to assent to any modification of the Warrants which shall be proposed by the Issuer;
- (d) to authorise anyone to concur in and do anything necessary to carry out and give effect to a Special Resolution;
- (e) to give any authority, direction or sanction required to be given by Special Resolution; and
- (f) to appoint any persons (whether Warrantholders or not) as a committee or committees to represent the interests of the Warrantholders and to confer on them any powers or discretions which the Warrantholders could themselves exercise by Special Resolution;

provided that the special quorum provisions contained in the proviso to paragraph 7 and, in the case of an adjourned meeting, in the proviso to paragraph 8 shall apply for the purpose of making any modification to the provisions contained in the Warrants which would have the effect of:

- (i) modifying the Expiration Date; or
- (ii) modifying the Exercise Price, the Exercise Period or otherwise modifying or cancelling the Exercise Rights; or
- (iii) modifying the provisions contained in this Schedule concerning the quorum required at a meeting of Warrantholders or the majority required to pass a Special Resolution or sign a resolution in writing; or
- (iv) amending this proviso.

17. Resolutions Binding on all Warrantholders

Any Special Resolutions or Ordinary Resolutions passed at a meeting of Warrantholders duly convened and held in accordance with this Schedule and the Conditions shall be binding on all the Warrantholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing

of such a resolution shall be conclusive evidence that the circumstances of such resolution justify the passing of it.

18. **Special Resolution**

The expression *Special Resolution* means a resolution passed at a meeting of Warranholders duly convened and held in accordance with these provisions by a majority consisting of not less than three-quarters of the votes cast at such meeting.

19. **Ordinary Resolution**

The expression *Ordinary Resolution* means a resolution passed at a meeting of Warranholders duly convened and held in accordance with these provisions by a majority consisting of not less than half of the votes cast at such meeting.

20. **Written Resolution**

A resolution in writing signed by or on behalf of persons holding Warrants in aggregate not less than 90 per cent. of the aggregate Exercise Amount of the Outstanding Warrants who for the time being are entitled to receive notice of a meeting in accordance with these provisions shall for all purposes be as valid as a Special Resolution or an Ordinary Resolution passed at a meeting of Warranholders convened and held in accordance with these provisions. Such resolution in writing may be in one document or several documents in like form each signed by or on behalf of one or more of the Warranholders.

21. **Minutes**

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting of Warranholders, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

IN WITNESS whereof the Issuer has caused its Common Seal to be affixed hereto the day and year first above written.

The COMMON SEAL of)
COOLPAD GROUP LIMITED)
was hereunto affixed)
in the presence of:)

APPENDIX 2

FORM OF THREE-YEAR WARRANT INSTRUMENT

2021

COOLPAD GROUP LIMITED

WARRANT INSTRUMENT

**constituting warrants to subscribe for ordinary
shares in the capital
of Coolpad Group Limited**

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THIS INSTRUMENT is made by way of deed on the th day of 2021 by **COOLPAD GROUP LIMITED**, an exempted company with limited liability incorporated under the laws of Cayman Islands whose registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, with its principal place of business in Hong Kong at 44th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong and whose shares are listed on the Stock Exchange (stock code: 2369) (the *Issuer*).

WHEREAS:

- (A) The Board has, pursuant to a resolution of the Board passed on 2021 and a resolution of the Shareholders passed on 2021 in respect of a specific mandate for the Directors to deal with Shares, resolved to issue the warrants constituted as provided below.
- (B) The Issuer has determined to create and issue the warrants to be constituted by this Instrument by way of deed in order to more effectively protect the rights and interests of the Warranholders for the time being.
- (C) The Issuer has agreed to give, among other things, certain representations, covenants and undertakings in this Instrument in relation to its obligations set out herein.

NOW THIS INSTRUMENT WITNESSES AND THE ISSUER DECLARES as follows:

1 INTERPRETATION

1.1 The following expressions have the following meanings:

Alternative Stock Exchange means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

Business Day means a day, other than a Saturday, Sunday or public holiday, on which banks are open for general business in (unless otherwise stated) Hong Kong (other than a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm) and, in the case of a surrender of a Warrant Certificate, in the place where the Warrant Certificate is surrendered;

Capital Distribution means any distribution of assets in specie charged or provided or to be provided for in the accounts of the Issuer for any financial period (whenever paid or made and however described) but excluding a cash Dividend and a distribution of assets in specie in lieu of a cash Dividend which would not have constituted an extraordinary dividend under paragraph (b) of this definition below (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid-up (other than Shares credited as fully paid) by way of capitalisation of reserves), PROVIDED THAT:

- (a) a purchase or redemption of Shares by or on behalf of the Issuer shall not constitute a Capital Distribution or be taken into account in determining whether any other Dividend or distribution shall constitute a Capital Distribution unless in the case of purchases of Shares by the Issuer, the average price per Share (before expenses) on any one day in respect of such purchases exceeds by more

than 5 per cent. the Current Market Price per Share either: (1) on that date; or (2) where an announcement has been made (excluding, for the avoidance of doubt, any general authority for such purchases given by a Shareholders' meeting of the Issuer, or any notice convening such meeting) of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement in which case such purchase shall be deemed to constitute a Capital Distribution in the amount of the aggregate price paid (before expenses) in respect of such Shares purchased by the Issuer; and

- (b) in making any such calculation under this definition, such adjustments (if any) shall be made as a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, may consider appropriate to reflect: (1) any consolidation or subdivision of the Shares; (2) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event; or (3) the modification of any rights to Dividends of Shares;

Closed Period has the meaning given to it in Condition 5.5;

Closing Price for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day;

Current Market Price means, in respect of a Share at a particular time on a particular date, the average of the volume-weighted average price (**VWAP**) (as referenced by Bloomberg) per Share (being a Share carrying full entitlement to Dividend) for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 20 Trading Day period, the Shares shall have been quoted ex-Dividend and during some other part of that period the Shares shall have been quoted cum-Dividend then:

- (a) if the Shares to be issued in such circumstances do not rank for the Dividend in question, the VWAP quotations on the dates on which the Shares shall have been quoted cum-Dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that Dividend per Share; or
- (b) if the Shares to be issued in such circumstances rank for the Dividend in question, the VWAP quotations on the dates on which the Shares shall have been quoted ex-Dividend shall, for the purpose of this definition, be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of that Dividend per Share, PROVIDED THAT:
 - (i) if the Shares on each of the said 20 Trading Days have been quoted cum-Dividend in respect of a Dividend which has been declared or announced but the Shares to be issued do not rank for that Dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that Dividend per Share; and

- (ii) if less than five such such VWAP is available in the relevant period, then the current market price shall be determined in good faith by an independent investment bank of international repute (acting as expert) appointed by the Issuer and approved by an Ordinary Resolution of the Warrantholders;

Designated Office means the Issuer's principal place of business in Hong Kong, being 44/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, as may be changed from time to time in accordance with Condition 5.1;

Dividend means any dividend or distribution, whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets

includes, without limitation, an issue of Shares or other securities credited as fully or partly paid-up) provided that:

- (a) where a cash Dividend is announced which is to be, or may at the election of a holder or holders of Shares be, satisfied by the issue or delivery of Shares or other property or assets, then, the Dividend in question shall be treated as a cash Dividend of an amount equal to the greater of: (a) the cash Dividend so announced; and (b) the Current Market Price on the date of announcement of such Dividend of such Shares or the Fair Market Value of other property or assets to be issued or delivered in satisfaction of such Dividend (or which would be issued if all holders of Shares elected therefor, regardless of whether any such election is made); and
- (b) any issue of Shares falling within Condition 6.5(b) shall be disregarded;

Equivalent Amount has the meaning given to it in Condition 6.3(c)(v);

Exchange Rate means the exchange rate between US\$ and HK\$ published on Bloomberg at 5:00 pm, Eastern time, on the day before the relevant date, or in The Wall Street Journal on such date if not so published on Bloomberg;

Exercise Amount means an amount in HK\$ equal to the aggregate value of Shares represented by a Warrant (as stated in the Register of Warrantholders);

Exercise Date has the meaning given to it in Condition 6.3(a)(ii);

Exercise Monies means an amount in cash in HK\$ (or in US\$ at the then prevailing Exchange Rate at the Election of the Warrantholder) represented by the portion of the Exercise Amount of a Warrant in respect of which the Warrantholder intends to exercise its Exercise Rights;

Exercise Notice has the meaning given to it in Condition 6.3(a)(i);

Exercise Period has the meaning given to it in Condition 6.1;

Exercise Price means the price per Share payable in HK\$ (or in US\$ at the then prevailing Exchange Rate at the Election of the Warrantholder) on exercise of the

Exercise Rights, which shall initially be HK\$0.70 per Share, and shall be subject to adjustment from time to time in accordance with Condition 6.4 of this Instrument;

Exercise Rights means, in respect of a Warrant, the rights of the holder of that Warrant to subscribe for Shares at the Exercise Price up to an aggregate Exercise Price equal to the Exercise Amount represented by such Warrant;

Expiration Date means the third anniversary of the Issue Date;

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 a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders; provided that: (i) the fair market value of a cash Dividend paid or to be paid per Share shall be the amount of such cash Dividend per Share determined as at the date of announcement of such Dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such investment bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Day on which such options, warrants or other rights are publicly traded;

HK Dollar, Hong Kong Dollar, HKD and HK\$ means the legal currency of Hong Kong;

Issue Date means, in respect of any Warrant, the date of issue of such Warrant;

Listing Rules means the rules governing the listing of securities on the main board of the Hong Kong Stock Exchange in force from time to time;

Long Stop Date has the meaning ascribed to it under the Warrant Subscription Agreement;

Maximum Exercise Amount means an amount equal to HK\$186,662,000;

normal office hours means 9 a.m. to 5 p.m. on a Business Day;

Ordinary Resolution has the meaning given to it in paragraph 19 of Schedule 4;

Outstanding Warrants refers to all the Warrants issued other than:

- (a) those in respect of which Exercise Rights have been exercised in accordance with these Conditions;
- (b) those mutilated or defaced Warrants which have been surrendered in exchange for replacement Warrants pursuant to Condition 10; or
- (c) (for the purpose only of determining how many Warrants are outstanding and without prejudice to their status for any other purpose) those Warrants alleged to have been lost, stolen or destroyed and in respect of which replacement Warrants have been issued pursuant to Condition 10;

person includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the board of directors or any other governing board and does not include the Issuer's wholly owned direct or indirect subsidiaries;

Principal Business means the business of the Group relating to the sale of smartphones, the provision of wireless application services and the research and development of smartphone operation systems and software;

Register of Warrantholders has the meaning given to it in Condition 5.1;

Registration Date has the meaning given to it in Condition 6.3(c)(iv);

Shares means ordinary shares with a par value of HK\$0.01 each in the capital of the Issuer (which include ordinary shares of the Issuer listed on the Stock Exchange of Hong Kong Limited (the **Hong Kong Stock Exchange**)) or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

Shareholders means the holders of Shares from time to time;

Special Resolution has the meaning given to it in paragraph 18 of Schedule 4;

Subsidiary of a controlling entity (**Controlling Person**) means:

- (a) any corporation of which securities, having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues), are at the time directly, indirectly or beneficially owned or controlled by the Controlling Person (or one or more of its Subsidiaries);
- (b) any partnership of which the Controlling Person (or one or more of its Subsidiaries): (i) directly, indirectly or beneficially owns or controls more than 50% of the income, capital, beneficial or ownership interest (however designated) thereof; or (ii) is a general partner, in the case of a limited partnership, or is a partner that has the authority to bind the partnership in all other cases; or
- (c) any other person of which at least 50% of the income, capital, beneficial or ownership interest (however designated) is at the time directly, indirectly or beneficially owned or controlled by the Controlling Person (or one or more of its Subsidiaries);

Taxes has the meaning given to it in Condition 6.3(b);

Trading Day means a day when the Hong Kong Stock Exchange or, as the case may be, an Alternative Stock Exchange is open for dealing business, provided that if no

VWAP or Closing Price, as the case may be, is reported in respect of the relevant Shares on the Hong Kong Stock Exchange or, as the case may be, the Alternative Stock Exchange for one or more consecutive dealing 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 dealing days;

Warrant Certificate has the meaning given to it in Condition 4.1;

Warrantholders, and (in relation to a Warrant) **holder** means the person in whose name a Warrant is registered in the Register of Warrantholders;

Warrants means the fully detachable and transferable warrants as constituted by this Instrument and issued with the benefit of, and subject to, the terms and conditions set out herein entitling the holder to exercise the Exercise Rights in accordance with the terms of this Instrument and the Warrant Certificate;

Warrant Subscription Agreement has the meaning given to it in the recitals;

US\$ means United States dollars, the lawful currency of the United States of America; and

VWAP has the meaning given to it in the definition of Current Market Price.

