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 OF SHARES IN BILLIONTON TECHNOLOGY GROUP LIMITED INVOLVING GRANT OF PUT OPTION

The Board is pleased to announce that on 12 December 2016, the Company entered into the Subscription Agreement with the Target and Mr. Wu, pursuant to which the Company has conditionally agreed to subscribe for and the Target has conditionally agreed to allot and issue 222,222,222 Subscription Shares for the Consideration of HK$15,000,000, equivalent to approximately HK$0.0675 per Subscription Share. The Subscription Shares to be allotted and issued to the Company represent approximately 10% of the entire issued share capital of the Target as enlarged by issuance and allotment of the Subscription Shares immediately upon Completion.

Completion is conditional upon the Conditions of the Subscription Agreement is fulfilled or waived on or before the Long Stop Date.

As certain applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As the Completion of the Subscription is subject to the fulfilment of the Conditions under the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.

THE SUBSCRIPTION AGREEMENT

Date: 12 December 2016

Parties: (i) the Company as the subscriber;
(ii) Billionton Technology Group Limited as the target company and one of the Warrantors; and
(iii) Mr. Wu Shangjun as one of the Warrantors.

Subscription Shares and the Consideration

Subject to the terms of the Subscription Agreement, the Company has conditionally agreed to subscribe for and the Target has conditionally agreed to allot and issue the Subscription Shares, being 222,222,222 Subscription Shares, free from all liens, charges and encumbrances and together with all rights and benefits attaching or accruing to them at the Completion.

The 222,222,222 Subscription Shares to be allotted and issued to the Company represent approximately 11.11% of the existing share capital of the Target and approximately 10% of the entire issued share capital of the Target as enlarged by the issue and allotment of the Subscription Shares immediately upon Completion. The Target has issued 2,000,000,001 Target Shares as at the date of this announcement.

The Consideration of HK$15,000,000 for the Subscription Shares, equivalent to approximately HK$0.0675 per Subscription Share, was determined on arm's length negotiations between the Company and the Target, after taking into consideration (i) the unaudited consolidated financial position and financial performance of the PRC Subsidiaries, the operating subsidiaries of the Target Group, for the two financial years ended 31 December 2015; (ii) the future prospects of the Target Group; and (iii) potential synergy that the Target Group can bring into the Group.

The Consideration shall be paid in cash in two installments in the following manner:

(i) as to HK$8,000,000 to be paid on Completion; and

(ii) as to HK$7,000,000 to be paid on the Final Payment Date.

Conditions precedent

Completion is conditional upon the following conditions being fulfilled or waived on or before the Long Stop Date:

(i) the Company having completed the due diligence exercise on the Target Group and is satisfied with the results thereof; and

(ii) there having been no material adverse change, or any development likely to involve a prospective material adverse change, in the condition (financial, operational or otherwise) or in the earnings, business affairs or business prospects, assets or liabilities of the Target Group, whether or not arising in the ordinary course of business since the date of the Subscription Agreement.

The Company may at any time by notice in writing to the Target waive any of the conditions precedent as mentioned above.

Completion

Completion shall take place on the second Business Day after the day on which the last of the Conditions is fulfilled or waived under the Subscription Agreement (or such other date as may be agreed by the Target and the Company in writing).

Completion shall take place on the Completion Date when the Company delivers to the Target:

(a) a cheque or cashier order of HK$8,000,000 in favour of the Target or any subsidiary as directed by theTarget;

(b) a consent to act as director of the Target duly signed by the person nominated by the Company to act as a non-executive director of the Target; and

(c) a subscription letter for the Subscription Shares duly signed by the Company.

Upon Completion, a person nominated by the Company will be appointed as a non-executive director of the Target.

Default

The following events will constitute a default (the "**Default**") under the Subscription Agreement:

(a) the inability to conduct a Listing due to reasons of (i) unsuitability of controlling shareholders and/or the directors as a result of events/actions, regulatory sanctions or reprimands leading to such person unsuitable to be a director or controlling shareholder of a listed company; or (ii) material breaches of Win Fung or any member of the Target Group of laws and regulations during the relevant track record period;

(b) the audited consolidated financial statements of the Target Group for the two years ending 31 December 2016 showing the net cash inflow from operating activities to be less than HK$25,000,000;

(c) the relevant stock exchange or authority in connection with the Listing finally determines the Listco is unsuitable for listing; or

(d) the proceeds from the subscription for the Subscription Shares are used for purposes other than defraying the expenses in connection with the Listing.

Grant of Put Option

Subject to Completion, the Target will grant to the Company the Put Option to require the Target to repurchase the Put Option Shares at the Put Option Consideration.

In the event of (1) the Listing does not materialise by the Listing Deadline; or (2) the Target commits a Default, the Put Option shall be exercisable by the Company at any time during a period of three months after the Listing Deadline(as defined below) by serving a notice of exercise on the Target duly signed by the Company declaring the Put Option is hereby exercised and requiring the Target to complete the sale and purchase of the Put Option Shares at any place in Hong Kong as determined by the Company at any date (the "**Put Option Completion Date**") which shall be not be earlier than the 7th Business Day but not later than the 14th Business Day after the date of such notice.

