

DATED 6 November 2015

**PPS INTERNATIONAL (HOLDINGS) LIMITED
(as the “Company”)**

AND

**ORIENT SECURITIES LIMITED
(as the “Underwriter”)**

UNDERWRITING AGREEMENT

in relation to the proposed Open Offer of not less than 5,000,000,000 Offer Shares and not more than 6,000,000,000 Offer Shares
at HK\$0.013 per Offer Share payable in full on application
in the proportion of 1 Offer Share for every 2 existing Shares held on the Record Date

Tang Tso & Lau,
Solicitors
Hong Kong
Tel : 2541 6699
Fax : 2854 0113
Ref : RL/14944/15/com

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EXECUTION PAGE

THIS AGREEMENT is made on 6 November 2015

BETWEEN

- (1) **PPS INTERNATIONAL (HOLDINGS) LIMITED**, a company incorporated in the Cayman Islands 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 24/F., SUP Tower, 75-83 King's Road, North Point, Hong Kong (the "**Company**"); and
- (2) **ORIENT SECURITIES LIMITED**, a company incorporated in Hong Kong with limited liability and having its registered office at Room 2801-04, 28/F., Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong and a licensed corporation for Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) of the regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**Underwriter**").

WHEREAS

- (A) The Company was incorporated in the Cayman Islands whose shares are listed on the Stock Exchange. As at the date hereof, the Company has an authorised share capital of HK\$100,000,000.00 divided into 1,000,000,000,000 Shares of HK\$0.0001 each, of which 10,000,000,000 Shares have been issued and are fully paid or credited as fully paid.
- (B) The Company has determined by resolution of its board of directors to approve the Open Offer and to offer the Offer Shares for subscription by the Qualifying Shareholders on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date at the Subscription Price payable in full on application on the terms and subject to the conditions set out in this Agreement and the Prospectus. The Open Offer will raise not less than HK\$65,000,000 and not more than HK\$78,000,000 before expenses.
- (C) As at the date hereof, the Company has 2,000,000,000 outstanding Warrants which entitle the holders thereof to subscribe for 2,000,000,000 Shares.
- (D) Application shall be made by the Company to the Listing Committee of the Stock Exchange for listings of, and permissions to deal in, the Offer Shares.
- (E) The Underwriter has agreed to underwrite the Underwritten Shares on terms of this Agreement.

NOW IT IS HEREBY AGREED as follows: -

1. DEFINITION

- 1.1 In this Agreement including the Recitals, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has meanings as ascribed to it under the Takeovers Code
“Announcement”	the announcement to be made by the Company concerning the Open Offer in such form as the Company and the Underwriter may agree
“Application Form(s)”	The application form(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Open Offer in such form as the Company and the Underwriter may agree
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCASS Underwritten Shares”	the Underwritten Shares which the Underwriter requests the Company to deposit into CCASS pursuant to Clause 4.4(b)
“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Excluded Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is/are in (a) place(s) outside Hong Kong, where the directors of the Company consider it necessary or expedient not to issue the Offer Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Final Acceptance Date”	8 December 2015 or such other date as may be agreed between the Company and the Underwriter and described as the latest date for acceptance of the Offer Shares as described in the Prospectus
“GEM”	The Growth Enterprise Market of the Stock Exchange

	of Hong Kong Limited
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and the Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Shareholders”	Shareholders other than the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates
“Offer Shares”	Not less than 5,000,000,000 Shares and not more than 6,000,000,000 Shares to be issued pursuant to the Open Offer as referred to in Clause 3 on the basis of 1 Offer Share for every 2 existing Shares in issue on the Record Date
“Open Offer”	the proposed issue of Offer Shares by the Company on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date to the Qualifying Shareholders at the Subscription Price which is subject to the terms and conditions of this Agreement and the Open Offer Documents
“Open Offer Documents”	the Prospectus and the Application Form
“Overseas Shareholder(s)”	the Shareholder(s) with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“Posting Date”	the date of despatch of the Open Offer Documents, being the 1 st Business Day after the Record Date, or such other date as the Underwriter may agree in writing with the Company
“PRC”	The People’s Republic of China which for the purpose of this Agreement excludes Hong Kong, Macau SAR and Taiwan
“Prospectus”	a document relating to the Open Offer to be despatched to Shareholders whose names appear on the register of members of the Company on the Record Date, in such form as may be agreed between the Company and the Underwriter