- 1.2 Headings used in this Instrument are for ease of reference only and shall be ignored in interpreting this Instrument.
- 1.3 References to Conditions and Schedules are references to Conditions and Schedules of or to this Instrument.
- 1.4 Words and expressions in the singular include the plural and vice versa and words and expressions importing one gender include every gender.
- 1.5 Reference to person includes any public body and any body of persons, corporate or unincorporate.
- 1.6 References to any ordinance, statute, legislation or enactment shall be construed as a reference to such ordinance, statute, legislation or enactment as may be amended or re-enacted from time to time and for the time being in force.

2 GRANT OF RIGHTS TO SUBSCRIBE

The Issuer hereby creates and constitutes Warrants entitling the holders thereof to subscribe, in aggregate up to the Maximum Exercise Amount, at any time and from time to time during the Exercise Period for Shares at a price per Share equal to the Exercise Price.

3 STATUS

The Warrants are (subject to the Conditions of this Instrument) detached and fully tradable call warrants. Each Warrant shall have an Exercise Amount and the aggregate Exercise Amount of all Warrants in issue from time to time shall not exceed the Maximum Exercise Amount. No application will be made for a listing of the Warrants.

4 FORM, DENOMINATION AND TITLE

4.1 Form and Denomination

The Warrants are issued in registered form. A warrant certificate in the form set out in Schedule 1 (each a *Warrant Certificate*) will be issued to each Warrantholder in respect of its registered holding of Warrants. Each Warrant and each Warrant Certificate will be numbered serially with an identifying number which will be recorded on the relevant Warrant Certificate and in the Register of Warrantholders which the Issuer will keep.

4.2 Title

Title to the Warrants passes only by transfer and registration in the Register of Warrantholders as described in Condition 5. The holder of any Warrant will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Warrant Certificate issued in respect of it (other than the endorsed form of transfer)) and no person will be liable for so treating the holder.

5 TRANSFERS OF WARRANTS; ISSUE OF WARRANT CERTIFICATES

5.1 Register of Warrantholders

The Issuer will cause to be kept at its registered office a register on which shall be entered the names and addresses of the holders of the Warrants and the particulars of the Warrants held by them (including the Exercise Amount of each Warrant) and of all transfers of the Warrants (the *Register of Warrantholders*). Any change in the Designated Office shall be notified to the Warrantholders in accordance with Condition 12.

5.2 Transfers

Subject to Condition 5.5, a Warrant may be transferred or exchanged, in whole or in part, at any time by delivery of the Warrant Certificate issued in respect of that Warrant, with the endorsed form of transfer (in the form set out in Schedule 2 to these Conditions) duly completed and signed by the registered Warrantholder or his attorney duly authorised in writing, to the Issuer at the Designated Office together with such evidence as the Issuer may reasonably require to prove the authority of the individuals who have executed the form of transfer provided that the prior approval of the Hong Kong Stock Exchange shall be obtained (if required) for any transfer or exchange to any person who the transferor knows to be a connected person (as defined in the Listing Rules) of the Issuer. No transfer of title to a Warrant, in whole or in part, will be valid unless and until entered on the Register of Warrantholders.

5.3 Delivery of New Warrant Certificates

- (a) Each new Warrant Certificate to be issued upon a transfer, exchange or exercise of Warrants shall, within five Business Days of receipt by the Issuer of the endorsed form of transfer duly completed and signed, be made available for collection at the Designated Office or, if so requested in the form of transfer, be

mailed by uninsured mail at the risk of the holder entitled to the Warrants (but free of charge to the holder) to the address specified in the form of transfer.

- (b) Where (i) only some (but not all) of the Exercise Amount in respect of which a Warrant Certificate is issued is to be transferred or (ii) where Exercise Rights are to be exercised in respect of some (but not all) of the Exercise Amount in respect of which a Warrant Certificate is issued, a new Warrant Certificate in respect of the remaining Exercise Amount will, within five Business Days of delivery of the existing Warrant Certificate to the Issuer, be mailed by uninsured mail at the risk of the relevant holder (but free of charge to the holder) to the address of such holder appearing on the Register of Warrantholders or such other address as specified in the Exercise Notice.

5.4 **Formalities Free of Charge**

Registration of a transfer of Warrants will be effected without charge by or on behalf of the Issuer, but only upon: (i) payment (or the giving of such indemnity as the Issuer may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; and (ii) the Issuer, acting reasonably, being satisfied that the regulations concerning the transfer of Warrants have been complied with.

5.5 **Closed Periods**

No Warrantholder may require the transfer of a Warrant to be registered after an Exercise Notice has been delivered with respect to such Warrant, such period being a *Closed Period*.

6 **EXERCISE**

6.1 **Exercise Period**

Subject as hereinafter provided, Warrantholders have the right to exercise their Warrants and subscribe for Shares at the Exercise Price any time during the Exercise Period. Subject to and upon compliance with the provisions of this Condition, the Exercise Rights attaching to any Warrant may be exercised, at the option of the holder thereof, at any time on or after the Issue Date up to the close of business (at the place where the Warrant Certificate evidencing such Warrant is deposited for exercise) on the Expiration Date (but in no event thereafter) (the *Exercise Period*). After the close of business on the Expiration Date, the Exercise Rights shall lapse and each warrant shall cease to be valid for any purpose.

6.2 **Fractions of Shares**

Fractions of Shares will not be issued on exercise of the Exercise Rights attaching to any Warrant and no cash adjustments will be made in respect thereof.

6.3 **Exercise Procedure**

- (a) *Exercise Notice:*

- (i) To exercise the Exercise Rights attaching to any Warrant (which may be exercised in respect of some or all of the Exercise Amount represented by the Warrant in question), the holder thereof must complete, execute and deposit at his own expense during normal office hours at the Designated Office a notice of exercise (an *Exercise Notice*) in duplicate in the form set out in Schedule 3 to this Instrument, together with: (i) the relevant Warrant Certificate; and (ii) a remittance for the Exercise Monies. An Exercise Notice deposited outside the normal office hours or on a day which is not a Business Day at the place of the Designated Office shall for all purposes be deemed to have been deposited with the Issuer during the normal office hours on the next Business Day following such day.
 - (ii) The exercise date in respect of a Warrant (the *Exercise Date*) must fall at a time when the Exercise Rights attaching to that Warrant is expressed in these Conditions to be exercisable and will be deemed to be the Trading Day immediately following the date of the surrender of the Warrant Certificate in respect of such Warrant and delivery of such Exercise Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Exercise Rights. An Exercise Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal.
- (b) *Stamp Duty etc.*: A Warrantholder delivering a Warrant Certificate in respect of a Warrant for exercise must pay: (i) any taxes and capital, stamp, issue and registration duties arising on exercise (other than any taxes or capital or stamp duties payable in Hong Kong, and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or Alternative Stock Exchange on exercise) (the *Taxes*); and (ii) all, if any, taxes arising by reference to any disposal or deemed disposal of a Warrant in connection with such exercise, in each case directly to the relevant authorities. The Issuer is under no obligation to determine whether a Warrantholder is liable to pay any Taxes under this Condition 6.3 and shall not be liable for any failure of a Warrantholder to make such payment. The Issuer will pay all other expenses arising on the issue of Shares upon any exercise of Warrants.
- (c) *Registration*:
 - (i) As soon as practicable, and in any event not later than five Trading Days after the Exercise Date, the Issuer will, in the case of exercise of Exercise Rights and in respect of which a duly completed Exercise Notice has been delivered and the relevant Warrant Certificate and amounts payable by the relevant Warrantholder deposited or paid as required by Conditions 6.3(a) and 6.3(b), register the person or persons designated for the purpose in the Exercise Notice as holder(s) of the relevant number of Shares in the Issuer's share register and will cause its Hong Kong share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by uninsured ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such

certificate or certificates to the person and at the place specified in the Exercise Notice, together with any other securities, property or cash required to be delivered upon exercise and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.

- (ii) The number of Shares to be allotted on exercise of the Exercise Rights shall be calculated by dividing the amount specified in the relevant Exercise Notice and duly remitted as aforesaid by the Exercise Price applicable on the Exercise Date. No fraction of a Share shall be allotted but any balance representing fractions of the Exercise Monies paid on exercise of the Exercise Rights will be retained for the benefit of the Issuer.
- (iii) If the Exercise Date in relation to any Warrant shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Exercise Price pursuant to Condition 6.4, but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective the Issuer shall within ten Business Days allot to the exercising Warrantholder such additional number of Shares as, together with the Shares originally allotted, is equal to the number of Shares which would have been required to be allotted on exercise of the Warrant if the relevant adjustment to the Exercise Price had been made and become effective immediately after the relevant record date (or in accordance with the instructions contained in the Exercise Notice (subject to applicable exchange control or other laws and regulations)).
- (iv) The person or persons designated in the Exercise Notice will become the holder(s) of record of the number of Shares issuable upon exercise with effect from the date he is or they are registered as such in the Issuer's register of members (the **Registration Date**). The Shares issued upon exercise of the Warrants will in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on exercise of Warrants shall not be entitled to any rights the record date for which precedes the relevant Registration Date.
- (v) If the record date for the payment of any Dividend or other distribution in respect of the Shares is on or after the Exercise Date in respect of any Warrant, but before the Registration Date (disregarding any retroactive adjustment of the Exercise Price referred to in this Condition 6.3(c) prior to the time such retroactive adjustment shall have become effective), the Issuer will pay to the exercising Warrantholder or his designee an amount (the **Equivalent Amount**) equal to the Fair Market Value of any such Dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the Dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall

be paid by means of a HK dollar cheque drawn on a bank in Hong Kong and sent to the address specified in the relevant Exercise Notice.

6.4 Liquidation Event

On a liquidation, dissolution, winding-up (whether voluntary or involuntary) of the Issuer prior to the Long Stop Date, all Exercise Rights which have not been exercised prior to the commencement of the liquidation, dissolution, winding-up (whether voluntary or involuntary) of the Issuer (as the case may be) shall lapse and the Warrants will cease to be valid with immediate effect for the purpose of exercising any Exercise Rights.

6.5 Adjustments to Exercise Price

The Exercise Price will be subject to adjustment in the following events:

- (a) *Consolidation, Subdivision or Reclassification*: If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such alteration by the following fraction:

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

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (b) *Capitalisation of Profits or Reserves*: If and whenever the Issuer shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash Dividend (the **Relevant Cash Dividend**), being a Dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (a **Scrip Dividend**), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue by the following fraction

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

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares on the date of announcement of the terms of such issue of Shares multiplied by the number of Shares issued exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before the issue of such Shares by the following fraction:

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

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue;

B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which: (i) the numerator is the amount of the whole (or the relevant part) of the Relevant Cash Dividend; and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole (or the relevant part) of the relevant cash dividend; and

C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, the day immediately after such record date.

(c) *Capital Distribution:* If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except where the Exercise Price falls to be adjusted under Condition 6.5(b) above), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such Capital Distribution by the following fraction:

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

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is made.

- (d) *Dividends*: If and whenever the Issuer shall pay or make any Dividend to the Shareholders, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such Dividend by the following fraction:

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

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Dividend is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the cash distribution attributable to one Share.

Such adjustment shall become effective on the date that such Dividend is paid.

- (e) *Rights Issues of Shares or Options over Shares*: If and whenever the Issuer 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, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 80% of the Current Market Price per Share, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

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

where:

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

B 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 or granted by way of rights and for the total number of Shares comprised therein would purchase at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

- (f) *Rights Issues of Other Securities*: If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for

or purchase Shares) to all or substantially all Shareholders as a class, by way of rights, or the issue or grant to all or substantially all Shareholders as a class by way of rights, of any options, warrants or other rights to subscribe for or purchase or otherwise acquire, any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

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

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

- (g) *Issues at less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6.5(d)) any Shares (other than Shares issued on the exercise of Exercise Rights or the options granted by the Issuer pursuant to its employee share option schemes, or any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant of (otherwise than as mentioned in Condition 6.5(e) above and other than the options granted by the Issuer pursuant to its employee share option schemes) options, warrants or other rights to subscribe or purchase Shares in each case at a price per Share which is less than 80% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

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

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for such additional Shares to be issued or otherwise made available or, as the case may be, upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Share; and

C is the maximum number of additional Shares issued or the maximum number of Shares that may be issued upon exercise of such options, warrants or rights.

