

EXECUTION COPY

Dated the 15th day of June, 2017

BETWEEN

PPS INTERNATIONAL (HOLDINGS) LIMITED

AND

WUI WO ENTERPRISE LIMITED

SUBSCRIPTION AGREEMENT
in respect of the issue of
HK\$50,000,000 convertible bonds by
PPS INTERNATIONAL (HOLDINGS) LIMITED



CFN Lawyers

CFN Lawyers

In association with

Broad & Bright

Room 4124, 41/F

Sun Hung Kai Centre

30 Harbour Road

Wan Chai

Hong Kong

Our Ref.: 170018-001(TN)

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THIS AGREEMENT is made on the 15th day of June, 2017

BETWEEN:

- (1) **PPS INTERNATIONAL (HOLDINGS) LIMITED**, a company incorporated in the Cayman Islands as an exempted company, the registered office of which is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and whose address for service and principal place of business in Hong Kong is at 24/F, SUP Tower, 75-83 King's Road, North Point, Hong Kong (the "**Company**"); and
- (2) **WUI WO ENTERPRISE LIMITED**, a company incorporated in the British Virgin Islands with limited liability, the registered office of which is at 11/F., AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong (the "**Subscriber**").

WHEREAS:

- (A) The Company is a limited liability company incorporated in the Cayman Islands with issued share capital of 2,700,000,000 Shares, which are listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (stock code: 8201) as of the date of this Agreement.
- (B) The Subscriber is wholly-owned by Mr. Yu Weiye, a controlling shareholder of the Company who is beneficially interested in 972,211,500 Shares (representing approximately 36.01% of the total issued share capital of the Company).
- (C) The Company has agreed to issue to the Subscriber, and the Subscriber has agreed to subscribe for, the Bonds (as defined below) in aggregate, convertible into Shares (as defined below) upon and subject to the terms and conditions set out in this Agreement (as defined below) and the Conditions (as defined below).

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 The Schedules forms an integral part of this Agreement and shall be construed and have the same full force and effect as if expressly set out in the main body of this Agreement.
- 1.2 The words and expressions set out below shall have the meanings attributed to them below unless the context otherwise requires:

"Board" means the board of directors of the Company;

"Bonds" means the convertible bonds to be issued by the Company in the principal sum of HK\$50,000,000 and in denomination of HK\$10,000,000 each and subscribed for by the Subscriber in accordance with the terms of this Agreement with the benefit of and subject to the provisions of the Conditions;

"Bondholder" means the person who is for the time being the holder of a Bond;

"Business Day" means a day (excluding Saturdays and public holidays) on which banks in Hong Kong are generally open for business;

"Certificate" means a certificate to be issued by the Company to the Subscriber in

respect of the Bonds in the denomination of HK\$10,000,000 each, in substantially the form set out in Schedule 1; and there will be a total of 5 such certificates to be issued by the Company to the Subscriber pursuant to the provisions of this Agreement;

“Completion” means the completion of the issue and subscription for the Bonds;

“Completion Date” means the date on which Completion shall take place, being a date falling within 5 Business Days following the date on which the conditions precedent under the Subscription Agreement are fulfilled (or such other date as the Company and the Subscriber may agree in writing);

“Conditions” means the terms and conditions to be attached to the Certificates;

“Conversion Date” means the date on which the Conversion Rights are exercised in accordance with Condition 5;

“Conversion Rights” means the rights attached to the Bonds to convert the principal amount or a part thereof into the Shares;

“Conversion Shares” means the Shares to be issued by the Company under the Bonds;

“Encumbrance” means any mortgage, charge, pledge, lien, hypothecation, assignment, trust arrangement or security interest or any other agreement or arrangement having the effect of conferring security;

“Financial Year” means the financial year of the Company, which ends on 30 June;

“GEM Listing Rules” means the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;

“Group” means collectively the Company and the Subsidiaries and **“Group Member”** means any one of them;

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

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

“Indebtedness” means any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent;

“Independent Shareholder(s)” means Shareholders other than (i) the Subscriber; and (ii) other Shareholders who have material interest in this Agreement;

“Permitted Encumbrances” means:

- (a) any Encumbrance of the Company in existence before the date of this Agreement;
- (b) any Encumbrance created by the Company on an asset (or the contract for the acquisition of an asset) acquired or constructed after the date of this Agreement by the Company in its ordinary course of business and created at the time of such acquisition or construction to secure payment of the purchase price of such asset or to secure any loan incurred for the purpose of financing such acquisition or construction provided that the principal amount so secured does not exceed the acquisition or construction price of that asset;
- (c) any Encumbrance arising by statute or operation of law and not by contract;

- (d) any Encumbrance for the benefit of the Subscriber and persons permitted by it; and
- (e) any hire purchase contract or agreement in respect of the Company's assets in its ordinary course of business;

“**Shareholders**” means the holders of Shares;

“**Shares**” means the ordinary shares of par value HK\$0.001 each in the share capital of the Company 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 dividends or of amounts payable in the event of any voluntary or involuntary liquidation or distribution of the Company;

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

“**Takeovers Code**” means the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong;

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

“**Warranties**” means the representations, warranties and undertakings contained herein.

1.3 A reference to a statute or statutory provision includes a reference:

- (a) to that statute or provision as from time to time modified or re-enacted; and
- (b) to any repealed statute or statutory provision which it re-enacts (with or without modification); and
- (c) to any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision.

1.4 Unless the context otherwise requires:

- (a) words in the singular include the plural, and vice versa;
- (b) words importing any gender include all genders; and
- (c) a reference to a person includes a reference to a body corporate and to an unincorporated body of persons.