“Qualifying Shareholders”	the Shareholder(s) other than the Excluded Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	23 November 2015 or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
“Shares”	ordinary shares of HK\$0.0001 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price of HK\$0.013 per Offer Share
“Subsidiaries”	the subsidiaries of the Company within the meaning of section 2 of the Companies Ordinance save that any reference therein to a company shall be deemed to include a reference to a body corporate incorporated or established outside Hong Kong or under any other ordinance and to any unincorporated body of persons of the Company from time to time
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Underwriter”	Orient Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Sub-Underwriter(s)”	sub-underwriter(s) for the Underwritten Shares as the Underwriter or any sub-underwriters may procure
“Underwritten Shares”	All the Offer Shares
“Untaken Shares”	the Underwritten Shares for which duly completed Application Forms (accompanied by cheques or banker’s cashier orders for the full amount payable on application which are honoured on first or, at the option of the Company, subsequent presentation) have not been received on or before 4:00 p.m. on the Final Acceptance Date
“Warrants”	2,000,000,000 unlisted warrants which entitle holders thereof to subscribe for 2,000,000,000 Shares at the

exercise price of HK\$0.166 per Share (subject to adjustment)

“%” per cent

- 1.2 References to the singular number include the plural and vice versa and references to one gender include every gender.
- 1.3 References to Clauses, Exhibits and Recitals are to clauses, exhibits and recitals to this Agreement.
- 1.4 References in this Agreement to time are to Hong Kong time.

2. CONDITIONS

2.1 The obligations of the Underwriter under this Agreement are conditional on:

- (a) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Open Offer Documents (and all other documents required to be attached thereto) not later than the Posting Date and in compliance with the GEM Listing Rules and the Companies Ordinance;
- (b) the posting of the Open Offer Documents to the Qualifying Shareholders;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in the Offer Shares;
- (d) compliance with and performance of all the undertakings and obligations by the Company under the terms of this Agreement;

and that in the event of the above conditions (a) to (d) not being fulfilled on or before 4:00 p.m. on the first Business Day after the Final Acceptance Date (or such later date or dates as may be agreed between the Company and the Underwriter) or if this Agreement shall be rescinded pursuant to Clause 8, all obligations and liabilities of the parties hereunder shall forthwith cease and determine and no party shall have any claim against the other (save for any antecedent breaches hereof).

2.2 The Company agrees to use to its best endeavours to procure fulfilment of all the conditions mentioned in Clause 2.1 and to do all such other acts and things as may be required to carry into effect the Open Offer. The Underwriter shall give the Company all necessary assistance in this connection.

3. OPEN OFFER

Subject to fulfilment of the conditions set out in Clause 2.1, the Company shall offer the Offer Shares to the Qualifying Shareholders at the Subscription Price, in the proportion of

one (1) Offer Share for every two (2) existing Shares held on the Record Date, by posting the Open Offer Documents to such holders on the Posting Date on the basis that payment for the Offer Shares shall be made in full on application not later than the Final Acceptance Date.

