

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PPS INTERNATIONAL (HOLDINGS) LIMITED

寶聯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8201)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of PPS International (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange 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.

The board of Directors (the “Board”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 30 June 2014, together with the comparative audited figures for the year ended 30 June 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
Revenue	4	193,098	194,549
Cost of services		(166,106)	(164,704)
Gross profit		26,992	29,845
Other income and gains	4	5,574	891
Selling and marketing expenses		(831)	(570)
Administrative expenses		(15,244)	(14,299)
Listing expenses		–	(9,652)
Profit from operations		16,491	6,215
Finance costs	7	(356)	(577)
Profit before taxation	6	16,135	5,638
Income tax expenses	8	(3,041)	(2,539)
Profit and total comprehensive income for the year attributable to owners of the Company		13,094	3,099
Earnings per share			(restated)
– Basic and diluted (HK cents)	10	1.31	0.41

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		11,085	13,080
Deferred tax asset		12	12
Restricted bank deposits		2,395	6,842
		<u>13,492</u>	<u>19,934</u>
Current assets			
Inventories		70	56
Trade receivables	<i>11</i>	33,470	37,918
Deposits, prepayments and other receivables		2,963	6,474
Restricted bank deposits		6,510	2,010
Fixed deposits		–	1,133
Cash and cash equivalents		37,382	28,465
		<u>80,395</u>	<u>76,056</u>
Current liabilities			
Trade payables	<i>12</i>	4,289	5,967
Accruals, deposits received and other payables		17,085	26,305
Bank borrowing		1,278	–
Obligations under finance leases		2,738	4,589
Tax payables		2,078	2,369
		<u>27,468</u>	<u>39,230</u>
Net current assets		<u>52,927</u>	<u>36,826</u>
Total assets less current liabilities		<u>66,419</u>	<u>56,760</u>
Non-current liabilities			
Obligations under finance leases		825	2,351
Deferred tax liability		1,127	1,036
		<u>1,952</u>	<u>3,387</u>
Net assets		<u>64,467</u>	<u>53,373</u>
Equity			
Capital and reserves			
Share capital	<i>13</i>	1,000	1,000
Reserves		63,467	52,373
		<u>64,467</u>	<u>53,373</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Attributable to owners of the Company					Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note (a))	Contribution surplus HK\$'000 (Note (b))	Retained earnings HK\$'000	
As at 1 July 2012	1,000	–	–	–	2,514	3,514
Profit and total comprehensive income for the year	–	–	–	–	3,099	3,099
Effect of reorganisation	(1,000)	–	1,000	–	–	–
Effect of capitalisation issue	750	(750)	–	21,400	–	21,400
Issue of shares upon listing	250	29,750	–	–	–	30,000
Transaction costs attributable to issue of shares	–	(4,640)	–	–	–	(4,640)
As at 30 June 2013 and 1 July 2013	1,000	24,360	1,000	21,400	5,613	53,373
Profit and total comprehensive income for the year	–	–	–	–	13,094	13,094
Dividend paid (Note 9)	–	(2,000)	–	–	–	(2,000)
As at 30 June 2014	1,000	22,360	1,000	21,400	18,707	64,467

Notes:

- (a) The amount represented the difference between the nominal amount of shares issued by the Company and the aggregate amount of share capital of subsidiaries acquired under common control pursuant to the group reorganisation (the “Reorganisation”) in preparation of the listing of the Company’s shares on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 17 June 2013.
- (b) The amount represented the amounts due to shareholders capitalised before the listing of the Company’s shares on the GEM of the Stock Exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2014

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 31 May 2012. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is located at Unit No. 503C, Block B, Sea View Estate, 2-8 Watson Road, North Point, Hong Kong.

The Company had its primary listing on the GEM of the Stock Exchange on 17 June 2013. The Company acts as an investment holding company and the principal activities of its principal subsidiaries are the provision of environmental services. In the opinion of the directors of the Company, the ultimate holding company of the Company is Viva Future Group Limited (“Viva Future”), which is incorporated in the British Virgin Islands (“BVI”). The consolidated financial statements are presented in thousands of units of Hong Kong Dollars (HK\$’000), unless otherwise stated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied all of the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for the Group’s financial year beginning on or after 1 July 2013.

HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

The impact on application of these new and revised HKFRSs is described below.

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

- (a) recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation; and
- (b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 Consolidated Financial Statements, HKFRS 11 Joint Arrangements, HKFRS 12 Disclosure of Interests in Other Entities, HKAS 27 (as revised in 2011) Separate Financial Statements and HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) Int-12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, HK(SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009-2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 1 Presentation of Financial Statements;
- amendments to HKAS 16 Property, Plant and Equipment; and
- amendments to HKAS 32 Financial Instruments: Presentation.

HKAS 1 (Amendments)

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise.

HKAS 32 (Amendments)

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes.

Except for the above, the application of these new and revised HKFRSs had no material impact on the Group's consolidated financial performance and positions for the current and prior years.

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these consolidated financial statements:

HKFRS 9	Financial Instruments ⁴
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39 ⁴
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁴
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ⁵
HKFRS 14	Regulatory Deferral Accounts ⁵
HKFRS 15	Revenue from Contracts with Customers ⁶
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle ³
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ⁵
HKAS 19 (2011) (Amendments)	Defined Benefits Plans: Employee Contributions ²
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36 (Amendments)	Recoverable Amount and Disclosures for Non-Financial Assets ¹
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC)-Int 21	Levies ¹

- ¹ effective for annual periods beginning on or after 1 January 2014, with earlier application permitted
- ² effective for annual periods beginning on or after 1 July 2014, with earlier application permitted
- ³ effective for annual periods beginning on or after 1 July 2014, with limited exceptions
- ⁴ no mandatory effective date yet determined but is available for adoption
- ⁵ effective for annual periods beginning on or after 1 January 2016, with earlier application permitted
- ⁶ effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors anticipate that the application of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 7 and HKAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) Investment Entities

The investment entities amendments apply to a particular class of business that qualify as investment entities. The term ‘investment entity’ refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

The directors anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKFRS 27 (2011) will have no material impact on the Group’s financial performance and positions.

Amendments to HKAS 36 Recoverable Amount Disclosure for Non-Financial Assets

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

The directors anticipate that the application of these amendments to HKAS 36 will have no material impact on the Group’s financial performance and positions.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way.

Similar relief will be included in HKFRS 9.

The amendments will be effective for annual periods beginning on or after 1 January 2014 and applied retrospectively. Earlier application is permitted.

The directors anticipate that the application of these amendments to HKAS 39 will have no material impact on the Group's financial performance and positions.

HK (IFRIC)-Int 21 Levies

HK (IFRIC)-Int 21 is an interpretation of HKAS 37 and addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. The principal question raised was about when the entity should recognise a liability to pay a levy. It clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. HK(IFRIC)-Int 21 is effective for annual periods beginning on or after 1 January 2014 with earlier application permitted.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the consolidated financial statements is historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The consolidated financial statements are presented in Hong Kong Dollars ("HK\$") which is also the functional currency of the Company and its subsidiaries.

The Group has consistently applied its accounting policies to all the years presented, unless otherwise stated, in the preparation of the consolidated financial statements.

4. REVENUE, OTHER INCOME AND GAINS

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Environmental services income	193,098	194,549

Revenue, which is also the Group's turnover, represents the value of services rendered during the year.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Other income:		
Interest income	78	34
Sundry income	675	20
Reversal of provision for long service payment	1,020	761
Reversal of provision for severance payment	595	–
Reversal of provision for untaken paid leave	591	–
Reversal of provision for staff allowances and bonus	2,045	–
Reversal of provision for claims	359	1
Reversal of provision on impairment for bad and doubtful debts	–	34
	<hr/>	<hr/>
	5,363	850
	<hr/>	<hr/>
Other gains:		
Gain on disposal of property, plant and equipment	211	40
Exchange gain, net	–	1
	<hr/>	<hr/>
	211	41
	<hr/>	<hr/>
	5,574	891
	<hr/>	<hr/>

5. SEGMENT INFORMATION

The Group currently operates in one operating segment which is the provision of environmental services. A single management team reports to the directors of the Company (being the chief operating decision-maker) who allocate resources and assess performance based on the consolidated result of the single business engaged in the provision of cleaning services for the years ended 30 June 2014 and 2013 comprehensively. Accordingly, the Group does not present separate segment information.