1.5 A reference to a Clause, Sub-Clause or Schedules is to a clause, sub-clause or schedules (as the case may be) of or to this Agreement.

1.6 The headings are for convenience only and do not affect interpretation.

1.7 The definitions adopted in the recitals preceding this Clause apply throughout this Agreement.

1.8 A reference to “**Party**” is to a party to this agreement and “**Parties**” shall be construed accordingly.

1.9 A reference to “**in the agreed terms**” is to documents agreed between the Parties and initialled by the Company and the Subscribers, or their respective legal advisers, for identification purposes.

1.10 A reference to “**subsidiary**” is to a subsidiary as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

2. ISSUE AND SUBSCRIPTION OF THE BONDS

2.1 Upon the terms and subject to the conditions of this Agreement, the Company shall issue to the Subscriber, and the Subscriber shall subscribe for, on the Completion Date, Bonds in the principal amount of fifty million HK Dollars (HK\$50,000,000).

3. COMPLETION

3.1 Completion shall take place at the offices of the Company (or such other place as the Company and the Subscriber may agree) on the Completion Date or such other time and place as the Company and the Subscribers may agree.

3.2 At Completion, the Company shall deliver to the Subscriber:

- (a) a certified copy of the board resolutions of the Company approving and authorising the execution and completion of this Agreement, the issue of the Bonds and the issue and delivery of the Certificates upon the terms and subject to the Conditions contained therein; and
- (b) Five (5) Certificates duly issued in favour of the Subscriber.

3.3 At Completion, the Subscriber shall:

- (a) deliver to the Company a certified copy of its respective board resolutions approving and authorising the execution and delivery of this Agreement by such Subscriber and such other documents as are contemplated to be executed by such Subscriber hereunder;
- (b) pay the sum of HK\$50,000,000 being the subscription money payable on the issue of the Bonds, by wire transfer to the designated bank account of the Company.

3.4 The obligations of the parties under Clauses 3.2 and 3.3 shall be performed by them contemporaneously. If one party refuses or neglects to perform any such obligation, the other of them may, without prejudice to its rights, refuse to perform its obligations and rescind this Agreement, or if it elects to do so by notice in writing, defer Completion by up to 14 Business Days. The provision of this Clause, including this Clause 3.4, shall apply to any such deferred Completion.

4. CONDITIONS PRECEDENT TO COMPLETION

4.1 The obligations of the Subscriber under this Agreement to complete the subscription of the Bonds at the Completion Date are subject to the fulfillment, prior to, or simultaneously with, the Completion Date (or at the time specified below), of the following conditions precedent:

- (a) the approval(s) by the Independent Shareholders at the general meeting of the Company for this Agreement and the transactions contemplated thereunder (including the grant of the specific mandate to allot and issue the Conversion Shares to be sought from the Independent Shareholders at the general meeting of the Company) having been obtained in accordance with the GEM Listing Rules; and

- (b) the listing committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares.

4.2 None of the conditions set forth in Clause 4.1 can be waived.

4.3 If any condition set forth in Clause 4.1 are not fulfilled by 30 September 2017 (or such later date as mutually agreed between the Company and the Subscriber in writing) (the “**Long Stop Date**”), the Subscribers may, at its option, without prejudice to its rights hereunder and under applicable law:

- (a) defer the applicable Completion to a later date; or
- (b) terminate this Agreement in accordance with Clause 9.

In the case of termination, no Party shall have any rights or claims against any other Party, save for those that expressly survive termination of this Agreement in accordance with the provisions of Clause 9.

5. REPRESENTATIONS AND WARRANTIES

5.1 The Company represents and warrants to the Subscriber that:

- (a) the Company is duly incorporated and validly existing under the laws of the Cayman Islands and has full power, capacity and authority to own its properties and assets and conduct its business outside the Cayman Islands;
- (b) the Company has the authority to enter into and perform this Agreement and that in entering into this Agreement, the Company does not do so in breach of any applicable legislation;
- (c) the Company has full power and authority to issue the Bonds and perform its obligations thereunder, and in particular the Company will on Completion have sufficient authorised but unissued share capital for the Company to perform its obligations to issue the Conversion Shares under the Bonds and the directors of the Company will be authorised to issue the Bonds, convertible into the Shares;
- (d) subject as otherwise provided herein, the issue of the Bonds and the Certificates will not infringe and will not be contrary to any applicable laws of the Cayman Islands and Hong Kong and will not result in any breach of the terms of the memorandum and articles of association of the Company and of any agreement or obligation applicable to the Company or constitute a default under any deed, agreement, mortgage or other instrument to which the Company is a party including, but not limiting to, any bank or loan facility or agreement. Compliance with the terms of the Bonds and this Agreement does not and will not at any time result in the creation, imposition, crystallisation or enforcement of any encumbrance (other than the Permitted Encumbrances) whatsoever on or over any of the rights or assets of the Company or in any present or future indebtedness of the Company becoming due and payable or capable of being declared due and payable prior to its stated maturity;
- (e) upon the issue of the Bonds and the execution of the Certificates by the Company and delivery of the same, each of the Bonds and the Certificates will constitute valid and binding obligations of the Company enforceable against it;
- (f) the Bonds will on issue constitute direct and unconditional obligations of the Company and will, save for such obligations preferred by mandatory provisions of law, at all times rank at least equally with all its other present and future

unsecured obligations, subject as described in the terms and conditions of the Bonds;