4. UNDERWRITING

- 4.1 Subject to the provisions of this Agreement, if and to the extent that at 4:00 p.m. on the Final Acceptance Date, there shall remain any of the Untaken Shares (subject as provided in Clauses 2 and 8), then the Underwriter shall subscribe or procure subscribers for the same on terms of the Open Offer Documents save as regards the time for acceptance and payment and shall pay or procure to be paid to the Company the amount due on acceptance in respect thereof (less the amount of underwriting commission, fees and expenses payable to the Underwriter in accordance with Clause 6), subject to and in accordance with the provisions of Clause 4.3.
- 4.2 In acting as agent of the Company hereunder, the Underwriter shall comply fully with all relevant laws and shall not do or omit anything the doing or omission of which shall or might cause the Company or any of its directors to be in breach of any relevant laws and in particular, but without prejudice to the generality of the foregoing, shall ensure that all offers made by them of the Offer Shares are made only in compliance with all relevant securities legislation and do not require the registration of the Open Offer Documents or any of them or any other document as a prospectus or otherwise in any jurisdiction other than Hong Kong and the Underwriter shall not make or purport to make on behalf of the Company any representation or warranty not contained in the Open Offer Documents herein.
- 4.3 The Company undertakes to keep the Underwriter regularly informed of the number of Offer Shares validly accepted or applied for during the period up to 4:00 p.m. on the Final Acceptance Date and shall notify the Underwriter in writing as soon as practicable thereafter of the total number of the Untaken Shares (if any), and the Underwriter shall, if there exist any Untaken Shares, subscribe or procure subscribers as aforesaid and pay or procure the payment of the aggregate Subscription Price in respect thereof, less any amount payable to the Underwriter pursuant to Clause 6 to the Company in immediately available funds, by not later than 6:00 p.m. on the second Business Day following the Final Acceptance Date.
- 4.4 The Untaken Shares dealt with as provided in Clauses 4.1 and 4.3 shall be duly allotted and issued and either:
- (a) the allottees thereof shall be duly entered on the register of members of the Company in respect of the Offer Shares so allotted and certificates in respect thereof shall be issued in such names and in such denominations as the Underwriter may reasonably require and the same shall be delivered to the Underwriter or as they may direct; or
 - (b) in respect of those Untaken Shares which the Underwriter requests the Company to deposit into CCASS, the Company shall credit to the Underwriter's or the Underwriter's nominee's account with CCASS and provide sufficient evidence or confirmation of the same to the Underwriter. If

any of the CCASS Underwritten Shares is not accepted into CCASS, certificates in respect of such CCASS Underwritten Shares shall be issued in respect thereof on the basis set out in Clause 4.4(a),

and following completion of these arrangements, all obligations and liabilities of the Underwriter under this Agreement shall cease.

- 4.5 The Underwriter shall not be responsible for any loss or damage to any person arising from any such transaction which is carried out in accordance with Clause 4.2 except in so far as any such loss or damage arises from the breach by any of the Underwriter of its obligations under this Agreement or the negligence or fraud of the Underwriter.
- 4.6 If the Underwriter shall default in complying with its obligations under Clause 4.1, the Company is hereby irrevocably authorised to treat this Agreement as an application by the Underwriter on and subject to the terms and conditions and on the basis of the information contained in the Open Offer Documents (other than as to the time of acceptance and payment) for the Untaken Shares and to allot and issue the same to such Underwriter upon such terms and conditions. In such event, the Underwriter shall pay to the Company the full amount in respect of the Untaken Shares less any amount payable to it pursuant to Clause 6 against delivery by the Company to the Underwriter (or as it may direct) of documentary evidence of entitlement to the Untaken Shares reasonably satisfactory to the Underwriter.
- 4.7 If the Underwriter or any of the Sub-Underwriter is required to take up the Offer Shares pursuant to their underwriting/sub-underwriting obligations :
- (a) The Underwriter shall and shall cause the Sub-Underwriter to procure placees independent of the Company and its connected persons to take up such number of Offer Shares as may be necessary to ensure that the public float requirements under Rule 11.23 of the GEM Listing Rules are complied with; and
- (b) The Underwriter shall use its reasonable endeavours to ensure that each of the Sub-Underwriter and their placees (and their respective ultimate beneficial owners) is independent of and not connected with the Company and its connected persons and is not a party acting in concert with each other.

5. ALLOTMENT AND ISSUE

- 5.1 As soon as reasonably practicable following the determination of the basis of allocation of the Offer Shares and performance by the Underwriter of their obligations under Clause 4 (if called upon to do so), the Company shall duly allot and issue the Offer Shares validly accepted or validly applied for as soon as practicable after the Final Acceptance Date and shall issue certificates for the Offer Shares to the respective subscribers in accordance with the terms of the Open Offer Documents.
- 5.2 The Offer Shares taken up by the Underwriter as provided in Clause 4 shall be duly allotted and issued in the manner as provided in Clause 4.4.