Information about major customers

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Customer A	42,001	38,659
Customer B	27,822	24,461
Customer C	25,399	23,083
	<hr/>	<hr/>

Geographical information

No geographical information is provided as most of the Group's revenue arises from Hong Kong and the Group's identifiable assets and liabilities are mainly located in Hong Kong.

6. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Depreciation of property, plant and equipment	5,162	4,526
Cost of consumable goods	2,652	2,325
Staff costs including directors' emoluments:		
Salaries and wages	93,518	99,300
Long service payment	985	1,685
Allowances and others	649	501
Contributions to defined contribution retirement plans	3,784	4,039
	<u>98,936</u>	<u>105,525</u>
Minimum lease payments under operating leases	<u>2,289</u>	<u>1,196</u>

7. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interests on:		
Bank borrowings wholly repayable within five years	76	135
Obligations under finance leases	280	442
	<u>356</u>	<u>577</u>

8. INCOME TAX EXPENSES

The income tax expenses for the years ended 30 June 2014 and 2013 represent Hong Kong Profits Tax which is calculated at 16.5% on the estimated assessable profit of the Group.

The charge comprises:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	2,950	2,167
Deferred tax:		
Current year charge	91	372
Income tax expenses	3,041	2,539

9. DIVIDENDS

A final dividend of HK 2 cents per share for the year ended 30 June 2013, amounted to HK\$2,000,000, was declared by the Board and paid to the Company's shareholders during the year ended 30 June 2014. The directors of the Company do not recommend the payment of any dividend for the year ended 30 June 2014.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Earnings for the year attributable to the owners of the Company	13,094	3,099
	2014 <i>'000</i>	2013 <i>'000</i> <i>(restated)</i>
Weighted average number of shares for the purpose of the basic earnings per share (<i>Note</i>)	1,000,000	759,560

Diluted earnings per share

There were no dilutive potential ordinary shares in existence during the years ended 30 June 2014 and 2013 and therefore the diluted earnings per share amounts are the same as the basic earnings per share for both years.

Note:

The calculation of basic and diluted earnings per share for the years ended 30 June 2014 and 2013 is based on the weighted average number of approximately 1,000,000,000 and 759,560,000 ordinary shares of the Company in issue during the years ended 30 June 2014 and 2013 respectively. On 23 December 2013, the Company conducted a 1-for-10 share subdivision. Each issued and unissued ordinary share of the Company of HK\$0.01 each was subdivided into 10 ordinary shares of HK\$0.001 each. The weighted average number of ordinary shares in issue used in the basic and diluted earnings per share calculation during the year ended 30 June 2013 was adjusted retrospectively.

11. TRADE RECEIVABLES

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	33,470	37,918

Generally no credit period is granted to the Group's customers. Environmental services fee are due upon the presentation of the invoices. The following is an ageing analysis of trade receivables presented based on the invoice date:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	29,155	23,807
31-60 days	1,893	7,463
61-90 days	1,465	4,787
Over 90 days	957	1,861
	33,470	37,918

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and ageing analysis of the receivables which requires the use of judgment and estimates. Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivable balances and any overdue balances on an ongoing basis and assessments are made by management on the collectability of overdue balances. As at 30 June 2014 and 2013, no allowances for bad and doubtful debts in respect of the trade receivables had been made.

12. TRADE PAYABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables	4,289	5,967

The following is an ageing analysis of trade payables as at 30 June 2014 and 2013:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0-30 days	3,972	5,462
31-60 days	317	208
61-90 days	–	73
Over 90 days	–	224
	4,289	5,967

The credit period on purchases of certain goods and services ranged from due on presentation of invoice to 60 days. Included in the Group's trade payables as at 30 June 2014 was an amount due to Niko Cleaning Services Limited ("Niko Cleaning"), a company owned by Mr. Fan Shek Cheong, Allan ("Mr. Fan"), the chairman and executive director of the Company, of approximately HK\$112,000 (2013: HK\$Nil).