- (g) each of the Shares to be issued upon conversion of the Bonds pursuant to the terms and conditions of the Bonds will be free from Encumbrances, rank pari passu and carry the same rights and privileges in all respects as any other class of ordinary share capital of the Company and, subject to as described in the terms and conditions of the Bonds, shall be entitled to all dividends and other distributions declared, paid or made thereon after their date of issue;
- (h) all payments by the Company on the Bonds can under current Hong Kong tax law and practice be made either free of any withholding for or on account of taxes; or such taxes shall be borne by the Company;
- (i) no litigation, arbitration or administrative proceeding against or involving the Company is currently taking place or pending or threatened against the Company or its assets;
- (j) the Company is not in default under any law, regulation, judgment, order, authorisation, agreement or obligation applicable to it or its assets or revenues, the consequences of which default could materially and adversely affect its business or financial condition or the ability of the Company to perform its obligations under this Agreement or the Bonds and no event of default has occurred;
- (k) no event exists or has occurred and no condition is in existence which would be (after the issue of the Bonds) an event of default (as defined under the Conditions relating to the Bonds) and no event or act has occurred which, with the giving of notice, or the lapse of time, or both, would (after the issue of the Bonds), constitute such an event of default;
- (l) all information and documents supplied by the Company to the Subscriber (including without limitation a copy of the memorandum and articles of association of the Company) are complete, accurate and up-to-date;
- (m) there are no options, rights to acquire, or any other form of security or encumbrance on, over or affecting any part of the issued or unissued share capital of the Company and there is no agreement or commitment to give or create any of the foregoing and no claim has been made by any person to be entitled to any of the foregoing;
- (n) the audited financial statements of the Company (when compiled) will be prepared in accordance with generally accepted accounting principles and practices of Hong Kong and, if the Company has subsidiaries at the end of the relevant accounting period, be prepared on the basis of consolidated accounts;
- (o) since the date of incorporation of the Company:
 - (i) save and except for trading and other losses (if any) in the ordinary course of business which have already been disclosed to the Subscriber, there has been no material adverse change in the financial condition or prospects of the Company;
 - (ii) save as disclosed to the Subscriber in writing prior to the date of this Agreement no dividend or any other distribution has been or will be declared, made or paid by the Company; and

- (iii) save as disclosed by the Company to the Subscriber in writing prior to the date of this Agreement, the Company has not, other than in the ordinary and usual course of business, incurred any material additional liabilities whether actual or contingent;

5.2 Each of the above representations and warranties shall be:

- (a) made by the Company as at the date of this Agreement and at Completion (save for paragraph (n) which shall be made as from the date of publication of the financial statements of the Company); and
- (b) (excluding paragraphs (i) to (m)) deemed to be repeated by the Company at all times from:
 - (i) the date of this Agreement; or
 - (ii) in the case of paragraph (n), as from the date of the publication of the financial statements of the Company,up to and including the date on which all obligations (including payment obligations) of the Company under the Bonds have been discharged in full, be true complete and accurate in all respects.

6. UNDERTAKINGS

6.1 The Company undertakes to the Subscriber that so long as the Bonds are outstanding, unless with prior written approval of the Subscriber:

- (a) the Company shall keep available for issue, free from pre-emptive rights, out of its authorised but unissued capital sufficient Shares to satisfy in full the Conversion Rights and all other rights for the time being outstanding of subscription for and conversion into Shares;
- (b) the Company shall not in any way modify the rights attached to the Shares as a class or attach any special restrictions thereto;
- (c) the Company shall procure that (i) no securities issued by the Company shall be converted into Shares or exchanged for Shares except in accordance with the terms of issue hereof, (ii) no securities which were originally issued by the Company without rights to convert into Shares or to be exchanged for Shares shall subsequently be granted such rights, and (iii) at no time shall there be in issue Shares of differing nominal values;
- (d) the Company shall not make any issue, grant or distribution with respect to any Shares (save as agreed by written consent from the Subscriber);
- (e) the Company shall not make any reduction or redemption of share capital, share premium account or capital redemption reserve involving the repayment of money to shareholders or reduce any uncalled liability in respect thereof (save and except as disclosed to and agreed by written consent from the Subscriber);
- (f) the Company shall ensure that all the Conversion Shares will be duly and validly issued fully paid up and registered in the shareholders' register of the Company;
- (g) the Company shall not enter into any material deed, agreement, assignment, instrument, documents or transactions whatsoever except in the ordinary course of business or which may result in any breach of any of the terms and conditions of the Bonds (save as agreed by written consent from the Subscriber);

- (h) the Company shall comply with and procure the compliance of all conditions imposed by the Stock Exchange and/or by any other competent authority (in Hong Kong or elsewhere) for approval of the issue of the Bonds or the Conversion Shares issued or to be issued on the exercise of the Conversion Rights and to ensure the continued compliance thereof (provided in each case that the Subscriber complies with and satisfies all such conditions);
- (i) the Company shall notify the Subscriber upon it becoming aware 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 Company;
- (j) the Company hereby undertakes to indemnify and always keep indemnified the Subscriber against any damages, losses, costs, expenses (including legal costs and expenses) or other liabilities which the Subscriber may suffer or incur as a result of or in connection with any breach of the Warranties by the Company or any of the Warranties being untrue or misleading; and
- (k) the Company shall not permit any Encumbrance (other than Permitted Encumbrances) of the Company to subsist, arise or be created or extended over all or any part of its present or future undertakings, assets, rights or revenues to secure or prefer any present or future Indebtedness of the Company or any other person.