References to additional Shares in the above formula shall, in the case of an issue or grant by the Issuer of options, warrants or other rights to subscribe for or purchase Shares, mean such Shares to be issued, or otherwise made available, assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

(h) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other existing securities in accordance with the terms applicable to such existing securities themselves falling within the provisions of this Condition 6.5(h), if and whenever the Issuer or any Subsidiary of the Issuer (otherwise than as mentioned in Conditions 6.5(d), 6.5(f) or 6.5(g) above) or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary) any other company, person or entity (otherwise than as mentioned in Conditions 6.5(d), 6.5(f) or 6.5(g) above) shall issue any securities (other than the Warrants and the options granted by the Issuer pursuant to its employee share option schemes) which by their terms of issue carry (directly or indirectly) rights of exercise into, or exchange or subscription for or purchase of, or to otherwise acquire, Shares issued or to be issued by the Issuer or securities which by their terms may be redesignated Shares receivable upon conversion, exchange, subscription or redesignation at a consideration per Share which is less than 80% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue by the following fraction:

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

where:

A is the number of Shares in issue immediately before such issue or grant (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued by the Issuer for the purposes of, or in connection with, such issue, less the number of Shares so issued);

B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for the Shares to be issued or otherwise made available upon exercise or exchange or on exercise of the right of subscription or purchase or acquisition attached to such securities or, as the case may be, the Shares would purchase at such Current Market Price per Share; and

C is the maximum number of Shares to be issued or otherwise made available upon exercise or exchange of such securities or on the exercise of such rights of subscription or purchase or acquisition attached thereto at the initial exercise, exchange or subscription price or rate or, as the case may be, the maximum number of Shares to be issued or to arise or to be made available from any such redesignation.

Such adjustment shall become effective on the date of issue of such securities.

- (i) *Modification of Rights of Exercise etc.:* If and whenever there is any modification of the rights of exercise, exchange, subscription, purchase or acquisition attaching to any such securities as are mentioned in Condition 6.5(h) above (other than in accordance with the existing terms applicable to such securities) so that the consideration per Share (for the number of Shares available on exercise, exchange or subscription following the modification) is less than 80% of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such modification by the following fraction:

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

where:

- A is the number of Shares in issue immediately before such modification (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued by the Issuer for the purposes of, or in connection with, such issue, less the number of Shares so issued);
- B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for the Shares to be issued, or otherwise made available, on exercise or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing exercise, exchange, subscription or purchase price of such securities; and
- C is the maximum number of Shares to be issued, or otherwise made available, on exercise or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified exercise, exchange, subscription or purchase price or rate but giving credit in such manner as a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, consider appropriate (if at all) for any previous adjustment under this Condition 6.5(h) or Condition 6.5(i) above.

Such adjustment shall become effective on the date of modification of the rights of exercise, exchange, subscription, purchase or acquisition attaching to such securities.

- (j) *Other Offers to Shareholders:* If and whenever there is an issue, sale or distribution by or on behalf of the Issuer or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or any Subsidiary or such other company, person or entity pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 50 per cent. of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Exercise Price falls to be adjusted under Condition 6.5(d), 6.5(f), 6.5(g) or 6.5(h) above), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue, sale or distribution by the following fraction:

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

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities.

- (k) *Other Events:* If either: (i) the rights of conversion, exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for Shares or the rights carried by such securities to subscribe for or purchase Shares are modified (other than pursuant to, and as provided in, the existing terms and conditions of such options, rights, warrants or securities); or (ii) the Issuer determines that an adjustment should be made to the Exercise Price as a result of one or more events or circumstances not referred to in any other provisions of this Condition 6.4 which in either case have or would have an effect on the position of the Warrantheolders as a class compared with the position of the holders of all the securities (and options, rights and warrants relating thereto) of the Issuer, taken as a class, which is analogous to any of the events referred to in Conditions 6.5(a)(a) to (j)) (including any demerger, spin-off or similar arrangement in respect of any business of the Issuer and its Subsidiaries), then, in any such case, the Issuer shall at its own expense request a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantheolders, to determine as soon as practicable what adjustment (if any) to the Exercise Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Exercise Price, and the date on which such adjustment should take effect

and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination *provided that* where the circumstances giving rise to any adjustment pursuant to this Condition 6.4 have already resulted or will result in an adjustment to the Exercise Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Exercise Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6.4 as may be advised by a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, to be in its opinion appropriate to give the intended result.

- 6.6 All costs, charges, liabilities and expenses incurred in connection with the appointment, retention, consultation and remuneration of the investment bank appointed under these Conditions shall be borne by the Issuer.
- 6.7 On any adjustment, the relevant Exercise Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest four decimal places of one Hong Kong cent. No adjustment shall be made to the Exercise Price where such adjustment (rounded down, if applicable) would be less than one per cent. of the Exercise Price then in effect. Any adjustment not required to be made, and any amount by which the Exercise Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to the Warrantholders (in accordance with Condition 12) *as soon as practicable* after the determination thereof.
- 6.8 The Exercise Price may not be reduced so that, on exercise of Warrants, Shares would fall to be issued at a discount to their nominal value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in Hong Kong.
- 6.9 Where more than one event which gives or may give rise to an adjustment to the Exercise Price occurs within such a short period of time that in the opinion of a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, 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 a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, to be in its opinion appropriate in order to give such intended result.
- 6.10 No adjustment shall be made to the Exercise Price where Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of employees, former employees, contractors or former contractors (including directors holding or formerly holding executive office) of the Issuer or any Subsidiary, pursuant to any share option scheme or plan that is duly adopted by the Issuer in accordance with the Listing Rules.
- 6.11 No adjustment involving an increase in the Exercise Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6.5(a) above or to correct an error.

7 UNDERTAKINGS

7.1 The Issuer undertakes and warrants, inter alia, that so long as there are any Outstanding Warrants save with the approval of a Special Resolution of the Warrantheolders, it shall (and, where applicable, shall procure that its Subsidiaries shall):

- (a) continue to be primarily engaged in the Principal Business in which it is engaged as at the date hereof;
- (b) use all reasonable endeavours: (i) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange; (ii) to obtain and maintain a listing for all the Shares issued on the exercise of the Exercise Rights attaching to the Warrants on the Hong Kong Stock Exchange; and (iii) if the Issuer is unable to maintain or obtain such listing, to obtain and maintain a listing for all the Shares issued on the exercise of the Exercise Rights on an Alternative Stock Exchange as the Issuer with the approval by an Ordinary Resolution of the Warrantheolders may from time to time determine and will forthwith give notice to the Warrantheolders (in accordance with Condition 12) of the listing or delisting of the Shares (as a class) by any of such stock exchanges;
- (c) pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on exercise of the Warrants;
- (d) comply in all material respects with all the rules, regulations and requirements of the Hong Kong Stock Exchange (including the Listing Rules) or the Alternative Stock Exchange (if applicable);
- (e) comply in all material respects with all applicable laws and regulations, including without limitation, the Foreign Corrupt Practices Act 1977, as amended, or any other applicable anti-corruption legislation;
- (f) reserve, free from any pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital, the full number of Shares liable to be issued on exercise of the Warrants from time to time and will ensure that all Shares will be duly and validly issued as fully-paid; and
- (g) not make any offer, issue or distribution or take any action the effect of which would be to reduce the Exercise Price below the par value of the Shares of the Issuer, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

7.2 Notice of Change in Exercise Price

The Issuer shall give notice to the Hong Kong Stock Exchange (or, as the case may be, the Alternative Stock Exchange) (if required) and the Warrantheolders in accordance with Condition 12 of any change in the Exercise Price. Any such notice relating to a change in the Exercise Price shall set forth the event giving rise to the adjustment, the Exercise Price prior to such adjustment, the adjusted Exercise Price and the effective date of such adjustment.

8 MEETINGS OF WARRANTHOLDERS AND MODIFICATIONS

8.1 Meetings

- (a) Schedule 4 to these Conditions contains provisions for convening meetings of Warrantholders to consider any matter affecting their interests, including the sanctioning by Special Resolution of a modification of the Warrants (subject to Condition 8.2 below) and the sanctioning by Ordinary Resolution of any matter requiring their approval pursuant to these Conditions. When there is only one Warrantholder, no meetings are required and any resolution of the Warrantholder can be passed by written resolution in accordance with paragraph 20 of Schedule 4.
- (b) A Special Resolution passed at any meeting of Warrantholders will be binding on all Warrantholders, whether or not they are present at the meeting. Schedule 4 provides that a written resolution signed by or on behalf of persons holding Warrants representing in aggregate not less than 90 per cent. of the aggregate Exercise Amount of the Outstanding Warrants shall be as valid and effective as a duly passed Special Resolution.

8.2 Modification

The Issuer may without any such meeting or sanction of the Warrantholders, amend the terms of Warrants if, in the reasonable opinion of the Issuer, having consulted with its financial adviser, legal adviser or auditor, such amendment is of a minor or technical nature or corrects a manifest error. Any such amendment will be binding on the Warrantholders.

8.3 Form of Modification

Any modification to the terms of the Warrants, whether pursuant to Condition 8.1 or 8.2, shall be effected by way of deed poll executed by the Issuer. A copy of such deed poll will be sent by the Issuer to the Warrantholders in accordance with Condition 12 as soon as practicable thereafter.

9 VOTING AND OTHER RIGHTS

The Warrantholders will not be entitled to receive notice of or attend or vote at general meetings of the Issuer by reason only of being the holders of a Warrant. The Warrantholders will not be entitled to participate in any distribution and/or offers of further securities made by the Issuer by reason only of being the holders of the Warrants.

10 REPLACEMENT OF WARRANT CERTIFICATES

If any Warrant Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the Designated Office upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued .

11 FURTHER ISSUES

The Issuer may from time to time, without the consent of the Warrantheolders, create and issue further warrants having the same terms and conditions as the Warrants in all respects (other than the date of issue) and so that such further issue shall be consolidated and form a single series with the Warrants.

12 NOTICES

All notices to Warrantheolders shall be validly given if mailed to them at their respective addresses in the Register of Warrantheolders. Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed to the Warrantheolders, as the case may be.

13 GOVERNING LAW AND JURISDICTION

- 13.1 This Agreement, as to which time shall be of the essence, is governed by and shall be construed in accordance with Hong Kong law.
- 13.2 All disputes arising out of or in connection with this Agreement shall be submitted to the Hong Kong International Arbitration Centre and shall be finally settled and resolved under the Hong Kong International Arbitration Centre Administered Arbitration Rules by three arbitrators appointed in accordance with the said Rules. The place of arbitration shall be Hong Kong and the language to be used in the arbitral proceedings shall be English. Nothing in this clause shall prevent any party at any time seeking any interim or interlocutory relief in aid of any arbitration or in connection with enforcement proceedings.

Schedule 1

FORM OF WARRANT CERTIFICATE

Exercise Amount of Warrant (HK\$)	Certificate No.
[●]	0001

COOLPAD GROUP LIMITED
(a company incorporated in the Cayman Islands with limited liability)

Warrant to Subscribe for Ordinary Shares

COOLPAD GROUP LIMITED (the *Issuer*) hereby certifies that

[SUBSCRIBER] of [●]

is, at the date hereof, entered in the Issuer's register of Warrantholders as the holder of a warrant (the *Warrant*) to subscribe for ordinary shares with a par value of HK\$0.01 each in the capital of the Issuer (the *Shares*). The Warrant forms part of an authorised issue of warrants to subscribe in aggregate at the Exercise Price (as defined in the Warrant Instrument) for Shares up to a maximum value of HK\$[●] and is constituted by a warrant instrument executed by the Issuer as a deed poll dated [●] 2021 (the *Warrant Instrument*). The Warrant is subject to, and has the benefit of, that Warrant Instrument and the terms and conditions set out therein, which is enforceable severally by each Warrantholder (as defined in the Warrant Instrument) against the Issuer, and by the Issuer against each Warrantholder, insofar as each such Warrantholder's Warrant is concerned.

This Certificate is evidence of entitlement only. Title to the Warrant passes only on due registration in the register of Warrantholders and only the duly registered holder is entitled to exercise the Warrant in respect of which this Certificate is issued.

The warrants constituted under the Warrant Instrument have not been and will not be registered under the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time (the *Securities Act*), any state securities laws of the United States, or the securities law of any other jurisdiction, and may not be offered, sold, pledged or otherwise transferred in the absence of such registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any state securities laws of the states of the United States and other jurisdictions and the respective rules and regulations thereunder.

This Certificate is governed by, and shall be construed in accordance with, the laws of Hong Kong.

IN WITNESS whereof the Issuer has executed this Certificate as a deed on 2021.

