

(Execution version)

DATED 18 December 2017

YU SHAOHENG
(as “Borrower”)

and

LAU, CHI YUEN JOSEPH
(as “Lender”)

LOAN AGREEMENT
HK\$40,000,000
TERM LOAN FACILITY

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THIS AGREEMENT is dated 18 December 2017 and made

BETWEEN:

- (1) YU SHAOHENG, holder of Hong Kong identity card no. M190312(3) of Flat D, 8/F, Block 3, Meridian Hill, 81 Broadcast Drive, Kowloon Tong, Kowloon, Hong Kong, as borrower (“**Borrower**”); and
- (2) LAU, CHI YUEN JOSEPH, holder of Hong Kong identity card no. C651214(1) of Flat A, 43/F, The Summit, 41C Stubbs Road, Wan Chai, Hong Kong, as lender (“**Lender**”).

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement (including the Recitals, the Schedules and, the Appendices and Exhibits), the following expressions shall, unless the context otherwise requires, have the following meanings:

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|------------------------------|--|
| “Account Charge” | means the charge over account executed or to be executed by the Borrower over the Securities Account and the assets deposited thereunder in the form, or substantially in the form, set out in Appendix 3; |
| “Advance” | means the lending under the Facility pursuant to Clause 4 or, as the context may require, the principal amount advanced to the Borrower on each such occasion; |
| “Availability Period” | means the period commencing on the date of this Agreement and ending on the earlier of (i) one week from the date hereof and (ii) the date on which the Facility is fully drawn, cancelled or terminated under the provisions of this Agreement; |
| “Banking Day” | means a day (other than a Saturday or a Sunday) on which banks are open for general business in Hong Kong; |
| “Convertible Bonds” | means convertible bonds in the principal amount of HK\$50,000,000 issued to Wui Wo Enterprise Limited by the Offeree Company on 21 August 2017; |
| “CB Holder” | means holder of the Convertible Bonds; |
| “Drawdown Date” | means the date on which the Advance is drawn down as set out in the Notice of Drawing; |
| “Encumbrance” | means: <ol style="list-style-type: none">(a) any mortgage, charge, pledge, lien, encumbrance, hypothecation or other security interest or security |

	arrangement of any kind;
	(b) any arrangement whereby any rights are subordinated to any rights of any third party;
	(c) any contractual right of set-off; and
	(d) the interest of a vendor or lessor under any conditional sale agreement, lease, hire purchase agreement or other title retention arrangement other than an interest in a lease or hire purchase agreement which arose in the ordinary course of business;
“Event Default”	of means any event or circumstance specified as such in Clause 12 or in any Security Document; and “prospective Event of Default” means any event or circumstance which with the giving of notice and/or the passage of time and/or the making of any relevant determination and/or the forming of any necessary opinion would be an Event of Default;
“Facility”	means the loan facility to be made available under this Agreement;
“GEM”	means the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on the GEM;
“General Offer”	means the voluntary or mandatory general offer to be made by the Borrower for shares in the Offeree Company not already owned by him or parties acting in concert with him;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Dollars” and “HK\$”	means the lawful currency for the time being of Hong Kong;
“Institution”	means the institution where the Securities Account is held;
“Loan”	means the aggregate principal amount drawn and for the time being outstanding under the Facility;
“Material Adverse Effect”	means, in the opinion of the Lender, a material adverse effect on: <ul style="list-style-type: none"> (a) the ability of the Borrower to perform his obligations under any of the Security Documents; (b) where applicable, the business, operations, assets, financial, foreign exchange or other condition or

prospects of the Borrower; or

- (c) the validity or enforceability of any Security Document, the value of any security under any Security Document or the rights or remedies of the Lender under the Security Documents;

“Maturity Date” means initially the date falling the expiry of one (1) month from the date on which the Loan is drawn, with automatic renewal and extension up to the date falling on the expiry of six (6) months from the Drawdown Date subject to early prepayment by the Borrower;

“Notice Drawing” of means a notice in the form set out in Appendix 1;

“Offeree Company” means PPS International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the GEM under stock code 8201;

“Securities Account” means the cash account maintained with Grand Moore Capital Limited opened in the name of the Borrower with account number C60021217 ;

“Security Documents” means the Account Charge and any other document executed from time to time by whatever person as a further guarantee of or security for all or any part of the Borrower’s obligations under this Agreement;

“Share(s)” means share(s) in the share capital of the Offeree Company;

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

“Takeovers Code” means the Hong Kong Codes on Takeovers and Mergers; and

“%” means per cent.