The Put Option shall not become exercisable if the Subscriber shall have instituted any legal proceedings against any of the Warrantors for breach of warranties of the Subscription Agreement.

Representation, Warranties and Undertakings of the Target

Each of the Warrantors represents, warrants and undertakes to the Company that no new Target Shares shall be issued except with the prior written consent of the Company.

Each of the Warrantors undertakes to the Company to use its reasonable endeavours to procure the swap (the "**Share Swap**") of entire issued share capital of the Target with the shares in Listco in preparation of the Listing and to conduct the Listing by no later than 31 August 2017 (the "**Listing Deadline**"). In the event that the delay is attributable to the Stock Exchange or the SFC, the Listing Deadline shall be extended by mutual agreement on a good faith basis.

When the Share Swap is implemented, (i) the parties shall endeavour to cause the Share Charge be discharged and substituted by the Replacement Share Charge; and (ii) the Target shall procure the Listco to appoint the person nominated by the Company as its non-executive director.

Each of the Warrantors undertakes to the Company that unless with the prior written approval of the Company, the Target shall not after the Completion Date:

(a) issue shares of any class, grant options, warrants or other similar rights or repay or redeem any share capital of any of the Target Group Companies;

(b) declare or pay any dividends or other distribution or change the dividend policy of any of the Target Group Companies; or

(c) materially change the nature of business of any of the Target Group Companies,

provided that any such right granted to the Company shall subsist only for so long as the Company continues to hold shares in the capital of the Target (or, subsequent to the Share Swap, of the Listco), and in any event, shall automatically terminate upon the Listing, but without prejudice to any rights, claims or liabilities accrued or arising prior to such termination.

Notwithstanding anything to the contrary contained in the Subscription Agreement, no claim for breach of warranties of the Subscription Agreement shall be made by the Company against any of the Warrantors if the Put Option has been exercised by the Company and the aggregate liability of the Target and Mr. Wu (if any) shall not exceed HK$15,000,000 plus the interests.

INFORMATION ON THE TARGET

The Target is a company incorporated in the British Virgin Islands with limited liability which is authorised to issue 3,000,000,000 Target Shares. As at the date of this announcement, the Target has 2,000,000,001 Target Shares in issue. The Target Group is principally engaged in the design, invention and manufacturing of air purifiers mainly installed in automobile. As at the date of this announcement, the Target Group has two manufacturing plants located in Dongguan and Hunan in the PRC, respectively.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Target and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

FINANCIAL INFORMATION OF THE TARGET

As the Target is a newly incorporated company without material operation and expense, no audited financial information for the two years ended 31 December 2015 on the Target is presented in this announcement.

The unaudited consolidated financial information of the HK Subsidiary and the PRC Subsidiaries for the two years ended 31 December 2015 respectively are as follows:

	For the year ended 31 December	
	2015	**2014**
	RMB'000	*RMB'000*
Revenue	66,538	58,497
Gross profit	13,457	16,905
Profit before taxation	4,822	6,945
Profit after taxation	3,876	6,082

As at 31 December 2015, the unaudited consolidated net asset value of the HK Subsidiary and the PRC Subsidiaries was RMB27.3 million.

CHANGE IN SHAREHOLDING OF THE TARGET

The table below sets out the change in the Target's shareholding structure as at the date of this announcement and immediately upon the Completion:

	As at the date of this announcement		**Immediately upon the Completion**	
	Number of Target Shares	*%*	*Number of Target Shares*	*%*
The Company	0	0	222,222,222	10.0
Mr. Wu	1,080,000,001	54.0	1,080,000,001	48.6
Li Kancong	80,000,000	4.0	80,000,000	3.6
Sure Joyful Investments Limited	380,000,000	19.0	380,000,000	17.1
Hill Luck International Limited	200,000,000	10.0	200,000,000	9.0
Charter Victoria Limited	260,000,000	13.0	260,000,000	11.7
Total	2,000,000,001	100.0	2,222,222,223	100.0

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in (A) the provision of environmental services which including (i) public area and office cleaning services which involve the 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 for 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 services 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) professional daily housekeeping and cleaning services for local boutique hotels, hostels and serviced apartments; (viii) secure and confidential waste destruction for commercial clients; (ix) sanitation services for yacht; (x) cleaning and waste management services for renovated apartment; and (xi) auto beauty services for private cars; and (B) the money lending services.

The Group is actively pursuing the expansion of the PRC markets through acquisition, expansion and cooperation. The Directors consider that the cooperation with the Target is not only a good investment opportunity but also a stepping stone for the Company to speed up its expansion in the PRC including the networks expansion and brand promotion in the PRC. The Target can also rely on our networks in Hong Kong, Shenzhen and Shanghai to promote its air purifier products. The Directors consider that the cooperation with the Target can bring synergy effects amongst the services provided by the Company and the air purifier products manufactured by the Target.