EXECUTED AS A DEED BY)
COOLPAD GROUP LIMITED)
Acting by:)
In the presence of:)

Schedule 2

FORM OF TRANSFER

COOLPAD GROUP LIMITED

Warrants to subscribe for Ordinary Shares

TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned hereby transfers to

Name:

Address:

.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

[the Warrant / HK\$[●] of the Exercise Amount represented by the Warrant] in respect of which the enclosed Warrant Certificate is issued, and all rights in respect thereof.

All payments in respect of the [part of the] Warrant hereby transferred are to be made (unless otherwise instructed by the transferee) to the following account or, if no account is specified, by cheque posted to the address above:

Name of bank:.....

HK\$ account number:.....

For the account of:

SIGNED BY)	SIGNATURE	_____
FOR AND ON BEHALF OF)		
[●])	NAME	_____

Notes:

- (a) A representative of the holder of the Warrant should state the capacity in which he signs, e.g. executor.
- (b) The signature of the persons effecting a transfer shall conform to any list of duly authorised specimen signatures supplied to the Issuer by the registered holder or be certified by a notary public or in such other manner as the Issuer may require.
- (c) This form of transfer should be dated as of the date. it is deposited with the Issuer.

Schedule 3

FORM OF EXERCISE NOTICE

COOLPAD GROUP LIMITED

Warrants to subscribe for Ordinary Shares

EXERCISE NOTICE

(To be completed in duplicate)

(Please read the notes overleaf before completing this Notice.)

Name:

Date:

Address:

Signature:

To: COOLPAD GROUP LIMITED (the *Issuer*)

I/We, by or on behalf of the holder or beneficial owner of the Warrant (the *Warrant*) specified below, hereby elect to exercise such Warrant and subscribe for ordinary shares of the Issuer (the *Shares*) in accordance with Condition 6 of the terms and conditions of the Warrant.

1. Exercise Amount of Warrant to be exercised and certificate number in respect of such Warrant:

Exercise Amount of Warrant to be exercised (HK.\$):.....

Certificate number of Warrant:.....

2. Name(s), address(es) and signature(s) of person(s) in whose name(s) the Shares required to be delivered on exercise are to be registered:-

Name:.....

Address:.....

Signature:.....

3. I/We hereby request that the certificates for the Shares (or other securities) required to be delivered upon exercise be dispatched (at my/our risk and expense if dispatched other than by ordinary mail) to the person whose name and address is given below and in the manner specified below:

Name:.....

Address:.....

Manner of dispatch (if other than by ordinary mail):.....

4. I/We hereby request that any cash amount (or property) required to be delivered upon exercise be dispatched by cheque (at my/our risk and expense if dispatched by other than ordinary mail) to the person whose name and address is given below and in the manner specified below:

Name:.....

Address:.....

Manner of dispatch (if other than by ordinary mail):.....

5. I/We hereby request that a balance Warrant Certificate (if any) in registered form in respect of the Exercise Amount represented by the accompanying Warrant Certificate and remaining unexercised be issued in the name(s) of the person(s) whose name(s) stand(s) in the Register of Warrantholders as the Warrantholder(s) of the Warrant represented by this Warrant Certificate and that such certificate(s) be dispatched (at my/our risk and expense if dispatched other than by ordinary mail) to the person whose name and address is given below and in the manner specified below:

Name:.....

Address:.....

Manner of dispatch (if other than by ordinary mail):.....

6. The Certificate representing the Warrant exercised hereby accompany this Exercise Notice.
7. I/we make payment in full for the Shares to be subscribed by sending herewith a cheque for the full amount mentioned in paragraph 2 of this form.
8. I/We hereby declare that all approvals, consents and authorisations (if any) required by the laws of to which I am / we are subject and to be obtained by me/us prior to the said exercise have been obtained and are in full force and effect and that any applicable condition thereto has been complied with by me/us.

Notes:

- (i) This Exercise Notice will be void unless the introductory details, Sections 1, 2, 3 and (if applicable) 4 are completed.

- (ii) Your attention is drawn to Condition 6.3 of the Warrant Instrument with respect to the conditions precedent which must be fulfilled before the Warrants specified above will be treated as effectively eligible for exercise.
- (iii) Cheque(s) should be drawn in Hong Kong dollars on a bank in Hong Kong or such other place as may be determined by the Issuer and be made payable to “COOLPAD GROUP LIMITED”
- (iv) Despatch of share certificates or other securities, cash or property will be made at the risk and expense of the exercising Warrantholder if dispatched other than by ordinary mail and the exercising Warrantholder will be required to prepay the expenses of, and submit any necessary documents required in order to effect, despatch in the manner specified.
- (v) If an adjustment contemplated by the terms and conditions of the Warrants is required in respect of an exercise of Warrants where additional Shares are to be issued, certificates for the additional Shares deliverable pursuant to such adjustment (together with any other securities, property or cash) will be delivered or despatched in the same manner as the Shares, other securities, property and cash previously issued pursuant to the relevant Exercise Notice.

For the Issuer’s use only:-

- 1 (A) Warrant exercise identification reference:.....
- (B) Exercise Date:.....
- (C) Delivery Date:
- 2 (A) Exercise Amount of Warrant (HK.\$) in respect of which Certificates have been deposited for exercise:.....
- (B) Exercise Price on Exercise Date:.....
- (C) Number of Shares issuable:.....
(disregard fractions)
- 3 (If applicable) amount of cash payment due to exercising Warrantholder under Condition 6.3(c)(v)

Note: The Issuer must complete items 1, 2 and (if applicable) 3.

Schedule 4

PROVISIONS FOR MEETINGS OF WARRANTHOLDERS

1. Proxies

A holder of a Warrant may by an instrument in writing (a *form of proxy*) in the form available from the Designated Office signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the Issuer not later than 48 hours before the time fixed for any meeting, appoint any person (a *proxy*) to act on his or its behalf in connection with any meeting or proposed meeting of Warrantholders. A Proxy need not be a Warrantholder.

2. Representatives

A holder of a Warrant which is a corporation may by delivering to the Issuer not later than 48 hours before the time fixed for any meeting a resolution of its directors or other governing body in English authorise any person to act as its representative (a *representative*) in connection with any meeting or proposed meeting of Warrantholders.

3. Duration of Appointment

A proxy or representative so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with any meeting or proposed meeting of Warrantholders specified in such appointment, to be the holder of the Warrants to which such appointment relates and the holder of the Warrant shall be deemed for such purposes not to be the holder.

4. Calling of Meetings

The Issuer may at any time convene a meeting of Warrantholders. If the Issuer receives a written request by persons holding Warrants representing in aggregate at least 10 per cent. of the aggregate Exercise Amount of the Outstanding Warrants it shall as soon as reasonably practicable convene a meeting of Warrantholders. Every meeting shall be held at a time and place approved by the directors of the Issuer.

5. Notice of Meetings

At least 21 days' notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Warrantholders to convene a meeting of Warrantholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of meeting, be given in the manner provided in the Conditions and shall specify the nature of the resolutions to be proposed and shall include a statement to the effect that the holders of Warrants may appoint proxies by executing and delivering a form of proxy in English to the Designated Office not later than 48 hours before the time fixed for the meeting or, in the case of corporations, may appoint representatives by resolution in English of their directors or other governing body and by delivering an executed copy of such resolution to the Issuer not later than 48 hours before the time fixed for the meeting. The accidental

omission to give notice to, or the non-receipt of notice by, any Warrantholder shall not invalidate any resolution passed at any such meeting.

6. Chairman of Meetings

A person (who may, but need not, be a Warrantholder) nominated in writing by the Issuer may act as chairman of a meeting but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Warrantholders present shall choose one of them to be chairman. The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.

7. Quorum at Meetings

At a meeting two or more persons present in person holding Warrants or being proxies or representatives and holding or representing in the aggregate not less than 10 per cent. of the aggregate Exercise Amount of the Outstanding Warrants shall (except for the purpose of passing a Special Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted unless the requisite quorum be present at the commencement of business. The quorum at a meeting for passing a Special Resolution shall (subject as provided below) be two or more persons present in person holding Warrants or being proxies or representatives and holding or representing in the aggregate over 50 per cent. of the aggregate Exercise Amount of the Outstanding Warrants provided that the quorum at any meeting the business of which includes any of the matters specified in the proviso to paragraph 16 shall be two or more persons so present holding Warrants or being proxies or representatives and holding or representing in the aggregate not less than 66 per cent. of the aggregate Exercise Amount of the Outstanding Warrants.

8. Absence of Quorum

If within 15 minutes from the time fixed for a 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 to such date, not less than 14 nor more than 42 days later, and to such place as the chairman may decide. At such adjourned meeting two or more persons present in person holding Warrants or being proxies or representatives (whatever the aggregate Exercise Amount of the Warrants so held or represented) shall form a quorum and may pass any resolution and 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 provided that at any adjourned meeting at which is to be proposed a Special Resolution for the purpose of effecting any of the modifications specified in the proviso to paragraph 16 the quorum shall be two or more persons so present holding Warrants or being proxies or representatives and holding or representing in the aggregate not less than 33 per cent. of the aggregate Exercise Amount of the Outstanding Warrants.

9. Adjournment of Meetings

The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place but no business shall be transacted

at an adjourned meeting which might not lawfully have been transacted at the meeting from which the adjournment took place.

10. Notice of Adjourned Meetings

At least 10 days' notice of any meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and such notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

11. Manner of Voting

Each question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) which he may have as a Warrantholder or as a proxy or representative. Unless a poll is (before or on the declaration of the result of the show of hands) demanded at a meeting by the chairman, the Issuer or by one or more persons holding one or more Warrants or being proxies or representatives and holding or representing in the aggregate not less than two per cent. of the aggregate Exercise Amount of the Outstanding Warrants, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a 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.

12. Manner of Taking Poll

If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such an adjournment as the chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuation of the meeting for the transaction of any business other than the question on which the poll has been demanded.

13. Time for Taking Poll

A poll demanded on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.

14. Persons Entitled to Attend

The Issuer (through its representatives) and its financial and legal advisers may attend and speak at any meeting of Warrantholders. No one else may attend or speak at a meeting of Warrantholders unless he is the holder of a Warrant or is a proxy or a representative.

15. Votes

On a poll every person who is so present shall have one vote in respect of each Share which he would be entitled on exercise in full of the Exercise Rights represented by the Warrants held or in respect of which he is a proxy or a representative. Without prejudice

to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

16. Powers of Meetings of Warrantholders

A meeting of Warrantholders shall, subject to the Conditions, in addition to the powers given above, have power exercisable by Special Resolution:

- (a) to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Warrantholders against the Issuer;
- (b) to sanction the exchange or substitution for the Warrants of, or the exercise of the Warrants into, shares, bonds, or other obligations or securities of the Issuer or any other entity;
- (c) to assent to any modification of the Warrants which shall be proposed by the Issuer;
- (d) to authorise anyone to concur in and do anything necessary to carry out and give effect to a Special Resolution;
- (e) to give any authority, direction or sanction required to be given by Special Resolution; and
- (f) to appoint any persons (whether Warrantholders or not) as a committee or committees to represent the interests of the Warrantholders and to confer on them any powers or discretions which the Warrantholders could themselves exercise by Special Resolution;

provided that the special quorum provisions contained in the proviso to paragraph 7 and, in the case of an adjourned meeting, in the proviso to paragraph 8 shall apply for the purpose of making any modification to the provisions contained in the Warrants which would have the effect of:

- (i) modifying the Expiration Date; or
- (ii) modifying the Exercise Price, the Exercise Period or otherwise modifying or cancelling the Exercise Rights; or
- (iii) modifying the provisions contained in this Schedule concerning the quorum required at a meeting of Warrantholders or the majority required to pass a Special Resolution or sign a resolution in writing; or
- (iv) amending this proviso.

17. Resolutions Binding on all Warrantholders

Any Special Resolutions or Ordinary Resolutions passed at a meeting of Warrantholders duly convened and held in accordance with this Schedule and the Conditions shall be binding on all the Warrantholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing

of such a resolution shall be conclusive evidence that the circumstances of such resolution justify the passing of it.

18. **Special Resolution**

The expression *Special Resolution* means a resolution passed at a meeting of Warranholders duly convened and held in accordance with these provisions by a majority consisting of not less than three-quarters of the votes cast at such meeting.

19. **Ordinary Resolution**

The expression *Ordinary Resolution* means a resolution passed at a meeting of Warranholders duly convened and held in accordance with these provisions by a majority consisting of not less than half of the votes cast at such meeting.

