PPS INTERNATIONAL (HOLDINGS) LIMITED
寶 聯 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8201)

CONTINUING CONNECTED TRANSACTION AND REVISION OF ANNUAL CAP

The Board is pleased to announce that on 20 December 2016, PPS entered into the New Master Vessels Cleaning Service Contract with Customer X for the provision of vessels cleaning and pest control services in both Hong Kong and Macau for a contract term of two (2) years from 1 January 2017 to 31 December 2018.

On 30 December 2016, PPS entered into the New Vessels Cleaning Service Contracts with Niko in order to continue to provide the vessels cleaning and pest control services for Customer X in Macau as required under the New Master Vessels Cleaning Service Contract for a contract term of two (2) years from 1 January 2017 to 31 December 2018, the same service term with that of the New Master Vessels Cleaning Service Contract.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Niko is wholly owned as to 60% by Mr. Fan Shek Cheong, Allan and 40% by Ms. Fan Sheung Ting, Maria. Mr. Fan is the father-in-law of Mr. Wong, a director of PPS, and Ms. Fan Sheung Ting, Maria is the lawful wife of Mr. Wong and the daughter of Mr. Fan. Therefore, Niko is a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules. Accordingly, the New Vessels Cleaning Service Contract and the transactions contemplated thereunder constitutes a continuing connected transaction of the Company.

Pursuant to Rule 20.79 of the GEM Listing Rules, given (i) both the Previous Vessels Cleaning Service Contract and the New Vessels Cleaning Service Contract are entered into with the same connected person, the Niko; and (ii) the Previous Vessels Cleaning Service Contract are completed and the New Vessels Cleaning Service Contract are entered into in the last 12 months period, such transactions contemplated under the Previous Vessels Cleaning Service Contract and the New Vessels Cleaning Service Contract shall be aggregated for the purposes of the GEM Listing Rules.

As all percentage ratios (other than the profits ratio) under Rule 19.07 of the GEM Listing Rules in respect of the transaction contemplated under the New Vessels Cleaning Service Contract as aggregated with the transactions contemplated under the Previous Vessels Cleaning Service Contract are less than 5%, pursuant to Rule 20.74(2) of the GEM Listing Rules, the New Vessels Cleaning Service Contract is subject to the reporting and announcement requirements but is exempt from circular (including independent financial advice) and the Shareholders' approval requirements under the GEM Listing Rules.

BACKGROUND

Reference is made to the announcements (the "**Announcements**") of the Company dated 21 October 2014 and 24 October 2016 in relation to, among other things, the Vessels Cleaning Service Contract and the Master Vessels Cleaning Service Contract.

On 16 October 2014, PPS entered into the Master Vessels Cleaning Service Contract with Customer X for the provision of vessels cleaning services in both Hong Kong and Macau for a contract term of two years from 1 November 2014 to 31 October 2016, which was further extended to 31 December 2016.

On 21 October 2014, PPS entered into the Vessels Cleaning Service Contract with Niko, pursuant to which, PPS agreed to outsource and engage Niko to provide certain vessels cleaning services for Customer X in Macau as required under the Master Vessels Cleaning Service Contract for a term of two years from 1 November 2014 to 31 October 2016, which was further extended to 31 December 2016.

Both the Master Vessels Cleaning Service Contracts and the Vessels Cleaning Service Contracts will be expired on 31 December 2016.

The Board is pleased to announce that on 20 December 2016, PPS has entered into the New Master Vessels Cleaning Service Contract with Customer X for the provision of vessels cleaning and pest control services in both Hong Kong and Macau for a contract term of two (2) years from 1 January 2017 to 31 December 2018.

On 30 December 2016, the Board entered into the New Vessels Cleaning Service Contracts with Niko in order to continue to provide the vessels cleaning and pest control services for Customer X in Macau as required under the New Master Vessels Cleaning Service Contract for a contract term of two (2) years from 1 January 2017 to 31 December 2018, the same service term with that of the New Master Vessels Cleaning Service Contract.

NEW VESSELS CLEANING SERVICE CONTRACT

Date

30 December 2016

Parties

(a) PPS, an indirect wholly-owned subsidiary of the Company; and

(b) Niko.

Subject Matter

PPS has agreed to outsource and engage Niko to provide vessels cleaning and pest control services in Macau for Customer X. Pursuant to the New Vessels Cleaning Service Contract, Niko is required to provide cleaning services to up to 27 Vessels ("**Route A Vessels**") operating between Hong Kong-Macau Ferry Terminal of Hong Kong and Outer Harbour Ferry Terminal of Macau ("**Route A**") and 6 vessels ("**Route B Vessels**") operating between China Ferry Terminal of Hong Kong/Tuen Mun Ferry Terminal and Outer Harbour Ferry Terminal of Macau ("**Route B**").