1.2 Construction

In this Agreement, unless the context requires otherwise, any reference to:

“authorisation” includes any approvals, consents, licences, permits, franchises, permissions, registrations, resolutions, directions, declarations and exemptions;

“including” or “includes” including or includes without limitation;

“indebtedness” includes any obligation of any person for the payment or repayment of money, whether

present or future, actual or contingent, including but not limited to any such obligation:

- (a) under or in respect of any acceptance, bill, bond, debenture, note or similar instrument;
- (b) under or in respect of any guarantee, indemnity, counter-security or other assurance against financial loss;
- (c) in respect of the purchase, hire or lease of any asset or service; or
- (d) in respect of any indebtedness of any other person whether or not secured by or benefiting from an Encumbrance on any property or asset of such person;

“law” and/or “regulation”

includes any constitutional provisions, treaties, conventions, statutes, acts, laws, decrees, ordinances, subsidiary and subordinate legislation, orders, rules and regulations having the force of law and rules of civil and common law and equity;

“order”

includes any judgment, injunction, decree, determination or award of any court, arbitration or administrative tribunal;

“person”

includes any individual, company, body corporate or unincorporated or other juridical person, partnership, firm, joint venture or trust or any federation, state or subdivision thereof or any government or agency of any thereof;

“security”

means a mortgage, charge, pledge, lien, assignment or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

“tax”

includes any tax, levy, duty, charge, impost, fee, deduction or withholding of any nature now or hereafter imposed, levied, collected, withheld or assessed by any taxing or other authority and includes any interest, penalty or other charge payable or claimed in respect thereof and “taxation” shall be construed

accordingly.

1.3 Successors and Assigns

The expressions “Borrower” and “Lender” shall where the context permits include their respective successors and permitted assigns and any persons deriving title under them.

1.4 Miscellaneous

In this Agreement, unless the context requires otherwise, references to statutory provisions shall be construed as references to those provisions as replaced, amended, modified or re-enacted from time to time; words importing the singular include the plural and *vice versa* and words importing a gender include every gender; references to this Agreement or any Security Document shall be construed as references to such document as the same may be amended or supplemented or novated from time to time; unless otherwise stated; references to Clauses, Schedules, Appendices and Exhibits are to clauses of, schedules, appendices and exhibit to this Agreement and references to this Agreement include its Schedules, Appendices and Exhibits. Clause headings are inserted for reference only and shall be ignored in construing this Agreement.

2. THE FACILITY

2.1 Grant of the Facility and the Amount

Subject to the provisions of this Agreement, the Lender relying on the Borrower’s warranties, representations and undertakings contained in this Agreement agrees to, during the Availability Period, make the Facility available to the Borrower with an aggregate principal amount of HK\$40,000,000.

2.2 Purpose and Order of Utilisation

2.2.1 The proceeds of the Facility shall be used by the Borrower solely for the purpose of making the General Offer.

2.2.2 The proceeds of the Facility shall only be utilised after the initial deposit of HK\$55 million deposited into the Securities Account by the Borrower as provided in Clause 3.1.1(d) below has been fully utilised in acquiring Shares in the manner as agreed by the Lender and the Borrower.

3. CONDITIONS

3.1 Conditions Precedent

The Lender shall not be obliged to make the Advance to the Borrower unless:

3.1.1 the Lender shall have received (in form and substance satisfactory to the Lender) /shall have been satisfied that:

Loan Agreement

(a) this Agreement duly executed by the Borrower;

Personal Documents

- (b) in relation to the Borrower, certified true copies of:
 - (i) his Hong Kong identity card;
 - (ii) his address proof;

Security Document

- (c) the Account Charge duly executed by the Borrower and all other documents (where applicable, duly executed) required pursuant thereto;

Initial Deposit into the Charged Account

- (d) evidence that the Borrower has deposited or caused to deposit cash of not less than HK\$55 million into the Securities Account and that the cash balance in the Securities Account as of the Drawdown Date shall not be less than HK\$55 million;

Undertaking from CB holder

- (e) an undertaking in the form satisfactory to the Lender and the lawyer appointed by the Borrower duly executed by the CB Holder not to convert any of the Convertible Bonds for so long as any sum remains to be lent or paid under this Agreement;

Miscellaneous

- (f) a copy of any other authorisation or other document, opinion or assurance which the Lender has notified the Borrower is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, this Agreement or any Security Documents or for the validity and enforceability of this Agreement or any Security Documents;
- (g) a confirmation letter from the Institution or other evidence showing that the Securities Account has been opened; and
- (h) such other documents relating to any of the matters contemplated herein as the Lender may reasonably request.

3.2 Drawdown Date Actions

On the Drawdown Date, subject to the Lender's satisfaction that each of the Conditions Precedent as set out in this Agreement has been fulfilled, the Lender shall make the Advance available by wire transfer to the Securities Account in accordance with the Notice of Drawing. For the avoidance of doubt, the closing shall take place at the place designated by the Lender.

3.3 Conditions Subsequent

The Borrower agrees with the Lender that

- (i) as soon as practicable and in any event within two (2) Banking Days from the Drawdown Date, (i) deposit 42,789,750 Shares representing approximately 16% of the total issued shares of the Offeree Company into the Securities Account and (ii) provide evidence of such; and
- (ii) as soon as practicable and in any event within two (2) Banking Days after each and every acquisition of Share for which funds in the Securities Account are utilised, (i) deposit all Shares acquired pursuant to the General Offer or otherwise into the Securities Account; and (ii) provide evidence of such.

3.4 Form of Documents and Evidence

All the documents and evidence referred to in Clauses 3.1 and 3.3 shall be in form and substance satisfactory to the Lender. Copies required to be certified shall be certified in a manner satisfactory to the Lender by the Borrower or other parties concerned or by a certified public accountant.

4. ADVANCES

4.1 Availability of Advance

Subject to Clause 4.2 and the other terms and conditions of this Agreement, the Borrower may request the making of the Advance in one lump sum in the manner set out in the Notice of Drawing on any Banking Day during the Availability Period.