6. REMUNERATION AND EXPENSES

- 6.1 In consideration of the Underwriter's services and provided the Open Offer and this Agreement shall have become unconditional and the Open Offer shall have been completed in accordance with its terms and the Underwriter shall have fulfilled all its material obligations hereunder (whether or not the Underwriter is called upon to subscribe or procure subscribers for the Untaken Shares pursuant to Clause 4), the Company shall pay to the Underwriter:
- (a) an underwriting commission of an amount equal to 2.5% of the total Subscription Price on the Underwritten Shares; and
 - (b) all out-of-pocket expenses, including legal expenses, incurred by the Underwriter in connection with the Open Offer and its associated transactions.
- 6.2 The Underwriter shall be at liberty to deduct the amount of underwriting commission from the amount of any subscription moneys payable pursuant to Clause 4 but in the event that the said commission is not discharged by deduction as aforesaid, the same shall be paid by the Company to the Underwriter within 5 Business Days after the Final Acceptance Date. Out of the said commission, the Underwriter shall pay their own sub-underwriting commission (if any) they may incur in respect of the Open Offer.
- 6.3 The Company shall within 5 Business Days after the Final Acceptance Date pay all other costs, charges and expenses howsoever of or incidental to the Open Offer and the arrangements hereby contemplated including printing and translation charges, capital duty, the fees and disbursements of the Company's auditors, solicitors, registrars and receiving bankers to the Open Offer (if any) and the fees payable to the Stock Exchange and the Registrar of Companies in connection with the Open Offer.

7. REPRESENTATIONS, WARRANTIES AND INDEMNITIES

- 7.1 The Company hereby represents, warrants and undertakes to the Underwriter that, subject as provided herein:
- (a) the recitals to this Agreement are true and accurate in all material respects;
 - (b) the information relating to the Group supplied to the Underwriter by the Company or its advisers for the purpose of the Open Offer has been prepared after due and proper consideration, is fair and reasonable and represents reasonable expectations based on assumptions referred to therein and facts known to the Company and such assumptions are fair and reasonable and there are no other assumptions on which such information is based (other than the assumptions referred to therein);
 - (c) all statements of fact contained or to be contained in the Open Offer Documents (other than those made by the Underwriter) are or shall when made be true and accurate in all material respects and are not or shall not be misleading in any material respect and shall not, in the opinion of the Underwriter, be materially adverse to the success of the Open Offer and there are no facts, which are known or on reasonable enquiry could have been known to the Company and

which have not been disclosed to the Underwriter and shall not be disclosed in the Open Offer Documents, the omission of which could make any statement in the Open Offer Documents misleading in a material respect or which in the context of the Open Offer are material for disclosure therein;

- (d) the statements and the expressions of opinion, intention and expectation of the Company to be contained in the Open Offer Documents or in the documents referred to therein have been, or shall be, made after due and proper consideration, are fair and reasonable and based on facts known to the Company and shall not contain, anything which, in the opinion of the Underwriter, is materially adverse to the success of the Open Offer;
- (e) the Open Offer Documents shall contain all material particulars required to comply with all Hong Kong statutory and other provisions so far as applicable and the requirements of the Stock Exchange and the issue of the Offer Shares in accordance with the Open Offer Documents shall comply with the Companies Ordinance, the GEM Listing Rules, the Codes on Takeovers and Mergers and Share Repurchases, the requirements of the Stock Exchange and all other relevant regulations in Hong Kong and shall not involve any breach of or default under any agreement, trust deed or instrument to which any company in the Group is a party;
- (f) subject to fulfilment of the conditions set out in Clause 2.1, the Company has power under its memorandum and articles of association to, and has taken all necessary corporate or other action to enable it to, enter and perform its obligations under this Agreement and to make the Open Offer, to allot and issue the Offer Shares and to deal with the Offer Shares attributable to the Overseas Shareholders as may be specified in the Open Offer Documents and no other consents, actions, authorisations or approvals are necessary to enable or authorise it to do any of the aforesaid;
- (g) the obligations of the Company contained in this Agreement constitute the legal, valid and binding obligations of each of them respectively enforceable in accordance with the terms herein;
- (h) the returns for taxation purposes, which ought to have been made by or in respect of each of the companies in the Group in Hong Kong and any other part of the world, have been duly made and there are no circumstances known to any company in the Group or any of their respective directors, after making due and careful enquiry, which would be the occasion of any such dispute which is material, and all such returns are in all material respects up to date, correct and on a proper basis and are not the subject of any material dispute with the relevant revenue or other appropriate authorities;
- (i) the Company shall have available for issue sufficient Shares to permit to be issued pursuant to the Open Offer;
- (j) there has been no adverse change or any development in the financial condition, or operations or prospectus of any company in the Group since 30 June 2015 which would be considered material in the context of the Open Offer;