7. CONFIDENTIALITY AND ANNOUNCEMENT

- 7.1 Each of the parties hereto undertakes to the other 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, or to its respective officers or employees whose province it is to know the same any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of the other which may be within or may come to its knowledge in connection with the transactions contemplated by this Agreement, and it shall use its best endeavours to prevent the publication or disclosure of any such confidential information concerning such matters. This restriction shall not apply to information or knowledge which is or which properly comes into the public domain through no fault of either the Company or the Subscriber.
- 7.2 Each of the parties hereto undertakes that it will not at any time (save as required by law or any rule or request of any relevant stock exchange or regulatory body) make any announcement in connection with this Agreement unless the other parties hereto shall have given their consent to such announcement (which consent may not be unreasonably withheld or delayed and may be given either generally or in a specific case or cases and may be subject to conditions). If any party is required by law or any rule or request of any relevant stock exchange or regulatory body to make any announcement in connection with this Agreement, the other parties hereby agree that they will supply all relevant information relating to itself that is within its knowledge or in its possession as may be reasonably necessary or as may be required by any stock exchange and regulatory body to be included in the announcement. Any announcement to be released by either party shall be subject to such prior consultation with the others as the circumstances may permit.

8. TERMINATION

- 8.1 This Agreement shall become effective upon execution by all of the Parties and shall continue in force until terminated in accordance with this Clause 9.

8.2 This Agreement may be terminated as follows:

8.2.1 at the election of the Subscribers on or before the Long Stop Date, if the Completion does not happen on or before the Long Stop Date save where the failure to complete arises from the breach of any obligation of the Subscribers;

8.2.2 at the election of the Subscribers on or before the Long Stop Date, if any Warranty has been breached, or any other material covenant or agreement of the Company or the controlling Shareholder contained in this Agreement has been breached, which breach cannot be or is not cured within 15 days after being notified in writing of the same;

8.2.3 at the election of the Company on or before the Completion Date, if the Completion does not happen on or before the Completion Date save where the failure to complete arises from the breach of any obligation of the Company; or

8.2.4 at any time on or prior to the Completion Date, by written consent of the Company and the Subscribers.

8.3 If this Agreement is terminated in accordance with Clause 9.2, it shall become void and of no further force and effect, except for the provisions of Clause 8 (Confidentiality and Announcements), Clause 9 (Termination), Clause 11 (Costs and Expenses) and Clause 13 (Governing Law and Jurisdiction), which shall survive for a period of 24 months following the date of this Agreement; provided, however, that such termination shall, unless otherwise agreed by the Parties, be without prejudice to the rights of any Party in respect of a breach of this Agreement prior to such termination.

9. NOTICES

Any notice required or permitted to be given by or under this Agreement shall be in writing and shall be given by delivering it to the following address and facsimile number of the relevant party concerned:

The Company

Address: 24/F, SUP Tower, 75-83 King's Road, North Point, Hong Kong

Fax number: (852) 2838 0990

Attention: The Board of Director

The Subscriber:

Address: 11/F., AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong

Attention: Mr. Yu Shaoheng

or to such other address as the party concerned may have notified to the other party pursuant to this Clause and may be given by sending it by hand to such address or by sending it by facsimile to such facsimile number or (in either case) to such other address or facsimile number as the party concerned may have notified to the other parties in accordance with this Clause and such notice shall be deemed to be served at the time of delivery or facsimile transmission, or if sooner upon acknowledgement of receipt by or on behalf of the party to which it is addressed.

10. COSTS AND EXPENSES

- 10.1 The costs and expenses incurred in connection with the preparation, negotiation and settlement of this Agreement shall be borne by the Company.
- 10.2 Capital duty, stamp duty and all other fees and duties (if any) relating to the issue and delivery of the Bonds and fulfilment of all obligations under the Bonds shall be borne by the Company.

11. GENERAL PROVISIONS

- 11.1 Time shall be of the essence of this Agreement.
- 11.2 Each party undertakes to the others 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 hereto the full benefit of this Agreement.
- 11.3 This Agreement shall be binding on and enure for the benefit of the successors of each of the parties and shall not be assignable.
- 11.4 The exercise of or failure to exercise any right or remedy 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.
- 11.5 Any rights 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.
- 11.6 Any provision of this Agreement which is capable of being performed after Completion but which has not been fully and completely performed at or before Completion and all representations and warranties and other undertakings contained in or entered into pursuant to this Agreement shall remain in full force and effect notwithstanding Completion.
- 11.7 This Agreement constitutes the entire agreement between the parties with respect to its subject matter (none of the parties having relied on any representation or warranty made by the other parties 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.
- 11.8 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.
- 11.9 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.

12. GOVERNING LAW AND JURISDICTION

- 12.1 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.

SCHEDULE 1

Form of the Certificate of the Bonds

PPS INTERNATIONAL (HOLDINGS) LIMITED

寶聯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Certificate No.: 1/5

HK\$10,000,000 CONVERTIBLE BONDS

Issued pursuant to the Memorandum and Articles of Association of PPS International (Holdings) Limited, a company incorporated as an exempted company in the Cayman Islands whose registered office is situate at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the resolutions of its Board of Directors passed on [●] June 2017.

THIS IS TO CERTIFY that Wui Wo Enterprise Limited, a company incorporated in the British Virgin Islands with limited liability, the registered office of which is at 11/F., AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong, is the registered holder (the “**Bondholder**”) of the above-mentioned convertible bond (the “**Bonds**”). The Bonds are issued with the benefit of and subject to the terms and conditions attached hereto which shall form an integral part of this Certificate.

GIVEN under the Seal of PPS International (Holdings) Limited this [●] day of June 2017.

Director

Secretary / Director

Note:

The Bonds cannot be transferred to bearer on delivery and is only transferable to the extent permitted by Condition 2 of the terms and conditions thereof. This certificate must be delivered to the company secretary of PPS International (Holdings) Limited for cancellation and reissue of an appropriate certificate in the event of any such transfer.