4.2 Conditions to the Making of Advance

The making of the Advance is subject to the Clause 3.1 being fulfilled before the Notice of Drawing is given or at such later time as the Lender may agree and also subject to the conditions that:

- (a) the Lender shall have received not later than 12:00 noon (Hong Kong time) on the Banking Day immediately before the date on which the Advance is to be made a duly completed and signed original Notice of Drawing;
- (b) the representations and warranties set out in Clause 10 are true, correct and not misleading in all respects;
- (c) no Event of Default or prospective Event of Default shall have occurred (or would be likely to occur as a result of the Advance being made) and all representations and warranties made by the Borrower in or in connection with this Agreement shall be true, correct and not misleading as at the date such Advance is to be made with reference to the facts and circumstances then subsisting; and
- (d) not later than 11:00 a.m. (Hong Kong time) on the date on which the Advance is to be made, the Lender shall have received and found satisfactory such additional information and documents relating to the Borrower or this

Agreement or any Security Document as the Lender may reasonably require as a result of circumstances arising or becoming known to the Lender since the date of this Agreement.

For the avoidance of doubt, the Lender shall have the absolute discretion to allow the making of the Advance even if the conditions specified in this Clause 4.2 shall not have been fully satisfied before the time of such Advance but the exercise of such discretion by the Lender shall not in any way be construed as a waiver by the Lender of any of such conditions not so satisfied and shall not operate to prejudice or impair any right, power or remedy of the Lender hereunder or otherwise. The Borrower undertakes with the Lender to deliver to the Lender such documents or information and do such acts or deeds as are necessary to fulfil such conditions as are outstanding after the Advance as soon as possible thereafter and agrees to indemnify the Lender against all losses, damages, costs, charges and expenses incurred or suffered by the Lender arising from or in connection with a breach by the Borrower of his obligations and undertaking hereunder.

4.3 Notice of Drawing Irrevocable

The Notice of Drawing once given shall be irrevocable and the Borrower shall be bound to draw and the Lender shall make the Advance in accordance therewith, except as otherwise provided in this Agreement.

4.4 Cancellation

Any part of the Facility undrawn at the end of the Availability Period shall be cancelled.

5. **INTEREST**

5.1 Interest

The Borrower shall pay interest on the Loan monthly, in arrears, at the rate of 1.5% per month on the principal of the Loan from the Drawdown Date.

5.2 Payment of interest

The Borrower shall pay the first interest on the date falling expiry of one month after the Drawdown Date (the “**Interest Payment Date**”) and thereafter pay the other interest on the date falling expiry of one month interval from the preceding Interest Payment Date.

6. **REPAYMENT, PREPAYMENT AND EXTENSION OPTION**

6.1 Repayment

(a) The Borrower shall repay the Loan in full (together with all other amounts accrued or outstanding under this Agreement and any Security Documents computed up to the date of payment) on the Maturity Date.

(b) Subject to the right of the Lender under Clause 12, the term of the Loan shall be six (6) months comprising initially an one-month period from the

Drawdown Date and with automatic renewal and rollover for another five (5) one-month periods unless early prepayment by the Borrower. The Borrower shall have the right to early prepay the Loan by giving the Lender not less than seven (7) days prior written notice before the expiry of each one-month period during the term.

7. TAXES AND OTHER DEDUCTIONS

7.1 No Deductions or Withholdings

All sums payable by the Borrower under this Agreement shall be paid in full without set-off or counterclaim or any restriction or condition and free and clear of any tax or other deductions or withholdings of any nature. If the Borrower or any other person is required by any law or regulation to make any deduction or withholding (on account of tax or otherwise) from any payment, the Borrower shall, together with such payment, pay such additional amount as will ensure that the Lender receives (free and clear of any tax or other deductions or withholdings) the full amount which he would have received if no such deduction or withholding had been required. The Borrower shall promptly forward to the Lender copies of official receipts or other evidence showing that the full amount of any such deduction or withholding has been paid over to the relevant taxation or other authority.

7.2 Advance Notification

If at any time the Borrower becomes aware that any such deduction, withholding or payment contemplated by Clause 7.1 is or will be required, he shall immediately notify the Lender and supply all available details thereof.

8. FEES AND EXPENSES

8.1 Expenses

The Borrower shall forthwith on demand and whether or not any Advance is made pay to or reimburse the Lender for all costs, charges and expenses (including legal and other fees on a full indemnity basis and all other out-of-pocket expenses) reasonably incurred by him in connection with the negotiation, preparation, execution and (where relevant) registration of this Agreement, the Security Documents and any other documentation (including but not limited to legal opinions) required hereunder or thereunder and the arrangement of the Facility and any amendment hereto or to any Security Documents and any inspection, calculation, approval, consent or waiver to be conducted, made or given by the Lender pursuant to any provision of this Agreement or any Security Documents.

8.2 Enforcement Costs

The Borrower shall from time to time forthwith on demand pay to or reimburse the Lender for all costs, charges and expenses (including legal and other fees on a full indemnity basis and all other out-of-pocket expenses) incurred by him in exercising any of its rights or powers under this Agreement or any Security Documents or in suing for or seeking to recover any sums due under this Agreement or any Security Documents or otherwise preserving or enforcing its rights under this Agreement or

any Security Documents or in defending any claims brought against him in respect of this Agreement or any Security Document or in releasing or re-assigning any Security Document.

