PPS INTERNATIONAL (HOLDINGS) LIMITED
寶聯控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8201)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 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 GEM 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.

UNAUDITED QUARTERLY RESULTS

The board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 30 September 2014, together with the unaudited comparative figures for the corresponding period in 2013 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 September 2014

		Three months ended 30 September	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**47,369**	51,207
Cost of services		**(39,947)**	(42,908)
Gross profit		**7,422**	8,299
Other income and gains	*3*	**72**	15
Selling and marketing expenses		**(202)**	(201)
Administrative expenses		**(4,099)**	(3,266)
Profit from operations		**3,193**	4,847
Finance costs		**(53)**	(157)
Profit before taxation	*4*	**3,140**	4,690
Income tax expenses	*5*	**(737)**	(993)
Profit and total comprehensive income for the period attributable to owners of the Company		**2,403**	3,697
			(restated)
Earnings per share			
– Basic and diluted (HK cent)	*7*	**0.24**	0.37

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 September 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's principal activity is investment holding and the principal activities of its principal subsidiaries are the provision of environmental cleaning services. In the opinion of the directors of the Company, the ultimate holding company of the Company is Viva Future Group Limited, which was incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months ended 30 September 2014 (the "Quarterly Financial Statements") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of The Rules Governing the Listing of Securities on the GEM of the Stock Exchange and the Hong Kong Companies Ordinance. The Quarterly Financial Statements have been prepared under historical cost convention. The accounting policies used in the preparation of the Quarterly Financial Statements are consistent with those adopted in the preparation of the annual financial statements of the Group for the year ended 30 June 2014 (the "2013/2014 Financial Statements"), except for the new and revised standards, amendments and interpretations of HKFRSs ("new and revised HKFRSs") issued by the HKICPA which have become effective in the current period as detailed in the notes to the 2013/2014 Financial Statements. The directors of the Company believe that the application of these new and revised HKFRSs has no material impact on the amounts reported and disclosures set out in these Quarterly Financial Statements. The Quarterly Financial Statements are presented in Hong Kong Dollar ("HK$") which is also the functional currencies of the Company and its subsidiaries. All values are rounded to the nearest thousand except when otherwise stated.

3. REVENUE, OTHER INCOME AND GAINS

	Three months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Environmental services income	**47,369**	51,207

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

	Three months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income and gains:		
Interest income	**14**	14
Sundry income	**49**	1
Gain on disposal of property, plant and equipment	**9**	–
	72	15

4. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	Three months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**1,320**	1,191
Cost of consumable goods	**593**	685
Loss on disposal of property, plant and equipment	**–**	21
Staff costs including directors' emoluments:		
Salaries and wages	**23,602**	24,029
Long service payment	**–**	22
Allowances and others	**34**	51
Contributions to defined contribution retirement plans	**878**	847
	24,514	24,949
Minimum lease payments under operating leases	**571**	561

5. INCOME TAX EXPENSES

The income tax expenses for the periods ended 30 September 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:

	Three months ended 30 September	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	**714**	837
Deferred tax:		
Current period charge	**23**	156
Income tax expenses	**737**	993

6. DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 30 September 2014 (2013: HK$Nil).

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months ended 30 September 2014 is based on the earnings for the period attributable to the owners of the Company of approximately HK$2,403,000 (2013: HK$3,697,000) and the weighted average number of ordinary shares of 1,000,000,000 shares (2013: 1,000,000,000 shares (restated)). 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 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 period ended 30 September 2013 was adjusted retrospectively.

There were no dilutive potential ordinary shares in existence during the three months ended 30 September 2014 and 2013 and therefore the diluted earnings per share amounts were the same as the basic earnings per share.

8. RESERVES

	Attributable to owners of the Company					
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Other reserve** *HK$'000* *(Note 1)*	**Contribution surplus** *HK$'000* *(Note 2)*	**Retained earnings** *HK$'000*	**Total equity** *HK$'000*
As at 1 July 2013	1,000	24,360	1,000	21,400	5,613	53,373
Profit and total comprehensive income for the period	–	–	–	–	3,697	3,697
As at 30 September 2013 (unaudited)	1,000	24,360	1,000	21,400	9,310	57,070
As at 1 July 2014	**1,000**	**22,360**	**1,000**	**21,400**	**18,707**	**64,467**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**2,403**	**2,403**
As at 30 September 2014 (unaudited)	**1,000**	**22,360**	**1,000**	**21,400**	**21,110**	**66,870**

Notes:

1. 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 in preparation of the listing of the Company's shares on GEM of the Stock Exchange.

2. The amount represented the amounts due to shareholders capitalised before the listing of the Company's shares on GEM of the Stock Exchange.

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 (x) cleaning and waste management solution for renovated apartment.

BUSINESS REVIEW

The Group was successful in securing a service contract under which the Group was engaged in the provision of cleaning and waste management services to a commercial building in Wan Chai. Together with other service contracts in Wan Chai, the Group's services in Wan Chai is enhanced and the emergency support in Wan Chai is also strengthened which is one of our value added services. Our enhancement in our services and the emergency support is our advantage over our competitors.

Compared to the first quarterly result of 2013, the Group's revenue dropped by approximately 7.5% which was mainly due to unsuccessful renewal of a number of contracts. Most of the unsuccessful contracts' renewals were in the hospitality sector where competition for labour and pricing are stiff. The Group did not intend to tender at an unreasonable price especially for those housekeeping contracts where administration expenses are particularly high. Other contracts which the Group is not able to renew mainly involved price sensitive customers where quality of service is not their first priority concern. The Group believes that by focusing our effort on those high margin customers, the profit margin of the Group can be improved.

The Group's administration expenses increased by 25.5% which was mainly due to the increase in Director's fees, legal and other related professional fees incurred due to Group's expansion and funds raising exercises.