- (k) there are existing valid policies of insurance against all liabilities, risks and losses against which it is normal or prudent to insure in respect of all property and assets owned by and all businesses carried on by the companies in the Group and nothing has been done or has been omitted to be done whereby any of the said policies has or would become void or is likely to be avoided;
- (l) each of the companies in the Group is duly incorporated in and under the laws of its place of incorporation and has full power and authority to conduct its business as now carried on;
- (m) each of the companies in the Group has since 30 June 2015 or the respective dates to which the latest audited accounts of such companies were made up to (where applicable) carry on business in the ordinary and usual course and since such date, has not entered into any material contracts or commitments of an unusual or onerous nature;
- (n) no company in the Group has any capital commitment which is material in the context of the Group as a whole other than arising in the ordinary course of its business;
- (o) no litigation or arbitration proceedings involving any company in the Group which is material in the context of the Group as a whole are in progress or are threatened or pending and there are no circumstances known to any of the companies in the Group or any of their respective directors which are likely to give rise to any such litigation or arbitration proceedings;
- (p) no circumstance has arisen such that any person is now or shall be entitled (or would with the giving of notice be entitled) to require payment of any material indebtedness, or guarantee or indemnity of any liability, of any company in the Group which is material in the context of the Group as a whole by reason of default or otherwise by any such company or any other person or otherwise;
- (q) the Company shall take all reasonable steps as may be necessary to procure that listings of, and permission to deal in, the Offer Shares are granted by the Stock Exchange in all cases prior to the expected date of commencement of dealings in the Offer Shares (or such other date as may be agreed between the Company and the Underwriter) and not thereafter revoked including (without limitation) by procuring that all relevant applications, documents and information, in an appropriate form, are submitted or provided to the Stock Exchange;
- (r) the audited consolidated accounts of the Group (if any) in respect of the financial period ended 30 June 2015 are accurate in all material respects and are not misleading and give a true and fair view of the state of affairs, financial position, assets and liabilities of the Group and in particular, contain full provisions as at 30 June 2015, for all actual liabilities, proper provision for all material contingent liabilities and adequate provision for doubtful debts of the Group;
- (s) the Offer Shares, when fully paid, shall rank *pari passu* in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of

allotment of the Offer Shares;

- (t) the Open Offer Documents shall contain all information with regard to the Group which is or would be material for disclosure to a potential holder of the Offer Shares to enable it to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Group and of the rights attaching to the Offer Shares;
- (u) no Shares shall be allotted or issued between the date hereof up to and including the Record Date.

7.2 The representations and warranties contained in Clause 7.1 are given as the date hereof. In addition, they shall be deemed to be repeated on the Posting Date with respect (where relevant) to the Open Offer Documents in their final form and on the Final Acceptance Date, in each case, with reference to the facts and circumstances then subsisting. The Company accepts that the Underwriter is entering into this Agreement in reliance on such representations and warranties. The Company shall not do or omit to do (and shall procure that no Subsidiary shall do or omit to do), any act or thing whereby any of the representations or warranties in Clause 7.1 would be untrue in any respect on the Posting Date or on the Final Acceptance Date and the Company undertakes to notify the Underwriter of any matter or even coming to its or his attention prior to the despatch of the Open Offer Documents or prior to the Final Acceptance Date which shows any representation or warranty to be or to have at any relevant time been untrue or inaccurate in any respect or which, had the representations and warranties contained in Clause 7.1 been repeated on each day prior to the Final Acceptance Date, would have shown any representation or warranty to be or to have at any relevant time been untrue or inaccurate in any material respect.