20. **Written Resolution**

A resolution in writing signed by or on behalf of persons holding Warrants in aggregate not less than 90 per cent. of the aggregate Exercise Amount of the Outstanding Warrants who for the time being are entitled to receive notice of a meeting in accordance with these provisions shall for all purposes be as valid as a Special Resolution or an Ordinary Resolution passed at a meeting of Warranholders convened and held in accordance with these provisions. Such resolution in writing may be in one document or several documents in like form each signed by or on behalf of one or more of the Warranholders.

21. **Minutes**

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting of Warranholders, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

IN WITNESS whereof the Issuer has caused its Common Seal to be affixed hereto the day and year first above written.

The COMMON SEAL of)
COOLPAD GROUP LIMITED)
was hereunto affixed)
in the presence of:)

APPENDIX 3

FORM OF FOUR-YEAR WARRANT INSTRUMENT

2021

COOLPAD GROUP LIMITED

WARRANT INSTRUMENT

**constituting warrants to subscribe for ordinary
shares in the capital
of Coolpad Group Limited**

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THIS INSTRUMENT is made by way of deed on the th day of 2021 by **COOLPAD GROUP LIMITED**, an exempted company with limited liability incorporated under the laws of Cayman Islands whose registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, with its principal place of business in Hong Kong at 44th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong and whose shares are listed on the Stock Exchange (stock code: 2369) (the *Issuer*).

WHEREAS:

- (A) The Board has, pursuant to a resolution of the Board passed on 2021 and a resolution of the Shareholders passed on 2021 in respect of a specific mandate for the Directors to deal with Shares, resolved to issue the warrants constituted as provided below.
- (B) The Issuer has determined to create and issue the warrants to be constituted by this Instrument by way of deed in order to more effectively protect the rights and interests of the Warranholders for the time being.
- (C) The Issuer has agreed to give, among other things, certain representations, covenants and undertakings in this Instrument in relation to its obligations set out herein.

NOW THIS INSTRUMENT WITNESSES AND THE ISSUER DECLARES as follows:

1 INTERPRETATION

1.1 The following expressions have the following meanings:

Alternative Stock Exchange means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

Business Day means a day, other than a Saturday, Sunday or public holiday, on which banks are open for general business in (unless otherwise stated) Hong Kong (other than a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm) and, in the case of a surrender of a Warrant Certificate, in the place where the Warrant Certificate is surrendered;

Capital Distribution means any distribution of assets in specie charged or provided or to be provided for in the accounts of the Issuer for any financial period (whenever paid or made and however described) but excluding a cash Dividend and a distribution of assets in specie in lieu of a cash Dividend which would not have constituted an extraordinary dividend under paragraph (b) of this definition below (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid-up (other than Shares credited as fully paid) by way of capitalisation of reserves), PROVIDED THAT:

- (a) a purchase or redemption of Shares by or on behalf of the Issuer shall not constitute a Capital Distribution or be taken into account in determining whether any other Dividend or distribution shall constitute a Capital Distribution unless in the case of purchases of Shares by the Issuer, the average price per Share (before expenses) on any one day in respect of such purchases exceeds by more

than 5 per cent. the Current Market Price per Share either: (1) on that date; or (2) where an announcement has been made (excluding, for the avoidance of doubt, any general authority for such purchases given by a Shareholders' meeting of the Issuer, or any notice convening such meeting) of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement in which case such purchase shall be deemed to constitute a Capital Distribution in the amount of the aggregate price paid (before expenses) in respect of such Shares purchased by the Issuer; and

- (b) in making any such calculation under this definition, such adjustments (if any) shall be made as a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, may consider appropriate to reflect: (1) any consolidation or subdivision of the Shares; (2) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event; or (3) the modification of any rights to Dividends of Shares;

Closed Period has the meaning given to it in Condition 5.5;

Closing Price for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day;

Current Market Price means, in respect of a Share at a particular time on a particular date, the average of the volume-weighted average price (**VWAP**) (as referenced by Bloomberg) per Share (being a Share carrying full entitlement to Dividend) for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 20 Trading Day period, the Shares shall have been quoted ex-Dividend and during some other part of that period the Shares shall have been quoted cum-Dividend then:

- (a) if the Shares to be issued in such circumstances do not rank for the Dividend in question, the VWAP quotations on the dates on which the Shares shall have been quoted cum-Dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that Dividend per Share; or
- (b) if the Shares to be issued in such circumstances rank for the Dividend in question, the VWAP quotations on the dates on which the Shares shall have been quoted ex-Dividend shall, for the purpose of this definition, be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of that Dividend per Share, PROVIDED THAT:
 - (i) if the Shares on each of the said 20 Trading Days have been quoted cum-Dividend in respect of a Dividend which has been declared or announced but the Shares to be issued do not rank for that Dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that Dividend per Share; and

- (ii) if less than five such such VWAP is available in the relevant period, then the current market price shall be determined in good faith by an independent investment bank of international repute (acting as expert) appointed by the Issuer and approved by an Ordinary Resolution of the Warrantholders;

Designated Office means the Issuer's principal place of business in Hong Kong, being 44/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, as may be changed from time to time in accordance with Condition 5.1;

Dividend means any dividend or distribution, whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets

includes, without limitation, an issue of Shares or other securities credited as fully or partly paid-up) provided that:

- (a) where a cash Dividend is announced which is to be, or may at the election of a holder or holders of Shares be, satisfied by the issue or delivery of Shares or other property or assets, then, the Dividend in question shall be treated as a cash Dividend of an amount equal to the greater of: (a) the cash Dividend so announced; and (b) the Current Market Price on the date of announcement of such Dividend of such Shares or the Fair Market Value of other property or assets to be issued or delivered in satisfaction of such Dividend (or which would be issued if all holders of Shares elected therefor, regardless of whether any such election is made); and
- (b) any issue of Shares falling within Condition 6.5(b) shall be disregarded;

Equivalent Amount has the meaning given to it in Condition 6.3(c)(v);

Exchange Rate means the exchange rate between US\$ and HK\$ published on Bloomberg at 5:00 pm, Eastern time, on the day before the relevant date, or in The Wall Street Journal on such date if not so published on Bloomberg;

Exercise Amount means an amount in HK\$ equal to the aggregate value of Shares represented by a Warrant (as stated in the Register of Warrantholders);

Exercise Date has the meaning given to it in Condition 6.3(a)(ii);

Exercise Monies means an amount in cash in HK\$ (or in US\$ at the then prevailing Exchange Rate at the Election of the Warrantholder) represented by the portion of the Exercise Amount of a Warrant in respect of which the Warrantholder intends to exercise its Exercise Rights;

Exercise Notice has the meaning given to it in Condition 6.3(a)(i);

Exercise Period has the meaning given to it in Condition 6.1;

Exercise Price means the price per Share payable in HK\$ (or in US\$ at the then prevailing Exchange Rate at the Election of the Warrantholder) on exercise of the

Exercise Rights, which shall initially be HK\$0.80 per Share, and shall be subject to adjustment from time to time in accordance with Condition 6.4 of this Instrument;

Exercise Rights means, in respect of a Warrant, the rights of the holder of that Warrant to subscribe for Shares at the Exercise Price up to an aggregate Exercise Price equal to the Exercise Amount represented by such Warrant;

Expiration Date means the fourth anniversary of the Issue Date;

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 a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders; provided that: (i) the fair market value of a cash Dividend paid or to be paid per Share shall be the amount of such cash Dividend per Share determined as at the date of announcement of such Dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such investment bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Day on which such options, warrants or other rights are publicly traded;

HK Dollar, Hong Kong Dollar, HKD and HK\$ means the legal currency of Hong Kong;

Issue Date means, in respect of any Warrant, the date of issue of such Warrant;

Listing Rules means the rules governing the listing of securities on the main board of the Hong Kong Stock Exchange in force from time to time;

Long Stop Date has the meaning ascribed to it under the Warrant Subscription Agreement;

Maximum Exercise Amount means an amount equal to HK\$213,344,000;

normal office hours means 9 a.m. to 5 p.m. on a Business Day;

Ordinary Resolution has the meaning given to it in paragraph 19 of Schedule 4;

Outstanding Warrants refers to all the Warrants issued other than:

- (a) those in respect of which Exercise Rights have been exercised in accordance with these Conditions;
- (b) those mutilated or defaced Warrants which have been surrendered in exchange for replacement Warrants pursuant to Condition 10; or
- (c) (for the purpose only of determining how many Warrants are outstanding and without prejudice to their status for any other purpose) those Warrants alleged to have been lost, stolen or destroyed and in respect of which replacement Warrants have been issued pursuant to Condition 10;

person includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the board of directors or any other governing board and does not include the Issuer's wholly owned direct or indirect subsidiaries;

Principal Business means the business of the Group relating to the sale of smartphones, the provision of wireless application services and the research and development of smartphone operation systems and software;

Register of Warrantholders has the meaning given to it in Condition 5.1;

Registration Date has the meaning given to it in Condition 6.3(c)(iv);

Shares means ordinary shares with a par value of HK\$0.01 each in the capital of the Issuer (which include ordinary shares of the Issuer listed on the Stock Exchange of Hong Kong Limited (the **Hong Kong Stock Exchange**)) or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

Shareholders means the holders of Shares from time to time;

Special Resolution has the meaning given to it in paragraph 18 of Schedule 4;

Subsidiary of a controlling entity (**Controlling Person**) means:

- (a) any corporation of which securities, having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues), are at the time directly, indirectly or beneficially owned or controlled by the Controlling Person (or one or more of its Subsidiaries);
- (b) any partnership of which the Controlling Person (or one or more of its Subsidiaries): (i) directly, indirectly or beneficially owns or controls more than 50% of the income, capital, beneficial or ownership interest (however designated) thereof; or (ii) is a general partner, in the case of a limited partnership, or is a partner that has the authority to bind the partnership in all other cases; or
- (c) any other person of which at least 50% of the income, capital, beneficial or ownership interest (however designated) is at the time directly, indirectly or beneficially owned or controlled by the Controlling Person (or one or more of its Subsidiaries);

Taxes has the meaning given to it in Condition 6.3(b);

Trading Day means a day when the Hong Kong Stock Exchange or, as the case may be, an Alternative Stock Exchange is open for dealing business, provided that if no

VWAP or Closing Price, as the case may be, is reported in respect of the relevant Shares on the Hong Kong Stock Exchange or, as the case may be, the Alternative Stock Exchange for one or more consecutive dealing 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 dealing days;

Warrant Certificate has the meaning given to it in Condition 4.1;

Warrantholders, and (in relation to a Warrant) **holder** means the person in whose name a Warrant is registered in the Register of Warrantholders;

Warrants means the fully detachable and transferable warrants as constituted by this Instrument and issued with the benefit of, and subject to, the terms and conditions set out herein entitling the holder to exercise the Exercise Rights in accordance with the terms of this Instrument and the Warrant Certificate;

Warrant Subscription Agreement has the meaning given to it in the recitals;

US\$ means United States dollars, the lawful currency of the United States of America; and

VWAP has the meaning given to it in the definition of Current Market Price.

- 1.2 Headings used in this Instrument are for ease of reference only and shall be ignored in interpreting this Instrument.
- 1.3 References to Conditions and Schedules are references to Conditions and Schedules of or to this Instrument.
- 1.4 Words and expressions in the singular include the plural and vice versa and words and expressions importing one gender include every gender.
- 1.5 Reference to person includes any public body and any body of persons, corporate or unincorporate.
- 1.6 References to any ordinance, statute, legislation or enactment shall be construed as a reference to such ordinance, statute, legislation or enactment as may be amended or re-enacted from time to time and for the time being in force.

2 GRANT OF RIGHTS TO SUBSCRIBE

The Issuer hereby creates and constitutes Warrants entitling the holders thereof to subscribe, in aggregate up to the Maximum Exercise Amount, at any time and from time to time during the Exercise Period for Shares at a price per Share equal to the Exercise Price.

3 STATUS

The Warrants are (subject to the Conditions of this Instrument) detached and fully tradable call warrants. Each Warrant shall have an Exercise Amount and the aggregate Exercise Amount of all Warrants in issue from time to time shall not exceed the Maximum Exercise Amount. No application will be made for a listing of the Warrants.

4 FORM, DENOMINATION AND TITLE

4.1 Form and Denomination

The Warrants are issued in registered form. A warrant certificate in the form set out in Schedule 1 (each a *Warrant Certificate*) will be issued to each Warrantholder in respect of its registered holding of Warrants. Each Warrant and each Warrant Certificate will be numbered serially with an identifying number which will be recorded on the relevant Warrant Certificate and in the Register of Warrantholders which the Issuer will keep.

