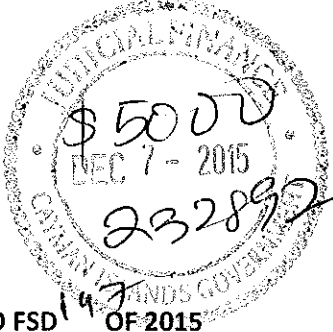


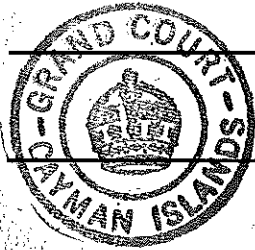
IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION

CAUSE NO FSD 147 OF 2015

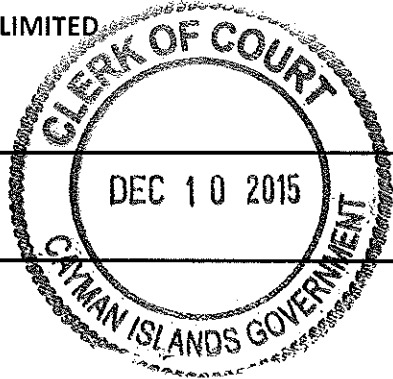


IN THE MATTER OF COMPANIES LAW (2013 REVISION)

AND IN THE MATTER OF PPS INTERNATIONAL (HOLDINGS) LIMITED



WINDING UP PETITION



TO THE GRAND COURT OF THE CAYMAN ISLANDS:-

THE HUMBLE PETITION OF Mr Zhao Han of 45 Jin Yang East Road, Kun Shan City, Jiang Su Province, the People's Republic of China (the *Petitioner*) shows that:

Company incorporation in the Cayman Islands, place of business in Hong Kong and authorized share capital

- 1 PPS International (Holdings) Limited (the *Company*) was incorporated as an exempted company with limited liability in the Cayman Islands on 31 May 2012, and was listed on the Stock Exchange of Hong Kong Limited (*HKEX*) on 17 June 2013.
- 2 The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Its principal place of business and head office is situated at 24/F., SUP Tower, 75-83 King's Road, North Point, Hong Kong.
- 3 The Company is one of the major environmental service providers in Hong Kong, providing a comprehensive range of cleaning and related services such as public

area and office cleaning, overnight kitchen cleaning, waste management and disposal, external wall and window cleaning, stone floor maintenance and restoration, pest control and fumigation as well as housekeeping. The Company provides services at commercial buildings, including office buildings and shopping arcades, hotels and serviced apartments, residential complexes, public transportations and other venues such as government and academic institutions.

- 4 As at 12 November 2015, the authorized share capital of the Company was 10,000 million shares at a par value of HK\$0.0001 per share.

#### **The Petitioner's and CNEPG's interests in the Company**

- 5 The Petitioner has been a shareholder of the Company since 25 July 2014. From 11 February 2015, the Petitioner was the holder of 1,200 million shares which represents 12% of the issued shares of the Company. Until 10 November 2015, the Petitioner was the largest shareholder of the Company as there were no other shareholders who held an interest in it of more than 10%.

- 6 On 6 November 2015, the Company proposed an open offer of 1 share for every 2 existing shares already held in the Company on the record date at the subscription price of HK\$0.013 per share (the *Open Offer*). Any shares not taken up by the existing shareholders would be acquired by the underwriter, Orient Securities Limited (*OSL*). The Open Offer was announced on the website of HKEx. This was followed up with a prospectus dated 24 November 2015 (the *Prospectus*).

- 7 According to information published on the website of HKEx, China New Energy Power Group Ltd (*CNEPG*) has held the following interests in the Company:

- (a) prior to 14 January 2015, CNEPG held 490 million shares in the Company, representing a 4.9% interest in it;
- (b) from 14 January 2015, it held 540 million shares, which amounted to a 5.4% interest;

- (c) on 16 January 2015, CNEPG's stake grew to 621 million shares, representing a 6.21% interest in the Company;
  - (d) on 26 January 2015, CNEPG's shareholding again increased to 711 million shares, amounting to a 7.11% interest; and
  - (e) on 10 November 2015, CNEPG's shareholding further increased from 711 million shares to 4,466.5 million shares, thereby increasing its interest to 44.67%. These further shares would be acquired at price of HK\$0.013 per share, the rate of the Open Offer.
- 8 However, pursuant to the terms of the Open Offer, CNEPG was only entitled to subscribe for an additional 355.5 million shares in the Company (on the basis that it held 711 million shares as at the date of the Open Offer, as disclosed by the information published on HKEx's website). This would give CNEPG an entitlement of only 1,066.5 million shares in the event that the Open Offer proceeds (and not 4,466.5 million shares as disclosed on HKEx's website).
- 9 Between 2 and 10 November 2015, the trading price of the Company's shares was between HK\$0.022 and HK\$0.026. This indicates that CNEPG acquired the additional shares on 10 November 2015 at a discount of at least 50%.
- 10 The proposal of the Open Offer announced on 6 November 2015 and the Prospectus dated 24 November 2015 both confirm that no additional offer of shares would be available to qualifying shareholders above and beyond the 2 for 1 share ratio described previously, and that any shares issued pursuant to the Open Offer, not taken up by the qualifying shareholders, would be taken by OSL as the underwriter.
- 11 Considering that (i) there are no other substantial shareholders from whom CNEPG may have acquired the interest on 10 November 2015, and (ii) the acquisition of such interest is at the rate of the Open Offer, a significant discount on market rate, this suggests that it is highly unlikely that CNEPG obtained these shares on the open market.

