

EXECUTION COPY

DATE: 29 OCTOBER 2014

**CHEN SI
(as the Subscriber)**

AND

**PPS INTERNATIONAL (HOLDINGS) LIMITED
(as the Issuer)**

**SUBSCRIPTION AGREEMENT FOR
UNLISTED WARRANTS OF
PPS INTERNATIONAL (HOLDINGS) LIMITED**

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THIS AGREEMENT is dated 29 October 2014

BETWEEN:

- (1) **CHEN SI 陈思**, holder of HKID No. M003438(5) of Flat E, Block 9, 2/F., Glamour Garden, 2 Wai Hon Road, Fanling, N.T., Hong Kong (the “**Subscriber**”); and
- (2) **PPS INTERNATIONAL (HOLDINGS) LIMITED**, a company incorporated in the Cayman Islands with limited liability and having its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business in Hong Kong at Unit No.503C, Block B, Sea View Estate, 2-8 Watson Road, North Point, Hong Kong (the “**Issuer**”).

WHEREAS:

- (A) As at the date of this Agreement, the Issuer has an authorised share capital of HK\$100,000,000 divided into 100,000,000,000 Shares (as hereinafter defined) and an issued share capital of HK\$1,000,000 divided into 1,000,000,000 Shares.
- (B) Subject to and upon the terms and conditions set out in this Agreement, the Issuer has agreed to issue and the Subscriber has agreed to subscribe for 26,129,719 Warrants at the Issue Price of HK\$0.01.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS

- 1.1 In this Agreement (including the Recitals and Schedules), unless the context otherwise requires, the following words and expressions shall have the meanings attributed to each of them below:

“ Business Day ”	a day (excluding Saturday, Sunday and public or statutory holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“ Certificate ”	a certificate to be issued in respect of the Warrants substantially in the form as set out in Schedule 1 of the Instrument
“ Completion ”	completion of the subscription of the Warrants pursuant to Clause 4 and Schedule 1
“ Completion Date ”	on the third Business Day following the date on which the Conditions Precedent are fulfilled
“ Conditions ”	the terms and conditions endorsed on the Warrants in definitive form as they may from time to time be modified in accordance with their provisions and/or of

the Instrument, and reference in this Agreement to a particular numbered Condition shall be construed accordingly

“Conditions Precedent”	the conditions precedent set out in Clause 3.1
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Issuer and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Instrument”	the instrument to be executed by the Issuer by way of a deed poll constituting the Warrants substantially in the form set out in Schedule 3 (subject to such amendments as the Subscriber and the Issuer may reasonably agree), together with the schedules (as from time to time altered in accordance with the Instrument) and any other documents executed in accordance with the Instrument (as from time to time so altered) and expressed to be supplemental to the Instrument
“Issue Price”	the issue price of HK\$0.01 per Warrant
“SFC”	the Securities and Futures Commission of Hong Kong
“Shares”	ordinary shares of par value of HK\$0.001 each of the Issuer or shares of any class or classes resulting from any sub-division, consolidation or re-classification of such Shares, which as between themselves have no preference in respect of voting rights or dividends or of amounts payable in the event of any voluntary or involuntary liquidation or distribution of the Issuer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	the new Shares to be allotted and issued by the Issuer upon the exercise by the holder of the Warrants of the subscription rights attached to the Warrants
“this Agreement”	this subscription agreement, as amended from time to time
“Warranties”	the representations, warranties and undertakings under Clause 5.1 and Schedule 2

“Warrants” the 26,129,719 unlisted warrants conferring rights to subscribe up to HK\$43,375,333 for Shares, on the basis of an initial subscription price of HK\$1.66 per Share (subject to adjustment), during a period of 12 months commencing from the date immediately after three months from the date of issue in accordance with the terms of this Agreement

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

1.2 In this Agreement:

- (a) references to costs, charges, remuneration or expenses shall include any value added tax, turnover tax or similar tax charged in respect thereof;
- (b) references to any action, remedy or method of judicial proceedings for the enforcement of rights of creditors shall include, in respect of any jurisdiction other than Hong Kong, references to such action, remedy or method of judicial proceedings for the enforcement of rights or creditors available or appropriate in such jurisdiction as shall most nearly approximate thereto;
- (c) words denoting the singular number only shall include the plural number also and vice versa;
- (d) words denoting one gender only shall include the other genders and the neuter and vice versa;
- (e) words denoting persons only shall include firms and corporations and vice versa; and
- (f) references to any provision of any statute (including the GEM Listing Rules) shall be deemed also to refer to any modification or re-enactment thereof or any instrument, order or regulation made thereunder or under such modification or re-enactment.

1.3 Headings shall be ignored in construing this Agreement.

1.4 The Schedules form part of this Agreement and shall have effect accordingly.

2. ISSUE AND SUBSCRIPTION OF THE WARRANTS

Subject to fulfillment of the Conditions Precedent, on Completion, the Issuer shall issue and the Subscriber shall subscribe for the Warrants and shall pay or procure that there be paid to the Issuer the Issue Price.

3. CONDITIONS PRECEDENT

3.1 The obligations of the Issuer to issue, and the Subscriber to subscribe and pay for the Warrants are subject to the following Conditions Precedent:

- (a) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Issuer nor the Subscriber shall reasonably object) the listing of, and permission to deal in, the Subscription Shares which may fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants; and
 - (b) all necessary consents and approvals to be obtained on the part of each of the Subscriber and the Issuer in respect of this Agreement and the transactions contemplated thereunder having been obtained.
- 3.2 The Issuer undertakes to the Subscriber to use its reasonable endeavours to ensure that the Conditions Precedent are fulfilled as early as practicable and in any event not later than 20 November 2014 or such later date as may be agreed between the Subscriber and the Issuer.
- 3.3 If the Conditions Precedent are not fulfilled on or before 5:00 p.m. 20 November 2014 or such later date as may be agreed between the Subscriber and the Issuer, this Agreement will lapse and become null and void and the parties shall be released from all obligations hereunder, save for any liabilities for any antecedent breaches hereof.
- 3.4 The Subscriber shall furnish to the Issuer, the Stock Exchange or the SFC (if required) all information and documents required pursuant to the GEM Listing Rules and other applicable rules, codes and regulations or as may otherwise be required by the Issuer, the Stock Exchange or the SFC, whether in connection with the preparation or issue of any announcement or circular of the Issuer in respect of this Agreement.

4. COMPLETION

Subject to fulfillment of the Conditions Precedent, Completion shall take place at 4:00 p.m. at the office of the Issuer (or such other dates and/or places as agreed between the Issuer and the Subscriber) on the Completion Date and each party shall perform its respective obligations set out in Schedule 1.

5. WARRANTIES

- 5.1 The Issuer hereby represents, warrants and undertakes to the Subscriber in the terms set out in this Clause 5 and Schedule 2 as at the date hereof and the Issuer hereby agrees and acknowledges that the Subscriber is entering into this Agreement in reliance on the Warranties.
- 5.2 The Issuer shall notify the Subscriber upon it becoming aware prior to Completion of any event which could reasonably be expected to cause any of the Warranties to be incorrect, misleading or breached in any material respect or which may have any material adverse effect on the assets or liabilities of the Issuer.
- 5.3 If any party fails to perform any of its obligations in any material respect (including its obligation at Completion) under this Agreement or breaches any of the terms or

Warranties set out in this Agreement in any material respect prior to Completion then without prejudice to all or any other rights and remedies available at any time to a non-defaulting party (including but not limited to the right to damages for any loss suffered by that party) any non-defaulting party may, by notice either require the defaulting party to perform such obligations or, insofar as the same is practicable, remedy such breach, or to the extent it relates to the failure of the defaulting party to perform any of its obligations on or prior to Completion in any material respect treat the defaulting party as having repudiated this Agreement and rescind the same. The rights conferred upon the respective parties by the provisions of this Clause 5.3 are additional to and do not prejudice any other rights the respective parties may have. Failure to exercise any of the rights herein conferred shall not constitute a waiver of any such rights.

- 5.4 Notwithstanding any provisions herein, the liability of the Issuer in connection with the Warranties or this Agreement shall cease on the expiration of three months after the Completion Date.
- 5.5 The Subscriber hereby represents, warrants and undertakes to the Issuer that:
- (1) the Subscriber has the right, power and authority to enter into and perform this Agreement which constitutes legal, valid and binding obligations on the Subscriber in accordance with its terms;
 - (2) the Subscriber has sufficient financial resources necessary to satisfy fully the Issue Price;
 - (3) the Subscriber and its ultimate beneficial owner(s) is not a (a) connected person(s) (as defined in the GEM Listing Rules) of the Issuer and is independent of and not connected with any connected persons (as defined in the GEM Listing Rules) of the Issuer;
 - (4) as at the date of this Agreement, each of the Subscriber and its ultimate beneficial owner(s) is not existing shareholders of the Issuer and is independent of and is not acting in concert with any directors, chief executive, management shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Issuer and their subsidiaries, associated or affiliated companies or their respective associates (as defined in the GEM Listing Rules); and
 - (5) the Subscriber will provide all information as may be required by the regulatory bodies, including, without limitation; the Stock Exchange and the SFC, and in particular, details as required under the GEM Listing Rules and that the Issuer's failure in providing information as required by the regulatory bodies may be subject to prosecution and or disciplinary actions and the Subscriber undertakes to fully indemnify the Issuer for any non-compliance of the GEM Listing Rules or any other applicable laws and regulations.

6. ANNOUNCEMENT

- 6.1 Each of the parties undertakes to the others that it will not, at any time after the date of this Agreement, divulge or communicate to any person other than to its professional advisers, or when required by law or any rule of any relevant stock exchange body to which it is subject, or to its respective officers or employees whose province is to know the same any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of any of the others which may be within or may come to its knowledge and it shall use its best endeavours to prevent the publication or disclosure of any such confidential information concerning such matters.
- 6.2 No public announcement or communication of any kind shall be made in respect of the subject matter of this Agreement unless specifically agreed between the parties or unless an announcement is required pursuant to the GEM Listing Rules, the applicable law and regulations or the requirements of the Stock Exchange, the SFC or any other regulatory body or authority.

7. NOTICES

- 7.1 Any notice claim, demand, court process, document or other communication to be given under this Agreement (collectively “**communication**” in this Clause) shall, subject to any requirements under the applicable laws, be in writing and may be served or given personally or sent to the address or facsimile number (if any) of the relevant party and marked for the attention to such person as specified in Clause 7.4.
- 7.2 A change of address or facsimile number of the person to whom a communication is to be addressed pursuant to this Agreement shall not be effective until five days after a written notice of change has been served in accordance with the provisions of this Clause 7 on all other parties to this Agreement with specific reference in such notice that such change is for the purposes of this Agreement.
- 7.3 All communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:

<u>Means of despatch</u>	<u>Time of deemed receipt</u>
Personal delivery	at the time of delivery
Local mail or courier	24 hours
Facsimile	on despatch
Air courier/Speedpost	3 days
Airmail	5 days

- 7.4 The initial addresses and facsimile numbers of the parties for the service of communications and the persons for whose attention such communications are to be marked are as follows:

If to the Subscriber:

Address : Flat E, Block 9, 2/F., Glamour Garden, 2 Wai Hon Road, Fanling, N.T., Hong Kong

Facsimile no. :

If to the Issuer:

Address : Unit No. 503C, Block B
Sea View Estate
2-8 Watson Road
North Point, Hong Kong

Facsimile no. : 852-28380990

Attention : The Board of Directors

7.5 A communication served in accordance with this Clause 8 shall be deemed sufficiently served and in proving service and/or receipt of a communication it shall be sufficient to prove that such communication was left at the addressee's address or that the envelope containing such communication was properly addressed and posted or despatched to the addressee's address or that the communication was properly transmitted by facsimile to the addressee. In the case of facsimile transmission, such transmission shall be deemed properly transmitted on receipt of a report of satisfactory transmission printed out by the sending machine.