8.3 Taxes

The Borrower shall pay all present and future stamp and other like duties and taxes and all notarial, registration, recording and other like fees which may be payable in respect of this Agreement or any Security Document and shall indemnify the Lender against all liabilities, costs and expenses which may result from any default in paying such duties, taxes or fees.

9. PAYMENTS AND EVIDENCE OF DEBT

9.1 Advances

Amounts to be advanced by the Lender under this Agreement shall be made available to the Borrower by way of wire transfer in accordance with Clause 3.2 of this Agreement.

9.2 Payments by Borrower

Unless otherwise provided in this Agreement, all payments by the Borrower under this Agreement shall be made to the Lender by cheque (of a licensed bank in Hong Kong that is acceptable to the Lender) made payable to the Lender which shall be delivered to the Lender by no later than 11:00 a.m. (Hong Kong time) on the relevant due date or by crediting such payments in immediately available fund to the account as the Lender may designate in writing for such purpose by no later than 11:00 a.m. (Hong Kong time).

9.3 Allocation of Receipts

If any amount received by the Lender is less than the full amount due, the Lender shall have the right to allocate the amount received towards principal, interest and/or other sums owing hereunder as he considers appropriate.

9.4 Banking Days

If any sum would otherwise become due for payment on a non-Banking Day that sum shall become due on the next following Banking Day and interest shall be adjusted accordingly, except that if any repayment due under Clause 6.1 would then become due in another calendar month such repayment shall become due on the immediately preceding Banking Day.

9.5 Evidence of Debt

The Lender shall maintain on its books in accordance with its usual practice a set of accounts recording the amounts from time to time owing by the Borrower hereunder. In any legal proceeding and otherwise for the purposes of this Agreement the entries made in such accounts shall, in the absence of manifest error, be conclusive and binding on the Borrower as to the existence and amounts of the obligations of the Borrower recorded therein.

9.6 Certificate Conclusive and Binding

Where any provision of this Agreement provides that the Lender may certify or determine an amount or rate payable by the Borrower, a certificate by the Lender as to such amount or rate shall be conclusive and binding on the Borrower in the absence of manifest error.

10. REPRESENTATIONS AND WARRANTIES

10.1 Representations and Warranties

The Borrower unconditionally and irrevocably represents and warrants to the Lender that:

- (a) he has the personal capacity to enter into this Agreement and the Security Documents;
- (b) he is not a minor and is of sound mind;
- (c) no order has been made or receiver appointed in respect of him under the Mental Health Ordinance (Cap. 136 of the laws of Hong Kong) nor has any step or procedure been taken in any other jurisdiction which would restrict the his ability or legal capacity to enter into this Agreement to which he is a party or would require the approval of a third party or an authority;
- (d) this Agreement constitutes and the Security Documents when executed and delivered will constitute legal, valid and binding obligations of the Borrower enforceable in accordance with its terms;
- (e) save as previously disclosed to the Lender, neither the execution of this Agreement (or any other document delivered by the Borrower under or in connection with this Agreement which he is party to) and the Security Documents nor the performance by the Borrower of any of its obligations or the exercise of any of its respective rights thereunder will:
 - (i) conflict with or result in a breach of any law, regulation, judgment, order, authorisation, agreement or obligation applicable to the Borrower;
 - (ii) cause any limitation placed on the Borrower to be exceeded;
- (f) all authorisations required from any governmental authority of the Borrower for or in connection with the execution, validity and performance of this Agreement and the Security Documents have been obtained and are in full force and effect or, by the date on which the Notice of Drawing is given, will have been obtained and be in full force and effect and there has been no default under the conditions of any of the same;
- (g) it is not necessary in order to ensure the validity, enforceability, priority or admissibility in evidence in proceedings of this Agreement or any of the Security Documents in Hong Kong or any other relevant jurisdiction that it or

any other document be filed or registered with any authority in Hong Kong or elsewhere or that any tax be paid in respect thereof;

- (h) no proceedings (including litigation, arbitration and administrative proceedings) currently taking place or pending or, to his knowledge, threatened against the Borrower or his assets which has a Material Adverse Effect on the validity, enforceability and priority of any of the Security Documents, or his ability to perform its obligation under the Security Documents;
- (i) the Borrower is not in default under any law, regulation, judgment, order, authorisation, agreement or obligation applicable to him or his assets, the consequences of which default could materially and adversely affect his condition (financial or otherwise) or his ability to perform his obligations under this Agreement or any of the Security Documents and no Event of Default or prospective Event of Default has occurred;
- (j) as at the date of this Agreement no Encumbrance exists over all or any part of the property, assets of the Borrower except as previously disclosed to the Lender or as created by the Security Documents ;
- (k) as at the date of this Agreement, the Borrower has no indebtedness to any party and has not granted any guarantee except as previously disclosed to the Lender;
- (l) as at the date of this Agreement no security interest exists and no transaction has been entered into over or in respect of, all or any of the present assets of the Borrower except as previously disclosed to the Lender or as created by the Security Documents;
- (m) the Borrower has not been declared bankrupt and he has not entered into (or taken steps to enter into) bankruptcy, administration, administrative receivership, receivership, any voluntary arrangement, a scheme of arrangement with creditors, any analogous or similar procedure in any jurisdiction and no petition has been presented or other step been taken by any person with a view to any of those things or similar things, and he is not currently the subject of bankruptcy, moratorium proceeding and/or procedures, which may affect the validity and/or enforceability for performance of its obligations under this Agreement and the Security Documents and other documents contemplated under this Agreement, or which may result in setting aside of its obligations under this Agreement and the Security Documents and other documents contemplated under this Agreement;
- (n) the Borrower is not subject to civil and commercial law and to proceedings, and neither the Borrower nor any of his assets are entitled to any immunity or privilege (sovereign or otherwise) from any set-off, judgment, execution, attachment or other legal process;
- (o) no fact exists that would adversely affect the Borrower's ability to perform his obligations pursuant to this Agreement;