OUTLOOK

Looking forward, the Group would focus the resources on high value customers and will cross sell new services to our existing customers to increase the revenue. We believe this strategy not only improve our revenue from each customer but also increase our profit margin as we can leverage our existing manpower to perform services at location where we already have presence.

FINANCIAL REVIEW

Revenue

For the three months ended 30 September 2014, the Group reported a revenue of approximately HK$47.4 million (2013: approximately HK$51.2 million), representing a decrease of approximately 7.5% mainly due to unsuccessful renewal of some service contracts in the hospitality sector where competition for labour and pricing are high.

Gross Profit

The gross profit of the Group for the three months ended 30 September 2014 decreased by approximately 10.6% to approximately HK$7.4 million (2013: approximately HK$8.3 million) representing a gross profit margin of approximately 15.7% (2013: 16.2%).

Profit attributable to owners of the Company

The Group's unaudited net profit attributable to owners of the Company for the three months ended 30 September 2014 decreased by 35.0% to approximately HK$2.4 million (2013: approximately HK$3.7 million). This decrease was mainly due to decrease in gross profit and the increase in administrative expenses as discussed above.

USE OF PROCEEDS

The Company was listed on the Stock Exchange on 17 June 2013 and raised net proceeds of approximately HK$15.2 million. The future plans as stated in the Prospectus were derived from the Group's reasonable estimation of the future market conditions based on the information available at the time of preparing the Prospectus. As of the date of this announcement, we have utilized HK$7.0 million to expand waste management and disposal team. As at 30 September 2014, the unused proceeds were deposited in licensed banks in Hong Kong.

DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 30 September 2014 (2013: HK$Nil).

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the three months ended 30 September 2014.

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Save as disclosed below, as at 30 September 2014, none of the Directors and the chief executive and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within of the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

Name of Shareholder	Name of the company in which interest is held	Capacity	Total number of ordinary shares	Long/short position	Percentage of total issued share capital in the Company
Mr. Fan Shek Cheong, Allan	The Company	Interest of a controlled corporation *(Note 1)*	245,000,000	Long	24.5%
Mr. Wong Yin Jun, Samuel	The Company	Family interest *(Note 2)*	175,000,000	Long	17.5%

Notes:

1. Mr. Fan Shek Cheong, Allan beneficially owns 100% equity interest in Viva Future Group Limited that acquired the shares in the Company. Therefore, Mr. Fan Shek Cheong, Allan is deemed to be interested in 245,000,000 shares held by Viva Future Group Limited.

2. Mr. Wong Yin Jun, Samuel is the spouse of Ms. Fan Sheung Ting, Maria. Ms. Fan Sheung Ting, Maria beneficially owns 100% equity interest in Renowned Ventures Limited that acquired the shares in the Company. Accordingly, he is deemed to be interested in the shares owned/held by Ms. Fan Sheung Ting, Maria (by herself and through Renowned Ventures Limited) by virtue of the SFO.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 30 September 2014, no person other than certain Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name of Shareholder	Name of the company in which interest is held	Capacity	Total number of ordinary shares	Long/short position	Percentage of total issued share capital in the Company
Viva Future Group Limited	The Company	Beneficial owner *(Note 1)*	245,000,000	Long	24.5%
Renowned Ventures Limited	The Company	Beneficial owner *(Note 2)*	175,000,000	Long	17.5%
Ms. Chong Suk To, Ida	The Company	Family interest *(Note 3)*	245,000,000	Long	24.5%
Mr. Zhao Han	The Company	Beneficial owner	130,000,000	Long	13%
Ms. Gao Lili	The Company	Spouse interest *(Note 4)*	130,000,000	Long	13%

Notes:

1. Viva Future Group Limited is 100% owned by Mr. Fan Shek Cheong, Allan, the Chairman of the Company and an executive Director.

2. Renowned Ventures Limited is 100% owned by Ms. Fan Sheung Ting, Maria. Mr. Wong Yin Jun, Samuel, an executive Director, is the spouse of Ms. Fan Sheung Ting, Maria.

3. Ms. Chong Suk To, Ida is the spouse of Mr. Fan Shek Cheong, Allan. Accordingly, she is deemed to be interested in the shares held/owned by Mr. Fan Shek Cheong, Allan (by himself and through Viva Future Group Limited) by virtue of the SFO.

4. Mr. Zhao Han is the spouse of Ms. Gao Lili. Accordingly, Ms. Gao Lili is deemed to be interested in the shares held/owned by Mr. Zhao Han by virtue of the SFO.

COMPLIANCE ADVISER'S INTEREST IN THE COMPANY

As at 30 September 2014, as notified by the Company's compliance adviser, Cinda International Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 6 June 2013, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPETING INTERESTS

Save as disclosed in the Prospectus, during the period and up to date of this report, none of the Directors, controlling shareholders and their respective associates as defined under the GEM Listing Rules is interested in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

REVIEW BY THE AUDIT COMMITTEE

The audit committee consists of three members, namely Mr. Lo Wing Sang (chairman of the audit committee), Mr. Chan Chi Tong, Kenny and Mr. Lai Changming, all being independent non-executive Directors.

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 unaudited condensed consolidated results of the Group for the three months ended 30 September 2014; and is of the opinion that the preparation of such results complied with the applicable accounting standards and that adequate disclosures have been made.

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

HKSAR, 11 November 2014

As at the date of this announcement, the board of directors of the Company comprises Mr. Fan Shek Cheong, Allan, Mr. Cao Zhiwen, Mr. Wang Li and Mr. Zhang Chenglin as executive directors; and Mr. Lo Wing Sang, Mr. Lai Changming and Mr. Chan Chi Tong, Kenny as independent non-executive directors.