7.6 Nothing in this Clause shall preclude the service of communication or the proof of such service by any mode permitted by law.

8. COSTS AND EXPENSES

Each party hereto shall bear its own legal, accountancy and other costs and expenses incurred in connection with the preparation, negotiation and settlement of this Agreement and all capital fees and stamp duty (if any) relating to the issue and delivery of the Warrants and the Subscription Shares upon exercise of the subscription rights attached to the Warrants.

9. GENERAL PROVISIONS

9.1 Time shall be of the essence of this Agreement.

9.2 Each party undertakes to the other to execute or procure to be executed all such documents and to do or procure to be done all such other acts and things as may be reasonable and necessary to give all parties the full benefit of this Agreement.

9.3 This Agreement shall be binding on and enure for the benefit of the successors of each of the parties and shall not be assignable.

- 9.4 The exercise of or failure to exercise any right or remedy in respect of any breach of this Agreement shall not, save as provided herein, constitute a waiver by such party of any other right or remedy it may have in respect of that breach.
- 9.5 Any right or remedy conferred by this Agreement on any party for breach of this Agreement (including without limitation the breach of any representations and warranties) shall be in addition and without prejudice to all other rights and remedies available to it in respect of that breach.
- 9.6 Any provision of this Agreement which is capable of being performed after Completion but which has not been performed at or before Completion and all Warranties and other representations, warranties and undertakings contained in or entered into pursuant to this Agreement shall remain in full force and effect notwithstanding Completion.
- 9.7 This Agreement constitutes the entire agreement between the parties with respect to its subject matter (no party having relied on any representation or warranty made by any other party which is not contained in this Agreement) and no variation of this Agreement shall be effective unless made in writing and signed by all of the parties.
- 9.8 This Agreement supersedes all and any previous agreements, arrangements or understanding between the parties relating to the matters referred to in this Agreement and all such previous agreements, understanding or arrangements (if any) shall cease and determine with effect from the date hereof and no party shall have any claim in connection therewith.
- 9.9 If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.

10. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and each party hereby submits to the non-exclusive jurisdiction of the courts of Hong Kong as regards any claim or matter arising under this Agreement and agrees that process may be served at the address for service of notices pursuant to Clause 7.

11. COUNTERPARTS

This Agreement may be executed by the parties hereto in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and is binding on all parties.

AS WITNESS where of this Agreement has been duly executed on the date first above written.

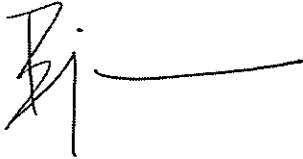
THE SUBSCRIBER

SIGNED by

CHEN SI

in the presence of:

Yewng Yat Chuen
Z44 5646 (8)



)
)
)
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)

Chen Si

THE ISSUER

SIGNED by Cao Zhimen

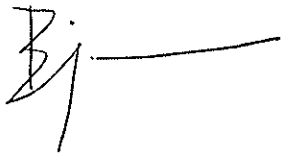
for and on behalf of

**PPS INTERNATIONAL (HOLDINGS)
LIMITED**

in the presence of:

Yeung Yat Chuen

Z445646(8)



) PPS International (Holdings) Limited
) 寶聯控股有限公司
) 
) Authorized Signature(s)
)
)
)
)

SCHEDULE 1

Completion requirements

1. Obligations of the Issuer

The Issuer shall deliver to the Subscriber:

- (a) a certified copy of the board resolution of the Issuer approving and authorising the execution and completion of this Agreement and the issue of the Warrants and the Certificate upon the terms and subject to the Conditions contained therein;
- (b) evidence reasonably satisfactory to the Subscriber that the Conditions Precedent have been fulfilled;
- (c) the Certificate duly issued in favour of the Subscriber, such Certificate shall have been duly signed in accordance with the terms of the Instrument; and
- (d) a certified copy of the Instrument duly executed by the Issuer.

2. Obligations of the Subscriber

2.1 The Subscriber shall deliver to the Issuer:

- (a) a cashier order in the sum of HK\$261,297.19 issued by a licensed bank in Hong Kong and made payable in favour of the Issuer being the aggregate Issue Price for the Warrants; and
- (b) such other documents as may be reasonably required by the Issuer for the purpose of effecting the transactions contemplated thereunder.

SCHEDULE 2

Warranties

Save as disclosed:

1. The entire existing issued share capital of the Issuer is listed on the Stock Exchange and the Issuer is not aware of any circumstances whereby such listing will be cancelled or revoked before or after Completion as a result of the transactions contemplated by this Agreement.
2. The Issuer is duly incorporated in the Cayman Islands and is validly existing. Save as mentioned in this Agreement, the Issuer has the authority to enter into and perform this Agreement and that in entering into this Agreement, the Issuer does not do so in breach of any existing obligation or applicable legislation.
3. The Issuer has full power and authority to issue the Warrants and perform its obligations thereunder subject to the fulfillment of the Conditions Precedent.
4. Subject to the fulfillment of the Conditions Precedent, all necessary consents, authorisations and approvals of and all necessary registrations and filings with any governmental or regulatory agency or body required in Hong Kong, the Cayman Islands or elsewhere for or in connection with this Agreement and the Warrants and the performance of the terms thereof have been obtained or made or will have been obtained or made by Completion.
5. Subject as otherwise provided herein, the issue of the Warrants and the Certificate will not infringe and will not be contrary to any laws or regulations of any governmental or regulatory body of Hong Kong, the Cayman Islands or elsewhere, as the case may be, and will not result in any breach of the terms of the memorandum and articles of associations of the Issuer or constitute a default under any deed, agreement, mortgage or other instrument to which the Issuer is a party.
6. Upon the issue of the Warrants and the execution of the corresponding Certificate by the Issuer and delivery of the same, the Warrants and the Certificate will constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with its terms.
7. The particulars relating to the share capital of the Issuer in Recital (A) of this Agreement are correct and accurate and, subject to the fulfillment of the Conditions Precedent, the Issuer will on Completion have sufficient authorised share capital to satisfy its obligations under the Warrants.
8. The Issuer is deemed to have repeated all the Warranties on the basis that such Warranties will at all times from the date of this Agreement up to and including the date of Completion be true, complete and accurate in all material respects and such Warranties shall have effect as if given at Completion as well as the date of this Agreement.

DATE: NOVEMBER 2014

**CHEN SI
(as the Subscriber)**

AND

**PPS INTERNATIONAL (HOLDINGS) LIMITED
(as the Issuer)**

SUPPLEMENTAL AGREEMENT

(14)

THIS SUPPLEMENTAL AGREEMENT is made on November 2014

BETWEEN:

- (1) **CHEN SI 陈思**, holder of HKID No. M003438(5) of Flat E, Block 9, 2/F., Glamour Garden, 2 Wai Hon Road, Fanling, N.T., Hong Kong (the “**Subscriber**”); and
- (2) **PPS INTERNATIONAL (HOLDINGS) LIMITED**, a company incorporated in the Cayman Islands with limited liability and having its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business in Hong Kong at Unit No.503C, Block B, Sea View Estate, 2-8 Watson Road, North Point, Hong Kong (the “**Issuer**”).

WHEREAS:

- (A) Pursuant to a warrant subscription agreement (the “**Agreement**”) dated 29 October 2014 entered into between the Subscriber and the Issuer, the Issuer has agreed to issue and the Subscriber has agreed to subscribe for 26,129,719 Warrants at the Issue Price of HK\$0.01 subject to the satisfaction of the Conditions Precedent set out in Clause 3.1 of the Agreement on or before 5:00 p.m. 20 November 2014 (or such later date as may be agreed between the Subscriber and the Issuer) (the “**Long Stop Date**”).
- (B) The share subdivision of every one Share of a par value of HK\$0.001 each in the share capital of the Issuer into ten subdivided Shares of a par value of HK\$0.0001 each became effective on 17 November 2014. As at the date of this Supplemental Agreement, the Issuer has an authorised share capital of HK\$100,000,000 divided into 1,000,000,000,000 Shares and an issued share capital of HK\$1,000,000 divided into 10,000,000,000 Shares.
- (C) The parties to the Agreement have agreed to revise the Issue Price and extend the Long Stop Date and adjust the Subscription Price in the manner set out in this Supplemental Agreement.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS

In this Supplemental Agreement, definitions used in the Agreement shall have the same meanings herein, unless the context otherwise requires and except the following definitions:

“**Issue Price**” the issue price of HK\$0.02 per Warrant

“**Shares**” ordinary shares of par value of HK\$0.0001 each of the Issuer or shares of any class or classes resulting from any sub-division, consolidation or re-classification of such Shares.

which as between themselves have no preference in respect of voting rights or dividends or of amounts payable in the event of any voluntary or involuntary liquidation or distribution of the Issuer

“Warrants” the 261,297,190 unlisted warrants conferring rights to subscribe up to HK\$43,375,333 for Shares, on the basis of an initial subscription price of HK\$0.166 per Share (subject to adjustment), during a period of 12 months commencing from the date immediately after three months from the date of issue in accordance with the terms of this Supplemental Agreement

2. **REVISION OF SCHEDULE 1**

The parties hereto agree that Clause 2.1(a) of Schedule 1 to the Agreement be revised as follows:

“a cashier order in the sum of HK\$5,225,943.80 issued by a licensed bank in Hong Kong and made payable in favour of the Issuer being the aggregate Issue Price for the Warrants; and

3. **REPLACEMENT OF SCHEDULE 3**

The parties hereto agree that Schedule 3 to the Agreement be superseded and replaced by the Schedule to this Supplemental Agreement.

4. **EXTENSION OF LONG STOP DATE**

The parties hereto agree that Clauses 3.2 and 3.3 of the Agreement be amended as follows:

“3.2 The Issuer undertakes to the Subscriber to use its reasonable endeavours to ensure that the Conditions Precedent are fulfilled as early as practicable and in any event not later than 20 December 2014 or such later date as may be agreed between the Subscriber and the Issuer.

3.3 If the Conditions Precedent are not fulfilled on or before 5:00 p.m. 20 December 2014 or such later date as may be agreed between the Subscriber and the Issuer, this Agreement will lapse and become null and void and the parties shall be released from all obligations hereunder, save for any liabilities for any antecedent breaches hereof.”

5. **GENERAL**

5.1 Subject only to the variations herein contained and such other alterations (if any) as may be necessary to make the Agreement consistent with this Supplemental Agreement, the Agreement shall remain in full force and effect and shall be read and

construed and be enforceable as if the terms of this Supplemental Agreement were inserted therein by way of addition or substitution, as the case may be.

- 5.2 This Supplemental Agreement shall be deemed to be effective and incorporated as part of the Agreement on the date hereof.

6. **GOVERNING LAW**

This Supplemental Agreement shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**") and the parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.

7. **COUNTERPART**

This Supplemental Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of parties hereto may execute this Supplemental Agreement by signing any such counterparts.

THE ISSUER

SIGNED by *Cao Zhwen*

for and on behalf of

**PPS INTERNATIONAL (HOLDINGS)
LIMITED**

in the presence of:

)
)
)
)
)
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)
)
)

For and on behalf of
PPS International (Holdings) Limited
寶 豐 控 股 有 限 公 司
Authorized Signature(s)



WOD YUK MAN
Z487621(1)

SCHEDULE

The Instrument

DATE : [•]

PPS INTERNATIONAL (HOLDINGS) LIMITED

INSTRUMENT

relating to
Warrants in registered form to subscribe up to HK\$[•]
for shares in the capital
PPS International (Holdings) Limited

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1 1

THIS INSTRUMENT is executed by way of Deed Poll on [•] by PPS International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability having its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its head office and principle place of business in Hong Kong at Unit No.503C, Block B, Sea View Estate, 2-8 Watson Road, North Point, Hong Kong (facsimile no. 852-28380990).