13. SHARE CAPITAL

The movements of share capital of the Company are as follows:

	Number of shares	Nominal value HK\$
Authorised:		
Ordinary shares of HK\$0.01 each As at 1 July 2012, 30 June 2013 and 1 July 2013	10,000,000,000	100,000,000
Share subdivision	90,000,000,000	—
	<hr/>	<hr/>
Ordinary shares of HK\$0.001 each As at 30 June 2014	100,000,000,000	100,000,000
	<hr/>	<hr/>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 1 July 2012	1	—
Issue of shares upon Reorganisation	99	1
Capitalisation issue	74,999,900	749,999
Issue of shares upon listing	25,000,000	250,000
	<hr/>	<hr/>
Ordinary shares of HK\$0.01 each As at 30 June 2013 and 1 July 2013	100,000,000	1,000,000
Share subdivision	900,000,000	—
	<hr/>	<hr/>
Ordinary shares of HK\$0.001 each As at 30 June 2014	1,000,000,000	1,000,000
	<hr/>	<hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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 cleaning and waste management solution for renovated apartment.

BUSINESS REVIEW

The Group recorded stable growth in the commercial sector as we were successful in bidding a number of new contracts. Most new commercial contracts are for the provision of cleaning and related services in the Central area where customers traditionally demands a higher service quality but also willing to pay a premium price. Some of the new commercial contracts enable the Group to provide additional tenants and one-off contracts in the tenanted area of the building on a regular and ad-hoc or one-off basis.

The Group recorded double digit growth in the transportation sector as a result of a new pest control contract for the airport in Hong Kong as well as the result of the improved operating efficiency in which we re-organized our collection routes by focusing on higher value contracts and sub-contracted lower value contracts out. During the year, the Group purchased (a 9 tonnes tail lift/tipper truck and a 24 tonnes hook lift truck) to meet the increased demand for our waste management and disposal services. Due to fierce competition in contract price and labour in the hospitality sector, the Group was not successful in renewing a number of our housekeeping services contracts. The number of rooms to which the Group provided housekeeping services decreased from 950 rooms to 430 rooms per month in 2013/14. We contributed the reason for the unsuccessful renewals to the increased cost of skillful room attendants. The Group was not prepared to hire casual labour which typically is lower in cost but also in service quality.

Looking forward, we believe the fierce competition should continue in the hospitality sector, especially for the demand of skillful room attendants. In order to build up our labour force and group of room attendants, the Group shall conduct additional training classes in our training centers in Chai Wan. Our self trained room attendants can ensure the Group to control our service quality.

Revenue from other sector mainly from individual shops/offices, club houses and institutional buildings increased by double digit in 2013/14. Most of the revenue from other sector is recurring and service price is reviewable on an annual basis.

Revenue by Service Sector

The following table sets forth the breakdown of our revenue by different sectors which reflect the target clients of our environmental services:

	Year ended 30 June 2014		Year ended 30 June 2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Commercial	102,064	52.9	99,618	51.2
Hospitality	27,764	14.4	40,648	20.9
Residential	26,802	13.9	23,720	12.2
Transportation	21,713	11.2	17,905	9.2
Others	14,755	7.6	12,658	6.5
	<u>193,098</u>	<u>100</u>	<u>194,549</u>	<u>100</u>

Service Contracts

Contractor contracts are service contracts entered into mainly with property management companies, owners of various building premises, operators of hotels and public transportation facilities as well as government and academic institutions and are awarded to us through competitive tendering. Our major service contracts cover services provided to some designated sectors which include: (a) commercial sector which includes mainly office buildings, shopping arcades and the tenanted areas therein; (b) hospitality sector which includes hotels, hostel and serviced apartments; (c) residential sector which includes residential complexes and residential floors therein; (d) transportation sector which includes public transportations and (e) other sector which includes government and academic institutions and private clubs.

For the year ended 30 June 2014, we had a total of 73 contracts from the abovementioned five sectors representing a decrease of approximately 12.0% from 83 contracts for the year ended 30 June 2013. Despite the decrease in number of contract on-hand, the Group was able to provide more jobs for the tenant and ad hoc cleaning service in the commercial and residential sector for the year ended 30 June 2014.

