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PPS International (Holdings) Limited

寶聯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8201)

DISCLOSEABLE TRANSACTION SUBSCRIPTION FOR INTEREST IN GUANGFU AND ADVANCE OF SHAREHOLDER'S LOAN TO THE ENTITY

SUBSCRIPTION AGREEMENT AND SHAREHOLDER'S LOAN AGREEMENT

The Board is pleased to announce that on 21 May 2015 (after trading hours), Viva Hero, a direct wholly-owned subsidiary of the Company and Guangfu entered into the Subscription Agreement and the Shareholder's Loan Agreement, pursuant to the Subscription Agreement Viva Hero has agreed to make capital contribution and subscribe for 51% shareholding in Guangfu at the consideration of RMB10,408,163.

Subject to and upon Completion, Viva Hero will make available the Shareholder's Loan at the amount of RMB9,591,837 to Guangfu upon the terms and conditions of the Shareholder's Loan Agreement. Guangfu will apply the Shareholder's Loan towards its general business operation.

SHAREHOLDERS' AGREEMENT

On Completion, Viva Hero, the Existing Shareholders and Guangfu will enter into the Shareholders' Agreement to regulate their respective rights in Guangfu.

As the relevant percentage ratios (as defined under the GEM Listing Rules) for the Subscription Agreement and the Shareholder's Loan Agreement are more than 5% but below 25%, the Subscription Agreement and the Shareholder's Loan Agreement together constitute discloseable transaction on the part of the Company and are therefore subject to the notification and announcement requirements of Chapter 19 of the GEM Listing Rules.

SUBSCRIPTION AND SHAREHOLDER'S LOAN AGREEMENT

Date: 21 May 2015 (after trading hours)

Parties: (1) Viva Hero, a direct wholly-owned subsidiary of the Company

(2) Guangfu

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, Guangfu, its associates and its ultimate beneficial owners are Independent Third Parties.

Subscription Agreement

On and subject to the terms and conditions of the Subscription Agreement, Viva Hero has agreed to make capital contribution and subscribe for 51% shareholding in Guangfu at the consideration of RMB10,408,163, the amount of which will be fully paid up by Viva Hero at Completion. As at the date of the Subscription Agreement, Guangfu is wholly owned by the Existing Shareholders. Subject to and upon Completion, Guangfu will be owned as to 51% by Viva Hero and 49% by the Existing Shareholders.

(A) Conditions precedents

Completion is conditional upon the satisfaction of, among others the following conditions:

- (1) the results of the due diligence review on Guangfu and its assets, business, debts, operation, prospects and other matters Viva Hero considers necessary and appropriate;
- (2) all necessary shareholders' resolutions and approvals in respect of the increase of capital;
- (3) the Shareholders' Agreement duly signed and executed by Guangfu and the Existing Shareholders;
- (4) all requisite consents, licences and approvals under relevant applicable laws for the execution of the Subscription Agreement and completion of the transaction contemplated under the Subscription Agreement having been obtained;
- (5) if required, all other consents and approvals in relation to the transaction contemplated under the Subscription Agreement having been obtained and remaining effective.

If the above conditions have not been fulfilled on or before 4:00 p.m. within thirty (30) days from the date of the Subscription Agreement (or such other date as the parties may agree in writing), the Subscription Agreement shall cease to have any effect and both parties shall not have any further claims against each other under the Subscription Agreement for costs, damages, compensation or otherwise, save in respect of antecedent breaches and claims.

(B) Completion of the Subscription Agreement

Completion of the Subscription Agreement shall take place within ten (10) Business Days after all the conditions above have been satisfied (or any other time as the parties may agree).

Shareholder's Loan Agreement

Subject to and upon Completion, Viva Hero will make available a shareholder's loan at the amount of RMB9,591,837 to Guangfu for a fixed term of two (2) years from the date of the Shareholders' Loan Agreement upon the terms and conditions of the Shareholder's Loan Agreement. The Shareholders' Loan will be interest-free and without collateral.