- (p) as at the date of this Agreement no guarantee has been provided by the Borrower;
- (q) all information, materials provided to the Lender by the Borrower or his nominees or representatives and all matters contained in or confirmed by the Borrower in connection with the Facility (including but not limited to the financial status and indebtedness status of the Borrower and representations and warranties in connection thereto) are true, complete and accurate in all respects and does not contain any misstatement of fact or omit any material fact and in the case of documentation, the copies of documents supplied are true, complete and accurate; and
- (r) the Borrower agrees that the Loan is a private loan made available by the Lender to the Borrower.

10.2 Continuing Representation and Warranty

- (a) The Borrower acknowledges that the Lender has entered into this Agreement in reliance on the representation and warranties contained in this Clause 10, notwithstanding any information regarding the Borrower or other matters which may otherwise have come into the possession of the Lender or which the Lender ought to have known or had constructive knowledge of.
- (b) The Borrower also unconditionally and irrevocably represents and warrants that each of the representations and warranties contained in this Clause 10 is true and accurate and not misleading in any respect as given as at the date of this Agreement, and unless expressly stated to be given on a particular date, will be true and accurate and not misleading in any respect throughout the subsistence of this Agreement with reference to the facts and circumstances subsisting from time to time.
- (c) Each of the representations and warranties contained in this Clause 10 is separate and independent, and the rights and remedies of the Lender in respect of any breach of such representations or warranties shall not be affected or determined by any investigation made by Lender or on its behalf or by any other event whatsoever.

11. UNDERTAKINGS

11.1 Affirmative Undertakings

The Borrower undertakes and agrees with the Lender throughout the continuance of this Agreement and so long as any sum remains owing hereunder that the Borrower will unless the Lender otherwise agrees in writing:

- (a) promptly inform the Lender of:
 - (i) the occurrence of any Event of Default or prospective Event of Default;

- (ii) any litigation, arbitration or administrative proceeding as referred to in Clause 10.1(h); and
- (iii) any event of force majeure;
- (b) maintain in full force and effect all such authorisations as are referred to in Clause 10.1(f) , and take immediate steps to obtain and thereafter maintain in full force and effect any other authorisations which may become necessary or advisable for the purposes stated therein and comply with all conditions attached to all authorisations obtained;
- (c) comply with all applicable present and future laws and regulations;
- (d) ensure that his obligations under this Agreement at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Borrower save for those which rank in priority by operation of law;
- (e) use the Facility exclusively for the purpose and order of utilisation specified in Clause 2.2; and
- (f) punctually pay all sums due from him to the Lender and otherwise comply with his obligations under this Agreement and the Security Documents.

11.2 Negative Undertakings

The Borrower undertakes and agrees with the Lender throughout the continuance of this Agreement and so long as any sum remains owing hereunder that the Borrower will not, unless the Lender otherwise agrees in writing:

- (a) make or grant any loan or advance or guarantee or indemnity;
- (b) enter into any agreement or obligation which might materially and adversely affect his financial or other condition; and
- (c) provide any guarantee (in whatsoever form) to any other parties (save and except for those guarantees constituted by the Security Documents).

12. EVENTS OF DEFAULT

12.1 Events of Default

Each of the following events and circumstances shall be an Event of Default:

- (a) the Borrower fails to pay any sum payable under this Agreement or any Security Document when due or otherwise in accordance with the provisions hereof or thereof;
- (b) the Borrower fails duly and punctually to perform or comply with any of his respective obligations or undertakings hereunder or under any Security Document and, in respect only of a failure which in the opinion of the Lender is capable of remedy and which is not a failure to pay money, does not remedy

such failure to the Lender's satisfaction within seven (7) days after receipt of written notice from the Lender requiring him to do so;