OUTLOOK

Looking forward, we would focus our resources in high margin customers who are prepared to pay premium price for higher service quality. We would continue to strengthen our waste management and disposal services by upgrading our waste collection fleet. To lower the cost of room attendants for the hospitality sector, we shall conduct additional training and seminars. Our improvement in the commercial sector should allow the Group to build up reference for the provision of environmental services for the premium commercial buildings.

Competition for labour shall intensify due to the expected adjustment of the SMW in May 2015. From our experience, a higher SMW shall draw labour from the environmental services industry to other industries such as security service. To offset the increase in labour cost, the Group shall transfer most of the added cost to our customers.

Looking forward, the Group sees potential for the demand of environmental services in the yacht and renovated apartment. We would strengthen our marketing effort in hope to expand our market shares in these sectors. We would also continue to consolidate our resources to focus on high value customers to bring in additional revenue by cross-selling other cleaning and waste management services to our existing customers. We believe this strategy may not only improve our revenue per customer but also increase our profit margin as we could leverage our existing manpower to perform services at location where we already have presence.

FINANCIAL REVIEW

Revenue

For the year ended 30 June 2014, the Group reported a revenue of approximately HK\$193.1 million (2013: approximately HK\$194.5 million), representing a decrease of approximately 0.7% as compared with that for the previous year. The net decrease was attributable to (1) a decrease in revenue from hospitality income of approximately HK\$12.9 million; (2) an increase in revenue from transportation income of approximately HK\$3.8 million; (3) an increase in revenue from residential income of approximately HK\$3.1 million; (4) an increase in revenue from commercial income of approximately HK\$2.4 million and (5) an increase in revenue from other income of approximately HK\$2.1 million.

Cost of services

The Group's cost of services slightly increased by approximately 0.9% to approximately HK\$166.1 million (2013: approximately HK\$164.7 million) for the year ended 30 June 2014 as compared with that for the previous year. The increase in cost of services was mainly due to: (1) increase in running costs of our car fleet and (2) increase in sub-contractor fee as more sub-contractors were employed, partially offset by decrease in direct labour costs as less site staffs were employed.

Gross profit

The gross profit of the Group for the year ended 30 June 2014 decreased by approximately 9.4% to approximately HK\$27.0 million (2013: approximately HK\$29.8 million) as compared with that for the previous year. The gross profit margin of the Group decreased to approximately 14.0% for the year ended 30 June 2014 (2013: approximately 15.3%). The decrease in gross profit was mainly due to decrease in revenue and increase in cost of services as mentioned in above.

Other income and gains

The Group's other income and gains for the year ended 30 June 2014 increased by approximately 522.2% to approximately HK\$5.6 million (2013: approximately HK\$0.9 million) as compared with that for the previous year. The increase was mainly attributable to the reversal of provision for long service payment, severance payment, untaken paid leave, staff allowances and bonus, and claims for the year ended 30 June 2014.

Administrative expenses

The Group's administrative expenses for the year ended 30 June 2014 increased by approximately 6.3% to approximately HK\$15.2 million (2013: approximately HK\$14.3 million) as compared with that for the previous year. The administrative expenses mainly consisted of auditors' remuneration, legal and professional fees, staff costs (including Directors' remuneration), depreciation expenses and rental expenses. The increase in the administrative expenses was mainly attributable to increase in Directors' remuneration and professional fee during the year ended 30 June 2014.

Finance costs

The Group's finance costs for the year ended 30 June 2014 decreased to approximately HK\$0.4 million (2013: approximately HK\$0.6 million). The decrease was mainly attributable to the decrease in incurrence of interest expenses on the car finance.

Net profit

The Group recorded a net profit attributable to owners of the Company for the year ended 30 June 2014 increased by 322.6% to approximately HK\$13.1 million (2013: approximately HK\$3.1 million) as compared with that for the previous year. The increase in net profit was mainly resulted from the recognition of one-off listing expenses amounted to approximately HK\$9.7 million for the year ended 30 June 2013. If without the listing expenses, the Group should have achieved a net profit attributable to owners of the Company of approximately HK\$12.8 million for the year ended 30 June 2013, which is stable when compared with that for year ended 30 June 2014.