WHEREAS:

At an annual general meeting of the Company held on [•], the Directors were granted by the shareholders of the Company a general mandate to allot, issue and deal with Shares. By a resolution of Directors passed on [•], the Directors have resolved to issue warrants in registered form conferring rights upon the holders thereof, exercisable in whole or in part at any time during a period of 12 months commencing from the date after three months from the date of the issue of the warrant(s), to subscribe in aggregate up to HK\$[•] for Shares. The Company has determined to execute this Instrument by way of deed poll in order to provide for and to protect the rights and interests of the holders for the time being of the said warrants.

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

1. Definitions

- (A) In this Instrument (excluding the First Schedule), unless the context otherwise requires, the words and expressions set out below shall bear the following respective meanings:

“**Applicable Regulations**” means any law, rule, regulation or articles of association and any relevant provision thereof to which the Company and the Warrants are subject including without limitation to the generality of the foregoing, the Companies Law, the Companies Ordinance, the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange published by the Stock Exchange, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases, all as amended, varied or extended from time to time;

“**approved merchant bank**” means an independent merchant bank or other financial institution of international repute and having a place of business in Hong Kong selected by the Directors for the purposes contemplated in this Instrument and the Schedules hereto;

“**Auditors**” means the auditors for any the time being of the Company;

“**business day**” means a day (other than a Saturday, Sunday and a public holiday) on which licensed banks in the territory where the Stock Exchange is for the time being situate are generally open for business throughout their normal business hours;

“closing price”, in relation to a Share, means the closing price per Share on the Stock Exchange for one or more board lots of Shares;

“Company” means PPS International (Holdings) Limited;

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

“Conditions” means the terms and conditions endorsed on the Warrant certificate as the same may from time to time be modified in accordance with the provisions set out therein, and **“Condition”** refers to the relative numbered paragraph of the Conditions;

“dealing day” means a dealing day of the Stock Exchange;

“Directors” means the directors of the Company for the time being;

“dollars”, “HK\$” and “cents” means Hong Kong dollars and cents respectively;

“Equity Share Capital” means the issued share capital of the Company excluding any part thereof which does not either as respects dividends or as respects capital carry any right to participate beyond a specified amount or beyond an amount calculated by reference to a specified rate in a distribution;

“Event(s) of Default” has the meaning assigned thereto in Clause 8A;

“Exercise Moneys” has the meaning assigned thereto in the Conditions;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Instrument” means this instrument and the Schedules hereto (as from time to time modified in accordance with the terms hereof) and includes any instrument which is executed in accordance with the provisions hereof (as from time to time modified as aforesaid) and expressed to be supplemental hereto;

“notice” means, in the case of notices given to the Warrantholders, a notice given or to be given in accordance with Condition 14;

“Potential Event(s) of Default” means potentially high risk of occurrence of Events of Default as set out in Clause 8A.

“record date” means the date fixed by the articles of association of the Company or otherwise specified by the Company or otherwise for the purpose of determining entitlement to dividends or other distributions to, or rights of, holders of Shares;

“Register” means the register of Warrantheolders required to be maintained pursuant to Clause 9;

“Registrar” means Tongda Group Holdings Limited or such other person, firm or company as for the time being maintains in Hong Kong (unless the Directors otherwise determine) the Register;

“scrip dividend scheme” means a scheme whereby the holders of one or more classes of securities of the Company may elect to receive fully-paid Shares in lieu of a cash dividend;

“Share Option Scheme” means a scheme or arrangement approved by the members of the Company in general meeting under which Shares or securities convertible into or exchangeable for or carrying rights of subscription for Shares may be issued, or options or other rights to acquire any Shares or any such securities by way of subscription or otherwise may be granted, by the Company or any Subsidiary to employees including executive directors of the Company or any Subsidiary;

“Shares” or “Ordinary Capital” mean the shares of HK\$0.0001 each in the authorised share capital of the Company existing on the date of issue of the Warrants and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) shares or stock in the Equity Share Capital of the Company resulting from any subdivision, consolidation or re-classification of Shares;

“Special Resolution” has the meaning set out in paragraph 17 of the Third Schedule;

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

“Subscription Date”, “Subscription Form”, “Subscription Period” and “Subscription Price” have the respective meanings assigned to them in the Conditions;

“Subscription Rights” means the rights of the Warrantheolder represented by the Warrants to subscribe for Shares pursuant to the Warrants, and, in relation to each Warrant, means the rights of the Warrantheolder in respect of such Warrant to subscribe the relative Exercise Moneys (or a relevant portion thereof) for Shares pursuant to such Warrant;

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

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

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

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

- (B) Unless the context otherwise requires terms importing the singular number only shall include the plural and vice versa and terms importing persons shall include firms and corporations and terms importing one gender only shall include the other genders.
- (C) References in this Instrument to Clauses and Schedules shall be construed as references to the clauses of and schedules to this Instrument; any reference to a sub-clause shall be construed as a reference to the relevant sub-clause of the Clause in which such reference appears and any reference to a paragraph shall be construed as a reference to the relevant paragraph of the sub-clause in which such reference appears.
- (D) The headings to Clauses and Conditions and the table of contents are inserted for convenience only and shall be ignored in construing this Instrument and the Conditions.
- (E) In giving any certificate or making any adjustment hereunder, the Auditors or (as the case may be) the relevant approved merchant bank shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their or its decision shall be conclusive and binding on the Company and the Warrantholder and all persons claiming through or under them respectively.

2. Grant of rights to subscribe

The Company hereby creates and grants to the Warrantholder in respect of the Warrants to be issued pursuant to a resolution passed by the Directors on [*] rights to subscribe at any time and from time to time during the Subscription Period an aggregate maximum amount of HK\$[*] for Shares at a price per Share equal to the Subscription Price in force on the relevant Subscription Date and such rights to subscribe shall be contained in and evidenced by the Warrants and shall be exercisable by the Warrantholder in accordance with the terms hereof and the Conditions from time to time during the Subscription Period.

3. Warrant certificates

- (A) Every Warrantholder shall be entitled to a Warrant certificate in the form or substantially in the form of that shown in the First Schedule having endorsed thereon the Conditions

in or substantially in the form also set out in that Schedule.

- (B) All Warrant certificates shall be issued under the common seal of the Company or, where permitted under the applicable law, under a facsimile or securities seal adopted for that purpose.
- (C) The Company shall comply with the provisions of the Warrant certificate, the Conditions and the provisions hereof in all respects and the Warrants shall be held subject to such provisions (including, without limitation, the terms of this Instrument and the Conditions) which shall be binding upon the Company and the Warrantholder and all persons claiming through or under them respectively.
- (D) Without prejudice to the generality of sub-clause (C), the Company shall upon exercise of all or any of the Subscription Rights in accordance with the terms hereof and of the Conditions from time to time during the Subscription Period issue and allot the appropriate number of Shares in accordance with the Conditions.

4. Adjustments of Subscription Price

- (A) Subject as hereinafter provided, the Subscription Price shall from time to time be adjusted in accordance with the following provisions (but shall however not be adjusted below the nominal value of Shares until the Subscription Right Reserve (as defined in Clause 6 below) is maintained pursuant to Clause 6 below) and so that if the event giving rise to any such adjustment shall be such as would be capable of falling within more than one of paragraphs (1) to (6) inclusive it shall be taken to fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs:
 - (1) If and whenever there shall be an alteration to the nominal amount of each of the Shares by reason of any consolidation or subdivision, the Subscription Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

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

where:

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

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

Each such adjustment shall be effective from the close of business on the business day immediately preceding the date on which the relevant consolidation or subdivision (as the case may be) becomes effective, provided that, where the Subscription Date in respect of a particular exercise of any of the Subscription

Rights attaching to a Warrant shall fall on or before the said business day but the Company shall not by the close of business on the said business day have allotted the relative Shares in accordance with its obligations hereunder, such adjustment shall, for the purpose of determining the number of Shares to be allotted to the Warrantholder exercising the said Subscription Rights, be deemed to have become effective before such Subscription Date.

- (2) If and whenever the Company shall issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Subscription Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

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

where:

C = the aggregate nominal amount of the Shares in issue immediately before such issue; and

D = the aggregate nominal amount of the Ordinary Capital issued in connection with and as a result of such capitalisation,

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

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.

- (3) If and whenever the Company shall make (whether on a reduction of capital or otherwise) any capital distribution to all holders of Shares (in their capacity as such) (including, but not limited to, such a distribution pursuant to a reduction or redemption of share capital, share premium account or capital redemption reserve fund or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its Subsidiaries, the Subscription Price in force immediately prior to such capital distribution or grant shall be adjusted by multiplying it by the following fraction:

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

where:

E = the closing price per Share on the Stock Exchange on the dealing day

immediately preceding the date on which the capital distribution or, as the case may be, the grant is announced (whether or not such capital distribution or grant is subject to the approval of the holders of Shares or other persons) or (if there is no such announcement) immediately preceding the date on which the Share is traded ex such capital distribution or, as the case may be, the grant (or, where there is no closing price on such dealing day, the closing price on the dealing day on which there was a closing price immediately preceding the relevant date); and

F = the amount calculated by dividing the fair market value on the day of such announcement or (as the case may require) the day immediately preceding the date on which the Share is traded ex such capital distribution or, as the case may be, the grant, as determined in good faith by an approved merchant bank, of such capital distribution or of such rights by the number of Shares participating in such capital distribution or, as the case may be, in the grant of such rights,

Provided that:

- (a) if in the opinion of the relevant approved merchant bank, the use of the fair market value as aforesaid produces a result which, having regard to the relative interests of the persons affected thereof taken as a whole, is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if F meant) the portion of the said closing price which should, in its opinion, properly be attributed to the value of the relevant capital distribution or rights in question; and
- (b) the provisions of this paragraph (3) shall not apply in relation to the issue of Shares credited as fully paid or partly paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the relevant capital distribution or grant.

- (4) If and whenever the Company shall offer to all holders of Shares new Shares for subscription by way of rights, or shall grant to all holders of Shares any options or warrants to subscribe for new Shares, at a price per new Share which is less than 80 per cent. of the market price on the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the holders of Shares or other persons), the Subscription Price shall be adjusted by multiplying the Subscription Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

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

where:

- G = the number of Shares in issue immediately before the date of such announcement;
- H = the number of Shares which the aggregate of the two following amounts would purchase at such market price:
- (a) the total amount (if any) payable for the rights, options or warrants being offered or granted by the Company; and
 - (b) the total amount payable for all of the new Shares being offered for subscription by way of rights or comprised in the options or warrants being granted; and
- I = the aggregate number of Shares being offered for subscription or comprised in the options or warrants being granted.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the record date for the relevant offer or grant. For the avoidance of doubt, no adjustment shall take effect in accordance with this paragraph (4) should such offer or grant fail to become effective or unconditional.

(B) For the purposes of sub-clause (A):

“**announcement**” shall include the release of an announcement to the press or the delivery or transmission by telephone, facsimile transmission or otherwise of an announcement to the Stock Exchange, the “**date of announcement**” shall mean the date on which the announcement is first so released, delivered or transmitted and “**announce**” shall be construed accordingly;

“**capital distribution**” shall (without prejudice to the generality of that phrase) include distributions in cash or specie, and any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a capital distribution, provided that any such dividend shall not be so deemed if:

- (i) it is paid out of the aggregate of the net profits (less losses) and/or contributed surplus attributable to the holders of Shares for all financial periods after that ended 31 December 2013 as shown in the audited consolidated profit and loss account of the Company and its Subsidiaries for each such financial period; or
- (ii) to the extent that (i) above does not apply, the rate of that dividend, together with all other dividends on the class of capital in question charged or provided for in

the accounts for the financial period in question, does not exceed the aggregate rate of dividend on such class of capital charged or provided for in the accounts for the last preceding financial period. In computing such rates, such adjustments may be made as are in the opinion of the Auditors appropriate in the circumstances and shall be made in the event that the lengths of such periods differ materially;

“issue” shall include allot;

“market price” means the average of the closing prices of one Share on the Stock Exchange for the five consecutive dealing days on each of which there is a closing price ending on the last such dealing day immediately preceding the day on or as of which the market price is to be ascertained;

“Shares” includes, for the purposes of Shares comprised in any issue, distribution, offer or grant pursuant to paragraphs (2), (3) or (4) of sub-clause (A), any such shares of the Company as, when fully paid, will be Shares;

“reserves” includes unappropriated profits, share premium account and capital redemption reserve fund; and

“rights” includes rights in whatsoever form issued.