In addition, in case the Target is not developing as expected, the Put Option also give the Company an exit of the investment by requesting the Target to repurchase the Subscription Shares.

As such, the Directors believe that the terms of the Subscription Agreement and the transaction contemplated under the Subscription Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS OF THE SUBSCRIPTION UNDER THE GEM LISTING RULES

As certain applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) are more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

GENERAL

As the Completion is subject to the fulfilment of the Conditions under the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

"Board"	the board of Directors;
"Business Day(s)"	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;
"Company"	PPS International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability;
"Completion"	the completion of the Subscription in accordance with the Subscription Agreement;
"Completion Date"	the second Business Day after the day on which the last of the Conditions is fulfilled or waived (as the case may be) (or such later date as the Parties may agree in writing);

"Conditions"	the conditions precedent to Completion as set out in the Subscription Agreement;
"Consideration"	the total consideration of HK$15,000,000, equivalent to approximately HK$0.0675 per Subscription Share;
"Director"	the directors of the Company;
"Final Payment Date"	at least 28 clear days before the date of the first submission of the application form for Listing;
"GEM"	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HK Subsidiary"	Billionton Technologies (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Win Fung;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Interests"	the interest accrued on (1) the principal amount of HK$8,000,000 from the period commencing from the Completion Date and up to and including the Put Option Completion Date; and (2) the principal amount of HK$7,000,000 from the Final Payment Date and up to the Put Option Completion Date, at the interest rate of 18% per annum and calculated on the basis of a 365-day year and the actual number of days elapsed during the relevant period;
"Listco"	the listing vehicle of the Target Group to be incorporated in anticipation of the Listing;
"Listing"	the purported listing of the shares of the Listco on GEM;
"Long Stop Date"	31 December 2016;
"Mr. Wu"	Mr. Wu Shangjun, the founder of the Target

"PRC Subsidiaries"	宏騰電子科技(東莞)有限公司 (Billionton Technologies (Dongguan) Company Limited), 湖南科利爾環保科技有限公司 (Hunan Ke Li Er Environmental Technology Company Limited), 深圳地球村環保產業有限公司 (Shenzhen Diqiucun Environmental Property Company Limited) and 東莞市科立爾實業有限公司 (Dongguan Shi Ke Li Er Industry Company Limited), each a wholly-owned subsidiary of the HK Subsidiary;
"PRC"	the People's Republic of China, and for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region of People's Republic of China and Taiwan;
"Put Option"	the option to be granted to the Company at Completion by the Target to require the Target to repurchase the Put Option Shares at the Put Option Consideration pursuant to the Subscription Agreement;
"Put Option Consideration"	the Consideration which has or have been paid by the Company to the Target together with the Interests accrued thereon;
"Put Option Shares"	the Subscription Shares or such shares of the Listco as a result of the Share Swap;
"Replacement Share Charge"	the share charge (in substantially the same form to the Share Charge) over the shares of the Listco to be executed by the Share Chargor in favour of the Company when the Share Swap is implemented for the purposes of substituting for the Share Charge;
"SFC"	the Securities and Futures Commission of Hong Kong;
"Shares"	shares of the Company;
"Shareholders"	shareholders of the Company;
"Share Charge"	the share charge over 666,666,666 Target Shares to be executed by the Share Chargor in favour of the Company to secure the performance of obligations of the Target in respect of the exercise of the Put Option;
"Share Chargor"	Mr. Wu Shangjun, a shareholder of the Target;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"Subscription"	the subscription for 222,222,222 Target Shares for the total Consideration of HK$15,000,000, equivalent to approximately HK$0.0675 per Subscription Share, pursuant to the Subscription Agreement;
"Subscription Agreement"	the subscription agreement entered into among the Company, the Target and Mr. Wu on 12 December 2016 in relation to the Subscription;
"Subscription Shares"	222,222,222 Target Shares to be allotted and issued pursuant to the Subscription Agreement at Completion;
"Target"	Billionton Technology Group Limited, a company incorporated in the British Virgin Islands with limited liability;
"Target Group"	the Target and its subsidiaries, including Win Fung, the HK Subsidiary and the PRC Subsidiaries;
"Target Group Company(ies)"	any of the companies in the Target Group;
"Target Shares"	shares of the Target;
"Warrantors"	the Company and Mr. Wu;
"Win Fung"	Win Fung International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Target; and
"%"	per cent.

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

Hong Kong, 12 December 2016

As at the date of this announcement, the Company has (i) five executive Directors, namely Mr. Ye Jingyuan (Chief Executive Officer), Ms. Ding Pingying, Ms. Mui Fong, Mr. Tse Man Yiu and Mr. Yu Shaoheng; and (ii) two independent non-executive Directors, namely Mr. Chui Chi Yun, Robert and Mr. Kwong Tsz Ching, Jack.

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 GEM website at www.hkgem.com for at least seven days from the date of its posting and on the website of the Company at http://www.hkpps.com.hk/en/investor-relations.

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.