Earnings per share

The basic earnings per share for the year ended 30 June 2014 was approximately HK1.31 cents (2013: approximately HK0.41 cents (restated)). Diluted earnings per share was the same as the basic earnings per share for the years ended 30 June 2014 and 2013 as the Group had no dilutive potential ordinary shares in issue during these years.

USE OF PROCEEDS

During the period from 17 June 2013 to 30 June 2014, the net proceeds from the Placing had been applied as follows:

	Planned use of proceeds as stated in the Prospectus during the period from 17 June 2013 to 30 June 2014	Actual use of proceeds during the year ended 30 June 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continue to expand waste management and disposal team	3,165	3,053
Strengthen our established position in the environmental services industry in Hong Kong	2,395	1,152
Continue to expand and develop our services within the hospitality sector	1,312	1,173
Expand the range of our service offerings	643	—
	<hr/>	<hr/>
	7,515	5,378

Notes:

- (a) The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.
- (b) The unused net proceeds as at 30 June 2014 have been placed as interest bearing deposits with licensed bank in Hong Kong.

Comparison of Business Plan with Actual Business Progress

The following is a comparison of the Group's business plan as set out in the Company's prospectus dated 7 June 2013 (the "Prospectus") with actual business progress for the period ended 30 June 2014.

Business plan up to 30 June 2014 as set out in the Prospectus	Actual business progress up to 30 June 2014	
Business strategy	Implementation plan	
Continue to expand our waste management and disposal team	<ul style="list-style-type: none">– To acquire additional specialized vehicles and cleaning equipment– To recruit additional technical staff	Note 1
Strengthen our established position in the environmental services industry in Hong Kong	<ul style="list-style-type: none">– To advertise our services on online platform– To advertise our services in magazines and newspapers– To continue to promote our services by direct mail and distribution of leaflet and brochure– To improve the existing website of the Company with better navigation, design and photo– To employ additional staff for the contracting team– To recruit additional senior operation staff– To purchase additional and upgrade our equipment and machinery and information technology system to enhance our operational efficiency	Note 2
Continue to expand and develop our services within the hospitality sector	<ul style="list-style-type: none">– To provide training to our staff and enhance facilities of our training center– To promote our service to our target customer within the hospitality sector– To recruit more room attendants	Note 3

**Business plan up to 30 June 2014
as set out in the Prospectus**

**Actual business progress
up to 30 June 2014**

Business strategy

Implementation plan

Expand the range of our service offerings

- To acquire waste shredding machines
- To recruit staff and provide training on waste separation and recycling
- To participate in events held by environmental friendly organisations

Note 4

Notes:

1. The Group is taking a strategic move to further utilize its competitive edge in the waste management service by acquiring two specialized vehicles of a 9 tonnes tail lift/tipper truck and a 24 tonnes hook lift truck. The 9 tonnes tail lift/tipper truck is deployed to collect recyclable items such as paper, metal and plastic waste collected during our operations for resale and the 24 tonnes hook lift truck is deployed for the operation at one of the major convention and exhibition venues in Hong Kong after the Group successfully renewed its contract.

To better maintain the operation cost of our waste management service, the Group is in the process of hiring an additional fleet supervisor who can also perform minor maintenance to our vehicles.

2. The Group has expanded our advertisements by engaging a leading online search engine company to promote the Group's cleaning and waste management services. Regular advertising and marketing campaigns were carried out through the use of direct mail and distribution of leaflet and brochure. The Group has upgraded to a new email and file server to enhance our operational efficiency. We have hired an additional contracting staff to promote our services and renew our service quotation in order to enhance our profit margin. Finally, a senior operation manager was hired to improve our operation efficiency and service quality by providing additional internal training and product knowledge to our front line staff.
3. The Group has hired an additional 20 room attendants for our housekeeping operations. As the competition for housekeeping market increases, the Group shall focus on bringing in higher margin contracts rather than focusing on increasing the number of rooms served.
4. The Group has started to promote its secure and confidential waste destruction services to our existing commercial clients. We believe by leveraging our relationship with existing customers, it may allow us to build up a client base with lower administration and marketing costs.

