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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 –
PROVISION OF FINANCIAL ASSISTANCE;
AND
CHANGE IN USE OF PROCEEDS**

PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 28 June 2017 (after trading hours of the Stock Exchange), the Lender entered into the Loan Agreement with the Borrower, pursuant to the Loan Agreement, the Lender has conditionally agreed to grant to the Borrower the Loan in the principal amount of HK\$20,000,000 for a term of 12 months from the drawdown date of the Loan, which bears interest at a rate of 21.6% per annum. The Loan is secured by the Guarantee executed by the Guarantor in favour of the Lender.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated under Rule 19.07 of the GEM Listing Rules) in respect of the grant of the Loan are more than 5% but less than 25%, the grant of the Loan constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements set out in Chapter 19 of the GEM Listing Rules.

CHANGE IN USE OF PROCEEDS FROM THE RIGHTS ISSUE

Reference is made to the announcements of the Company dated 21 December 2016 and the prospectus of the Company dated 20 January 2017 in relation to, among other matters, the Rights Issue.

Given the reasons and benefits as discussed in the section headed “Reasons and benefits for entering into the Loan Agreement” of this announcement, the Board has resolved to reallocate HK\$20.0 million out of the remaining utilised Net Proceeds which was intended for the set up of the head office in Shenzhen and the expansion of the cleaning business in the PRC region to finance the Loan.

Save for the change in use of the Net Proceeds as disclosed below, the Company intends to allocate the remaining utilised Net Proceeds as originally intended.

PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 28 June 2017 (after trading hours of the Stock Exchange), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, an Independent Third Party. Pursuant to the Loan Agreement, the Lender has conditionally agreed to grant to the Borrower the Loan in the principal amount of HK\$20,000,000 for a term of 12 months from the drawdown date of the Loan. The principal terms and conditions of the Loan Agreement are set out below.

THE LOAN AGREEMENT

Agreement date:	28 June 2017
Drawdown date:	28 June 2017
Lender:	Union Finance Limited, an indirect wholly-owned subsidiary of the Company and a licensed money lender in Hong Kong under the Money Lenders Ordinance.
Borrower:	Mr. Li Zhong (李忠), Independent Third Party, and the spouse of the Guarantor
Loan amount:	HK\$20,000,000
Interest rate:	21.6% per annum
Term:	12 months commencing from the drawdown date of the Loan
Guarantor:	The Loan is secured by the Guarantee executed by the Guarantor in favour of the Lender for the repayment of the Loan and such other sums payable by the Borrower under the Loan Agreement pursuant to deed of guarantee entered into between the Lender and the Guarantor.
Repayment:	The Borrower shall pay interest accrued on the Loan on a monthly basis and shall repay the total outstanding principal amount of the Loan together with any outstanding interest accrued thereon on the Maturity Date, 27 June 2018.

The Borrower may make earlier repayment in whole or in part of the Loan if it has given a not less than 3 Business Days' prior written notice to the Lender.

Condition precedent: The making of the Loan under the Loan Agreement is conditional upon the duly execution of the Guarantee by the Guarantor together with all documents required pursuant thereto.

FUNDING OF THE LOAN

The Loan will be financed by the Net Proceeds (as defined below) from the Rights Issue.

INFORMATION OF THE BORROWER AND THE GUARANTORS

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Borrower and the Guarantor is an Independent Third Party.

The Borrower and the Guarantor are business persons and have solid financial background. The Guarantor is the spouse of the Borrower.

INFORMATION OF THE GROUP AND THE LENDER

The Group is principally engaged in the provision of (i) environmental services including cleaning services, pest management services, and waste management and recycling services; airline catering support services; and (ii) money lending services.

In order to broaden the source of income, the Company has expanded its business to include the provision of money lending services in Hong Kong through the Lender. The Board believes that the money lender business will better utilize the existing resources to maximize return to the Shareholders and provide a stable income to the Group.

The Lender is an indirect wholly-owned subsidiary of the Company and is a holder of money lender license under the Money Lenders Ordinance. The grant of the Loan is carried out as part of the ordinary and usual course of business of the Lender and will bring in interest income to the Lender and the Group.