7.3 If, prior to the despatch of the Open Offer Documents or on or prior to 4:00 p.m. on the Final Acceptance Date, any matter or event comes to the attention of the Company, as a result of which any representation or warranty, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any material respect or which would or might render untrue, inaccurate in any material respect or misleading any statement, whether of fact or opinion, contained in the Open Offer Documents if the same were issued immediately after such occurrence, the Company shall forthwith notify the Underwriter thereof and, but without prejudice to the rights of the Underwriter pursuant to Clause 8, the Company and the Underwriter shall forthwith consult with a view to agreeing what steps should be taken (including without limitation notifying the Stock Exchange and taking any steps necessary to avoid a false market in the Offer Shares, and deciding what changes, if any, should be made to the Open Offer Documents or, if the Open Offer Documents have already been despatched, what announcement or circular, if any, should be made or despatched). The Company agrees not to make any such changes or announcement or despatch any such circular without the prior written consent of the Underwriter.

7.4 The Company shall indemnify the Underwriter on demand and shall hold the Underwriter indemnified against all loss or liability of any nature (including, without limitation, claims, costs, charges, and expenses) whatsoever arising from or in respect of any breach by the Company of any provision of this Agreement, or any claim which are brought or threatened to be brought against any of the Underwriter (whether or not such claim is successfully compromised or settled) in each case arising out of or in

relation to or by reason of the performance by the Underwriter of their obligations hereunder (and provided that such loss or liability is not connected with any failure by the Underwriter to comply strictly with its obligations under Clause 4.1), by any subscriber or sub-underwriter of any of the Offer Shares or any subsequent purchaser or transferee thereof or any other person claiming that he has suffered loss in respect of them as a result of:-

- (a) the Open Offer Documents not containing all the information required to be stated therein or in the grounds that any statement, estimate or forecast contained in the Open Offer Documents is untrue, inaccurate or misleading in any respect;
- (b) the Open Offer Documents failing to disclose sufficient information necessary to enable an informed assessment to be made by a sophisticated investor of the assets and liabilities, financial position, profits and losses, and prospects of the Group or of the rights attaching to the Offer Shares;
- (c) against any claims and proceedings arising out of matters which constitute a material breach of the representations and warranties in Clause 7.1;
- (d) other than a non-compliance or breach by the Underwriter' obligations pursuant to Clause 4.1, any breach of the laws or regulations of any country resulting from the allotment or issue of the Offer Shares or the distribution of the Open Offer Documents;
- (e) any misrepresentation by either the Company in connection with the Open Offer; or
- (f) the allotment or issue of the Offer Shares,

including in any such case (but without prejudice to the generality of the foregoing) all costs, charges and expenses of whatever nature which the Underwriter would properly incur or bear in disputing any such claim made against it or establishing any claim on their part under the foregoing provisions of this Clause 7.4 provided that this indemnity shall not relate to any claims or proceedings costs or expenses arising from any negligent act, fraud, omission or default, on the part of the Underwriter and that the conduct of the defence (including any settlement of any such claim) shall be carried out by the Underwriter after, and on the basis of, regular consultation with the Company.

7.5 The Company shall not make any claim against the Underwriter to recover any damages which the Company may suffer arising out of the performance by the Underwriter of its obligations hereunder, provided that such damages do not arise from any negligent act, fraud, omission or wilful default, on the part of any of the Underwriter.

7.6 If the Underwriter become aware of any claim relevant for the purposes of Clause 7.4, the Underwriter shall give notice in writing thereof to the Company and shall take such action as the Company may reasonably request to avoid, dispute, resist, defend or appeal against the claim and any adjudication in respect thereof but subject to the Underwriter being indemnified and secured to their satisfaction against all losses and expenses to which they might thereby render themselves liable to suffer and incur

including without limitation legal expenses properly incurred by their legal advisers.

- 7.7 The undertakings, representations, warranties and indemnities in this Agreement shall remain in full force and effect notwithstanding completion of the Open Offer and all matters and arrangements referred to in or contemplated by this Agreement.