Capital Structure

The Shares were listed on GEM on 17 June 2013. The share capital of the Group comprises only ordinary shares. The capital structure of the Group mainly consists of bank borrowing and obligations under finance leases; and equity attributable to owners of the Group, comprising issued share capital and retained earnings respectively.

The Directors of the Company review the capital structure regularly, taking into account the cost of capital and the risks associated with the capital. The Group considers the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of a gearing ratio. This ratio is expressed by as a percentage of total borrowings over the total equity.

Liquidity and Financial Resources

During the year ended 30 June 2014, the Group generally financed its operations through internally generated cash flows and net proceeds from the IPO.

As at 30 June 2014, the Group had net current assets of approximately HK\$52.9 million (30 June 2013: approximately HK\$36.8 million), including cash and cash equivalents of approximately HK\$37.4 million (30 June 2013: approximately HK\$28.5 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.9 as at 30 June 2014 (30 June 2013: approximately 1.9) which remains healthy.

The Board considers that the Group's financial resources are sufficient for its operation. If necessary, the Board would consider either debt or equity financing, or both, for business development, especially when appropriate business opportunities are identified and market conditions are favourable.

Gearing Ratio

The gearing ratio, which is based on the total amounts of bank borrowing and obligations under finance leases divided by total equity, was approximately 7.5% as at 30 June 2014 (30 June 2013: approximately 13.0%). The decrease was mainly resulted from decrease in obligations under finance leases and increase in equity due to increase in retained earnings for the year ended 30 June 2014.

Foreign Exchange Exposure

The Group's foreign currency exposure is limited as most of its transactions, assets and liabilities are denominated in Hong Kong dollars.

Employee and Remuneration Policies

The Group's remuneration policies are in line with the prevailing market practices and formulated on the basis of performance and experience of the employees. The salary and related benefits of the employees are rewarded on a performance related basis and the general remuneration structure of the Group is subject to review annually.

Capital Commitment

As at 30 June 2014, the Group did not have any significant capital commitments (30 June 2013: approximately HK\$0.04 million).

Charges on the Group's Assets

Our decrease in obligations under finance leases from approximately HK\$6.9 million as at 30 June 2013 to approximately HK\$3.6 million as at 30 June 2014, were primarily due to lesser specialized vehicles we acquired using finance leases during the year ended 30 June 2014. As at 30 June 2014, we had obligations under finance leases of approximately HK\$3.6 million, of which approximately HK\$2.7 million was repayable within one year. Such obligations under finance leases were secured by the relevant motor vehicles.

Save as mentioned above in this section, we did not have any outstanding mortgages or charges, borrowings or indebtedness including bank overdrafts, loans or debentures, loan capital, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits outstanding as at 30 June 2014 that have charges on the Group's assets.

Contingent Liabilities

As at 30 June 2014, the Group did not have any material contingent liabilities (30 June 2013: HK\$Nil).

Information on Employees

As at 30 June 2014, the Group had 789 staffs in Hong Kong. Total staff costs and related expenses (including Directors' remuneration) for the year ended 30 June 2014 decreased by approximately 6.2% over that for the previous year. The net decrease was mainly due to more sub-contractors were employed to substitute the site-staff, off-set by increase in Directors' remuneration.

Significant Investment Held

During the year ended 30 June 2014, the Group did not have any significant investment.

Future Plans for Material Investments and Capital Assets

During the year ended 30 June 2014, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

For the year ended 30 June 2014, there were no material acquisitions or disposals of subsidiaries made by the Group.

DIVIDENDS

The Board of Directors does not recommend the payment of dividend in respect for the year ended 30 June 2014 (2013: HK\$2.0 million).

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING (“AGM”)

The register of members of the Company will be closed from Tuesday, 28 October 2014 to Thursday, 30 October 2014, both days inclusive. During this period, no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Monday, 27 October 2014.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Save as disclosed in the Prospectus dated 7 June 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the year ended 30 June 2014.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 15 to the GEM Listing Rules.