- (C) The provisions of paragraphs (2), (3) and (4) of sub-clause (A) shall not apply to:
- (i) an issue of fully-paid Shares upon the exercise of any conversion, exchange or subscription rights attached to securities wholly or partly convertible into or exchangeable for Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;
 - (ii) an issue by the Company of Shares or by the Company or any Subsidiary of securities wholly or partly convertible into or exchangeable for or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iii) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (or other profits or reserves) pursuant to Clause 6, or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into or exchangeable for, or carrying rights to acquire. Shares;
 - (iv) an issue of Shares pursuant to a scrip dividend scheme in lieu of a cash dividend where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares in aggregate is not more than 120 per cent. of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash, for which purpose the “market value” of a

Share shall mean the average of the closing prices on the Stock Exchange for the five consecutive dealing days on each of which there is a closing price ending on the last such dealing day immediately preceding the day on or as of which holders of Shares may, pursuant to such scrip dividend scheme, elect to receive or (as the case may be) not to receive the relevant dividend in cash; or

- (v) an issue by the Company of Shares or by the Company or any Subsidiary of securities wholly or partly convertible into or exchangeable for or carrying rights of subscription for Shares pursuant to a Share Option Scheme.
- (D) Notwithstanding the foregoing provisions of this Clause, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis to that provided herein or that an adjustment should take effect on a different date or from a different time from that provided for under the foregoing provisions of this Clause, the Company may appoint either an approved merchant bank or the Auditors to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank or the Auditors shall consider this to be the case, the adjustment shall be modified or nullified, or an adjustment made instead of no adjustment, in such manner (including, without limitation, making an adjustment calculated on a different basis and/or the adjustment shall take effect from such other date and/or time) as shall be certified by such approved merchant bank or the Auditors (as the case may be) to be in its opinion appropriate.
- (E) Any adjustment to the Subscription Price shall be made to the nearest zero point one cent (\$0.0005 being rounded up) and in no event shall any adjustment (otherwise than upon the consolidation of Shares into shares of a larger nominal amount each or upon a repurchase of Shares) be made which would involve an increase in the Subscription Price. In addition to any determination which may be made by the Directors, every adjustment to the Subscription Price shall, save as otherwise expressly provided herein, be certified either (at the option of the Company) by the Auditors or by an approved merchant bank.
- (F) Notwithstanding anything contained in this Instrument or the Warrant certificate, no adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this Clause would be less than the nominal value of the Share and any adjustment that would otherwise be required then to be made shall not be carried forward or shall only be made and reduced to the nominal value of the Share.
- (G) Whenever the Subscription Price is adjusted as herein provided, the Company shall give notice to the Warranholder that the Subscription Price has been so adjusted (setting forth the event giving rise to the adjustment, the Subscription Price in effect prior to such adjustment, the adjusted Subscription Price and the effective date thereof) and shall at all times thereafter so long as any of the Subscription Rights remains exercisable make available for inspection by Warranholder at its head office and principal place of

business in Hong Kong where copies of the same may be obtained, a signed copy of the said certificate of the Auditors or (as the case may be) of the relevant approved merchant bank and a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Subscription Price in effect prior to such adjustment, the adjusted Subscription Price and the effective date thereof and shall, on request, send a copy thereof to any Warrantholder.

- (H) If the Company or any Subsidiary shall in any way modify the rights attached to any share or loan capital so as wholly or partly to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire, Shares, the Company shall appoint either an approved merchant bank or the Auditors to consider whether any adjustment to the Subscription Price is appropriate (and if such approved merchant bank shall certify that any such adjustment is appropriate the Subscription Price shall be adjusted accordingly and the provisions of sub-clauses (E), (F) and (G) shall apply).

5. Restrictions to protect Subscription Rights

As from the date hereof and so long as any of the Subscription Rights remains exercisable in accordance with the Conditions:

- (i) save as provided in Clause 4(A)(3), the Company shall not (unless it gives rise, or would but for sub-clause (D) or (F) of Clause 4 give rise, to an adjustment of the Subscription Price as provided in Clause 4) make any capital distribution (as defined in Clause 4(B));
- (ii) the Company shall reserve and keep available for issue, free from pre-emptive or other similar rights, out of its authorised but unissued capital such number of Shares as would be required to be issued upon exercise in full of all Subscription Rights from time to time remaining unexercised and exercisable and to satisfy in full all other rights for the time being outstanding of subscription or exchange for, or conversion into, Shares, and shall ensure that all Shares allotted upon exercise of any Subscription Rights will be duly and validly issued fully paid;
- (iii) the Company shall not in any way modify or amend the rights attaching to the Shares as a class or attach any special restrictions thereto;
- (iv) the Company shall not issue or pay up any securities by way of capitalisation of profits or reserves other than (a) by the issue of fully-paid Shares to holders of its Shares or (b) as mentioned in Clause 4(C)(iii) or (c) by the issue of Shares pursuant to a scrip dividend scheme in the manner referred to in Clause 4(C)(iv);
- (v) the Company shall not create or permit to be in issue any Equity Share Capital other than Shares, provided that nothing in this paragraph (v) shall prevent (a) any consolidation or sub-division of the Shares or (b) the issue of any Equity Share Capital which does not participate in dividend before a certain date or in respect of a certain financial period but is *pari passu* in all other respects with the

Shares or (c) the issue of Equity Share Capital to officers or employees of the Company or any of its Subsidiaries pursuant to a Share Option Scheme;

- (vi) the Company shall procure that, without the consent of a Special Resolution, (a) no securities (whether issued by the Company or any other company) shall be converted into or exchanged for Shares otherwise than in accordance with the terms of issue thereof (save to the extent that any of such terms have been amended by, or as a result of any change in, or the bringing into force of, any Cayman Islands and/or Hong Kong law occurring after the issue of the relative securities), (b) no securities (whether issued by the Company or any of its Subsidiaries) issued without rights to convert into or be exchanged for Shares shall subsequently be granted such rights and (c) at no time shall there be in issue shares of differing nominal values;
- (vii) the Company shall not do any act or engage or be involved in any transaction the result of which, having regard to the provisions of Clause 4, would be to reduce the Subscription Price to below the nominal amount of a Share unless (a) the articles of association of the Company shall contain provisions, or shall have been altered or added to contain provisions, as may be or appropriate to enable the following provisions of this paragraph (vii) and the provisions of Clause 6 to be implemented in full, (b) implementation of such provisions is not prohibited by and is in compliance with the provisions of the Companies Law, and (c) the Company shall have established and shall thereafter (subject as provided in Clause 6) maintain in accordance with the provisions of Clause 6 the Subscription Right Reserve referred to therein;
- (viii) if an offer is made to all holders of Shares (or all of such holders other than the person making such offer and/or any company controlled by such person and/or persons acting in concert with such person) to acquire all or a proportion of the Shares and such offer comes to the knowledge of the Company, the Company shall forthwith upon obtaining such knowledge give notice of such offer to the Warrantholder and use all reasonable endeavours to procure that such or a like offer is extended to holders of any Shares issued on exercise of the Subscription Rights attaching to any Warrant during the period in which the said offer is open for acceptance and that a like offer is extended to holders of the Warrants; and
- (ix) the Company shall not, without the sanction of a Special Resolution, but subject as hereinafter provided, make any reduction or redemption of share capital, share premium account or capital redemption reserve resulting in, or in connection with which it is required or proposes to make, a repayment of money to shareholders (other than to shareholders having the right on a winding-up to return of capital in priority to the holders of Shares) or reduce any uncalled liability in respect of capital unless, in any such case, the same gives rise (or would, but for the provisions of Clause 4(D) or (F) give rise) to an adjustment of the Subscription Price in accordance with Clause 4 or no adjustment is considered by the Directors appropriate to be made under Clause 4(A)(7).

6. **Subscription Right Reserve**

(A) If, so long as any of the Subscription Rights shall remain exercisable, at any time after the articles of association of the Company shall be in such form, or shall have been altered or added to, as provided in paragraph (vii) of Clause 5 and the following provisions of this Clause 6 are not prohibited by and are implemented in compliance with the provisions of the Companies Law, the Company does any act or engages or be involved in any transaction to which the provisions of paragraph (vii) of Clause 5 relate, then in compliance with the provisions of that paragraph, the following provisions shall apply:

- (1) As from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Clause) maintain in accordance with the provisions of this Clause and the articles of association a reserve (the "**Subscription Right Reserve**") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional Shares required to be issued and allotted credited as fully paid pursuant to paragraph (3) to this sub-clause (A) on the exercise in full of all the Subscription Rights outstanding (and any other subscription rights outstanding in respect of Shares under other subscription warrants) and shall, subject to the approval of the shareholders of the Company being obtained in accordance with the provisions of the Companies Law, apply the Subscription Right Reserve in paying up in full such additional Shares as and when the same are allotted.
- (2) The Subscription Right Reserve will not be used for any purpose other than that specified above unless and until all other available reserves of the Company (other than share premium account) have been used and will then only be used to make good losses of the Company if and so far as is required by Applicable Regulations.
- (3) Upon the exercise of all or any of the Subscription Rights represented by any Warrant, the relevant Subscription Rights shall be exercisable in respect of a nominal amount of Ordinary Capital equal to the Exercise Moneys (or, as the case may be, the portion thereof in respect of which the Subscription Rights are then exercised)(with any fractional entitlement being dealt with in accordance with sub-clause (C)) and, in addition, there shall be allotted in respect of such Subscription Rights to the exercising Warrantholder credited as fully paid such additional nominal amount of Ordinary Capital as is equal to the difference between:
 - (a) the Exercise Moneys (or, as the case may be, the portion thereof in respect of which the Subscription Rights are then exercised); and
 - (b) the nominal amount of Ordinary Capital in respect of which such

Subscription Rights would have been exercisable, having regard to the provisions of Clause 4, had it been possible for such Subscription Rights to represent the right to subscribe for Shares at less than their nominal value;

and immediately upon such exercise so much of the sum standing to the credit of the Subscription Right Reserve as is required to pay up in full such additional nominal amount of Ordinary Capital shall be capitalised and applied in paying up in full at par such additional nominal amount of Ordinary Capital (other than a fraction of a Share) and the relevant number of Shares shall forthwith be allotted and issued credited as fully paid to the exercising Warranholder.