- (c) any representation or warranty made or deemed to be made by the Borrower in or in connection with this Agreement or any Security Document proves to have been incorrect or misleading in any respect and, in respect only of a breach which in the opinion of the Lender is capable of remedy, does not remedy such breach to the Lender's satisfaction within seven (7) days after receipt of written notice from the Lender requiring him to do so;
- (d) the Borrower defaults or receives notice of default under any agreement or obligation relating to borrowing or any indebtedness of the Borrower becomes payable or capable of being declared payable before its stated maturity or is not paid when due (and taking into account any applicable cure period in the relevant agreement) or any Encumbrance, guarantee or other security now or hereafter created by the Borrower becomes enforceable;
- (e) any of the authorisations referred to in Clause 10.1(f) is not granted or ceases to be in full force and effect or is modified in a manner which, in the opinion of the Lender, might materially and adversely affect the financial or other condition of the Borrower or the ability of the Borrower to perform his obligations under this Agreement or any Security Document, or if any law, regulation, judgment or order (or the repeal or modification of any of the foregoing) suspends, varies, terminates or excuses performance by the Borrower of any of his obligations under this Agreement or any Security Document or purports to do any of the same;
- (f) a creditor takes possession of all or any part of the assets of the Borrower or any execution or other legal process is enforced against any asset of the Borrower and is not discharged within seven (7) days;
- (g) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed or a notice is issued convening a meeting for the purpose of passing any resolution or any other step is taken by any person for administration, or bankruptcy of the Borrower or for the appointment of a liquidator, receiver, administrator, trustee or similar officer of the Borrower or of all or any part of his assets and the failure by the Borrower to have any such petition or appointment discharged within seven (7) days;
- (h) the Borrower stops or suspends payments to his creditors generally or is unable or admits his inability to pay his debts as they fall due or seeks to enter into any composition or other arrangement with his creditors or is declared or becomes bankrupt;
- (i) anything is done or omitted by the Borrower (which, in the opinion of the Lender, materially affects the ability of the Borrower to perform his obligations under this Agreement and/or the Security Documents to which he is a party by which he is bound, or impairs or renders insufficient or inadequate the securities provided for in this Agreement and/or the Security Documents;

- (j) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the assets of the Borrower and is not discharged or stayed within thirty (30) days or a judgment of any court is not discharged within thirty (30) days unless an appeal therefrom has been duly lodged during the said thirty (30) day period and execution is stayed pending appeal;
- (k) any event which has an effect equivalent or similar to any of the events described in any of the above paragraphs occurs, mutatis mutandis, in relation to the Borrower or if any such person (being an individual) commits an act of bankruptcy, dies or becomes of unsound mind;
- (l) this Agreement or any Security Document or any provision hereof or thereof ceases for any reason to be in full force and effect or is terminated or jeopardised or becomes invalid or unenforceable or if there is any dispute regarding the validity or enforceability of the same or if there is any purported termination or repudiation of the same or it becomes impossible or unlawful for the Borrower or any other party thereto to perform any of his respective obligations hereunder or thereunder or for the Lender to exercise all or any of his rights, powers and remedies hereunder or thereunder;
- (m) any situation occurs which in the opinion of the Lender gives reasonable grounds to believe that a Material Adverse Effect in the financial or other condition or prospects of the Borrower has occurred or that the ability of the Borrower to perform his obligations hereunder or under any Security Document has been or will be materially and adversely affected;
- (n) shares of the Offeree Company are de-listed from the Stock Exchange; and
- (o) trading in the shares of the Offeree Company on the Stock Exchange is suspended for more than ten (10) consecutive trading days of the Stock Exchange, except for suspension in connection with potential mandatory general offer to the shareholders of the Offeree Company, including but not limited to suspension due to the clearance of the announcement and/or circular of the Offeree Company and/or composite documents prepared in accordance with the GEM Listing Rules and/or Takeovers Code by the Stock Exchange or the Securities and Futures Commission of Hong Kong.

12.2 Declarations

If an Event of Default has occurred, the Lender may by written notice to the Borrower:

- (a) declare the Loan, accrued interest and all other sums payable hereunder to be, whereupon they shall become, immediately due and payable without further demand, notice or other legal formality of any kind; and/or
- (b) declare the Facility terminated whereupon the obligation of the Lender to make further Advances hereunder shall immediately cease; and/or
- (c) take possession of, sell or otherwise deal with any of the assets subject to the Account Charge.

13. DEFAULT INTEREST

13.1 Rate of Default Interest

If the Borrower fails to pay any sum payable under this Agreement when due, the Borrower shall pay interest on such sum from and including the due date to the date of actual payment (after as well as before judgment) at the rate of 2% per month (all inclusive).

13.2 Calculation of Default Interest

Interest at the rate or rates determined from time to time as aforesaid shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed and a 365 day year and shall be payable from time to time on demand.

14. INDEMNITIES AND SET-OFF

14.1 General Indemnity

The Borrower shall indemnify the Lender against all losses, liabilities, damages, costs and expenses (including loss of profit) which the Lender may incur as a consequence of any Event of Default or any other breach by the Borrower of any of his obligations under this Agreement or any failure to borrow in accordance with a Notice of Drawing or any prepayment under this Agreement or otherwise in connection with this Agreement (including any loss or expense incurred in liquidating or redeploying funds acquired to maintain the Loan or arranged for the purpose of a proposed Advance (as the case may be) and any interest or fees incurred in funding any unpaid sum, but taking into account any interest paid by the Borrower in respect of such unpaid sum under Clause 13).

14.2 Currency Indemnity

Hong Kong Dollars shall be the currency of account and of payment in respect of sums payable under this Agreement. If an amount is received in another currency, pursuant to a judgment or order or in the liquidation of the Borrower or otherwise, the Borrower's obligations under this Agreement shall be discharged only to the extent that the Lender may purchase Hong Kong Dollars with such other currency in accordance with normal banking procedures upon receipt of such amount. If the amount in Hong Kong Dollars which may be so purchased, after deducting any costs of exchange and any other related costs, is less than the relevant sum payable under this Agreement, the Borrower shall indemnify the Lender against the shortfall. This indemnity shall be an obligation of the Borrower independent of and in addition to his other obligations under this Agreement and shall take effect notwithstanding any time or other concession granted to the Borrower or any judgment or order being obtained or the filing of any claim in the liquidation, dissolution or bankruptcy (or analogous process) of the Borrower.