In the opinion of the Board, the Company has complied with the Code for the year ended 30 June 2014, except for the deviations of Code Provisions A.2.1 and A.2.7.

CHAIRMAN AND EXECUTIVE DIRECTORS

Under the Code provision A.2.1, the roles of chairman and managing director should be separated and should not be performed by the same individual. During the year under review, the roles of chairman and managing director of the Company were performed by the executive Director, Mr. Fan Shek Cheong, Allan. The Company considered that the combination of the roles of chairman and managing director could effectively formulate and implement the strategies of the Company. The Company considered that under the supervision of its Board and its independent non-executive Directors, a balancing mechanism existed so that the interests of the Shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement.

Under the Code provision A.2.7, the chairman of the Board should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. During the year under review, the chairman of the Board did not hold such kind of private meetings with the non-executive Directors. The chairman of the Board considered that it was unnecessary as it would be more transparent to let the non-executive Directors speak out their views to all executive Directors in the full Board meetings which would be held at least four times a year. Besides, the chairman of the Board, being an executive Director himself, always welcomes all non-executive Directors to directly communicate with him via his email or phone to discuss any matters of the Company from time to time.

EVENTS AFTER THE REPORTING PERIOD

The Company was informed by Viva Future Group Limited (“Viva Future”), the controlling shareholder of the Company and a company wholly-owned by Mr. Fan Shek Cheong, Allan (“Mr. Fan”), an executive director of the Company, that on 25 July 2014, Viva Future entered into transfer documents for the disposal of in aggregate of 280,000,000 shares (the “Shares”) in the capital of the Company held by it to five investors, namely Xin Hong, Zhao Han, Lai Junning, Fu Wenhui and Lin Shangquan (collectively the “Investors”) as to 20,000,000, 130,000,000, 45,000,000, 45,000,000 and 40,000,000 Shares at HK\$16,400,000, HK\$87,100,000, HK\$34,650,000, HK\$32,400,000 and HK\$32,800,000 respectively. To the best knowledge, information and belief of the Directors, the Investors are independent third parties not connected with the Company and its connected persons (as defined under the GEM Listing Rules) (such disposals shall be collectively referred to as the “Disposals”). Shares disposed via the Disposals represent in aggregate approximately 28% of the total issued share capital of the Company (the “Share Capital”). Following the Disposals, the total interests of Mr. Fan in the Shares including family and other interests within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) are 420,000,000 Shares, representing approximately 42% of the Share Capital, of which 225,000,000 Shares, representing approximately 22.5% of the Share Capital, had been charged as security (the “Charged Shares”) in favour of Mr. Fong Shing Kwong, Michael (“Mr. Fong”) for a facility granted to Viva Future.

On 4 August 2014, the Company received a notice from Mr. Fan that the Charged Shares have been released by Mr. Fong and the relevant registration procedures for the release of charge of the relevant Charged Shares have been completed.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Group the financial and accounting policies and practices adopted by the Group, its internal controls and financial reporting matters and the above audited annual results of the Group for the year ended 30 June 2014; and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made.

PUBLICATION OF ANNUAL RESULTS AND 2014 ANNUAL REPORT

This announcement will remain on the “Latest Company Announcement” page of the internet website operated by the Stock Exchange for the purpose of the GEM 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. The 2014 Annual Report will be dispatched to the shareholders and will be available in the website of the Stock Exchange and the website of the Company in due course.

By Order of the Board
PPS International (Holdings) Limited
Fan Shek Cheong, Allan
Chairman and Executive Director

HKSAR, 25 September 2014

As at the date of this announcement, the board of directors of the Company (the “Directors”) comprises (i) Mr. Fan Shek Cheong, Allan, Mr. Wong Yin Jun, Samuel, Ms. Hung Sui Hing, Lilian and Mr. Cao Zhiwen as executive Directors; (ii) Ms. Fan Sheung Ting, Maria and Mr. Woo Yik Man as non-executive Directors; and (iii) Mr. Ho King Man, Kenneth, Mr. Tong Kin Ping, Patrick, Mr. Yu Tat Kong, Petrus and Mr. Lo Wing Sang as independent non-executive Directors.