4.2 Title

Title to the Warrants passes only by transfer and registration in the Register of Warrantholders as described in Condition 5. The holder of any Warrant will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Warrant Certificate issued in respect of it (other than the endorsed form of transfer)) and no person will be liable for so treating the holder.

5 TRANSFERS OF WARRANTS; ISSUE OF WARRANT CERTIFICATES

5.1 Register of Warrantholders

The Issuer will cause to be kept at its registered office a register on which shall be entered the names and addresses of the holders of the Warrants and the particulars of the Warrants held by them (including the Exercise Amount of each Warrant) and of all transfers of the Warrants (the *Register of Warrantholders*). Any change in the Designated Office shall be notified to the Warrantholders in accordance with Condition 12.

5.2 Transfers

Subject to Condition 5.5, a Warrant may be transferred or exchanged, in whole or in part, at any time by delivery of the Warrant Certificate issued in respect of that Warrant, with the endorsed form of transfer (in the form set out in Schedule 2 to these Conditions) duly completed and signed by the registered Warrantholder or his attorney duly authorised in writing, to the Issuer at the Designated Office together with such evidence as the Issuer may reasonably require to prove the authority of the individuals who have executed the form of transfer provided that the prior approval of the Hong Kong Stock Exchange shall be obtained (if required) for any transfer or exchange to any person who the transferor knows to be a connected person (as defined in the Listing Rules) of the Issuer. No transfer of title to a Warrant, in whole or in part, will be valid unless and until entered on the Register of Warrantholders.

5.3 Delivery of New Warrant Certificates

- (a) Each new Warrant Certificate to be issued upon a transfer, exchange or exercise of Warrants shall, within five Business Days of receipt by the Issuer of the endorsed form of transfer duly completed and signed, be made available for collection at the Designated Office or, if so requested in the form of transfer, be

mailed by uninsured mail at the risk of the holder entitled to the Warrants (but free of charge to the holder) to the address specified in the form of transfer.

- (b) Where (i) only some (but not all) of the Exercise Amount in respect of which a Warrant Certificate is issued is to be transferred or (ii) where Exercise Rights are to be exercised in respect of some (but not all) of the Exercise Amount in respect of which a Warrant Certificate is issued, a new Warrant Certificate in respect of the remaining Exercise Amount will, within five Business Days of delivery of the existing Warrant Certificate to the Issuer, be mailed by uninsured mail at the risk of the relevant holder (but free of charge to the holder) to the address of such holder appearing on the Register of Warrantholders or such other address as specified in the Exercise Notice.

5.4 Formalities Free of Charge

Registration of a transfer of Warrants will be effected without charge by or on behalf of the Issuer, but only upon: (i) payment (or the giving of such indemnity as the Issuer may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; and (ii) the Issuer, acting reasonably, being satisfied that the regulations concerning the transfer of Warrants have been complied with.

5.5 Closed Periods

No Warrantholder may require the transfer of a Warrant to be registered after an Exercise Notice has been delivered with respect to such Warrant, such period being a *Closed Period*.

6 EXERCISE

6.1 Exercise Period

Subject as hereinafter provided, Warrantholders have the right to exercise their Warrants and subscribe for Shares at the Exercise Price any time during the Exercise Period. Subject to and upon compliance with the provisions of this Condition, the Exercise Rights attaching to any Warrant may be exercised, at the option of the holder thereof, at any time on or after the Issue Date up to the close of business (at the place where the Warrant Certificate evidencing such Warrant is deposited for exercise) on the Expiration Date (but in no event thereafter) (the *Exercise Period*). After the close of business on the Expiration Date, the Exercise Rights shall lapse and each warrant shall cease to be valid for any purpose.

6.2 Fractions of Shares

Fractions of Shares will not be issued on exercise of the Exercise Rights attaching to any Warrant and no cash adjustments will be made in respect thereof.

6.3 Exercise Procedure

- (a) *Exercise Notice:*

- (i) To exercise the Exercise Rights attaching to any Warrant (which may be exercised in respect of some or all of the Exercise Amount represented by the Warrant in question), the holder thereof must complete, execute and deposit at his own expense during normal office hours at the Designated Office a notice of exercise (an *Exercise Notice*) in duplicate in the form set out in Schedule 3 to this Instrument, together with: (i) the relevant Warrant Certificate; and (ii) a remittance for the Exercise Monies. An Exercise Notice deposited outside the normal office hours or on a day which is not a Business Day at the place of the Designated Office shall for all purposes be deemed to have been deposited with the Issuer during the normal office hours on the next Business Day following such day.
 - (ii) The exercise date in respect of a Warrant (the *Exercise Date*) must fall at a time when the Exercise Rights attaching to that Warrant is expressed in these Conditions to be exercisable and will be deemed to be the Trading Day immediately following the date of the surrender of the Warrant Certificate in respect of such Warrant and delivery of such Exercise Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Exercise Rights. An Exercise Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal.
- (b) *Stamp Duty etc.*: A Warrantholder delivering a Warrant Certificate in respect of a Warrant for exercise must pay: (i) any taxes and capital, stamp, issue and registration duties arising on exercise (other than any taxes or capital or stamp duties payable in Hong Kong, and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or Alternative Stock Exchange on exercise) (the *Taxes*); and (ii) all, if any, taxes arising by reference to any disposal or deemed disposal of a Warrant in connection with such exercise, in each case directly to the relevant authorities. The Issuer is under no obligation to determine whether a Warrantholder is liable to pay any Taxes under this Condition 6.3 and shall not be liable for any failure of a Warrantholder to make such payment. The Issuer will pay all other expenses arising on the issue of Shares upon any exercise of Warrants.
- (c) *Registration*:
 - (i) As soon as practicable, and in any event not later than five Trading Days after the Exercise Date, the Issuer will, in the case of exercise of Exercise Rights and in respect of which a duly completed Exercise Notice has been delivered and the relevant Warrant Certificate and amounts payable by the relevant Warrantholder deposited or paid as required by Conditions 6.3(a) and 6.3(b), register the person or persons designated for the purpose in the Exercise Notice as holder(s) of the relevant number of Shares in the Issuer's share register and will cause its Hong Kong share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by uninsured ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such

certificate or certificates to the person and at the place specified in the Exercise Notice, together with any other securities, property or cash required to be delivered upon exercise and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.

- (ii) The number of Shares to be allotted on exercise of the Exercise Rights shall be calculated by dividing the amount specified in the relevant Exercise Notice and duly remitted as aforesaid by the Exercise Price applicable on the Exercise Date. No fraction of a Share shall be allotted but any balance representing fractions of the Exercise Monies paid on exercise of the Exercise Rights will be retained for the benefit of the Issuer.
- (iii) If the Exercise Date in relation to any Warrant shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Exercise Price pursuant to Condition 6.4, but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective the Issuer shall within ten Business Days allot to the exercising Warrantholder such additional number of Shares as, together with the Shares originally allotted, is equal to the number of Shares which would have been required to be allotted on exercise of the Warrant if the relevant adjustment to the Exercise Price had been made and become effective immediately after the relevant record date (or in accordance with the instructions contained in the Exercise Notice (subject to applicable exchange control or other laws and regulations)).
- (iv) The person or persons designated in the Exercise Notice will become the holder(s) of record of the number of Shares issuable upon exercise with effect from the date he is or they are registered as such in the Issuer's register of members (the **Registration Date**). The Shares issued upon exercise of the Warrants will in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on exercise of Warrants shall not be entitled to any rights the record date for which precedes the relevant Registration Date.
- (v) If the record date for the payment of any Dividend or other distribution in respect of the Shares is on or after the Exercise Date in respect of any Warrant, but before the Registration Date (disregarding any retroactive adjustment of the Exercise Price referred to in this Condition 6.3(c) prior to the time such retroactive adjustment shall have become effective), the Issuer will pay to the exercising Warrantholder or his designee an amount (the **Equivalent Amount**) equal to the Fair Market Value of any such Dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the Dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall

be paid by means of a HK dollar cheque drawn on a bank in Hong Kong and sent to the address specified in the relevant Exercise Notice.

6.4 Liquidation Event

On a liquidation, dissolution, winding-up (whether voluntary or involuntary) of the Issuer prior to the Long Stop Date, all Exercise Rights which have not been exercised prior to the commencement of the liquidation, dissolution, winding-up (whether voluntary or involuntary) of the Issuer (as the case may be) shall lapse and the Warrants will cease to be valid with immediate effect for the purpose of exercising any Exercise Rights.

6.5 Adjustments to Exercise Price

The Exercise Price will be subject to adjustment in the following events:

- (a) *Consolidation, Subdivision or Reclassification*: If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such alteration by the following fraction:

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

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (b) *Capitalisation of Profits or Reserves*: If and whenever the Issuer shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account) including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash Dividend (the **Relevant Cash Dividend**), being a Dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (a **Scrip Dividend**), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue by the following fraction

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

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares on the date of announcement of the terms of such issue of Shares multiplied by the number of Shares issued exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before the issue of such Shares by the following fraction:

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

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue;

B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which: (i) the numerator is the amount of the whole (or the relevant part) of the Relevant Cash Dividend; and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole (or the relevant part) of the relevant cash dividend; and

C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, the day immediately after such record date.

(c) *Capital Distribution:* If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except where the Exercise Price falls to be adjusted under Condition 6.5(b) above), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such Capital Distribution by the following fraction:

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

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is made.

- (d) *Dividends*: If and whenever the Issuer shall pay or make any Dividend to the Shareholders, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such Dividend by the following fraction:

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

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Dividend is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the cash distribution attributable to one Share.

Such adjustment shall become effective on the date that such Dividend is paid.

- (e) *Rights Issues of Shares or Options over Shares*: If and whenever the Issuer 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, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 80% of the Current Market Price per Share, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

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

where:

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

B 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 or granted by way of rights and for the total number of Shares comprised therein would purchase at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

- (f) *Rights Issues of Other Securities*: If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for

or purchase Shares) to all or substantially all Shareholders as a class, by way of rights, or the issue or grant to all or substantially all Shareholders as a class by way of rights, of any options, warrants or other rights to subscribe for or purchase or otherwise acquire, any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

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

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

- (g) *Issues at less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6.5(d)) any Shares (other than Shares issued on the exercise of Exercise Rights or the options granted by the Issuer pursuant to its employee share option schemes, or any other rights of conversion into, or exchange or subscription for, Shares) or the issue or grant of (otherwise than as mentioned in Condition 6.5(e) above and other than the options granted by the Issuer pursuant to its employee share option schemes) options, warrants or other rights to subscribe or purchase Shares in each case at a price per Share which is less than 80% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

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

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for such additional Shares to be issued or otherwise made available or, as the case may be, upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Share; and

C is the maximum number of additional Shares issued or the maximum number of Shares that may be issued upon exercise of such options, warrants or rights.

References to additional Shares in the above formula shall, in the case of an issue or grant by the Issuer of options, warrants or other rights to subscribe for or purchase Shares, mean such Shares to be issued, or otherwise made available, assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

(h) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other existing securities in accordance with the terms applicable to such existing securities themselves falling within the provisions of this Condition 6.5(h), if and whenever the Issuer or any Subsidiary of the Issuer (otherwise than as mentioned in Conditions 6.5(d), 6.5(f) or 6.5(g) above) or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary) any other company, person or entity (otherwise than as mentioned in Conditions 6.5(d), 6.5(f) or 6.5(g) above) shall issue any securities (other than the Warrants and the options granted by the Issuer pursuant to its employee share option schemes) which by their terms of issue carry (directly or indirectly) rights of exercise into, or exchange or subscription for or purchase of, or to otherwise acquire, Shares issued or to be issued by the Issuer or securities which by their terms may be redesignated Shares receivable upon conversion, exchange, subscription or redesignation at a consideration per Share which is less than 80% of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue by the following fraction:

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

where:

A is the number of Shares in issue immediately before such issue or grant (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued by the Issuer for the purposes of, or in connection with, such issue, less the number of Shares so issued);

B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for the Shares to be issued or otherwise made available upon exercise or exchange or on exercise of the right of subscription or purchase or acquisition attached to such securities or, as the case may be, the Shares would purchase at such Current Market Price per Share; and

C is the maximum number of Shares to be issued or otherwise made available upon exercise or exchange of such securities or on the exercise of such rights of subscription or purchase or acquisition attached thereto at the initial exercise, exchange or subscription price or rate or, as the case may be, the maximum number of Shares to be issued or to arise or to be made available from any such redesignation.

Such adjustment shall become effective on the date of issue of such securities.

