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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 IN RELATION TO THE ACQUISITION OF ENTIRE ISSUED SHARE CAPITAL IN LOGON CLEAN ENERGY GROUP LIMITED

THE AGREEMENT

The Board is pleased to announce that, on 11 April 2016 (after trading hours), the Company entered into the Agreement with the Vendor and the Guarantor, pursuant to which the Company has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at the consideration of HK$30,900,000, which will be settled in cash.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratios (as defined under the GEM Listing Rules) for the Agreement are more than 5% but below 25%, the Agreement 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.

INTRODUCTION

The Board is pleased to announce that, on 11 April 2016 (after trading hours of the Stock Exchange), the Company entered into the Agreement with the Vendor and the Guarantor, pursuant to which the Company has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at the consideration of HK$30,900,000, which will be settled in cash.

THE AGREEMENT

The principal terms of the Agreement are summarized as follows:-

Date

11 April 2016 (after trading hours of the Stock Exchange)

Parties

(i)	Purchaser:	the Company;
(ii)	Vendor:	Sky Hero Holdings Limited; and
(iii)	Guarantor:	Ms. Ding Pingying

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor, its ultimate beneficial owner(s) and the Guarantor are Independent Third Parties.

Assets to be acquired

Pursuant to the Agreement, the Company has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company.

Consideration

The Consideration is HK$30,900,000, which will be settled in cash.

The Consideration will be settled by internal resources of the Group.

The Consideration is determined based on arm's length negotiations between the Company and the Vendor with reference to, among others, (i) the fair value of 100% equity interest of the Target Company of approximately HK$34,000,000 as at 31 March 2016 prepared by an independent professional valuer, based on a market approach; (ii) the business prospects of the Target Group in the industry of property management services and car park management services in the PRC; and (iii) the contracts which have been secured and will be secured.

Profit guarantee

The Vendor irrevocably and unconditionally warrants and guarantees to the Company that the audited consolidated net profit before tax of the Target Company for the period from the Completion Date to 30 June 2017 ("**2017 Audited Profit**"), the financial year ending 30 June 2018 ("**2018 Audited Profit**") and the financial year ending 30 June 2019 ("**2019 Audited Profit**") (the 2017 Audited Profit, 2018 Audited Profit and 2019 Audited Profit collectively referred to as the "**Audited Profits**") shall be no less than RMB4,000,000 ("**2017 Guaranteed Profit**"), RMB5,000,000 ("**2018 Guaranteed Profit**") and RMB6,000,000 ("**2019 Guaranteed Profit**", together with 2017 Guaranteed Profit and 2018 Guaranteed Profit, collectively referred to as the "**Guaranteed Profits**") respectively.

In case that there is a shortfall in the Guaranteed Profits as mentioned above, the Vendor shall compensate the Company such amount of cash based on the calculations as set out below:

(i) *For the period from the Completion Date to 30 June 2017*

In the event that the actual 2017 Audited Profit is less than 2017 Guaranteed Profit, the Vendor shall compensate the Company such sum calculated as follows:

In the case that the Target Group has recorded audited net profit before tax:

= 2017 Guaranteed Profit – actual 2017 Audited Profit

or

In the case that the Target Group has recorded audited net loss before tax:

= 2017 Guaranteed Profit + audited net loss before tax of the Target Group *(ii) For the financial year ending 30 June 2018*

In the event that the actual 2018 Audited Profit is less than 2018 Guaranteed Profit, the Vendor shall compensate the Company such sum calculated as follows:

In the case that the Target Group has recorded audited net profit before tax:

= 2018 Guaranteed Profit – actual 2018 Audited Profit

or

In the case that the Target Group has recorded audited net loss before tax:

= 2018 Guaranteed Profit + audited net loss before tax of the Target Group

(iii) For the financial year ending 30 June 2019

In the event that the actual 2019 Audited Profit is less than 2019 Guaranteed Profit, the Vendor shall compensate the Company such sum calculated as follows:

In the case that the Target Group has recorded audited net profit before tax:

= 2019 Guaranteed Profit – actual 2019 Audited Profit

or

In the case that the Target Group has recorded audited net loss before tax:

= 2019 Guaranteed Profit + audited net loss before tax of the Target Group

The 2017 Audited Profit, the 2018 Audited Profit or the 2019 Audited Profit shall be determined in accordance with the Hong Kong Financial Reporting Standards, and shall be verified by the auditor of the Company within 3 months after the end of each of the respective period or any other date as agreed between the Vendor and the Company. The relevant compensation amount shall be settled within seven business days in cash after determinations of the relevant Audited Profits.

If any two of the Audited Profits shall fall short of the corresponding Guaranteed Profits, the Company shall have the right at its own discretion to sell the Sale Shares back (the "**Buy-back**") to the Vendor at the Consideration after deducting any compensations that may arise from the Guaranteed Profits as aforementioned and paid by the Vendor, by notice in writing within 14 Business Days upon the determination of the relevant Audited Profits. The Buy-back shall be completed within 7 Business Days after issue of such notice and the consideration thereto shall be settled in cash.

The Company will make further announcement(s) on the performance of and any other material development of the profit guarantee as and when appropriate.

Retained Management

According to the term of the Agreement, the Guarantor and certain key management of the Target Group will be retained as the director and management of the Target Group upon the Completion up to 30 June 2019.

Completion

Completion has taken place upon signing of the Agreement.