Term

For a term of two years commencing from 1 January 2017 to 31 December 2018. (both dates inclusive).

Consideration and Payment Term

Under the New Vessels Cleaning Service Contract, the total cleaning services fees are HK$2,676,900, HK$5,353,800 and HK$2,676,900 for the period from 1 January 2017 to 30 June 2017, for the year ending 30 June 2018, and for the period from 1 July 2018 to 31 December 2018 respectively.

The total cleaning service fees will be adjusted in case of any change in the actual number of the vessels Niko is required to clean pursuant to the New Vessels Cleaning Service Contract. Under the New Vessels Cleaning Service Contract, if the total number of Route A Vessels increases to 30 or above, Niko will charge PPS an additional service fee of HK$10,000 per month per additional vessel starting from the 30th vessels onward. If the total number of Route A Vessels is reduced to 26 or less, PPS and Niko shall negotiate in good faith a new contract price for the provision of vessels cleaning and pest control services.

If the total number of Route B Vessels increases to 7 or above, Niko will charge PPS an additional service fee of HK$5,000 per month per additional vessel starting from the 7th vessels onward. If the total number of Route B Vessels is reduced, Niko shall reduce its charges by HK$5,000 per vessel per month.

Niko shall issue invoices for the vessels cleaning and pest control services fees of the previous month within the first three (3) days of each month and PPS shall settle the invoices within 30 days upon receipt of the invoices. The services fees will be satisfied by the internal resources of PPS.

The services fees for the New Vessels Cleaning Service Contract were determined by PPS and Niko after arm's length negotiations with reference to (i) the historical transaction amounts in relation to the vessels cleaning and pest control services between PPS and Niko; (ii) the scope of the vessels cleaning and pest control services; and (iii) the expected growth in labour cost and other administrative costs.

REASONS FOR AND BENEFIT OF ENTERING INTO THE VESSELS CLEANING SERVICE CONTRACT

On 20 December 2016, PPS entered into a new master vessels cleaning service contract (the "**New Master Vessels Cleaning Service Contract**") with Customer X for the provision of vessels cleaning and pest control services in both Hong Kong and Macau for a contract term of two (2) years from 1 January 2017 to 31 December 2018. As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the ultimate beneficial owners of Customer X are third parties independent of the Company and its connected persons. The entering into of the New Master Vessels Cleaning Service Contract is in the ordinary and usual course of business of the Group and will not constitute notifiable transaction as defined under Chapter 19 of the GEM Listing Rules.

Since PPS does not have any operation in Macau, and it is not cost effective to expand the operation in Macau solely for the Customer X, therefore PPS has subcontracted part of the cleaning and pest control services as required under the New Master Vessels Service Contract to and entered the New Vessels Cleaning Service Contract with Niko in order to provide the cleaning services in Macau.

Based on the above, the Directors (including the independent non-executive Directors) consider that the New Vessels Cleaning Service Contract and the transactions contemplated thereunder are on normal commercial terms and in the usual and ordinary course of business of the Group. The Directors (including the independent non-executive Directors) are of the view that the terms of the New Vessels Cleaning Service Contract are fair and reasonable and in the interests of the Company and the Shareholder as a whole.

REASONS FOR REVISION OF ANNUAL CAP AND PROPOSED ANNUAL CAPS

As disclosed in the Announcements, the proposed annual cap for the Vessels Cleaning Service Contracts for the year ending 30 June 2017 are HK$2,500,000. As PPS has entered into the New Vessels Cleaning Service Contracts with Niko for a contract term of two (2) years from 1 January 2017 to 31 December 2018, it is expected the original annual cap for the year ending 30 June 2017 will be insufficient, the Board therefore propose to revise the annual cap for the year ending 30 June 2017 from HK$2,500,000 to HK$5,450,000.

The proposed annual caps for the Previous Vessels Cleaning Service Contract and New Vessels Cleaning Service Contract are set out as follows:

	For the year ending 30 June 2017	For the year ending 30 June 2018	For the year ending 30 June 2019
Total annual caps for the Previous Vessels Cleaning Service Contract and New Vessels Cleaning Service Contract	HK$5,450,000	HK$5,890,000	HK$2,950,000

The proposed annual caps for the Previous Vessels Cleaning Service Contract and the New Vessels Cleaning Service Contract are determined by the Directors with reference to (i) the vessels cleaning service fees paid/to be paid to Niko under the Previous Vessels Cleaning Service Contract; (ii) the vessels cleaning and pest control services fees as agreed to be paid under the New Vessels Cleaning Service Contract; and (iii) the potential adjustment in the total number of vessels to be served as indicated by Customer X.