- (i) *Modification of Rights of Exercise etc.:* If and whenever there is any modification of the rights of exercise, exchange, subscription, purchase or acquisition attaching to any such securities as are mentioned in Condition 6.5(h) above (other than in accordance with the existing terms applicable to such securities) so that the consideration per Share (for the number of Shares available on exercise, exchange or subscription following the modification) is less than 80% of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such modification by the following fraction:

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

where:

- A is the number of Shares in issue immediately before such modification (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued by the Issuer for the purposes of, or in connection with, such issue, less the number of Shares so issued);
- B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for the Shares to be issued, or otherwise made available, on exercise or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing exercise, exchange, subscription or purchase price of such securities; and
- C is the maximum number of Shares to be issued, or otherwise made available, on exercise or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified exercise, exchange, subscription or purchase price or rate but giving credit in such manner as a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, consider appropriate (if at all) for any previous adjustment under this Condition 6.5(h) or Condition 6.5(i) above.

Such adjustment shall become effective on the date of modification of the rights of exercise, exchange, subscription, purchase or acquisition attaching to such securities.

- (j) *Other Offers to Shareholders:* If and whenever there is an issue, sale or distribution by or on behalf of the Issuer or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or any Subsidiary or such other company, person or entity pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 50 per cent. of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Exercise Price falls to be adjusted under Condition 6.5(d), 6.5(f), 6.5(g) or 6.5(h) above), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue, sale or distribution by the following fraction:

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

where:

- A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities.

- (k) *Other Events:* If either: (i) the rights of conversion, exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for Shares or the rights carried by such securities to subscribe for or purchase Shares are modified (other than pursuant to, and as provided in, the existing terms and conditions of such options, rights, warrants or securities); or (ii) the Issuer determines that an adjustment should be made to the Exercise Price as a result of one or more events or circumstances not referred to in any other provisions of this Condition 6.4 which in either case have or would have an effect on the position of the Warrantheolders as a class compared with the position of the holders of all the securities (and options, rights and warrants relating thereto) of the Issuer, taken as a class, which is analogous to any of the events referred to in Conditions 6.5(a)(a) to (j)) (including any demerger, spin-off or similar arrangement in respect of any business of the Issuer and its Subsidiaries), then, in any such case, the Issuer shall at its own expense request a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantheolders, to determine as soon as practicable what adjustment (if any) to the Exercise Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Exercise Price, and the date on which such adjustment should take effect

and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination *provided that* where the circumstances giving rise to any adjustment pursuant to this Condition 6.4 have already resulted or will result in an adjustment to the Exercise Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Exercise Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6.4 as may be advised by a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, to be in its opinion appropriate to give the intended result.

- 6.6 All costs, charges, liabilities and expenses incurred in connection with the appointment, retention, consultation and remuneration of the investment bank appointed under these Conditions shall be borne by the Issuer.
- 6.7 On any adjustment, the relevant Exercise Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest four decimal places of one Hong Kong cent. No adjustment shall be made to the Exercise Price where such adjustment (rounded down, if applicable) would be less than one per cent. of the Exercise Price then in effect. Any adjustment not required to be made, and any amount by which the Exercise Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to the Warrantholders (in accordance with Condition 12) *as soon as practicable* after the determination thereof.
- 6.8 The Exercise Price may not be reduced so that, on exercise of Warrants, Shares would fall to be issued at a discount to their nominal value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in Hong Kong.
- 6.9 Where more than one event which gives or may give rise to an adjustment to the Exercise Price occurs within such a short period of time that in the opinion of a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, 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 a leading investment bank of international repute (acting as expert), selected by the Issuer and approved by an Ordinary Resolution of the Warrantholders, to be in its opinion appropriate in order to give such intended result.
- 6.10 No adjustment shall be made to the Exercise Price where Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of employees, former employees, contractors or former contractors (including directors holding or formerly holding executive office) of the Issuer or any Subsidiary, pursuant to any share option scheme or plan that is duly adopted by the Issuer in accordance with the Listing Rules.
- 6.11 No adjustment involving an increase in the Exercise Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6.5(a) above or to correct an error.

7 UNDERTAKINGS

7.1 The Issuer undertakes and warrants, inter alia, that so long as there are any Outstanding Warrants save with the approval of a Special Resolution of the Warrantheolders, it shall (and, where applicable, shall procure that its Subsidiaries shall):

- (a) continue to be primarily engaged in the Principal Business in which it is engaged as at the date hereof;
- (b) use all reasonable endeavours: (i) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange; (ii) to obtain and maintain a listing for all the Shares issued on the exercise of the Exercise Rights attaching to the Warrants on the Hong Kong Stock Exchange; and (iii) if the Issuer is unable to maintain or obtain such listing, to obtain and maintain a listing for all the Shares issued on the exercise of the Exercise Rights on an Alternative Stock Exchange as the Issuer with the approval by an Ordinary Resolution of the Warrantheolders may from time to time determine and will forthwith give notice to the Warrantheolders (in accordance with Condition 12) of the listing or delisting of the Shares (as a class) by any of such stock exchanges;
- (c) pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on exercise of the Warrants;
- (d) comply in all material respects with all the rules, regulations and requirements of the Hong Kong Stock Exchange (including the Listing Rules) or the Alternative Stock Exchange (if applicable);
- (e) comply in all material respects with all applicable laws and regulations, including without limitation, the Foreign Corrupt Practices Act 1977, as amended, or any other applicable anti-corruption legislation;
- (f) reserve, free from any pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital, the full number of Shares liable to be issued on exercise of the Warrants from time to time and will ensure that all Shares will be duly and validly issued as fully-paid; and
- (g) not make any offer, issue or distribution or take any action the effect of which would be to reduce the Exercise Price below the par value of the Shares of the Issuer, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

7.2 Notice of Change in Exercise Price

The Issuer shall give notice to the Hong Kong Stock Exchange (or, as the case may be, the Alternative Stock Exchange) (if required) and the Warrantheolders in accordance with Condition 12 of any change in the Exercise Price. Any such notice relating to a change in the Exercise Price shall set forth the event giving rise to the adjustment, the Exercise Price prior to such adjustment, the adjusted Exercise Price and the effective date of such adjustment.

8 MEETINGS OF WARRANTHOLDERS AND MODIFICATIONS

8.1 Meetings

- (a) Schedule 4 to these Conditions contains provisions for convening meetings of Warrantholders to consider any matter affecting their interests, including the sanctioning by Special Resolution of a modification of the Warrants (subject to Condition 8.2 below) and the sanctioning by Ordinary Resolution of any matter requiring their approval pursuant to these Conditions. When there is only one Warrantholder, no meetings are required and any resolution of the Warrantholder can be passed by written resolution in accordance with paragraph 20 of Schedule 4.
- (b) A Special Resolution passed at any meeting of Warrantholders will be binding on all Warrantholders, whether or not they are present at the meeting. Schedule 4 provides that a written resolution signed by or on behalf of persons holding Warrants representing in aggregate not less than 90 per cent. of the aggregate Exercise Amount of the Outstanding Warrants shall be as valid and effective as a duly passed Special Resolution.

8.2 Modification

The Issuer may without any such meeting or sanction of the Warrantholders, amend the terms of Warrants if, in the reasonable opinion of the Issuer, having consulted with its financial adviser, legal adviser or auditor, such amendment is of a minor or technical nature or corrects a manifest error. Any such amendment will be binding on the Warrantholders.

8.3 Form of Modification

Any modification to the terms of the Warrants, whether pursuant to Condition 8.1 or 8.2, shall be effected by way of deed poll executed by the Issuer. A copy of such deed poll will be sent by the Issuer to the Warrantholders in accordance with Condition 12 as soon as practicable thereafter.

9 VOTING AND OTHER RIGHTS

The Warrantholders will not be entitled to receive notice of or attend or vote at general meetings of the Issuer by reason only of being the holders of a Warrant. The Warrantholders will not be entitled to participate in any distribution and/or offers of further securities made by the Issuer by reason only of being the holders of the Warrants.

10 REPLACEMENT OF WARRANT CERTIFICATES

If any Warrant Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the Designated Office upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued .

11 FURTHER ISSUES

The Issuer may from time to time, without the consent of the Warrantheolders, create and issue further warrants having the same terms and conditions as the Warrants in all respects (other than the date of issue) and so that such further issue shall be consolidated and form a single series with the Warrants.

12 NOTICES

All notices to Warrantheolders shall be validly given if mailed to them at their respective addresses in the Register of Warrantheolders. Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed to the Warrantheolders, as the case may be.

13 GOVERNING LAW AND JURISDICTION

- 13.1 This Agreement, as to which time shall be of the essence, is governed by and shall be construed in accordance with Hong Kong law.
- 13.2 All disputes arising out of or in connection with this Agreement shall be submitted to the Hong Kong International Arbitration Centre and shall be finally settled and resolved under the Hong Kong International Arbitration Centre Administered Arbitration Rules by three arbitrators appointed in accordance with the said Rules. The place of arbitration shall be Hong Kong and the language to be used in the arbitral proceedings shall be English. Nothing in this clause shall prevent any party at any time seeking any interim or interlocutory relief in aid of any arbitration or in connection with enforcement proceedings.

Schedule 1

FORM OF WARRANT CERTIFICATE

Exercise Amount of Warrant (HK\$)	Certificate No.
[●]	0001

COOLPAD GROUP LIMITED
(a company incorporated in the Cayman Islands with limited liability)

Warrant to Subscribe for Ordinary Shares

COOLPAD GROUP LIMITED (the *Issuer*) hereby certifies that

[SUBSCRIBER] of [●]

is, at the date hereof, entered in the Issuer's register of Warrantholders as the holder of a warrant (the *Warrant*) to subscribe for ordinary shares with a par value of HK\$0.01 each in the capital of the Issuer (the *Shares*). The Warrant forms part of an authorised issue of warrants to subscribe in aggregate at the Exercise Price (as defined in the Warrant Instrument) for Shares up to a maximum value of HK\$[●] and is constituted by a warrant instrument executed by the Issuer as a deed poll dated [●] 2021 (the *Warrant Instrument*). The Warrant is subject to, and has the benefit of, that Warrant Instrument and the terms and conditions set out therein, which is enforceable severally by each Warrantholder (as defined in the Warrant Instrument) against the Issuer, and by the Issuer against each Warrantholder, insofar as each such Warrantholder's Warrant is concerned.

This Certificate is evidence of entitlement only. Title to the Warrant passes only on due registration in the register of Warrantholders and only the duly registered holder is entitled to exercise the Warrant in respect of which this Certificate is issued.

The warrants constituted under the Warrant Instrument have not been and will not be registered under the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time (the *Securities Act*), any state securities laws of the United States, or the securities law of any other jurisdiction, and may not be offered, sold, pledged or otherwise transferred in the absence of such registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any state securities laws of the states of the United States and other jurisdictions and the respective rules and regulations thereunder.

This Certificate is governed by, and shall be construed in accordance with, the laws of Hong Kong.

IN WITNESS whereof the Issuer has executed this Certificate as a deed on 2021.

EXECUTED AS A DEED BY)
COOLPAD GROUP LIMITED)
Acting by:)
In the presence of:)

Schedule 2

FORM OF TRANSFER

COOLPAD GROUP LIMITED

Warrants to subscribe for Ordinary Shares

TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned hereby transfers to

Name:

Address:

.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

[the Warrant / HK\$[●] of the Exercise Amount represented by the Warrant] in respect of which the enclosed Warrant Certificate is issued, and all rights in respect thereof.

All payments in respect of the [part of the] Warrant hereby transferred are to be made (unless otherwise instructed by the transferee) to the following account or, if no account is specified, by cheque posted to the address above:

Name of bank:.....

HK\$ account number:.....

For the account of:

SIGNED BY)	SIGNATURE	_____
FOR AND ON BEHALF OF)		
[●])	NAME	_____

Notes:

- (a) A representative of the holder of the Warrant should state the capacity in which he signs, e.g. executor.
- (b) The signature of the persons effecting a transfer shall conform to any list of duly authorised specimen signatures supplied to the Issuer by the registered holder or be certified by a notary public or in such other manner as the Issuer may require.
- (c) This form of transfer should be dated as of the date. it is deposited with the Issuer.

Schedule 3

FORM OF EXERCISE NOTICE

COOLPAD GROUP LIMITED

Warrants to subscribe for Ordinary Shares

EXERCISE NOTICE

(To be completed in duplicate)

(Please read the notes overleaf before completing this Notice.)

Name:

Date:

Address:

Signature:

To: COOLPAD GROUP LIMITED (the *Issuer*)

I/We, by or on behalf of the holder or beneficial owner of the Warrant (the *Warrant*) specified below, hereby elect to exercise such Warrant and subscribe for ordinary shares of the Issuer (the *Shares*) in accordance with Condition 6 of the terms and conditions of the Warrant.