14.3 Set-Off

If an Event of Default has occurred the Lender shall have the right, without notice to the Borrower or any other person, to set off and apply any credit balance on any

account of the Account Charge (whether subject to notice or not and whether matured or not and in whatever currency) of the Borrower with the Lender and any other indebtedness owing by the Lender to the Borrower, against the liabilities of the Borrower under this Agreement, and the Lender is authorised to purchase with the monies standing to the credit of any such account such other currencies as may be necessary for this purpose. This Clause shall not affect any general or banker's lien, right of set-off or other right to which the Lender may be entitled.

15. WAIVER AND SEVERABILITY

Time is of the essence of this Agreement but no failure or delay by the Lender in exercising any right, power or remedy hereunder shall impair such right, power or remedy or operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies herein provided are cumulative and do not exclude any other rights, powers and remedies provided by law. If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, the legality, validity and enforceability of such provision under the law of any other jurisdiction, and of the remaining provisions of this Agreement, shall not be affected or impaired thereby.

16. MISCELLANEOUS

16.1 Execution

This Agreement shall become effective as of the date hereof.

16.2 Entire Agreement

This Agreement and the documents referred to herein constitute the entire obligation of the Lender and supersede any previous expressions of intent or understandings in respect of this transaction.

16.3 Publicity

No announcement or other publicity in connection with this Agreement or relating in any way to the Facility shall be made or arranged except as required by any applicable laws, rules and regulations (including but not limited to the GEM Listing Rules) or by the Lender and in any event with the Lender's prior written consent.

16.4 Amendments in Writing

Any amendment or waiver of any provision of this Agreement and any waiver of any default under this Agreement shall only be effective if made in writing and signed by the Lender.

16.5 Counterparts

This Agreement may be executed in counterparts and by different parties on separate counterparts which when taken together shall be deemed to constitute one agreement.

17. ASSIGNMENT

17.1 The Borrower

The Borrower shall not assign any of his rights and benefits hereunder.

17.2 The Lender

The Lender may at any time assign to any one or more persons (an “assignee lender”) all or any part of his rights, benefits and obligations under or arising out of this Agreement and the Security Documents and the Borrower shall execute and do all such transfers, assignments, assurances, acts and things as the Lender may require for perfecting and completing the assignment of such rights, benefits and obligations. Upon any such assignment taking effect (i) the Lender shall be released from such obligations and the Borrower shall look only to the assignee lender in respect of such obligations and (ii) references in this Agreement or the Security Documents to the Lender shall be construed accordingly as references to the assignee lender or the Lender, as relevant. All agreements, representations and warranties made herein shall survive any assignments made pursuant to this Clause and shall inure to the benefit of all assignee lenders as well as the Lender.

17.3 Disclosure

The Lender may disclose to (i) any assignee lender or participant or potential assignee lender or participant on a confidential basis such information about the Borrower as the Lender shall consider appropriate. The Lender and any person to which disclosure has been made pursuant to this Clause may also make such disclosures as may be required by any applicable law or regulation of Hong Kong or elsewhere.

18. NOTICES

18.1 Delivery

Each notice, demand or other communication to be given or made under this Agreement shall be in writing and delivered or sent to the relevant party at his address or fax number or email address set out below (or such other address or fax number or email address as the addressee has by five (5) days’ prior written notice specified to the other party):

To the Borrower

Address : Flat D, 8/F, Block 3, Meridian Hill, 81 Broadcast Drive,
Kowloon Tong, Kowloon, Hong Kong
Fax Number : N/A
Email : kennyushaoheng@gmail.com

To the Lender

Address : c/o Messrs. KCL & Partners, Unit 1602-06, 16/F, FWD
Financial Centre, 308 Des Voeux Road Central, Sheung
Wan, Hong Kong
Fax Number : +852 2568-7678
Email : ericlee@kclpartners.com; karinakong@kclpartners.com

Attn. : Mr. Eric Lee/Ms. Karina Kong

18.2 Deemed Delivery

Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered (a) if delivered by an express courier service provider of international repute, when actually delivered to the relevant address, and (b) if given or transmitted by fax, when despatched with electronic confirmation of complete and error- free transmission, **Provided** that, if such day is not a working day in the place to which it is sent, such notice, demand or other communication shall be deemed delivered on the next following working day at such place.

18.3 Language

Each notice, demand or other communication hereunder and any other documents required to be delivered hereunder shall be either in English or accompanied by a certified translation thereof into the English language.

19. **GOVERNING LAW AND JURISDICTION**

19.1 Law

This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

19.2 Jurisdiction

The Borrower irrevocably agrees for the benefit of the Lender that any legal action or proceeding arising out of or relating to this Agreement may be brought in the courts of Hong Kong and irrevocably submits to the exclusive jurisdiction of such courts. Notwithstanding the above, the Borrower acknowledges and agrees that the Lender may commence legal action or proceedings in jurisdiction other than Hong Kong arising out of or relating to this Agreement as he may consider appropriate.

