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 2015

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.

FINANCIAL HIGHLIGHTS

Summary of the results of the Group for the financial year ended 30 June 2015 is as follows:

- During the year ended 30 June 2015, the Group generated revenue of approximately HK$202.2 million, which represented an increase of approximately 4.7% over the revenue for the year ended 30 June 2014 (2014: approximately HK$193.1 million).

- The gross profit decreased by approximately 12.2% from approximately HK$27.0 million for the year ended 30 June 2014 to approximately HK$23.7 million for the year ended 30 June 2015.

- The Group recorded a net loss of approximately HK$27.2 million for the year ended 30 June 2015 as compared to the net profit of approximately HK$13.1 million for the year ended 30 June 2014.

- The deterioration from net profit for the year ended 30 June 2014 to net loss for the year ended 30 June 2015 is primarily attributable to (i) the decrease in gross profit of the Group by approximately HK$3.3 million primarily as a result of the inflation in the direct labour costs and the increase in direct overhead expenses; (ii) decrease in other income mainly due to the reversal of over provisions for staff costs by approximately HK$4.0 million; (iii) increase in administrative and operating expenses by approximately HK$14.1 million mainly attributable to the increase in administrative and operating staff expenses for business development by approximately HK$1.8 million, the increase in motor vehicles expenses by approximately HK$1.4 million, and also the increase in legal and professional fees by approximately HK$6.4 million arising out of the expansion of the Group's business and the initial set up costs for the Group's subsidiaries in the PRC; (iv) one-off forfeiture of a deposit of HK$4.5 million paid for the possible acquisition of Hong Kong Automobile Restoration Group Limited which was terminated on 9 January 2015; (v) impairment loss on the goodwill for the Elite Car Services Limited and its subsidiaries of approximately HK$8.5 million due to termination of several auto beauty centres; and (vi) impairment loss on purchase deposit of approximately HK$4.5 million relating to the purchase of cleaning material.

- The Board does not recommend the payment of a final dividend for the year ended 30 June 2015 (2014: Nil).

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 2015, together with the comparative audited figures for the year ended 30 June 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue	4	**202,192**	193,098
Cost of services		**(178,488)**	(166,106)
Gross profit		**23,704**	26,992
Other income, other gains and losses and impairments	5	**(17,532)**	5,574
Selling and marketing expenses		**(2,109)**	(831)
Administrative expenses		**(29,336)**	(15,244)
Finance costs	6	**(590)**	(356)
(Loss)/profit before taxation	7	**(25,863)**	16,135
Income tax expenses	8	**(1,386)**	(3,041)
(Loss)/profit for the year		**(27,249)**	13,094
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(23)**	–
Total comprehensive (loss)/income for the year		**(27,272)**	13,094
(Loss)/profit for the year attributable to:			
Owners of the Company		**(27,205)**	13,094
Non-controlling interests		**(44)**	–
		(27,249)	13,094
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(27,228)**	13,094
Non-controlling interests		**(44)**	–
		(27,272)	13,094
			(restated)
(Loss)/earnings per share			
– Basic and diluted (HK cents)	10	**(0.27)**	0.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**15,015**	11,085
Goodwill	*11*	**629**	–
Intangible assets		**1,062**	–
Deferred tax asset		**–**	12
Restricted bank deposits		**1,126**	2,395
		17,832	13,492
Current assets			
Inventories		**67**	70
Trade receivables	*12*	**45,720**	33,470
Deposits, prepayments and other receivables	*13*	**11,766**	2,963
Restricted bank deposits		**6,596**	6,510
Cash and cash equivalents		**45,425**	37,382
		109,574	80,395
Current liabilities			
Trade payables	*14*	**7,848**	4,289
Accruals, deposits received and other payables		**22,495**	17,085
Bank borrowing		**263**	1,278
Obligations under finance leases		**775**	2,738
Deferred revenue	*15*	**6,579**	–
Tax payables		**2,145**	2,078
		40,105	27,468
Net current assets		**69,469**	52,927
Total assets less current liabilities		**87,301**	66,419

	Notes	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Obligations under finance leases		**50**	825
Deferred tax liabilities		**1,361**	1,127
Bond	*16*	**9,250**	–
		10,661	1,952
Net assets		**76,640**	64,467
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	*18*	**1,000**	1,000
Reserves		**75,739**	63,467
Equity attributable to owners of the Company		**76,739**	64,467
Non-controlling interests		**(99)**	–
Total equity		**76,640**	64,467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2015

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 24/F., SUP Tower, 75-83 King's 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 and cleaning services and auto beauty services. 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, for the first time, 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 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

– obtain funds from one or more investors for the purpose of providing them with investment management services;

– commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

– measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no material impact on the amounts recognised in the Group's consolidated financial statements.

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

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

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

The Group has applied the amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC) – Int 21 Levies

The Group has applied HK(IFRIC) – Int 21 Levies for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

HKFRSs (Amendment)	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an investor and its Associate or Joint Venture[1]
HKFRS 10, 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[4]
HKAS 1 (Amendments)	Disclosure initiative[1]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[1]

[1] effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

[2] effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted

[3] effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

[4] effective for annual period beginning on or after 1 January 2018, 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 subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

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 are 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 accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value 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. 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. 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.