GENERAL INFORMATION

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.

Niko is a company incorporated in Macau with limited liability and is principally engaged in the provision of cleaning services in Macau.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Niko is wholly owned as to 60% by Mr. Fan Shek Cheong, Allan and 40% by Ms. Fan Sheung Ting, Maria. Mr. Fan is the father-in-law of Mr. Wong, a director of PPS, and Ms. Fan Sheung Ting, Maria is the lawful wife of Mr. Wong and the daughter of Mr. Fan. Therefore, Niko is a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules. Accordingly, the New Vessels Cleaning Service Contract and the transactions contemplated thereunder constitutes a continuing connected transaction of the Company.

Pursuant to Rule 20.79 of the GEM Listing Rules, given (i) both the Previous Vessels Cleaning Service Contract and the New Vessels Cleaning Service Contract are entered into with the same connected person, the Niko; and (ii) the Previous Vessels Cleaning Service Contract are completed and the New Vessels Cleaning Service Contract are entered into in the last 12 months period, such transactions contemplated under the Previous Vessels Cleaning Service Contract and the New Vessels Cleaning Service Contract shall be aggregated for the purposes of the GEM Listing Rules.

As all percentage ratios (other than the profits ratio) under Rule 19.07 of the GEM Listing Rules in respect of the transaction contemplated under the New Vessels Cleaning Service Contract as aggregated with the transactions contemplated under the Previous Vessels Cleaning Service Contract are less than 5%, pursuant to Rule 20.74(2) of the GEM Listing Rules, the New Vessels Cleaning Service Contract is subject to the reporting and announcement requirements but is exempt from circular (including independent financial advice) and the Shareholders' approval requirements under the GEM Listing Rules.

None of the Directors has a material interest in the New Vessels Cleaning Service Contract or is required to abstain from voting on such Board resolution to approve the New Vessels Cleaning Service Contract.

DEFINITIONS

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

"Board"	the board of Directors
"Company"	PPS International (Holdings) Limited (寶聯控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Customer X"	a company principally engaged in passenger vessel service between Hong Kong and Macau
"Director(s)"	the director(s) of the Company

"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Macau"	the Macau Special Administrative Region of the PRC
"Mr. Wong"	Mr. Wong Yin Jun, Samuel (王賢浚), a director of PPS
"New Master Vessels Cleaning Service Contract"	a contract entered into between PPS and Customer X on 20 December 2016 in respect of the provision of vessels cleaning and pest control services for Customer X in both Hong Kong and Macau for a term of two years from 1 January 2017 to 31 December 2018
"New Vessels Cleaning Service Contract"	a contract entered into between PPS and Niko on 30 December 2016 in respect of the provision of vessels cleaning and pest control services for Customer X in Macau for a term of two years from 1 January 2017 to 31 December 2018
"Niko"	Niko Cleaning Services Limited (力高清潔服務有限公司), a company incorporated in Macau with limited liability and is owned as to 60% by Mr. Fan Shek Cheong, Allan and 40% by Ms. Fan Sheung Ting, Maria, the daughter of Mr. Fan and lawful wife of Mr. Wong.
"notifiable transaction"	has the meaning ascribed to it under the GEM Listing Rules
"PPS"	Pollution & Protection Services Limited (寶聯環衛服務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"PRC"	The People's Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
"Previous Master Vessels Cleaning Service Contract"	a contract entered into between PPS and Customer X previously on 16 October 2014 in respect of the provision of vessels cleaning services for Customer X in both Hong Kong and Macau for a term of two years from 1 November 2014 to 31 October 2016 and further extended to 31 December 2016

"Previous Vessels Cleaning Service Contract"	a contract entered into between PPS and Niko on 21 October 2014 in respect of the vessels cleaning services provided by Niko for Customer X in Macau for a term of two years from 1 November 2014 to 31 October 2016 and further extended to 31 December 2016
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the GEM Listing Rules
"substantial shareholder"	has the meaning ascribed to it under the GEM Listing Rules

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

Hong Kong, 30 December 2016

As at the date of this announcement, the Board comprises five executive Directors, Mr. Ye Jingyuan, Ms. Ding Pingying, Ms. Mui Fong, Mr. Tse Man Yiu and Mr. Yu Shaoheng, 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.hkpps.com.hk.