- 12 Not only would the issue of an additional 3,400 million shares to CNEPG be in breach of the terms of the Open Offer, the shareholding interest claimed by CNEPG is sufficiently substantial that it may be deemed to trigger a mandatory general offer to all other shareholders in the Company pursuant to the Hong Kong Code on Takeovers and Mergers and Share Buy-Backs (Rule 26).

#### **Orient Securities Limited**

- 13 Under the terms of the Open Offer, OSL, as underwriter, is bound to purchase any offered shares not taken up by the shareholders. The underwriter and its ultimate beneficial owners were to be "*Independent Third Parties*" and would receive as commission, 2.5% of the total subscription price on the offered shares.

- 14 Under the terms of the underwriting arrangements:

*"(i) the Underwriter will not and the Underwriter shall procure its sub-underwriters and/or places (and their respective ultimate beneficial owners) together with the parties acting in concert (as defined under the Takeovers Code) with each of them, will not be interested in 30% or more of the issued voting shares of the Company immediately after completion of the Open Offer;*

...

*(iii) the Underwriter shall use its reasonable endeavours to ensure that each of its sub-underwriter(s) and their places (and their respective ultimate beneficial owners) is independent of and not connected with the Company its connected persons and is not a party acting in concert with each other."*

- 15 According to the Prospectus, after completion of the Open Offer, if none of the offer shares were taken up by the qualifying shareholders, OSL would be entitled to a maximum of 5,000 million shares, being 33.33% of the 15,000 million shares issued.
- 16 On 1 December 2015, the Petitioner through his legal advisers, Harneys Westwood & Riegels (*Harneys*), wrote to the directors of CNEPG, OSL and the Company to seek

explanation for the additional share interests of CNEPG as disclosed on HKEx's website. The parties were asked to provide a response by 6pm on 3 December 2015.

- 17 As at the date of this Petition, OSL and the Company each informed the Petitioner that they will respond as soon as possible.
- 18 The additional share interests of CNEPG points to one of the two potential scenarios:
- (a) an undisclosed arrangement between CNEPG and OSL whereby CNEPG has obtained an interest in some of those shares to be allotted to OSL, in breach of the terms of the Open Offer; or
  - (b) the Company has/will issue additional shares to CNEPG over and above the 5,000 million offer shares in breach of the terms of the Open Offer.

#### **Other events**

- 19 In addition to the matters set out above, at the beginning of October 2015, the Petitioner was approached by Mr Lai, a representative of Mr Wen Jia Long (*Mr Wen*). Mr Lai informed the Petitioner that the Company wanted to buy back the entirety of his shareholding in it at a price of HK\$0.04 per share. The Petitioner was informed that if he refused to sell his interest in the Company, it would ensure that his interest in it would be diluted and/or that he would no longer have the largest shareholding in it. The Petitioner rejected the offer, and the Company subsequently announced the Open Offer on 6 November 2015.

#### **Grounds for Winding Up**

- 20 By reason of the above, it can be inferred that the unexplained increased shareholding of CNEPG in the Company is as a result of collusion between the Company, CNEPG and OSL to obtain a majority shareholding in the Company in an underhanded manner in order to disadvantage the minority shareholders and dilute the Petitioner's interest in the Company. Further, neither CNEPG, OSL or the Company have provided an explanation for these events within the three business days requested which is particularly alarming, given the imminence of the latest

date for acceptance of and payment for offer shares under the Open Offer on 8 December 2015.

- 21 Further and in all the circumstances, the Petitioner has justifiably lost confidence in the board of directors of the Company and has concerns that the board of directors is not acting in the best interests of the Company or the shareholders.
- 22 The reason behind the large increase in shareholding of CNEPG (which is in breach of the terms of the Open Offer) and the affairs of the Company require urgently to be investigated by an independent third party.

**Names and address of the qualified insolvency practitioners being nominated**

- 23 The Petitioner nominates Mr Keiran Hutchinson of Ernst & Young Ltd, 62 Forum Lane, Camana Bay, P.O. Box 510, Grand Cayman, KY1-0006, Cayman Islands and Mr Stephen Liu Yiu Keung of Ernst & Young Transactions Ltd, 62<sup>nd</sup> Floor, One Island East, 18 Westlands Road, Island East, Hong Kong to be appointed as the joint official liquidators of the Company.

**The Petitioner therefore humbly prays that:**

1. The Company be wound up in accordance with the Companies Law.
2. Alternatively, an inspector be appointed to investigate into the affairs of the Company.
3. Such further and/or other relief be granted as this Honourable Court deems fit.

Dated this 4<sup>th</sup> day of December 2015

*Harney Westwood Riegels*

**Harney Westwood & Riegels**

**TO:** The Company at its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

This Petition was filed by Harney Westwood & Riegels, Attorneys-at-Law for the Petitioner, whose address for service is 4th Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands (Ref: JJN/047636.0001).