(For endorsement in the event of partial conversion)

Date

Amount Converted

Amount Outstanding

TERMS AND CONDITIONS OF THE BONDS

The Bonds shall be held subject to and with the benefit of the terms and conditions set out below and such terms and conditions shall be binding on PPS International (Holdings) Limited (the “**Company**”). Expressions defined in the Subscription Agreement dated 15 June 2017 between the Bondholder and the Company relating to the Bonds shall bear the same meanings in this Certificate:

1. PRINCIPAL

Subject to the terms and conditions provided herein and in the event that Conversion or Redemption does not take place pursuant to Condition 5 or Condition 9 (as the case may be), the Company shall repay the principal moneys outstanding under the Bonds to the Bondholder on the date which falls on the first anniversary of the applicable Completion Date (the “**Maturity Date**”) in accordance with the terms of these Conditions.

2. STATUS AND TRANSFER

- (a) The obligations of the Company arising under the Bonds constitute unsecured subordinated obligations of the Company and rank, and will rank, *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company (except for the obligations which are mandatorily preferred by law).
- (b) No application will be made for the listing of the Bonds on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange. The Company will apply to the Stock Exchange for the listing of and permission to deal in the Conversion Shares to be allotted and issued upon exercise of the conversion rights attached to the Bonds.
- (c) The Bonds are freely transferable by the holders in such principal amount in multiples of HK\$1,000,000, provided that no Bonds may be transferred to any connected persons (as defined in the GEM Listing Rules) of the Company without the prior written consent of the Company. The Bondholder shall give written notice to the Company about the intended transfer at least 7 Business Days prior to the intended date of transfer.

3. INTEREST

- (a) The Bonds shall not bear any interest.

4. PAYMENTS

- (a) Payment of the principal in respect of the Bonds shall be made for value on the Maturity Date into such bank account as the Bondholder may notify the Company in writing from time to time provided that the Bondholder must provide details of such bank account to the Company by at least 3 Business Days notice in advance. All payments by the Company shall be made in HK\$.
- (b) If the due date for payment of any amount in respect of the Bonds is not a Business Day, the Bondholder will be entitled to payment on the next Business Day in the same manner.

5. CONVERSION

- (a) The Bondholder may, during the period commencing on the date of issue of the Bonds and ending on the Maturity Date, convert the entire principal amount outstanding under each Certificate for that number of Conversion Shares, provided that:
 - (i) the exercise of the conversion rights will not result in the Company being in breach of any provision of the GEM Listing Rules, including the requirement to maintain any prescribed minimum percentage of the issued share capital of the Company held by the public; or
 - (ii) upon exercise of the conversion rights, the Subscriber and its respective associates, together with any parties acting in concert (as defined in the Takeovers Code) with them, will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code, unless:
 - (a) such conversion is permissible under the Takeovers Code following the application by the Bondholder and granting by the Executive (as defined in the Takeovers Code) of a whitewash waiver and the approval of the Shareholders in this regard; or
 - (b) such Bondholder has fulfilled sufficient financial resources to make a general offer pursuant to Rule 26 of the Takeovers Code.
- (b) Notwithstanding any provisions of this Condition, in the event that the Bondholder has not exercised the rights provided for in the preceding subparagraph (a) and for so long as there is principal amount of the Bonds outstanding, the Company shall have the absolute right, in accordance with the procedure prescribed in paragraph 7(a) below, to convert in respect of the whole or part of the entire principal amount outstanding under each Certificate for that number of Conversion Shares.
- (c) In case the Bondholder (pursuant to paragraph (a) above) or the Company (pursuant to paragraph (b) above), as the case may be, chooses only to convert part of the principal amount outstanding (provided that any such conversion shall be made in amount of not less than an integral multiple of HK\$5,000,000 on each conversion) under the Certificate into the Conversion Shares, the Company shall issue the Conversion Shares to the Bondholder on a pro rata basis. In case the Bondholder (pursuant to paragraph (a) above) or the Company (pursuant to paragraph (b) above), as the case may be, does not exercise the Conversion Rights within the time specified above, the Company may at its sole discretion refuse to accept any or all conversion subsequently offered or proposed by the Bondholder.
- (d) Without limiting the generality of the above, the conversion price per Conversion Share shall be HK\$0.06 (excluding Stock Exchange trading fee, Securities and Futures Commission transaction levy and investor compensation levy and brokerage payable thereon) (the “**Conversion Price**”).

6. CONVERSION PRICE ADJUSTMENT

- (a) The Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions and so that if the event giving rise to any such adjustment would be capable of falling within more than one of sub-paragraphs 6(a)(i) to 6(a)(viii) inclusive of this Condition 6(a) it shall fall within the first of

the applicable paragraphs to the exclusion of the remaining paragraphs provided that if such event would be capable of falling within sub-paragraph 6(a)(viii) as well, sub-paragraph 6(a)(viii) shall apply:-

- (i) If and whenever the Shares by reason of any consolidation or sub-division, re-denomination or reclassification become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount. Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division or re-denomination or reclassification becomes effective.
- (ii) If and whenever the Company shall issue (other than 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 Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the aggregate nominal amount of the issued Shares immediately before such issue and dividing the result by the sum of such aggregate nominal amount and the aggregate nominal amount of the Shares issued in such capitalisation. Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.
- (iii) If and whenever the Company shall make any Capital Distribution (as defined in Condition 6(a)) to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:-

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

where:-

A = the market price (as defined in Condition 6(b)) on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date immediately preceding the date of the Capital Distribution or, as the case may be, of the grant; and

B = the fair market value on the day of such announcement or (as the case may require) the immediately preceding day, as determined in good faith by an Expert, of the portion of the Capital Distribution or of such rights which is attributable to one Share,

Provided that:-

(A) if in the opinion of the relevant Expert, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if B meant) the amount of the market price (as defined in Condition 6(b)) which should properly be attributed to the value of the Capital Distribution or rights; and

(B) the provisions of this sub-paragraph 6(a)(iii) shall not apply in relation to

the issue of Shares 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 Capital Distribution or grant.