- (4) If upon the exercise of Subscription Rights represented by any Warrant the amount standing to the credit of the Subscription Right Reserve is not sufficient to pay up in full such additional nominal amount of Ordinary Capital equal to such difference as aforesaid to which the exercising Warranholder is entitled, the Directors shall apply any profits or reserves then, or thereafter becoming, available (including, to the extent permitted by Applicable Regulations, contributed surplus account, capital redemption reserve fund and share premium account) for such purpose until such additional nominal amount of Ordinary Capital is paid up and the relevant number of Shares are allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the Shares then in issue. Pending such payment out of the Subscription Right Reserve and the available profits and reserves of the Company and allotment, the exercising Warranholder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of Ordinary Capital which have not been allotted to him. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one Share in the like manner as the Shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefor and other matters in relation thereto as the Directors may think fit, and adequate particulars thereof shall be made known to each relevant exercising Warranholder upon the issue of such certificate.
- (B) Shares allotted pursuant to the provisions of this Clause shall rank *pari passu* in all respects with the other Shares allotted on the relevant exercise of the Subscription Rights represented by the Warrant concerned.
- (C) Notwithstanding anything contained in sub-clause (A), no fraction of any Share shall be allotted on exercise of the Subscription Rights and the provisions of Condition 2(C) shall apply. For this purpose, if the provisions of paragraph (3) of sub-clause (A) apply on the occasion of the exercise of the Subscription Rights represented by any Warrant, then for the purpose of determining whether any (and if so what) fraction of a Share arises:
- (a) if the amount standing to the credit of the Subscription Right Reserve is sufficient (when aggregated with the Exercise Moneys relating to such Warrant or, as the

case may be, the portion thereof payable upon exercise in part of the Subscription Rights represented by such Warrant) to enable the issue of the full nominal amount of Shares in respect of which the Subscription Rights represented by such Warrant are then being exercised, any fractions that would arise on the basis of (separately) the Exercise Moneys (or, as the case may be, the portion thereof as aforesaid) relating to such Warrant and the capitalisation of an amount standing to the credit of the Subscription Right Reserve shall be aggregated; and

- (b) if the contrary to (a) is the case, the provisions of Condition 2(C) and the foregoing provisions of this sub-clause (C) shall not be applied until the full nominal amount of the Shares which fall to be issued on exercise in full of the Subscription Rights represented by such Warrant is issued (and at that point the Exercise Moneys relating to such Warrant and the amount, or all the amounts, capitalised as provided by paragraph (3) of sub-clause (A) shall be aggregated and the fraction to which the provisions of Condition 2(C) and the foregoing provisions of this sub-clause (C) shall apply shall be the amount of any fraction of a Share then resulting).
- (D) The establishment and maintenance of the Subscription Right Reserve is subject to compliance with the Applicable Regulations and shall not be further altered or added to in any way which would vary or abrogate, or would have the effect of varying or abrogating, the provisions for the benefit of the Warrantheader under this Clause without the sanction of a Special Resolution.
- (E) A certificate or report by the Auditors as to whether or not the Subscription Right Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Right Reserve has been used, as to the extent to which it has been used to make good losses of the Company, as to the number of Shares required to be allotted to exercising Warrantheader credited as fully paid and as to any other matter concerning the Subscription Right Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all the Warrantheader and shareholders and all persons claiming through or under them respectively.

7. Undertakings by the Company

The Company covenants to and with each Warrantheader that so long as any of the Subscription Rights remain exercisable:

- (a) upon the exercise of any Subscription Rights pursuant to the Conditions it will within 3 business days after the relevant Subscription Date (and subject, in regard to fractional entitlements, to Condition 2(C)) allot and issue the Shares falling to be issued upon such exercise;
- (b) all Shares so allotted shall, taking account of any adjustment which may have been made pursuant to Clause 4, rank *pari passu* in all respects with the fully paid

Shares in issue on the relevant Subscription Date and shall accordingly entitle the holders to participate in full in all dividends or other distributions declared, paid or made on the Shares after the relevant Subscription Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date;

- (c) it will send to each Warrantholder (or, in the case of joint Warrantholder, to the Warrantholder whose name stands first in the Register in respect of the Warrant held by such joint Warrantholder), at the same time as the same are sent to the holders of Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of Shares generally;
- (d) it will pay all Cayman Islands and Hong Kong stamp and capital duties, registration fees or similar charges, if any, payable in respect of the execution of this Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights. If any Warrantholder shall take any action or proceedings in any jurisdiction to enforce the obligations of the Company in respect of the Warrants or this Instrument, and for the purposes of such action or proceedings this Instrument or any Warrant is taken into such jurisdiction and any stamp duties or similar duties or taxes become payable thereon or in respect thereof in connection with or as a result of such action or proceedings, the Company shall not be under any obligation to pay (or reimburse any person making payment of) any such duties or taxes (including, if applicable, any penalties);
- (e) it will keep available for issue sufficient Ordinary Capital to satisfy in full all rights for the time being outstanding of subscription for and conversion into Shares; and
- (f) it will use its best endeavours to procure that all Shares allotted upon exercise of the Subscription Rights may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares where a like offer is extended to holders of the Warrants).

8. Winding up of the Company

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

- (a) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholder, or some person

designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholder and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all Warrantholder; and

- (b) in any other case, every Warrantholder (or, in the case of joint Warrantholders, the Warrantholder whose name stands first in the Register in respect of the Warrant held by such joint Warrantholder) shall be entitled at any time within six weeks after the passing of such resolution by irrevocable surrender of his Warrant certificate(s) to the Registrar with the Subscription Form(s) duly completed, together with payment of the Exercise Moneys (or the relative portion thereof), to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised such of the Subscription Rights represented by his Warrant(s) as are specified in the Subscription Form(s) submitted by him and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the Company and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the Warrantholder of the passing of any such resolution within seven days after the passing thereof and such notice shall contain a reminder to Warrantholder with respect to their rights under this paragraph (b) (to the extent applicable).

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

8A. Events of Default

The Company shall give notice to the Warrantholders as soon as it becomes aware of the occurrence of any of the following events (each such event, whether or not such notice is provided, an “Event of Default”) or potentially high risk of the occurrence of any of the following events (the “Potential Event of Default”):

- (a) the Company or any of its subsidiaries is in default of the performance or observance or compliance with any of its obligations under the Warrants (which default is incapable of remedy or, if capable of remedy, is not remedied within 10 Business Days after notice of such default shall have been given by any Warrantholder); or
- (b) failure by the Company to deliver the new Shares within three Business Days after the exercise of the Warrant when such new Shares are required to be delivered following exercise of the Warrants; or
- (c) an encumbrancer takes possession or a receiver, administrator, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of any Group Company; or
- (d) any Group Company becomes insolvent or is unable to pay its debts as they become mature or applies for or consents to or suffers the appointment of any

- administrator, liquidator or receiver over the whole or any substantial part of its undertaking, property, assets or revenues or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or
- (e) an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up of any Group Company except in the case of a subsidiary of the Company (i) for the purposes of or pursuant to and followed by a consolidation or amalgamation with or merger into the Company or any of its other subsidiaries; (ii) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger, reorganization or reconstruction (other than as described in (i) above) the terms of which shall have been previously been approved by the Warrantholders; or (iii) by way of a voluntary winding up or dissolution where there are surplus assets in a subsidiary of the Company and such surplus assets attributable to such subsidiary are distributed to the Company and/or any of its other subsidiaries; or
 - (f) a moratorium is agreed or declared in respect of any indebtedness of exceeding HK\$100,000,000 of any Group Company or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of any Group Company; or
 - (g) the Company ceases or threatens to cease to carry on its business or any substantial part thereof or changes or threatens to change the nature or scope of its business from that carried on at the date of this deed poll or the Company disposes of, or threatens to dispose of, or any governmental or other authority expropriates or threatens to expropriate, all or any substantial part of its business or assets; or
 - (h) any other present or future indebtedness (whether actual or contingent) in the sum exceeding HK\$100,000,000 of any Group Company for or in respect of moneys borrowed or raised becomes, or becomes capable of being declared, due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such Indebtedness is not paid when due, or (iii) any Group Company fails to pay when due any amount payable by it under any present or fixture guarantee for, or indemnity in respect of, any moneys borrowed or raised; or
 - (i) any money judgment, writ or warrant of attachment or similar process involving (i) in an individual case an amount in excess of HK\$50,000,000 or (ii) in the aggregate at any time an amount in excess of HK\$100,000,000, in either case to the extent not adequately covered by insurance as to which a solvent and unaffiliated insurance company has acknowledged coverage, shall be entered or filed against any Group Company or any of its assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of 30 Business Days (or in any event later than five days prior to the date of any proposed sale thereunder); or
 - (j) the closing of the sale, transfer or other disposition of all or a substantial part of the Company's assets, the consummation of the merger or consolidation of the Company with or into another entity; or

- (k) it is or becomes unlawful for the Company to perform or comply with any of its material obligations under or in respect of the Warrants; or
- (l) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or
- (m) any material disciplinary action or similar action or proceedings being taken by the Stock Exchange or an alternative stock exchange, the Securities and Futures Commission or other regulatory authority against any member of the Group or any of their officers in respect of any matter which relates to the Group.

9. **Transfer, transmission and register**

The Warrants shall be in registered form and shall be transferable in whole or part, in integral multiples of 3,000,000 Warrants by instrument of transfer in any usual or common form or such other form as may be approved by the Directors. For this purpose, the Company shall maintain a register of Warrantholder in the territory where the Stock Exchange for the time being is situated (or in such other place as the Directors consider appropriate, having regard to applicable rules governing the listing of the Warrants) and the provisions of the Second Schedule relating to the transfer, transmission and registration of Warrants shall have full effect as if the same had been incorporated herein.

Persons who hold the Warrants and have not registered the Warrants in their own names should note that additional costs and expenses may be incurred in connection with any expedited re-registration of the Warrants prior to the transfer or exercise of the Subscription Rights conferred by the Warrants, in particular during the period commencing 10 business days prior to and including the last day of the Subscription Period.

10. **Closure of Register of Warrantholder**

The registration of transfers may be suspended and the register of Warrantholder may be closed for such period as the Directors may from time to time direct, provided that the same be not closed for a period, or for periods together, of more than 60 days in any one year. Any transfer, or exercise of the Subscription Rights attached to the Warrants made while the register of Warrantholder is so closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and the Warrantholder who has so exercised the Subscription Rights attached to his Warrants (but not otherwise), be considered as made immediately after the reopening of the register of Warrantholder.

11. **Meetings of Warrantholders**

The provisions of the Third Schedule relating to meetings of Warrantholder shall have full effect as if the same had been incorporated herein. To the extent that the provisions of the Third Schedule and any further regulations prescribed by the Company under paragraph 19 of the Third Schedule do not specifically regulate any aspect of meetings

of Warrantholder, including, without limitation, any matter to do with convening notice, appointment of proxies, attendance, adjournment, conduct, voting and recording proceedings in relation to meetings of Warrantholder, the equivalent provisions of the articles of association of the Company for the time being relating to meetings of holders of Shares shall apply, mutatis mutandis, to meetings of Warrantholder and shall have full effect as if the same had been incorporated herein.

12. Overseas Warrantholders

If a Warrantholder has a registered address in any territory (other than Hong Kong) where, in the opinion of the Directors, the allotment of Shares to such Warrantholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory, then the Company shall as soon as practicable after exercise by such Warrantholder of any Subscription Rights either:

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

As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company shall pay to the relative Warrantholder an amount equal to the consideration received by the Company therefor (but having deducted therefrom all transaction levies, brokerages, commissions, stamp duties, withholding tax and similar charges and taxes, if any, payable in respect of such sale only, in the case of an allotment and sale as aforesaid, and such payment) by posting the relevant remittance to him at his risk. the Company is hereby deemed to be authorised to effect any of the aforesaid transactions pursuant to this Clause 12 and for this purpose the Company may appoint one or more persons to execute such transfers, renunciations or other documents on behalf of the relevant Warrantholder as may be required to be executed and generally may make all such arrangements as may appear to the Directors to be necessary or appropriate in connection therewith.

13. Modifications

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

Warrantholder.

14. Issue of further warrants

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

15. Suit by Warrantholder

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

16. Governing law

- (A) This Instrument is subject to and shall be construed in accordance with the laws of Hong Kong.
- (B) The Company hereby agrees for the exclusive benefit of the Warrantholder that the courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out

THE FIRST SCHEDULE

Form of Registered Warrant Certificate

DATE OF ISSUE	CERTIFICATE NUMBER	AMOUNT OF WARRANTS (HK\$)
_____ 2014	[•]	[•] (HK\$[•])

PPS INTERNATIONAL (HOLDINGS) LIMITED
(incorporated in the Cayman Islands with limited liability)

REGISTERED WARRANT(S) TO SUBSCRIBE FOR SHARE(S)

THIS IS TO CERTIFY that the undermentioned person(s) is/are the registered holder(s) of this Warrant and is/are accordingly entitled, upon and subject to the conditions set out below and on the reverse hereof (the "Conditions"), at any time during a period of 12 months commencing from the date immediately after three months from the date hereof to subscribe in Hong Kong dollars the whole or part, in integral multiples of HK\$[•] (or the whole but not part of the outstanding amount if the outstanding amount is less than HK\$[•]), of the amount specified below for fully paid Shares (as defined in the Conditions) at the Subscription Price (as defined in the Conditions) of PPS International (Holdings) Limited (the "Company").