The Shareholder's Loan shall be used solely for the purpose of financing Guangfu's main business, namely cleaning services (building-cleaning services), packaging services, central air conditioning, cleaning, carpet cleaning, industrial pipe cleaning, landscaping works and conservation, indoor and outdoor decoration, use property management, parking management, sales of cleaning supplies for its business development in Shanghai, the PRC.

Unless otherwise agreed by parties, Guangfu shall repay the Shareholder's Loan to Viva Hero in full on 22 May 2017 or on written demand by Viva Hero together with any default interest accrued thereon upon occurrence of an event of default set out in the Shareholder's Loan Agreement, including, among others, the failure of Guangfu to secure contract(s) with aggregate value of not less than RMB5,000,000 within twelve (12) months from the date of the Shareholder's Loan Agreement.

Consideration

The total investment of Viva Hero in Guangfu in the sum of RMB20,000,000 (equivalent to approximately HK\$24,800,000), comprising full payment of the capital contribution for the subscribed 51% shareholding in Guangfu under the Subscription Agreement and the Shareholder's Loan both payable at Completion, was determined after arm's length negotiations between the parties. The Directors (including independent non-executive Directors) consider that the Consideration is fair and reasonable.

SHAREHOLDERS' AGREEMENT

Subject to and upon Completion, Guangfu will be registered as a sino-foreign equity joint venture under the PRC laws. On Completion, Viva Hero, the Existing Shareholders and Guangfu will enter into the Shareholders' Agreement to regulate their respective rights in Guangfu. Major terms of the Shareholders' Agreement include:

(1) Scope of business

The principal business of Guangfu is to provide cleaning services (building-cleaning services), packaging services, central air conditioning, cleaning, carpet cleaning, industrial pipe cleaning, landscaping works and conservation, indoor and outdoor decoration, use property management, parking management, sales of cleaning supplies for its business development in Shanghai, the PRC.

(2) Non-competition undertaking

Both Viva Hero and the Existing Shareholders undertake to refrain from engaging in any activity which is and will be directly or indirectly in competition with Guangfu within the abovementioned scope of business and geographical area.

(3) Power, duties and composition of the board of directors

Unless otherwise unanimously agreed by all the shareholders of Guangfu, the Guangfu Board comprises of four directors, at least two of which shall be appointed by Viva Hero. The chairman of the Guangfu Board shall be appointed by Viva Hero and shall have the casting vote in the case of equality of votes in a meeting.

The Guangfu Board shall be responsible for the overall management of its business in the interests of the shareholders of Guangfu collectively so as to maximize Guangfu' equity value.

(4) General prohibition on disposal of interests

Unless permitted under certain conditions, each of the shareholders of Guangfu may not transfer any of its interest to any person without the prior written consent of the other shareholders who shall have the right of first refusal in respect of the transferred interest.

(5) Termination and Winding-up

In the event that Guangfu fails to secure contract(s) with a total value of not less than RMB5,000,000 for projects contracted by Guangfu within twelve (12) months from the date of the Shareholder's Loan Agreement, the Shareholders' Agreement shall be terminated. Guangfu shall forthwith repay any outstanding shareholder's loan to Viva Hero who shall be entitled to either transfer all its interests in Guangfu in accordance with the terms and conditions of the Shareholders' Agreement, or declare Guangfu shall cease operation and apply for voluntary winding up of Guangfu (if applicable).

INFORMATION OF GUANGFU

Guangfu is a company newly incorporated in Shanghai, the PRC in March 2015, and yet to commence any substantial operation. It is principally engaged in the business of cleaning services (building-cleaning services), packaging services, central air conditioning, cleaning, carpet cleaning, industrial pipe cleaning, landscaping works and conservation, indoor and outdoor decoration, use property management, parking management, sales of cleaning supplies for its business development in Shanghai, the PRC. As at the date of this announcement, Guangfu is owned as to 60% by Guo Ping and 40% by Qu Sheng, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, who, together with their associates, are Independent Third Parties.

Guangfu has obtained National 1st Class Qualification of China Cleaning Industry Qualification Certificate, Qualification Certificate for Property Cleaning & Management Services, and has been a member of the Cleaning Industry Branch of China Association for Small & Medium Commercial Enterprises, which are the pre-requisite qualifications for its business operation.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

Reference is made to the Company's announcement dated 12 January 2015 where the Group announced its intention to further expand its environmental and cleaning services in related area in the PRC.