- (iv) In the event that the Company carries out rights issue after the issue of the Bonds, the Conversion Price shall be adjusted in the following manner:

$$P_1 = (P_0 + A \times k) / (1 + k)$$

Where: "P₀" denotes the initial conversion price, "k" denotes the ratio of issuance of new shares or allotment ratio, "A" denotes the price for the issuance of new shares and allotment of shares and "P₁" denotes the conversion price after adjustment.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant.

- (v) (aa) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total Effective Consideration per Share (as defined below) initially receivable for such securities is less than 80 per cent of the market price (as defined in Condition 6(b)) at the date of the announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of Shares in issue immediately before the date of the issue plus the number of Shares which the total Effective Consideration receivable for the securities issued would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of the issue plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price. Such adjustment shall become effective (if appropriate retrospectively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier of the date on which the issue is announced and the date on which the issuer determines the conversion or exchange rate or subscription price.

(bb) If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (aa) of this subparagraph 6(a)(iv) are modified so that the total Effective Consideration per Share (as defined below) initially receivable for such securities shall be less than 80 per cent of the market price (as defined in Condition 6(b)) at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price and of which the denominator is the number of Shares in issue immediately before such date of modification plus the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price. Such adjustment shall become effective (if appropriate retrospectively) as at the date upon which such modification shall

take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted in accordance with the terms of such securities.

For the purposes of this sub-paragraph 6(a)(v), the “**total Effective Consideration**” receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the total Effective Consideration per Share initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

- (vi) If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 80 per cent of the market price (as defined in Condition 6(b)) at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at such market price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued. Such adjustment shall become effective on the date of the issue.
- (vii) If and whenever the Company shall issue Shares for the acquisition of asset at a total Effective Consideration per Share (as defined below) which is less than 80 per cent of the market price (as defined in Condition 6(b)) at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted in such manner as may be determined by an Expert (as defined in Condition 6(b)). Such adjustment shall become effective on the date of issue. For the purpose of this sub-paragraph 6(a)(vii) “**total Effective Consideration**” shall be the aggregate consideration credited as being paid for such Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**total Effective Consideration per Share**” shall be the total Effective Consideration divided by the number of Shares issued as aforesaid.
- (viii) If the Company determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances (whether or not referred to in sub-paragraphs 6(a)(i) to 6(a)(vii) above) or that an adjustment should not be made or should be made on a different basis (even if the relevant or circumstance is specifically provided for in sub-paragraphs 6(a)(i) to 6(a)(vii) above), or that the effective date for the relevant adjustment should be a date other than that mentioned in sub-paragraphs 6(a)(i) to 6(a)(vii) above, the Company may, at its own expense, request the Expert, acting as an expert, to make a final determination as soon as practicable (aa) what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and is appropriate to give the result which the Expert in good faith to reflect the intentions of the provisions of this Condition 6; and (bb) the date on which such adjustment should take effect; and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an

adjustment shall only be made pursuant to this sub-paragraph 6(a)(viii) if the Expert is so requested to make such a determination.

(b) For the purposes of this Condition 6:-

"announcement"	means an announcement released and published on the Stock Exchange and "date of announcement" shall mean the date on which the announcement is first so released or published and "announced" shall have a corresponding meaning;
"Capital Distribution"	shall (without prejudice to the generality of that phrase) include distributions in cash or specie. Any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a Capital Distribution;
"Expert"	means an independent investment bank of repute in Hong Kong selected by the Company or the auditors of the Company from time to time for the purpose of providing a specific opinion or calculation or determination hereunder;
"issue"	shall include allot;
"market price"	means the average of the closing prices of one Share on the Stock Exchange for each of the last five consecutive Stock Exchange trading days on which dealings in the Shares on the Stock Exchange took place ending on the last such trading day immediately preceding the day on or as of which the market price is to be ascertained;
"reserves"	includes unappropriated profits;
"rights"	includes rights in whatsoever form issued;

(c) The provisions of sub-paragraphs 6(a)(ii), 6(a)(iii), 6(a)(v) and 6(a)(vi) shall not apply to:-

- (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights (including any conversion of the Convertible Bond) to acquire Shares provided that an adjustment has been made under this Condition 6 in respect of the issue of such securities or granting of such rights (as the case may be); or
- (ii) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights to acquire Shares which rights are in existence as at the date hereof;
- (iii) an issue of Shares or other securities of the Company or a Subsidiary wholly or partly convertible into, or rights to acquire, Shares to officers or employees of the Company or any of its subsidiaries pursuant to any employee or executive share scheme adopted in accordance with the Listing Rules;
- (iv) an issue of Shares pursuant to a scrip dividend scheme where an amount not

less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares is not more than 110 per cent of the amount of dividend which holders of the Shares could elect to or would otherwise receive in cash, for which purpose the “**market value**” of a Share shall mean the average of the closing prices for such Stock Exchange trading days on which dealings in the Shares took place (being not less than five such days) as are selected by the directors of the Company in connection with determining the basis of allotment in respect of the relevant scrip dividend and which fall within the period of one month ending on the last day on which holders of Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash.