CERTIFICATE NUMBER	WARRANTHOLDER(S)	AMOUNT OF WARRANTS (HK\$)
[•]	[•]	[•](HK\$[•])

This Warrant forms part of an authorised issue of warrants to subscribe, at the Subscription Price (as defined in the Conditions) in a maximum aggregate amount of HK\$[•] (in Hong Kong Dollars) for Shares (as defined in the Conditions), which warrants have been issued subject to and with the benefit of an Instrument executed by the Company by way of deed poll dated [•] and, if any, one or more deed polls supplemental thereto, which is enforceable severally by each Warrantholder (as defined in the Conditions) against the Company insofar as each such Warrantholder's warrants are concerned. The Instrument (together with copies of any instruments supplemental thereto and copies of the articles of association of the Company) is and will be held by the registrar for the time being of the Company in Hong Kong and copies thereof are and will be available for inspection by Warrantholder at, and may be obtained by them from, the head office and principal place of business for the time being in Hong Kong of the Company

throughout the period commencing from [•] until the end of the Subscription Period (as defined in the Conditions), both dates inclusive. Warrantholder will be deemed to have notice of all the provisions contained in the Instrument (and any instruments supplemental thereto).

GIVEN under the Common Seal of PPS International (Holdings) Limited this _____ day of _____.

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

Registrar in Hong Kong: PPS International (Holdings) Limited at Unit No. 503C, Block B, Sea View Estate, 2-8 Watson Road, North Point, Hong Kong.

CONDITIONS

1. DEFINITIONS

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

“Applicable Regulations” means any law, rule, regulation or articles of association and any relevant provision thereof to which the Company and the Warrants are subject including without limitation to the generality of the foregoing, the Companies Law of the Cayman Islands (as amended), the Companies Ordinance, the Rules Governing the Listing of Securities on the Stock Exchange published by the Stock Exchange, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases, all as amended, varied or extended from time to time;

“approved merchant bank” means an independent merchant bank or other financial institution of international repute and having a place of business in Hong Kong selected by the Directors for the purposes of the Instrument and the Schedules thereto;

“Auditors” means the auditors for the time being of the Company;

“business day” means a day (other than a Saturday, Sunday and a public holiday) on which licensed banks in the territory where the Stock Exchange is for the time being situate are generally open for business throughout their normal business hours;

“Company” means PPS International (Holdings) Limited;

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

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

“dealing day” means a dealing day of the Stock Exchange;

“Directors” means the directors of the Company for the time being;

“dollars”, “HK\$” and “cents” means Hong Kong dollars and cents respectively;

“Equity Share Capital” means the issued share capital of the Company excluding any part thereof which does not either as respects dividends or as respects capital carry any right to participate beyond a specified amount or beyond an amount calculated by reference to a specified rate in a distribution;

“Exercise Moneys” means, in relation to any Warrant, the amount stated on the certificate for such Warrant as the amount in cash which the registered holder of such Warrant is entitled to subscribe for Shares upon the exercise in full of the Subscription Rights represented thereby;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Instrument” means an Instrument by way of deed poll dated [•] and executed by the Company and the schedules thereto (as from time to time modified in accordance with the terms thereof) and includes any instrument which is executed in accordance with the provisions of such Instrument (as from time to time modified as aforesaid) and expressed to be supplemental thereto;

“notice” means a notice given or to be given in accordance with Condition 14;

“record date” means the date fixed by the articles of association of the Company or otherwise specified by the Company or otherwise for the purpose of determining entitlement to dividends or other distributions to, or rights of holders of Shares;

“Register” means the register of Warrantholder required to be maintained pursuant to Condition 5;

“Registrar” means PPS International (Holdings) Limited or such other person, firm or company as for the time being maintains in Hong Kong (unless the Directors otherwise determine) the Register;

“Share Option Scheme” means a scheme or arrangement approved by the members of the Company in general meeting under which Shares or securities convertible into or exchangeable for or carrying rights of subscription for Shares may be issued, or options or other rights to acquire any Shares or any such securities by way of subscription or otherwise may be granted, by the Company or any Subsidiary to employees and executive directors of the Company or any Subsidiary;

“Shares” or “Ordinary Capital” means the shares of HK\$0.0001 each in the authorised capital of the Company existing on the date of issue of the Warrants and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) stock or shares in the Equity Share Capital of the Company resulting from any subdivision, consolidation or reclassification of Shares;

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

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

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

“Subscription Form” means, in relation to any Warrant, the form contained in the Warrant certificate issued in respect thereof, and includes, where the context admits or requires, a consolidated Subscription Form in relation to (inter alia) such Warrant, which may be obtained from the Registrar;

“Subscription Period” means the period of 12 months commencing from the date immediately after three months from the date hereof;

“Subscription Price” means, in relation to each Share, the sum payable in respect of such Share to which the registered holder of each Warrant shall be entitled to subscribe upon exercise of the Subscription Rights represented thereby, being HK\$0.166 as at the date of issue of the Warrants or such adjusted price as may for the time being be applicable in accordance with the terms of the Instrument referred to in Condition 3 and, in relation to more than one Share, the aggregate of the sums payable as aforesaid in respect of all the relevant Shares;

“Subscription Rights” means the rights of the Warrantheolders represented by the Warrants to subscribe for Shares pursuant to the Warrants and, in relation to each Warrant, means the rights of the relevant Warrantheolder to subscribe the relative Exercise Moneys (or a relevant portion thereof) for Shares pursuant to such Warrant;

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

“Warrant certificate” means the certificate(s) (in registered form) issued in respect of the Warrants as from time to time modified in accordance with the provisions set out in

the Instrument;

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

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

- (B) Unless the context otherwise requires terms importing the singular number only shall include the plural and vice versa and terms importing persons shall include firms and corporations and terms importing one gender only shall include the other genders.

2. EXERCISE OF SUBSCRIPTION RIGHTS

- (A) Subject to the provisions hereof and to compliance with all Applicable Regulations, exchange control, fiscal and other laws and regulations applicable thereto, the Warrantholder shall have the right, which may be exercised in whole or in part, but not in respect of a fraction of a Share, at any time during the Subscription Period, to subscribe in cash the whole or part, in integral multiples of HK\$[*] (or the whole but not part of the outstanding amount if the outstanding amount is less than HK\$[*]), of the Exercise Moneys for fully paid Shares at the Subscription Price per Share. Any Subscription Rights which have not been exercised upon the expiry of the Subscription Period shall lapse and thereupon the Warrants and the Warrant certificate shall cease to be valid for any purpose whatsoever.
- (B) In order to exercise any of the Subscription Rights represented by this Warrant certificate, the Warrantholder must complete and sign the Subscription Form and deliver the same and this Warrant certificate to the Registrar and such delivery shall constitute an irrevocable commitment by such Warrantholder to exercise such Subscription Rights, together with a remittance for the relevant portion of the Exercise Moneys, being the amount of the Subscription Price for the Shares in respect of which the Warrantholder is exercising his Subscription Rights. In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.
- (C) The number of Shares to be allotted on exercise of the Subscription Rights shall be calculated by dividing the amount specified in the relevant Subscription Form and duly remitted as aforesaid by the Subscription Price applicable on the Subscription Date. No fraction of a Share will be allotted but any balance representing fractions of the Exercise Moneys paid on exercise of the Subscription Rights represented by this Warrant certificate will be paid by the Company to the Warrantholder, provided always that for the purpose of determining whether any (and if so, what) fraction of a Share arises:
- (i) if the Subscription Rights represented by this Warrant certificate and any one or more other Warrant certificates are exercised on the same Subscription Date by

the same Warrantholder then the Subscription Rights represented by such Warrant certificates shall be aggregated; and

- (ii) regard shall be made, where applicable, to the provisions of Clause 6(C) of the Instrument.
- (D) The Company has undertaken in the Instrument that any Shares falling to be issued upon the exercise of any of the Subscription Rights represented by this Warrant certificate will be issued and allotted not later than 3 business days after the relevant Subscription Date and, taking account of any adjustment which may have been made pursuant to Clause 4 of the Instrument, will rank *pari passu* with the fully paid Shares in issue on the relevant Subscription Date and will accordingly entitle the holders to participate in all dividends or other distributions declared, paid or made after the relevant Subscription Date and other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date.
- (E) As soon as practicable after the relevant allotment and issue of Shares under this Condition (and, in any event, not later than 3 business days after the relevant Subscription Date) there will be issued free of charge to the Warrantholder to whom such allotment has been made upon his exercise of any Subscription Rights:
- (i) a certificate for the relevant Shares in the name(s) of such Warrantholder(s);
 - (ii) (if applicable) a balancing Warrant certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights represented by this Warrant certificate remaining unexercised;
 - (iii) (if applicable) a cheque representing fractions of the Exercise Moneys in respect of the Warrantholder's fractional entitlement to Shares as mentioned in paragraph (C) of this Condition; and
 - (iv) (if applicable) the certificate mentioned in Clause 6(A)(4) of the Instrument.

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

3. ADJUSTMENTS OF SUBSCRIPTION PRICE

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

- (A) The Subscription Price shall (except as mentioned in paragraphs (B) and (C) of this Condition) be adjusted as provided in the Instrument in each of the following cases (but shall however not be adjusted below the nominal value of Shares until the Subscription Right Reserve is maintained pursuant to Clause 6 of the Instrument):
- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
 - (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
 - (iii) a capital distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of Shares (in their capacity as such);
 - (iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares, at a price which is less than 80 per cent. of the market price (calculated as provided in the Instrument) being made by the Company to holders of Shares (in their capacity as such);
- (B) Except as mentioned in paragraph (C) of this Condition, no such adjustment as is referred to in sub-paragraphs (ii) to (iv) of paragraph (A) of this Condition shall be made in respect of:
- (i) an issue of fully-paid Shares upon the exercise of any conversion, exchange or subscription rights attaching to securities wholly or partly convertible into Shares or exchangeable for Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;
 - (ii) an issue by the Company of Shares or by the Company or any Subsidiary of securities convertible into or exchangeable for or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iii) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the Instrument) to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or other profits or reserves or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into or exchangeable for or carrying rights to acquire Shares);

- (iv) an issue of Shares pursuant to a scrip dividend scheme in lieu of a cash dividend where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculated as provided in the Instrument) of such Shares is not more than 120 per cent. of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash; or
 - (v) an issue by the Company of Shares or by the Company or any Subsidiary of securities convertible into or exchangeable for or carrying rights of subscription for Shares pursuant to a Share Option Scheme.
- (C) Notwithstanding the provisions referred to in paragraphs (A) and (B) of this Condition, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment should take effect on a different date or with a different time from that provided for under the said provisions, the Company may appoint either an approved merchant bank or the Auditors to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank or the Auditors (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified, or an adjustment made instead of no adjustment, in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by such approved merchant bank or Auditors to be in its opinion appropriate.
- (D) Any adjustment to the Subscription Price shall be made to the nearest zero point one cent (HK\$0.0005 being rounded up) and in no event shall any adjustment be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment which would otherwise then be required shall not be carried forward. In no event shall an adjustment be made (otherwise than upon the consolidation of Shares into shares of a larger nominal amount each or upon a repurchase of Shares) which would increase the Subscription Price.
- (E) Every adjustment to the Subscription Price shall be certified by the Auditors or an approved merchant bank and notice of each such adjustment (giving the relevant particulars) shall be given to the Warrantholder. In giving any certificate or making any adjustment hereunder, the Auditors or the approved merchant bank shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest errors, their decision shall be conclusive and binding on the Company and the Warrantholder and all persons claiming through or under them respectively. Any such certificate of the Auditors and/or approved merchant bank will be available for inspection by Warrantholder at the principal place of business of the Company in Hong Kong, where copies may be obtained.