8. TERMINATION AND FORCE MAJEURE

- 8.1 If at any time on or before 4:00 p.m. on the first Business Day following the Final Acceptance Date:

- (A) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the representations, warranties and undertakings in this Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Open Offer; or
- (B) there shall be:
- (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 10 trading days (as defined in the GEM Listing Rules); or
 - (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere;

which is or are, in the reasonable opinion of the Underwriter:-

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Open Offer or the level of Offer Shares to be taken up; or

- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Open Offer,

then the Underwriter may, by notice in writing given to the Company on or before 4:00 p.m. on the first Business Day after the Final Acceptance Date, rescind this Agreement and thereupon all obligations of the Underwriter hereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with this Agreement (save for any antecedent breaches hereof) and the Open Offer shall not proceed.

- 8.2 Upon the giving of notice pursuant to Clause 8.1, all obligations of the Underwriter hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with this Agreement and the Company shall not be liable to pay any underwriting commission.

9. ANNOUNCEMENTS

Subject as required by law or by the Stock Exchange, the Company shall not issue any announcement or circular relating to the Open Offer from the date hereof up to and including the completion of the Open Offer without prior consultation with the Underwriter as to the contents thereof and the timing and manner of the making or despatch thereof, and the Company shall take into account requirements on the part of the Underwriter in relation thereto.

10. STOCK EXCHANGE LISTINGS AND ANNOUNCEMENTS

In relation to the Offer Shares and/or the grant of permission to deal in and listings of the Offer Shares by the Stock Exchange, the Company shall make all applications, pay all such fees, supply all such information, give all such undertakings, execute all such documents and do all such things as may be required by the Stock Exchange.

11. SUCCESSORS AND ASSIGNEES

- 11.1 This Agreement shall be binding on and enure for the benefit of each party's personal representative, successors and (where permitted) assignees.
- 11.2 No part of this Agreement may be assigned by any party without the prior written consent of the other parties hereto.

12. NOTICES

- 12.1 Any notice required to be given hereunder will be deemed to be duly served if left at or sent by hand, by telex or facsimile transmission or pre-paid post to the registered office or to the following addresses and facsimile numbers and marked for the attention of the following persons:

<u>Party</u>	<u>Address</u>	<u>Facsimile number</u>
The Company	24/F., SUP Tower, 75-83 King' s Road, North Point, Hong Kong	(852) 28380990
	Attn: The Board of Directors	
Underwriter	Room 2801-04, 28/F., Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong	(852) 2180-9288
	Attn: Mr Lau Wai Man	

- 12.2 Any such notice will be deemed to be served if sent by facsimile on receipt of machine-printed answerback, if sent by hand at the time when the same is handed to or left at the address of the party to be served, and if sent by post on the second business day after the day of posting if the address is in Hong Kong and on the fifth business day after posting if the address is outside Hong Kong. In proving the giving of a notice, it shall be sufficient to prove that the notice was left or that the envelope containing such notice was properly addressed and posted or that the applicable means of telecommunication was properly received (as the case may be).

13. TIME

Time shall be of the essence in this Agreement.

14. GOVERNING LAW

This Agreement is governed by and shall be construed in accordance with the laws of Hong Kong and the parties hereby irrevocable submit to the non-exclusive jurisdiction of the courts of Hong Kong in connection with this Agreement, provided that this Agreement may be enforced in any other court of competent jurisdiction.

15. COUNTERPARTS

This Agreement may consist of a number of counterparts and the counterparts taken together constitute one and the same instrument.

16. FURTHER ASSURANCE

Each of the parties hereto shall give all such assistance and provide all such information as the other parties (or either of them) shall require for the purposes of this Agreement

and shall execute and do all such documents acts and things as the other parties (or either of them) may require in order to give effect to the terms of this Agreement.

IN WITNESS whereof this Agreement has been entered into the day and year first above written.

SIGNED by CHAN WAI KIT)
for and on behalf of)
PPS INTERNATIONAL (HOLDINGS))
LIMITED)
in the presence of:- YEUNG YAT CHUN)

Yeung Yat Chun



SIGNED by)
for and on behalf of)
ORIENT SECURITIES LIMITED)
in the presence of:-)

SIGNED by)
for and on behalf of)
PPS INTERNATIONAL (HOLDINGS))
LIMITED)
in the presence of:-)

SIGNED by LAU WAI MAN)
for and on behalf of)
ORIENT SECURITIES LIMITED)
in the presence of:- FUNG YUK CHUN EMILY)