1. Exercise Amount of Warrant to be exercised and certificate number in respect of such Warrant:

Exercise Amount of Warrant to be exercised (HK.\$):.....

Certificate number of Warrant:.....

2. Name(s), address(es) and signature(s) of person(s) in whose name(s) the Shares required to be delivered on exercise are to be registered:-

Name:.....

Address:.....

Signature:.....

3. I/We hereby request that the certificates for the Shares (or other securities) required to be delivered upon exercise be dispatched (at my/our risk and expense if dispatched other than by ordinary mail) to the person whose name and address is given below and in the manner specified below:

Name:.....

Address:.....

Manner of dispatch (if other than by ordinary mail):.....

4. I/We hereby request that any cash amount (or property) required to be delivered upon exercise be dispatched by cheque (at my/our risk and expense if dispatched by other than ordinary mail) to the person whose name and address is given below and in the manner specified below:

Name:.....

Address:.....

Manner of dispatch (if other than by ordinary mail):.....

5. I/We hereby request that a balance Warrant Certificate (if any) in registered form in respect of the Exercise Amount represented by the accompanying Warrant Certificate and remaining unexercised be issued in the name(s) of the person(s) whose name(s) stand(s) in the Register of Warrantholders as the Warrantholder(s) of the Warrant represented by this Warrant Certificate and that such certificate(s) be dispatched (at my/our risk and expense if dispatched other than by ordinary mail) to the person whose name and address is given below and in the manner specified below:

Name:.....

Address:.....

Manner of dispatch (if other than by ordinary mail):.....

6. The Certificate representing the Warrant exercised hereby accompany this Exercise Notice.
7. I/we make payment in full for the Shares to be subscribed by sending herewith a cheque for the full amount mentioned in paragraph 2 of this form.
8. I/We hereby declare that all approvals, consents and authorisations (if any) required by the laws of to which I am / we are subject and to be obtained by me/us prior to the said exercise have been obtained and are in full force and effect and that any applicable condition thereto has been complied with by me/us.

Notes:

- (i) This Exercise Notice will be void unless the introductory details, Sections 1, 2, 3 and (if applicable) 4 are completed.

- (ii) Your attention is drawn to Condition 6.3 of the Warrant Instrument with respect to the conditions precedent which must be fulfilled before the Warrants specified above will be treated as effectively eligible for exercise.
- (iii) Cheque(s) should be drawn in Hong Kong dollars on a bank in Hong Kong or such other place as may be determined by the Issuer and be made payable to “COOLPAD GROUP LIMITED”
- (iv) Despatch of share certificates or other securities, cash or property will be made at the risk and expense of the exercising Warrantholder if dispatched other than by ordinary mail and the exercising Warrantholder will be required to prepay the expenses of, and submit any necessary documents required in order to effect, despatch in the manner specified.
- (v) If an adjustment contemplated by the terms and conditions of the Warrants is required in respect of an exercise of Warrants where additional Shares are to be issued, certificates for the additional Shares deliverable pursuant to such adjustment (together with any other securities, property or cash) will be delivered or despatched in the same manner as the Shares, other securities, property and cash previously issued pursuant to the relevant Exercise Notice.

For the Issuer’s use only:-

- 1 (A) Warrant exercise identification reference:.....
- (B) Exercise Date:.....
- (C) Delivery Date:
- 2 (A) Exercise Amount of Warrant (HK.\$) in respect of which Certificates have been deposited for exercise:.....
- (B) Exercise Price on Exercise Date:.....
- (C) Number of Shares issuable:.....
(disregard fractions)
- 3 (If applicable) amount of cash payment due to exercising Warrantholder under Condition 6.3(c)(v)

Note: The Issuer must complete items 1, 2 and (if applicable) 3.

Schedule 4

PROVISIONS FOR MEETINGS OF WARRANTHOLDERS

1. Proxies

A holder of a Warrant may by an instrument in writing (a *form of proxy*) in the form available from the Designated Office signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the Issuer not later than 48 hours before the time fixed for any meeting, appoint any person (a *proxy*) to act on his or its behalf in connection with any meeting or proposed meeting of Warrantholders. A Proxy need not be a Warrantholder.

2. Representatives

A holder of a Warrant which is a corporation may by delivering to the Issuer not later than 48 hours before the time fixed for any meeting a resolution of its directors or other governing body in English authorise any person to act as its representative (a *representative*) in connection with any meeting or proposed meeting of Warrantholders.

3. Duration of Appointment

A proxy or representative so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with any meeting or proposed meeting of Warrantholders specified in such appointment, to be the holder of the Warrants to which such appointment relates and the holder of the Warrant shall be deemed for such purposes not to be the holder.

4. Calling of Meetings

The Issuer may at any time convene a meeting of Warrantholders. If the Issuer receives a written request by persons holding Warrants representing in aggregate at least 10 per cent. of the aggregate Exercise Amount of the Outstanding Warrants it shall as soon as reasonably practicable convene a meeting of Warrantholders. Every meeting shall be held at a time and place approved by the directors of the Issuer.

5. Notice of Meetings

At least 21 days' notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Warrantholders to convene a meeting of Warrantholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of meeting, be given in the manner provided in the Conditions and shall specify the nature of the resolutions to be proposed and shall include a statement to the effect that the holders of Warrants may appoint proxies by executing and delivering a form of proxy in English to the Designated Office not later than 48 hours before the time fixed for the meeting or, in the case of corporations, may appoint representatives by resolution in English of their directors or other governing body and by delivering an executed copy of such resolution to the Issuer not later than 48 hours before the time fixed for the meeting. The accidental

omission to give notice to, or the non-receipt of notice by, any Warrantholder shall not invalidate any resolution passed at any such meeting.

6. Chairman of Meetings

A person (who may, but need not, be a Warrantholder) nominated in writing by the Issuer may act as chairman of a meeting but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Warrantholders present shall choose one of them to be chairman. The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.

7. Quorum at Meetings

At a meeting two or more persons present in person holding Warrants or being proxies or representatives and holding or representing in the aggregate not less than 10 per cent. of the aggregate Exercise Amount of the Outstanding Warrants shall (except for the purpose of passing a Special Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted unless the requisite quorum be present at the commencement of business. The quorum at a meeting for passing a Special Resolution shall (subject as provided below) be two or more persons present in person holding Warrants or being proxies or representatives and holding or representing in the aggregate over 50 per cent. of the aggregate Exercise Amount of the Outstanding Warrants provided that the quorum at any meeting the business of which includes any of the matters specified in the proviso to paragraph 16 shall be two or more persons so present holding Warrants or being proxies or representatives and holding or representing in the aggregate not less than 66 per cent. of the aggregate Exercise Amount of the Outstanding Warrants.

8. Absence of Quorum

If within 15 minutes from the time fixed for a 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 to such date, not less than 14 nor more than 42 days later, and to such place as the chairman may decide. At such adjourned meeting two or more persons present in person holding Warrants or being proxies or representatives (whatever the aggregate Exercise Amount of the Warrants so held or represented) shall form a quorum and may pass any resolution and 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 provided that at any adjourned meeting at which is to be proposed a Special Resolution for the purpose of effecting any of the modifications specified in the proviso to paragraph 16 the quorum shall be two or more persons so present holding Warrants or being proxies or representatives and holding or representing in the aggregate not less than 33 per cent. of the aggregate Exercise Amount of the Outstanding Warrants.

9. Adjournment of Meetings

The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place but no business shall be transacted

at an adjourned meeting which might not lawfully have been transacted at the meeting from which the adjournment took place.

10. Notice of Adjourned Meetings

At least 10 days' notice of any meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and such notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

11. Manner of Voting

Each question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) which he may have as a Warrantholder or as a proxy or representative. Unless a poll is (before or on the declaration of the result of the show of hands) demanded at a meeting by the chairman, the Issuer or by one or more persons holding one or more Warrants or being proxies or representatives and holding or representing in the aggregate not less than two per cent. of the aggregate Exercise Amount of the Outstanding Warrants, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a 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.

12. Manner of Taking Poll

If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such an adjournment as the chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuation of the meeting for the transaction of any business other than the question on which the poll has been demanded.

13. Time for Taking Poll

A poll demanded on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.

14. Persons Entitled to Attend

The Issuer (through its representatives) and its financial and legal advisers may attend and speak at any meeting of Warrantholders. No one else may attend or speak at a meeting of Warrantholders unless he is the holder of a Warrant or is a proxy or a representative.

15. Votes

On a poll every person who is so present shall have one vote in respect of each Share which he would be entitled on exercise in full of the Exercise Rights represented by the Warrants held or in respect of which he is a proxy or a representative. Without prejudice

to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

16. Powers of Meetings of Warranholders

A meeting of Warranholders shall, subject to the Conditions, in addition to the powers given above, have power exercisable by Special Resolution:

- (a) to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Warranholders against the Issuer;
- (b) to sanction the exchange or substitution for the Warrants of, or the exercise of the Warrants into, shares, bonds, or other obligations or securities of the Issuer or any other entity;
- (c) to assent to any modification of the Warrants which shall be proposed by the Issuer;
- (d) to authorise anyone to concur in and do anything necessary to carry out and give effect to a Special Resolution;
- (e) to give any authority, direction or sanction required to be given by Special Resolution; and
- (f) to appoint any persons (whether Warranholders or not) as a committee or committees to represent the interests of the Warranholders and to confer on them any powers or discretions which the Warranholders could themselves exercise by Special Resolution;

provided that the special quorum provisions contained in the proviso to paragraph 7 and, in the case of an adjourned meeting, in the proviso to paragraph 8 shall apply for the purpose of making any modification to the provisions contained in the Warrants which would have the effect of:

- (i) modifying the Expiration Date; or
- (ii) modifying the Exercise Price, the Exercise Period or otherwise modifying or cancelling the Exercise Rights; or
- (iii) modifying the provisions contained in this Schedule concerning the quorum required at a meeting of Warranholders or the majority required to pass a Special Resolution or sign a resolution in writing; or
- (iv) amending this proviso.

17. Resolutions Binding on all Warranholders

Any Special Resolutions or Ordinary Resolutions passed at a meeting of Warranholders duly convened and held in accordance with this Schedule and the Conditions shall be binding on all the Warranholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing

of such a resolution shall be conclusive evidence that the circumstances of such resolution justify the passing of it.

18. **Special Resolution**

The expression *Special Resolution* means a resolution passed at a meeting of Warrantheolders duly convened and held in accordance with these provisions by a majority consisting of not less than three-quarters of the votes cast at such meeting.

19. **Ordinary Resolution**

The expression *Ordinary Resolution* means a resolution passed at a meeting of Warrantheolders duly convened and held in accordance with these provisions by a majority consisting of not less than half of the votes cast at such meeting.

20. **Written Resolution**

A resolution in writing signed by or on behalf of persons holding Warrants in aggregate not less than 90 per cent. of the aggregate Exercise Amount of the Outstanding Warrants who for the time being are entitled to receive notice of a meeting in accordance with these provisions shall for all purposes be as valid as a Special Resolution or an Ordinary Resolution passed at a meeting of Warrantheolders convened and held in accordance with these provisions. Such resolution in writing may be in one document or several documents in like form each signed by or on behalf of one or more of the Warrantheolders.

21. **Minutes**

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting of Warrantheolders, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

IN WITNESS whereof the Issuer has caused its Common Seal to be affixed hereto the day and year first above written.

The COMMON SEAL of)
COOLPAD GROUP LIMITED)
was hereunto affixed)
in the presence of:)

APPENDIX 4

FORM OF WIRE TRANSFER INSTRUCTION

To: SAI Growth Fund I, LLLP

Date: [●] 2021

Dear Sir or Madam,

Pursuant to the Subscription Agreement of COOLPAD GROUP LIMITED (酷派集團有限公司) (the “Company”) dated 4 October 2021 by and between SAI Growth Fund I, LLLP and the Company, please wire the payment listed below in full, into the following bank account of the Company:

Purchaser	Payment of the Subscription Price
SAI Growth Fund I, LLLP	HK\$[●] or US\$[●] (based on an exchange rate of HKD7.775 : USD 1), at the Subscriber’s election

Information of the Bank Account	
A/C No.	
A/C Name	
Correspondent Bank	
ABA	
Beneficiary Bank Name	
SWIFT Code	
ABA	
Beneficial Bank Address	
Company’s Mailing Address	

Best regards,

COOLPAD GROUP LIMITED (酷派集團有限公司)

By: _____

Name: Chen Jiajun

Title: Director