- (d) Any adjustment to the Conversion Price shall be made to the nearest one-tenth of a cent so that any amount under one-twentieth of a cent shall be rounded down and any amount of one-twentieth of a cent or more shall be rounded up and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of a larger nominal amount) involve an increase in the Conversion Price. In addition to any determination which may be made by the directors of the Company every adjustment to the Conversion Price shall be certified either (at the option of the Company) by the Expert.
- (e) Notwithstanding anything contained herein, no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this Condition would be less than one cent and any adjustment that would otherwise be required then to be made shall not be carried forward.
- (f) The Company or any of its Subsidiaries may 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, provided that the Company shall appoint an Expert to consider whether any adjustment to the Conversion Price is appropriate (and if such Expert shall certify that any such adjustment is appropriate, the Conversion Price shall be adjusted accordingly and the provisions of Conditions 6(d), 6(e) and 6(g) shall apply).
- (g) Whenever any event described in this Condition 6 occurs and the Conversion Price is adjusted as herein provided as a consequence, the Company shall as soon as possible and in any event within five (5) Business Days of the occurrence of the relevant event giving rise to the adjustment give notice to the Bondholder that the Conversion Price is adjusted (setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof) and shall at all times thereafter so long as the Convertible Bond remains outstanding make available for inspection at its principal place of business in Hong Kong a signed copy of the said certificate of the Expert and a certificate signed by a director of the Company setting forth particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request, send a copy thereof to the Bondholder.
- (h) If application of any of the provisions of this Condition 6 would but for this paragraph 6(h) result in the Conversion Price being reduced so that on conversion Shares shall fall to be issued at a discount to their nominal value, then the Conversion Price shall be adjusted to an amount equal to the nominal value of one Share.

6.2 Subject to the provisions herein, the Bondholder has the option to (i) convert all the principal amount of the Bonds into the Shares within the time and at the rate set out in Condition 5; or (ii) require for repayment of all the principal as set out in Conditions 4;

or (iii) convert part of the principal amount of the Bonds into the Conversion Shares within the time and at the rate set out in Condition 5 and require for repayment of the remaining principal as set out in Conditions 4.

7. PROTECTION OF THE BONDHOLDER

So long as the Bonds are outstanding, unless with prior written approval of the Bondholder and except for those matters contemplated in the Subscription Agreement:

- (a) the Company shall keep available for issue, free from pre-emptive rights, out of its authorised but unissued capital sufficient Shares to satisfy in full the Conversion Rights from time to time and all other rights for the time being outstanding of subscription for or conversion into Shares;
- (b) the Company shall not in any way modify the rights attached to the Shares as a class or attach any special restrictions thereto;
- (c) the Company shall procure that (i) no securities issued by the Company shall be converted into Shares or exchanged for Shares except in accordance with the terms of issue hereof or issues of other convertible bonds the fact or the plan of which has been disclosed to the Bondholder before the date of this Agreement, (ii) no securities issued by the Company without rights to convert into Shares or to be exchanged for Shares shall subsequently be granted such rights and (iii) at no time shall there be in issue Shares of differing nominal values;
- (d) the Company shall not, save with the written consent from the Subscriber, make any issue, grant or distribution or take any other action if the effect thereof would be that on the exercise of the Conversion Rights it would be required to issue Shares at a discount to their nominal value;
- (e) the Company shall not, save with the written consent from the Subscriber, subject as hereinafter provided, make any reduction or redemption of share capital, share premium account or capital redemption reserve or reduce any uncalled liability in respect thereof;
- (f) the Company shall not, save with the written consent from the Subscriber, enter into any deed, agreement, assignment, instrument or documents whatsoever which may result in any breach of any of the terms and conditions of the Bonds; and
- (g) the Company shall ensure that all Shares issued upon conversion of the Bonds will be duly and validly issued fully paid and registered.

8. PROCEDURE FOR CONVERSION

- (a) The Conversion Rights may, subject as provided herein, be exercised:
 - (i) within the period specified in Condition 5.1(a) by the Bondholder delivering to the principal place of business of the Company in Hong Kong a written notice stating the intention of the Bondholder to convert together with the Certificate; or
 - (ii) on the date specified in Condition 5.1(b) by the Company by delivering a written notice to the Bondholder, which notice, once served on the Bondholder, shall be irrevocable and shall, for the purposes of effecting the conversion, constitute a conversion notice obliging the Bondholder to accept the Conversion Shares arising on such conversion on and subject to the Memorandum and Articles of Association of the Company.

Upon receipt of such written notice, the Bondholder shall deliver to the Company this Certificate and such other Certificate(s) representing the aggregate amount of the Bonds so converted and, in the case of a partial conversion, the Company shall return this Certificate or such other Certificate(s) to the Bondholder within 7 Business Days of the date of such conversion together with an endorsement on this Certificate or such other Certificate(s) by a director of the Company for the amount so converted and any balance of the Bonds which remains convertible.

- (b) The Company shall be responsible for payment of all taxes and stamp, issue and registration duties (if any) and Stock Exchange trading fee, Securities and Futures Commission transaction levy and investor compensation levy and charges (if any) arising on conversion pursuant to Condition 8(a) above.
- (c) The Conversion Shares shall be allotted and issued by the Company to the Bondholder or as it may direct within 14 days after, and with effect from, the date the conversion notice is served by the Bondholder and if required, certificates for the Shares to which the Bondholder shall become entitled in consequence of exercising its Conversion Rights shall be issued in board lots and delivered to the Bondholder, (if appropriate) together with an endorsement on the Certificate by a director of the Company for any balance of the Bonds not converted.

9. REDEMPTION

- (a) The Company may voluntarily redeem all or any part of the Bonds at any time following the issue of the Bonds and prior to the Maturity Date by repaying the holder(s) of the Bonds such amount of the outstanding principal amount (in HK\$1,000,000 or multiples thereof) as may be determined by the Company.
- (b) The Company shall redeem the Bonds by repaying the holder(s) of the Bonds all outstanding principal amount.
- (c) In the event that the entire principal amount of the Bonds is converted into the Shares or purchased by the Company, the Bonds and this Certificate shall forthwith be cancelled by the Company.