4. REGISTERED WARRANTS

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

5. **TRANSFER, TRANSMISSION AND REGISTER**

The Warrants shall be transferable in whole or part, in integral multiples of 3,000,000 Warrants by instrument of transfer in any usual or common form or such other form as may be approved by the Directors to any person other than a connected person (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange) of the Company (the “**Connected Person**”). In the event of a transfer to Connected Person, prior approval from the Company and the Stock Exchange should be obtained. The Company shall accordingly maintain a register of Warrantholder in the territory where the Stock Exchange for the time being is situate (or in such other place as the Directors consider appropriate, having regard to applicable rules governing the listing of Warrants). The Instrument contains provisions relating to the transfer, transmission and registration of the Warrants. Transfers of Warrants must be executed by both the transferor and the transferee.

Persons who hold the Warrants and have not registered the Warrants in the own names should note that additional costs and expenses may be incurred in connection with any expedited re-registration of the Warrants prior to the transfer or exercise of the Warrants, in particular during the period commencing 10 business days prior to and including the last day of the Subscription Period.

6. **CLOSURE OF REGISTER OF WARRANTHOLDER**

The registration of transfers of Warrants may be suspended and the register of Warrantholder may be, closed for such period as the Directors may from time to time direct, provided that the same shall not be closed, or registration may not be suspended, for a period, or for periods together, of more than 60 days in any one year. Any transfer, or exercise of the Subscription Rights attached to the Warrants made while the register of Warrantholder is so closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and the Warrantholder who has so exercised the Subscription Rights attached to his Warrants (but not otherwise), be considered as made immediately after the reopening of the register of Warrantholder.

7. **PURCHASE AND CANCELLATION**

The Company or any of the Subsidiaries may at any time purchase Warrant:

- (i) in the open market or by tender (available to all Warrantholders alike) at any

price; or

- (ii) by private treaty at a price, exclusive of expenses, not exceeding 110 per cent. of the issue price of the Warrants.

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

8. MEETINGS OF WARRANTHOLDER AND MODIFICATION OF RIGHTS

- (A) The Instrument contains provisions for convening meetings of Warrantholder to consider any matter affecting the interests of Warrantholder, including the modification by Special Resolution of the provisions of the Instrument and/or of these Conditions. A Special Resolution duly passed at any such meeting shall be binding on the Warrantholder, whether present or not.
- (B) All or any of the rights for the time being attached to the Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of these Conditions and/or the Instrument) with the prior sanction of a Special Resolution and may be effected only by deed poll executed by the Company and expressed to be supplemental to the Instrument.

8A. EVENTS OF DEFAULT

The Company shall give notice to the Warrantholders as soon as it becomes aware of the occurrence of any of the following events (each such event, whether or not such notice is provided, an "Event of Default") or potentially high risk of the occurrence of any of the following events (the "Potential Event of Default"):

- (a) the Company or any of its subsidiaries is in default of the performance or observance or compliance with any of its obligations under the Warrants (which default is incapable of remedy or, if capable of remedy, is not remedied within 10 Business Days after notice of such default shall have been given by any Warrantholder); or
- (b) failure by the Company to deliver the new Shares within three Business Days after the exercise of the Warrant when such new Shares are required to be delivered following exercise of the Warrants; or
- (c) an encumbrancer takes possession or a receiver, administrator, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of any Group Company; or
- (d) any Group Company becomes insolvent or is unable to pay its debts as they

become mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver over the whole or any substantial part of its undertaking, property, assets or revenues or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or

- (e) an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up of any Group Company except in the case of a subsidiary of the Company (i) for the purposes of or pursuant to and followed by a consolidation or amalgamation with or merger into the Company or any of its other subsidiaries; (ii) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger, reorganization or reconstruction (other than as described in (i) above) the terms of which shall have been previously been approved by the Warrantholders; or (iii) by way of a voluntary winding up or dissolution where there are surplus assets in a subsidiary of the Company and such surplus assets attributable to such subsidiary are distributed to the Company and/or any of its other subsidiaries; or
- (f) a moratorium is agreed or declared in respect of any indebtedness of exceeding HK\$100,000,000 of any Group Company or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of any Group Company; or
- (g) the Company ceases or threatens to cease to carry on its business or any substantial part thereof or changes or threatens to change the nature or scope of its business from that carried on at the date of this deed poll or the Company disposes of, or threatens to dispose of, or any governmental or other authority expropriates or threatens to expropriate, all or any substantial part of its business or assets; or
- (h) any other present or future indebtedness (whether actual or contingent) in the sum exceeding HK\$100,000,000 of any Group Company for or in respect of moneys borrowed or raised becomes, or becomes capable of being declared, due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such Indebtedness is not paid when due, or (iii) any Group Company fails to pay when due any amount payable by it under any present or fixture guarantee for, or indemnity in respect of, any moneys borrowed or raised; or
- (i) any money judgment, writ or warrant of attachment or similar process involving (i) in an individual case an amount in excess of HK\$50,000,000 or (ii) in the aggregate at any time an amount in excess of HK\$100,000,000, in either case to the extent not adequately covered by insurance as to which a solvent and unaffiliated insurance company has acknowledged coverage, shall be entered or filed against any Group Company or any of its assets and shall remain

undischarged, unvacated, unbonded or unstayed for a period of 30 Business Days (or in any event later than five days prior to the date of any proposed sale thereunder); or

- (j) the closing of the sale, transfer or other disposition of all or a substantial part of the Company's assets, the consummation of the merger or consolidation of the Company with or into another entity; or
- (k) it is or becomes unlawful for the Company to perform or comply with any of its material obligations under or in respect of the Warrants; or
- (l) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or
- (m) any material disciplinary action or similar action or proceedings being taken by the Stock Exchange or an alternative stock exchange, the Securities and Futures Commission or other regulatory authority against any member of the Group or any of their officers in respect of any matter which relates to the Group.

9. **REPLACEMENT OF WARRANT CERTIFICATE**

If a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the principal office of the Registrar (unless the Directors otherwise determine) on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding HK\$2.50 (or such other amount as may from time to time be permitted under the rules prescribed by the Stock Exchange) as the Company may determine. Mutilated or defaced Warrant certificate must be surrendered before replacements will be issued.

In the case of lost Warrant certificate, Section 71A subsections (2), (3), (4), (6), (7) and (8) of the Companies Ordinance shall apply as if "shares" referred to therein included Warrants.

10. **PROTECTION OF SUBSCRIPTION RIGHTS**

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

11. **CALL**

If at any time the aggregate of the Warrants which have not been exercised carry rights to subscribe less than 10% of the outstanding principal amount the Company may, on giving not less than three months' notice, require Warrantholder either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised

Warrants will be automatically cancelled without compensation to Warrantholder.

12. ISSUE OF FURTHER WARRANTS

The Company shall be at liberty to issue further warrants to subscribe for Shares in such manner and on such terms as it sees fit.

13. UNDERTAKINGS BY THE COMPANY

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

- (a) it will send to each Warrantholder (or in the case of joint Warrantholders, to the Warrantholder whose name stands first in the Register in respect of the Warrant held by such joint Warrantholder), at the same time as the same are sent to the holders of Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of Shares generally;
- (b) it will pay all Hong Kong and Cayman Islands stamp and capital duties, registration fees or similar charges, if any, payable in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of Subscription Rights and the issue of Shares upon exercise of Subscription Rights. If any Warrantholder shall take any action or proceedings in any jurisdiction to enforce the obligations of the Company in respect of the Warrants or the Instrument, and for the purposes of such action or proceedings the Instrument or any Warrant is taken into such jurisdiction and any stamp duties or similar duties or taxes become payable thereon or in respect thereof in connection with or as a result of such action or proceedings, the Company shall not be under any obligation to pay (or reimburse any person making payment of) any such duties or taxes (including, if applicable, any penalties);
- (c) it will keep available for issue sufficient Ordinary Capital to satisfy in full all rights for the time being outstanding of subscription for and conversion into Shares; and
- (d) it will use its best endeavours to procure that all Shares allotted upon exercise of the Subscription Rights may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares where a like offer is extended to holders of the Warrants).

14. NOTICES

The Instrument contains provisions relating to notices to be given to Warrantholder and

the following provisions shall apply to such notices:

- (a) every Warrantholder shall register with the Company an address either in Hong Kong or elsewhere to which notices to be given to such Warrantholder are to be sent and if any Warrantholder shall fail so to do notice may be given to such Warrantholder by sending the same in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same for three days at the principal place of business or principal office of the Company in Hong Kong;
- (b) a notice may be given by delivery, prepaid letter (airmail in the case of an overseas address), or alternatively, a notice may be given by paid advertisement published in English in at least one English language newspaper in Hong Kong and in Chinese in at least one Chinese language newspaper in Hong Kong; and
- (c) all notices with respect to any Warrant standing in the names of joint holders shall be given to whichever of such persons is named first in the Register and notice so given shall be sufficient notice to all the joint holders of such Warrant.

15. OVERSEAS WARRANTHOLDER

If a Warrantholder has a registered address in any territory (other than Hong Kong) where, in the opinion of the Directors, the allotment of Shares to such Warrantholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory, then the Company shall as soon as practicable after exercise by such Warrantholder of any Subscription Rights either:

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

As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company shall pay to the relative Warrantholder an amount equal to the consideration received by the Company therefor.

16. WINDING UP OF THE COMPANY

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

- (a) if such winding-up be for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholder, or some person

designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholder and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all Warrantholder; and

- (b) in any other case, every Warrantholder (or, in the case of joint Warrantholders, the Warrantholder whose name stands first in the Register in respect of the Warrant held by such Warrantholder) shall be entitled at any time within six weeks after the passing of such resolution by irrevocable surrender of his Warrant certificate(s) to the Registrar with the Subscription Form(s) duly completed, together with payment of the Exercise Moneys (or the relative portion thereof), to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised such of the Subscription Rights represented by his Warrant(s) as are specified in the Subscription Form(s) submitted by him and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the Company and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the Warrantholder of the passing of any such resolution within seven days after the passing thereof and such notice shall contain a reminder to Warrantholder with respect to their rights under this paragraph (b) (to the extent applicable).

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

17. GOVERNING LAW

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

SUBSCRIPTION FORM

(To be executed and lodged with the Registrar to exercise the Subscription Rights represented by this Warrant certificate) (NOTE 1) (NOTE 5)

To: PPS International (Holdings) Limited (the “Company”)

The undersigned, being the duly registered holder(s) of the Warrants represented by this Warrant certificate:

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

Dated

SIGNATURE(S) (NOTE 4)

(1) (2)

(3) (4)

NOTES:

1. Exercise of the Subscription Rights represented by this Warrant certificate may be consolidated with the exercise of the Subscription Rights represented by one or more other Warrant certificate(s) by the use of consolidated Subscription Forms which are available at the office of the Registrar.
2. Please complete and/or delete as appropriate. If no amount is inserted, the relevant Subscription Rights will be deemed to have been exercised to the extent of all the Exercise Moneys outstanding. In the case of a partial exercise of the Subscription Rights represented by this Warrant certificate, the amount to be completed must be an integral multiple of HK\$[*] (or the whole but not part of the outstanding amount if the outstanding amount is less than HK\$[*]).
3. Remittance must be in the form of a cheque, cashier's order or bank draft payable in Hong Kong and must be drawn in Hong Kong dollars on a bank in Hong Kong or such other place as may be resolved by the Directors and made payable to "PPS International (Holdings) Limited".
4. In the case of a joint holding all joint holders must sign.
5. In exercising the Subscription Rights represented by this Warrant certificate compliance must be made with any exchange control, fiscal or other laws or regulations for the time being applicable.