REASONS AND BENEFITS FOR ENTERING INTO THE LOAN AGREEMENT

The terms of the Loan Agreement (including the interest rate) are negotiated on an arm's length basis between the Lender and the Borrower on normal commercial terms.

The Directors consider that the terms of the Loan Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole having considered the financial background of the Borrower and the Guarantors and the stable interest income to be generated to the Group.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated under Rule 19.07 of the GEM Listing Rules) in respect of the grant of the Loan are more than 5% but less than 25%, the grant of the Loan constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements set out in Chapter 19 of the GEM Listing Rules.

CHANGE IN USE OF PROCEEDS FROM THE RIGHTS ISSUE

Reference is made to the announcements of the Company dated 21 December 2016 and the prospectus of the Company dated 20 January 2017 in relation to, among other matters, the Rights Issue.

The net proceeds (the “**Net Proceeds**”) from the Rights Issue were approximately HK\$47.0 million and the Company intended to use the Net Proceeds as to:

- (i) approximately HK\$25.5 million for the set up of the head office in Shenzhen and the expansion of the cleaning business in the PRC region;
- (ii) approximately HK\$15.0 million for the expansion of money lending business; and
- (iii) the remaining balance of approximately HK\$6.5 million for the pledged bank deposits as banks’ guarantees on the performance bonds issued for due performance of any new environmental service contracts.

As at the date of this announcement, approximately HK\$18.6 million out of the Net Proceeds have been utilised as intended, details of which are as follows:

- (i) approximately HK\$2.1 million was utilized for the set up of offices and operations of cleaning business in Shenzhen, the PRC;
- (ii) HK\$15.0 million was granted as a loan under the money lending business; and
- (iii) approximately HK\$1.5 million was utilized as the pledged bank deposits as banks’ guarantees on the performance bonds issued for due performance of the environmental service contracts.

Given the reasons and benefits as discussed in the section headed “Reasons and benefits for entering into the Loan Agreement” of this announcement, the Board has resolved to reallocate HK\$20.0 million out of the remaining unutilised Net Proceeds which was intended for the set up of the head office in Shenzhen and the expansion of the cleaning business in the PRC region to finance the Loan. Save for the change in use of the Net Proceeds as disclosed above, the Company intends to allocate the remaining unutilised Net Proceeds as originally intended.

The Board considers that such change in the use of the Net Proceeds is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole, as this would allow the Company to deploy its financial resources more efficiently and cope with the development of the money lending business of the Group.

DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which commercial banks are generally open for business in Hong Kong
“Borrower”	Mr. Li Zhong (李忠), an Independent Third Party and the spouse of the Guarantor
“Company”	PPS International (Holdings) Limited, a company incorporated in the Caymans Islands with limited liability, the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantee”	the deed of guarantee executed by the Guarantor in favour of the Lender guaranteeing the obligations of the Borrower under the Loan Agreement
“Guarantor”	Ms. Dong Xiao Min (董小敏), an Independent Third Party and the spouse of the Borrower
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	parties which are not connected persons of the Company (as defined in the GEM Listing Rules) and are independent of and not connected with the Company and its connected persons
“Lender”	Union Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, being the lender under the Loan Agreement

“Loan”	a term loan in the principal amount of HK\$20,000,000 granted by the Lender to the Borrower pursuant to the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 28 June 2017 entered into between the Lender and the Borrower in relation to the grant of the Loan
“Maturity Date”	27 June 2018, the day that is 12 months from the drawdown date of the Loan
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Rights Issue”	the issue by way of rights on the basis of one (1) rights share for every two (2) shares in issue at the subscription price of HK\$0.054 per rights share pursuant to the underwriting agreement dated 21 December 2016 entered into between the Company and Lamtex Securities Limited
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

By order of the Board
PPS International (Holdings) Limited
Ye Jingyuan
Chief Executive Officer and Executive Director

Hong Kong, 28 June 2017

As at the date of this announcement, the Board of the Company comprises three executive Directors, Mr. Ye Jingyuan, Mr. Yu Shaoheng and Ms. Mui Fong and three independent non-executive Directors, Mr. Chui Chi Yun, Robert, Mr. Kwong Tsz Ching, Jack and Mr. Yu Xiufeng.

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 Announcements” page of the internet website operated by the Stock Exchange for the purposes 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.ppsinholdings.com.