10. EVENTS OF DEFAULT

The Bondholder may give notice to the Company that the Bonds are immediately due and repayable if:

- (a) the Company fails to pay the principal on the Bonds when due in accordance with Condition 1; or
- (b) the Company defaults in performance or observance or compliance with any of its other obligations set out herein which default is incapable of remedy or, if capable of remedy, is not in the reasonable opinion of the Bondholder remedied within 14 days after notice of such default shall have been given to the Company by the Bondholder; or
- (c) any present or future indebtedness of the Company for or in respect of any bonds, debentures, notes or similar instruments of indebtedness or any other monies borrowed or raised becomes due and payable prior to its stated maturity otherwise than at the option of the Company, or is not paid when due or as the case may be, within any applicable grace period and the amount of such

indebtedness exceeds the equivalent of HK\$10,000,000; or

- (d) an security holder takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company; or
- (e) the Company becomes insolvent or the Company shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, composition or insolvency law or scheme of arrangement while insolvent and such proceedings shall not have been discharged or stayed within a period of 30 days (or such longer period as the Bondholder may consider appropriate); or
- (f) an order of court is made or an effective resolution of shareholders is passed for the winding-up of the Company or the Company ceases or threatens to cease carrying on all or substantially all or a material part of its business or operations; or
- (g) a moratorium is agreed or declared in respect of any indebtedness of the Company or any governmental authority or agency seizes, compulsorily purchases, expropriates or nationalizes all or a substantial part of the assets of the Company; or
- (h) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the property, assets or revenues of the Company and is not discharged or stayed within 45 days (or such longer period as the Bondholder may consider appropriate in relation to the event concerned and confirm so in writing); or
- (i) proceedings shall have been initiated (that is, issued and served) against the Company under any applicable bankruptcy, composition or insolvency law or scheme of arrangement while insolvent and such proceedings shall not have been discharged or stayed within a period of 60 days (or such longer period as the Bondholder may consider appropriate and confirm so in writing); or
- (j) any Warranty is or proves to have been incorrect or misleading in any material respect when made or deemed to be made, or there is a material breach by the Company of any Warranty or obligation under the Subscription Agreement;
- (k) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done by the requisite time or, if in the opinion of the Bondholder such situation is capable of remedy, within 30 days of the time when the Company becomes (or ought reasonably to have become) aware of the same; or
- (l) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under the Bonds.

Upon the occurrence of any of the above events or circumstances (each an “**Event of Default**”) followed by a demand for repayment being given to the Company by the Bondholder, the Bonds shall immediately become due and repayable at its principal amount, provided that no such demand by the Bondholder shall be made pursuant to an Event of Default which has been (i) waived by the Bondholder in writing or (ii)

remedied within 10 days from the date which the Bondholder notifies in writing to the Company of such Event of Default occurring.

11. ACCESS TO INFORMATION

The Company shall provide to the Bondholder:

- (a) in relation to financial or other reports of the Group, (i) within 90 days after the end of each Financial Year, the annual audited consolidated financial statements of the Company and the Group Members for such Financial Year, (ii) within 45 days after the end of each of the first three quarters, quarterly unaudited consolidated financial statements of the Company and the Group Members for such quarter, (iii) within 45 days after the end of each month, monthly unaudited management accounts of the Company and the Group Members for such month and (iv) such other reports as the Board of any Group Member may determine or the Bondholder may reasonably may request;
- (b) copies of all documents despatched by the Company to its shareholders generally (or any class of them) or despatched by it to its creditors generally (or any class of them), and upon reasonable notice by the Bondholder (i) reasonable access to, and the right to take copies of, the books and records of each Group Member including, without limitation, the statutory books, minute books, tax records, in the possession or control of any Group Member, and (ii) reasonable access to the management and advisors of any member of the Group, including through the arrangement and facilitation of discussions between the Bondholder and such management and/or advisors, for the purpose of enabling the Bondholder to verify matters relating to any financial report referred to in paragraph (a), provided that the obligations of the Company under this paragraph shall not extend to allowing access to information which is reasonably regarded as confidential to the activities of the Company otherwise than in connection with the Group.

12. VOTING

The Bondholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the Bondholder.

13. NOTICES

Any notice required or permitted to be given shall be in writing and given by delivering it to the party to the following address and facsimile number of the relevant party concerned:

Bondholder:

Address: 11/F., AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong
Attention: Mr. Yu Shaoheng

The Company:

Address: 24/F, SUP Tower, 75-83 King's Road, North Point, Hong Kong

Fax number: (852) 2838 0990

Attention: The Board of Directors

or to such other address as the party concerned may have notified to the other party pursuant to this Condition 13 and may be given by sending it by hand or in a prepaid envelope by registered mail (by air if international) to such address or (in either case) to such other address as the party concerned may have notified to the other parties in accordance with this paragraph and such notice shall be deemed to be served at the time of delivery or (as the case may be) 2 Business Days after posting, or if sooner upon acknowledgement of receipt by or on behalf of the party to which it is addressed.

14. AMENDMENT

The terms and conditions of the Bonds may be varied, expanded or amended by agreement in writing between the Company and the Bondholder.

15. GOVERNING LAW AND JURISDICTION

The Bonds and the terms and conditions of the Bonds are governed by and shall be construed in accordance with the law of Hong Kong and the parties agree to submit to the non-exclusive jurisdiction of the courts of Hong Kong.