19.3 No Limitation on Right of Action

Nothing herein shall limit the right of the Lender to commence any legal action against the Borrower and/or his property in any other jurisdiction or to serve process in any manner permitted by law, and the taking of proceedings in any jurisdiction shall not preclude the taking of proceedings in any other jurisdiction whether concurrently or not.

19.4 Waiver, Final Judgment Conclusive

The Borrower irrevocably and unconditionally waives any objection which he may now or hereafter have to the choice of Hong Kong as the venue of any legal action arising out of or relating to this Agreement and agrees not to claim that any court thereof is not a convenient or appropriate forum. The Borrower also agrees that a final judgment against him in any such legal action shall be final and conclusive and may be enforced in any other jurisdiction, and that a certified or otherwise duly

authenticated copy of the judgment shall be conclusive evidence of the fact and amount of his indebtedness.

19.5 Waiver of Immunity

The Borrower irrevocably and unconditionally waives any immunity to which he or his property may at any time be or become entitled, whether characterised as sovereign immunity or otherwise, from any set-off or legal action in Hong Kong or elsewhere, including immunity from service of process, immunity from jurisdiction of any court or tribunal, and immunity of any of his property from attachment prior to judgment or from execution of a judgment.

19.6 Partial Invalidity

If, at any time, any provision of this Agreement and any Security Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

19.7 Third Party Rights

- (a) Except as expressly provided hereunder, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the laws of Hong Kong) to enforce any term of this Agreement.
- (b) The rights of the parties to this Agreement to terminate, rescind or agree any variation, waiver or settlement under this Agreement are not subject to the consent of any other person.

IN WITNESS whereof this Agreement has been duly executed by the parties hereto.

THE BORROWER

SIGNED by YU SHAOHENG
in the presence of:

) 余绍亨



KESTER K. W. CHEN
a Solicitor of the High Court of the
Hong Kong Special Administrative Region
FAIRBAIRN CATLEY LOW & KONG

THE LENDER

SIGNED by LAU, CHI YUEN JOSEPH)
in the presence of:)

IN WITNESS whereof this Agreement has been duly executed by the parties hereto.

THE BORROWER

SIGNED by YU SHAOHENG)
in the presence of:)

THE LENDER

SIGNED by LAU, CHI YUEN JOSEPH)
in the presence of:)


Lee Kwok Wa
Solicitor, HKSAR
Messrs. KCL & Partners



APPENDIX 1

FORM OF NOTICE OF DRAWING

From: Mr. Yu Shaoheng

To: Mr. Lau, Chi Yuen Joseph

Date: _____

Dear Sirs,

Re: HK\$40,000,000 Loan Facility under a loan agreement dated 18 December 2017 (the “Loan Agreement”)

I refer to the Loan Agreement, and hereby give notice that I wish to draw the Advance on _____, that is, the Drawdown Date.

The proceeds of the Advance are to be used exclusively for the purposes specified in the Loan Agreement.

The proceeds of the Advance should be made available by wire transfer as follows:

Amount: HK\$40,000,000

Bank account: 016-478-781420247

Name of Bank: DBS Bank (Hong Kong) Limited

Address of Bank: 73rd Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong

Name of account holder: Grand Moore Capital Limited

Bank swift address: DHBKHKHH

We confirm that:

- (a) the representations and warranties set out in Clause 10.1 of the Loan Agreement, repeated with reference to the facts and circumstances subsisting as at the date of this notice, remain true and correct;
- (b) no Event of Default or prospective Event of Default has occurred which remains unwaived or unremedied or would result from the making of the Advance; and
- (c) each of the Conditions Precedent set forth in Clause 3.1 have been fulfilled.

Terms defined in the Loan Agreement have the same meanings when used in this notice.

Yours sincerely,

Mr. Yu Shaoheng

APPENDIX 2

FORM OF BORROWER'S CERTIFICATE

Date: [Drawdown Date]

To: The Lender

HK\$40,000,000 loan agreement dated 18 December 2017 between MR. YU SHAOHENG (as borrower) and MR. LAU, CHI YUEN JOSEPH (as lender) (as amended and restated from time to time, the "Loan Agreement")

I refer to the Loan Agreement. Terms defined in the Loan Agreement have, unless defined in this certificate, the same meaning when used in this certificate.

I certify as follows:

1. Each original and copy document delivered by me to the Lender under Clause 3.1.1 of the Loan Agreement (including the documents listed below and attached to this certificate) is true, complete and in full force and effect (unless otherwise agreed) on the date of this certificate.
2. I confirm that no default is outstanding.
3. I certify that the representations and warranties in Clause 10 of the Loan Agreement are true, accurate and not misleading in all material respects as though made on and as at the date of this Notice of Drawing with reference to the facts and circumstances subsisting on such date;
4. I certify that the covenants and undertakings in Clause 11 of the Loan Agreement have at all times been duly complied with, observed and performed; and
5. I certify that no Event of Default or other event which, with the giving of notice and/or lapse of time and/or upon the making of any determination under Clause 12 of the Loan Agreement, might constitute an Event of Default has occurred or is continuing that has not been properly waived or remedied.

Yours sincerely,

.....
Mr. Yu Shaoheng

APPENDIX 3

FORM OF THE ACCOUNT CHARGE