The Target Company has become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group's financial statement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of environmental services which include the provision of cleaning and related services for (i) public area and office cleaning services which involve cleaning of public areas, carpets, floors, toilets, changing rooms, lifts and escalators and emptying of garbage bins at commercial buildings, residential complexes, shopping arcades, hotels and their tenants and public transport facilities such as airport, ferries, ferry terminal, cargo and logistics centre and depots; (ii) overnight kitchen cleaning services mainly at private club and hotels; (iii) external wall and window cleaning services; (iv) stone floor maintenance and restoration services; (v) pest control and fumigation services; (vi) waste management and disposal solutions which mainly involve collection, transportation and disposal of household waste, construction waste and trade waste and sales of recyclable waste such as paper, metal and plastic waste collected during our operations; (vii) housekeeping services where we provide housekeeping services to carry out professional daily housekeeping and cleaning services at local boutique hotels, hostels and serviced apartments; (viii) secure and confidential waste destruction for commercial clients; (ix) sanitation solution for yacht; and (x) cleaning and waste management solution for renovated apartment. From April 2015, the Group also engaged in the auto beauty service.

The Target Group is principally engaged in property management services, car park management services and other related supporting services in Shenzhen, the PRC.

As set out in the announcement of the Company dated 7 March 2016, the Group has successfully established a joint venture company in Shanghai to perform the environmental and cleaning business, the geographical coverage of the Group's businesses has been successfully expanded into Shanghai, the PRC. Through the Acquisition, the Group can further expand its existing businesses and the new property management and car park management business into Shenzhen, the PRC. Through the arrangement of Retained Management, the Group can continue to develop the Target Group with the assistant of the Retained Management in managing and operating the Target Group. It is believed the Acquisition not only brings synergy to the existing and new business of the Company, but also represents a good opportunity for the Company to expand its geographical coverage and generate additional income. Though the expanded network in the PRC as mentioned above, the Directors believe that the Group can accelerate its expansion of the environmental and cleaning services and the auto beauty services into the PRC. As such, the management of the Company considers that the Acquisition is beneficial to the Group. The Directors confirmed that the Group will continue to (i) focus on its existing environmental and cleaning businesses; (ii) seek suitable investment opportunities as they think fit from time to time; and (iii) develop its business portfolio and diversify the revenue stream of the Group which is expected to increase the Shareholders' value and benefit the Company and the Shareholders as a whole.

In view of the above, the Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE VENDOR

The Vendor is principally engaged in investment holding and is wholly-owned by the Guarantor.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability with an authorised share capital of USD50,000 divided into 50,000 ordinary shares of USD1.00 each, of which 50,000 ordinary shares have been issued and fully paid-up as at the date of this announcement. The Target Company is wholly-owned by the Vendor and is principally engaged in investment holding.

Set out below are financial information of the Target Group as extracted from its unaudited financial statements prepared in accordance with the Hong Kong Financial Reporting Standards for the two financial years ended 31 December 2015:

	For the year ended 31 December	
	2014	**2015**
Net profit before taxation and extraordinary items	RMB3,865,273	RMB4,598,477
Net profit after taxation and extraordinary items	RMB2,898,955	RMB3,448,857

The net liabilities of the Target Group as at 31 December 2015 according to its unaudited financial statement is approximately RMB12,867,059.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratios (as defined under the GEM Listing Rules) for the Agreement are more than 5% but below 25%, the Agreement 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Acquisition"	the purchase of the Sale Shares by the Company pursuant to the Agreement
"Agreement"	the sale and purchase agreement dated 11 April 2016 and entered into by the Company, the Vendor and the Guarantor in respect of the Acquisition
"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

"Company"	PPS International (Holdings) Limited, a company incorporated in Caymans Islands with limited liability, the issued Shares of which are listed on GEM
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the provisions of the Agreement
"Completion Date"	the date of the Agreement
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Consideration"	HK$30,900,000 being the consideration for the Acquisition
"Director(s)"	director(s) of the Company
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	Rules Governing the Listing of Securities on the Growth Enterprise Market
"Group"	the Company and its subsidiaries
"Guarantor"	Ms. Ding Pingying, being one of the existing director of the Target Company and the sole shareholder of the Vendor
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Independent Third Party(ies)"	a party independent of and not connected with the Company and its connected persons
"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
"Retained Management"	the Guarantor and certain key management of the Target Group as agreed by the Vendor to be retained as the management of the Target Group upon the Completion

"Sale Shares"	50,000 issued and fully-paid ordinary shares of USD1.00 each in the capital of the Target Company, representing the entire issued share capital of the Target Company
"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 the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Logon Clean Energy Group Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which is wholly-owned by the Vendor
"Target Group"	the Target Company and its subsidiaries
"Vendor"	Sky Hero Holdings Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which wholly owns the Target Company
"%"	percentage

By Order of the Board
PPS International (Holdings) Limited
Chan Wai Kit
Chairman and Executive Director

Hong Kong, 11 April 2016

As at the date of this announcement, the Board comprises four executive Directors, Mr. Chan Wai Kit, Ms. Wang Jun, Ms. Wong Chi Yan and Mr. Zhang Xiaozheng, two non-executive Directors, Ms. Li Qingchen and Mr. Xu Xiaoping, and three independent non-executive Directors, Mr. Chow Chun Hin, Leslie, Mr. Chui Chi Yun, Robert and Mr. Huang Ke.

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.hkpps.com.hk.