THE SECOND SCHEDULE

Provisions as to transfer, transmission and other matters

1. The Company shall be entitled to treat the registered holder of any Warrant as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as required by law, be bound to recognise any equitable or other claims to or interest in such Warrant on the part of any other person whether or not it shall have express or other notice thereof.
2. The Warrants are transferable in whole or part, in integral multiples of 3,000,000 Warrants by instrument of transfer in the usual or common form or in any other form which may be approved by the Directors to any person other than a connected person (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) of the Company (the “**Connected Person**”). In the event of a transfer to Connected Person, prior approval from the Company and the Stock Exchange should be obtained.
3. The instrument of transfer of any Subscription Rights shall be signed by or on behalf of the transferor and the transferee and the transferor shall be deemed to remain the holder of the relevant Subscription Rights until the name of the transferee is entered in the Register in respect thereof.
4. The Directors may decline to recognise any instrument of transfer of any Subscription Rights unless such instrument is deposited with the Registrar accompanied by the Warrant certificate representing such Subscription Rights, together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer the Directors may waive production of any certificate upon evidence satisfactory to them of its loss or destruction.
5. A fee, of such sum as the Directors may from time to time specify, not exceeding HK\$2.50 (or such other amount as may from time to time be permitted under the rules prescribed by the Stock Exchange), may be charged for each transfer, and shall, if required by the Directors, be paid before the registration thereof.
6. A fee not exceeding HK\$2.50 (or such other amount as may from time to time be permitted under the rules prescribed by the Stock Exchange), may be charged for the registration of any other document which in the opinion of the Directors requires registration in conjunction with the registration of each transfer and such fee shall if required by the Directors be paid before the registration thereof
7. The transfer books and the Register may be closed for such period as the Directors may from time to time direct, but so that the same may not be closed for a period, or for periods together, longer than sixty days in any one year.

8. Any transfer made while the Register is so closed shall, as between the Company and the person claiming under the transfer (but not otherwise), be considered as made immediately after the reopening of the Register.
9. The registration of a transfer shall be conclusive evidence of the approval by the Directors thereof.
10. In the case of the death of Warrantholder, the survivor(s) (where the deceased was a joint holder) or the executors or administrators of the deceased (where he was a sole or only surviving joint holder), shall be the only person(s) recognised by the Company as having any title to his Warrants, but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any Warrant solely or jointly held by him.
11. Subject to any other provision herein contained, any person becoming entitled to a Warrant in consequence of the death or bankruptcy of a Warrantholder or otherwise than by transfer may, upon producing such evidence of title as the Directors shall require, and subject as hereinafter provided, be registered himself as the holder of the relative Warrant.
12. Subject to any other provision herein contained, if the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. All the limitations, restrictions and provisions herein contained relating to the right of transfer and the registration of transfers of Warrants shall be applicable to any such notice of transfer as aforesaid, as if the death or bankruptcy of the Warrantholder had not occurred and the notice of transfer were a transfer executed by such Warrantholder.
13. A person becoming entitled to a Warrant in consequence of the death or bankruptcy of a Warrantholder shall be entitled to receive and may give good discharge for any monies payable in respect thereof but shall not be entitled to receive notices of or to attend or vote at meetings of the Warrantholder or, save as aforesaid, to any of the rights or privileges of a Warrantholder until he shall have become a Warrantholder in respect of the relative Warrant.
14. Every Warrantholder shall register with the Company an address to which notices to be given to such Warrantholder may be sent and if any Warrantholder shall fail so to do notice may be given to such Warrantholder by sending the same in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same for three days at the principal place of business of the Company in Hong Kong.
15. A notice may be given by delivery, prepaid letter (airmail in the case of an overseas address).

16. (a) A notice delivered to the registered address of a Warrantholder shall be deemed to have been served at the time of delivery.
 - (b) A notice sent by prepaid letter to any address shall be deemed to have been served when it is put to the post.
 - (c) In the case of a notice sent by prepaid letter, in proving service thereof it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and stamped and was deposited in a post box or at the post office.
17. All notices with respect to any Warrant standing in the names of joint holders shall be given to whichever of such persons is named first in the Register in respect of the relevant Warrant and notice so given shall be sufficient notice to all the holders of such Warrant.
 18. Any person who by operation of law, transfer or other means whatsoever shall become entitled to any Warrant shall be bound by every notice in respect of such Warrant which previously to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such Warrant.
 19. Any notice or document delivered or sent by post or left at the registered address of any Warrantholder in pursuance of these presents shall, notwithstanding that such Warrantholder may be then deceased and whether or not the Company has notice of his decease, be deemed to have been duly served in respect of any Warrant, whether held solely or jointly with other persons, by such Warrantholder until some other person be registered in his stead as the holder or joint holder thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his executors or administrators and all persons (if any) jointly interested with him in such Warrant.
 20. When a given number of days' notice or notice extending over any other period is required to be given, the day of service shall, but the day upon which such notice will expire shall not, be included in such number of days or other period. The signature to any notice to be given by the Company may be written or printed.

THE THIRD SCHEDULE

Provisions for meetings of the Warrantholder

1. The Company at any time may, and upon a request in writing of the Warrantholder holding not less than one-tenth in value of the Subscription Rights for the time being outstanding and exercisable shall, convene a meeting of the Warrantholder. Every such meeting shall be held at such place as the Directors may approve.
2. At least twenty-one days' notice of any meeting of the Warrantholder shall be given to the Warrantholder. The notice shall specify the day, time and place of the meeting and the terms of the resolutions to be proposed. The accidental omission to give notice to, or the non-receipt of notice by, any of the Warrantholder shall not invalidate the proceedings at any meeting.
3. A person (who may, but need not be, a Warrantholder) nominated in writing by the Company shall be entitled to take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within fifteen minutes after the time appointed for the holding of such meeting the Warrantholder present shall choose one of their members to be chairman.
4. At any such meeting two or more persons holding Warrants and/or being representatives/proxies and being or representing in the aggregate the holders of not less than two per cent. in value of the Subscription Rights for the time being outstanding and exercisable 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 at any meeting unless the requisite quorum be present at the commencement of business.
5. If within half an hour after the time appointed for any meeting a quorum is not present, the meeting shall, if convened upon the requisition of Warrantholder, be dissolved, in any other case it shall stand adjourned for such period, not being less than fourteen days nor more than twenty-eight days, and to such time and place, as may be appointed by the chairman. At such adjourned meeting two or more persons present in person holding Warrants or being representatives/proxies (whatever the value of the Subscription Rights represented by the Warrants so held or represented) shall (except for the purpose of passing a Special Resolution) form a quorum and shall have the power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had a quorum been present at such meeting. The quorum at any such meeting for the passing of a Special Resolution shall be two or more persons holding Warrants and/or being representatives/proxies and being or representing in the aggregate holders of not less than five per cent. in value of the Subscription Rights for the time being outstanding and exercisable.

6. The chairman may with the consent of (and shall if directed by) any meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
7. At least ten days' notice of any meeting adjourned through want of a quorum shall be given in the same manner as of an original meeting, and such notice shall state the quorum required at such adjourned meeting. Subject as aforesaid, it shall not be necessary to give any notice of an adjourned meeting.
8. Every 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) to which the chairman may be entitled as a Warrantholder or as a proxy.
9. At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or by one or more persons holding one or more Warrants or being representatives/proxies and being or representing in the aggregate the holders of not less than ten per cent. in value of the Subscription Rights then outstanding and exercisable, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not earned by any particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
10. If at any meeting a poll is so demanded, it shall be taken in such manner and, subject as hereinafter provided, either at once or after any adjournment, as the chairman directs, and the result of such poll shall be deemed to be the resolution as at the date of the meeting at which the poll was demanded. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.
11. Any poll demanded at any meeting on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment
12. The Company (through its representatives) and legal and financial advisers shall be entitled to attend and speak at any meeting of the Warrantholder. Save as aforesaid, no person shall be entitled to attend, speak or vote at any meeting of the Warrantholder or to join with others in requesting the convening of such a meeting unless he is a Warrantholder or the duly authorised representative of a corporate Warrantholder or a duly appointed proxy. Neither the Company nor any Subsidiary shall be entitled to vote, whether on a show of hands or on a poll, in respect of Warrants held by it or on its behalf nor shall the holding of any such Warrants count towards a quorum. A Warrantholder who has exercised any Subscription Rights represented by Warrants by delivering to the Registrar a Subscription Form together with the applicable Warrant Certificate(s) and remittance moneys on or before the day on which the meeting is held shall not be entitled to vote in respect of such Subscription Rights nor shall the holding of such Subscription

Rights count towards a quorum or be considered to be outstanding and exercisable for the purposes of paragraphs 1 and 4 of this Schedule.

13. Subject as provided in paragraph 12 hereof, at any meeting:
- (a) on a show of hands every Warrantholder who is present in person or (in the case of a corporation) by a duly authorised representative and every person who is a proxy shall have one vote; and
 - (b) on a poll every Warrantholder who is present in person or (in the case of a corporation) by a duly authorised representative or by proxy as aforesaid shall have one vote in respect of each whole unit of HK\$0.01 in value of Subscription Rights represented by all of the Warrants held by him, any fraction of the said unit of HK\$0.01 being disregarded.

Any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

14. A proxy need not be a Warrantholder. Every instrument of proxy shall be in such form as the Company may from time to time approve. To be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's principal place of business for the time being in Hong Kong at least 48 hours before the time approved for the holding of the meeting or adjourned meeting as the case may be provided that the Company may from time to time prescribe such additional or other regulations concerning the deposit of proxy forms as the Directors think fit.
15. A meeting of the Warrantholder shall in addition to all other powers (but without prejudice to any powers conferred on other persons by these presents) have the following powers exercisable by Special Resolution, namely:
- (a) power to sanction any compromise or arrangement proposed to be made between the Company and the Warrantholder or any of them;
 - (b) power to sanction any proposal by the Company for modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Warrantholder against the Company whether such rights shall arise under these presents or otherwise;
 - (c) power to sanction any proposal by the Company for the exchange or substitution for the Warrants of, or the conversion of the Warrants into, shares, stock, bonds, debentures, debenture stock or other obligations or securities of the Company or of any other body corporate formed or to be formed;
 - (d) power to assent to any modification of the provisions contained in these presents and/or the Conditions which shall be proposed by the Company:

- (e) power to authorise any person to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Special Resolution;
 - (f) power to discharge or exonerate any person from any liability in respect of any act or omission for which such person may have become responsible under these presents or the Conditions;
 - (g) power to give any authority direction or sanction which under the provisions of these presents or the Conditions is required to be given by Special Resolution; and
 - (h) power to appoint any persons (whether Warrantholder or not) as a committee or committees to represent the interests of the Warrantholder and to confer upon such committee or committees any powers or discretion which the Warrantholder could themselves exercise by Special Resolution.
16. A Special Resolution shall be binding upon all the Warrantholder, whether present or not present at such meeting, and each of the Warrantholder shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of such resolution justified the passing thereof.
17. The expression "Special Resolution" when used in these presents means a resolution passed at a meeting of the Warrantholder duly convened and held and carried by a majority consisting of not less than three-fourths of the votes cast upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on a poll.
18. Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Company, and any such minutes, if the same are signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding meeting of the Warrantholder, shall be conclusive evidence of the matters therein contained and until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted thereat to have been duly passed and transacted.
19. Subject to all other provisions contained in these presents, the Company may without the consent of the Warrantholder prescribe such further regulations regarding the holding of meetings of Warrantholder and attendance and voting thereat as the Company may at its sole discretion determine, including in particular (but without prejudice to the generality of the foregoing) such regulations as the Company may think reasonable so as to satisfy itself that persons are in fact Warrantholder who purport to requisition a meeting in accordance with paragraph 1 of this Third Schedule.

20. Any reference in these presents to the value of any Subscription Rights shall be a reference to the amount of the Exercise Moneys in respect of the Warrant certificate representing such Subscription Rights, or, if such Subscription Rights are represented by two or more Warrant certificates, the aggregate amount of the Exercise Moneys in respect of such Warrant certificates.