The entering into the Subscription Agreement, the Shareholder's Loan Agreement and the Shareholders' Agreement represent a strategic deployment of the Group which provides a stepping stone for the Group to commence its business in the PRC that is in alignment with the Group's plan. The Board believes that the Subscription Agreement paves the way for the Company to develop future business opportunities with Guangfu in a committed way.

In light of the above, the Directors believe that the terms of the Subscription Agreement, the Shareholder's Loan Agreement and the Shareholders' Agreement were determined based on arm's length negotiations between the parties. The Directors are also of the view that terms of all the agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and shareholders of the Company as a whole.

LISTING RULES IMPLICATION

As the relevant percentage ratios (as defined under the GEM Listing Rules) for the Subscription Agreement and the Shareholder's Loan Agreement are more than 5% but below 25%, the Subscription Agreement and the Shareholder's Loan Agreement constitutes a discloseable transaction on the part of the Company and are therefore subject to the notification and announcement requirements of Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate”	has the same meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Business Day”	a day (other than a Saturday, a Sunday or a public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	PPS International (Holdings) Limited (寶聯控股有限公司), a company incorporated in Caymans Islands with limited liability, the issued Shares of which are listed on GEM
“Completion”	completion of the Subscription in accordance with the Subscription Agreement
“Consideration”	the consideration of RMB20,000,000 (equivalent to approximately HK\$24,800,000), comprising full payment of the capital contribution for the subscribed 51% shareholding in Guangfu under the Subscription Agreement and the Shareholder's Loan Agreement

“Director(s)”	the director(s) of the Company (including the independent non-executive directors) from time to time
“Existing Shareholders”	refers to Guo Ping and Qu Sheng, the two existing shareholders of Guangfu holding as to 60% and 40% shareholdings of Guangfu respectively, who together with their respective associates are Independent Third Parties
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on the Growth Enterprise Market
“Group”	the Company and its subsidiaries from time to time
“Guangfu”	上海光富保潔服務有限公司 (Shanghai Guangfu Cleaning Services Co., Ltd.*), a company incorporated in Shanghai, the PRC, with limited liability
“Guangfu Board”	the board of directors of Guangfu
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Independent Third Party”	a third party independent of the Company and the connected persons (as defined in the GEM Listing Rules) of the Company
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into among Guangfu, Existing Shareholders and Viva Hero on Completion
“Shareholder’s Loan”	the shareholder’s loan in the principal amount of RMB9,591,837 to be provided by Viva Hero to Guangfu in accordance with the Shareholder’s Loan Agreement
“Shareholder’s Loan Agreement”	the shareholder’s loan agreement dated 21 May 2015 entered into between Viva Hero and Guangfu in relation to the provision of the Shareholder’s Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 51% shareholding in Guangfu by Viva Hero at the consideration of RMB10,408,163 pursuant to the Subscription Agreement

“Subscription Agreement”	the subscription agreement dated 21 May 2015 entered into between Guangfu and Viva Hero, in relation to, among others, the Subscription
“Viva Hero”	Viva Hero Management Limited, a company incorporated in British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“%”	per cent

* *the English translation of the Chinese name is for identification purpose only*

By order of the Board
PPS International (Holdings) Limited
Cao Zhiwen
Executive Director

Hong Kong, 21 May, 2015

The exchange rate adopted in this announcement for illustration purpose only is RMB1.00 = HK\$1.24.

As at the date of this announcement, the board of directors of the Company comprises Mr. Cao Zhiwen and Mr. Zhang Chenglin as executive directors; Mr. Chan Chi Tong, Kenny, Mr. Lai Changming and Mr. Chen Kwok Wang as independent non-executive directors.

This announcement, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcement” page of the internet website operated by the Stock Exchange for the purpose of the Growth Enterprise Market at www.hkgem.com for at least seven days from the day of its posting and will be published on the website of the Company at www.hkpps.com.hk.