HKFRS 14 Regulatory Deferral Accounts

HKFRS 14 Regulatory Deferral Accounts, describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with HKFRS 14 because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate regulated goods or services.

The amendments to HKFRS 14 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 14 will have a material impact on the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation for its property, plant and equipment. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost;
- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9); or
- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

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. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

The Group's operating and reportable segments under HKFRS 8 are as follows:

Environmental and cleaning services (the "Environment and Cleaning")	Provision of environmental and cleaning services in Hong Kong and Macau
Auto beauty services (the "AUTO")	Provision of auto beauty services in Hong Kong

Information regarding the Group's reportable segments is presented below:

Revenue

Turnover represents the aggregate of service income from Environment and Cleaning services and AUTO.

An analysis of the Group's turnover is as follows:

	2015	2014
	HK$'000	*HK$'000*
Service income from Environmental and Cleaning	**200,604**	193,098
Service income from AUTO	**1,588**	–
	202,192	193,098

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

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

2015

	Environmental and Cleaning *HK$'000*	**AUTO** *HK$'000*	**Consolidated** *HK$'000*
Revenue			
Revenue from external customers	**200,604**	**1,588**	**202,192**
Result			
Segment profit/(loss)	**3,781**	**(9,828)**	**(6,047)**
Other incomes, other gains and losses and impairments			**(5,677)**
Central administrative costs			**(13,681)**
Finance costs			**(458)**
Loss before taxation			**(25,863)**

2014

	Environmental and Cleaning *HK$'000*	AUTO *HK$'000*	Consolidated *HK$'000*
Revenue			
Revenue from external customers	193,098	–	193,098
Result			
Segment profit	17,160	–	17,160
Other incomes and gains			270
Central administrative costs			(1,295)
Profit before taxation			16,135

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2014: HK$Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of central administrative and other costs including directors emoluments, impairment losses on deposits and other receivables, loss from termination of possible acquisition, finance costs and other operating expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

2015

	Environmental and Cleaning	AUTO	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Segment assets	**99,189**	**5,112**	**104,301**
Unallocated corporate assets			**23,105**
			127,406

	Environmental and Cleaning	AUTO	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Liabilities			
Segment liabilities	**20,065**	**19,639**	**39,704**
Unallocated corporate liabilities			**11,062**
			50,766

2014

	Environmental and Cleaning	AUTO	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Segment assets	92,714	–	92,714
Unallocated corporate assets			1,173
			93,887

	Environmental and Cleaning	AUTO	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Liabilities			
Segment liabilities	29,420	–	29,420
Unallocated corporate liabilities			–
			29,420

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than corporate assets, property, plant and equipment and cash and cash equivalents. Goodwill and intangible assets are allocated to reportable segments; and

- all liabilities are allocated to reportable segments other than corporate liabilities and bond.

Other segment information

	Environmental and Cleaning	**AUTO**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
2015				
Depreciation of property, plant and equipment	**4,720**	**81**	**1,347**	**6,148**
Amortisation on the intangible asset	**–**	**56**	**–**	**56**
Impairment loss on goodwill *(Note 11)*	**–**	**8,530**	**–**	**8,530**
Impairment losses on deposits and other receivables *(Note 13)*	**4,460**	**–**	**1,200**	**5,660**
Loss from termination of possible acquisition *(Note 5)*	**–**	**–**	**4,500**	**4,500**
Gain on disposal of property, plant and equipment, net	**75**	**–**	**–**	**75**
Additions to non-current assets*	**4,688**	**19**	**5,439**	**10,146**

	Environmental and Cleaning *HK$'000*	AUTO *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
2014				
Depreciation of property, plant and equipment	5,162	–	–	5,162
Gain on disposal of property, plant and equipment	211	–	–	211
Additions to non-current assets*	3,489	–	–	3,489

* Additions to non-current assets excluding goodwill, intangible assets, deferred tax assets and restricted bank deposits.

Information about major customers

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

	2015 ***HK$'000***	2014 *HK$'000*
Customer A	**43,312**	42,001
Customer B	**32,074**	27,822
Customer C	**26,675**	25,399

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.

5. OTHER INCOMES, OTHER GAINS AND LOSSES AND IMPAIRMENTS

	2015	2014
	HK$'000	*HK$'000*
Other incomes:		
Interest income	**47**	78
Sundry income	**380**	675
Reversal of provision for long service payment	**230**	1,020
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	**426**	359
	1,083	5,363
Other gains:		
Gain on disposals of property, plant and equipment, net	**75**	211
	75	211
Other losses and impairments:		
Loss from termination of possible acquisition *(Note)*	**(4,500)**	–
Impairment losses on deposits and other receivables *(Note 13)*	**(5,660)**	–
Impairment loss on goodwill *(Note 11)*	**(8,530)**	–
	(18,690)	–
	(17,532)	5,574

Note:

On 20 October 2014, Go Million Limited ("Go Million"), a wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding (the "MOU") with Lofty East Limited (the "First Vendor") and Creation Era Limited (the "Second Vendor") (collectively referred to as the "Vendors") for the possible acquisition (the "Possible Acquisition") of not less than 51% of the issued share capital of Hong Kong Automobile Restoration Group Limited (the "Target Company"), under which a deposit of HK$4,500,000 was paid by Go Million to the Vendors. The Target Company, through its subsidiaries, is principally engaged in motor vehicles beauty services including cars detailing, repairing and maintenance services in Hong Kong, Macau and Taiwan.

This deposit is unsecured, interest free and refundable in the event that no formal sale and purchase agreement is entered into between Go Million and the Vendors solely due to the fault of the Vendors.

On 9 January 2015, Go Million decided to terminate the MOU with effect from 9 January 2015, and as a result, the deposit of HK$4,500,000 shall not be refunded to Go Million from the Vendors.

The deposit of HK$4,500,000 was charged to the profit or loss during the year ended 30 June 2015.

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings wholly repayable within five years	**49**	76
Finance lease charges	**83**	280
Effective interest on bond *(Note 16)*	**458**	–
	590	356

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	2015	2014
	HK$'000	*HK$'000*
Auditors' remuneration	**500**	400
Depreciation of property, plant and equipment		
Owned by the Group	**5,319**	1,862
Held under finance lease obligations	**829**	3,300
Loss on written off of property, plant and equipment	**243**	–
Amortisation of intangible assets	**56**	–
Cost of consumable goods	**2,827**	2,652
Provision for untaken paid leave	**332**	–
Staff costs including directors' emoluments:		
Salaries and wages	**116,160**	93,518
Long service payment	**53**	985
Allowances and others	**1,426**	649
Contributions to defined contribution retirement plans	**4,474**	3,784
	122,113	98,936
Minimum lease payments under operating leases	**3,099**	2,289

8. INCOME TAX EXPENSES

The income tax expenses for the years ended 30 June 2015 and 2014 represent Hong Kong Profits Tax which is calculated at 16.5% on the estimated assessable profit of the Group.

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
– Current year provision	**1,372**	2,950
– Over provision in prior years	**(47)**	–
	1,325	2,950
Deferred tax	**61**	91
Income tax expenses	**1,386**	3,041

9. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the year ended 30 June 2015 and 2014. 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.

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
(Loss)/earnings for the year attributable to the owners of the Company	**(27,205)**	13,094

	2015	2014
		(restated)
	'000	'000
Weighted average number of shares for the purpose of the basic and diluted (loss)/earnings per share *(Note)*	**10,000,000**	10,000,000

Note:

The calculation of basic and diluted (loss)/earnings per share for the years ended 30 June 2015 and 2014 is based on the weighted average number of approximately 10,000,000,000 ordinary shares of the Company in issue during the years ended 30 June 2015 and 2014 respectively.

On 17 November 2014 and 23 December 2013, the Company conducted a 1-for-10 share subdivision. Each issued and unissued ordinary share of the Company of HK$0.001 and HK$0.01 each was subdivided into 10 ordinary shares of HK$0.0001 and HK$0.001 each respectively (Note 18). 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 2014 was adjusted retrospectively.

The outstanding warrants are not included in the calculation of the diluted loss per share as they have anti-dilutive effect on the basic loss per share for the year ended 30 June 2015.

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

11. GOODWILL

	2015
	HK$'000
Cost	
At 1 July 2014	–
Arising on acquisition of a subsidiary	**9,159**
At 30 June 2015	**9,159**
Accumulated Impairment	
At 1 July 2014	–
Impairment for the year	**8,530**
At 30 June 2015	**8,530**
Net Carrying amount	
At 30 June 2015	**629**

Impairment Tests for Cash-generating Units Containing Goodwill

Goodwill acquired has been allocated for impairment testing purposes to the following cash generating unit ("CGU"):

– AUTO

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Note:

The recoverable amount of the AUTO CGU is determined based on the value-in-use calculation under the income approach, which includes on the discounted cash flows sourced from the financial budgets approved by the management covering a 5-year period, and the post-tax discount rate of approximately 15% that reflects current market assessment of the time value of money and the risks specific to the AUTO CGU.

Cash flow projections during the budget period are based on the expected revenue from existing and potential customers throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 3% per annum growth rate. The growth rate does not exceed the long term average growth rate for the market.

The Group received notices on early terminations from the owners of several auto beauty centres after the date of the Acquisition. Although the Group could be able to apply certain wavier to relax the termination, the management decided to act upon the requests from the owners after i) seeking legal advice on relevant rules and regulation and ii) accessing the future benefit of these auto beauty centres. Accordingly, the management considered that revenue generated from AUTO will be affected and certain adjustments were made to the cash flow projections to reflect the current status. The recoverable amount of the AUTO CGU calculated was approximately HK$8,530,000 below the carrying amount of the AUTO CGU. Therefore, the management considered that an impairment loss on the goodwill of approximately HK$8,530,000 was recognised during the year ended 30 June 2015.

The recoverable amount of the AUTO CGU has been referenced to the valuation report prepared by Norton Appraisals Limited, an independent professional valuer.

The key assumptions used in the value in use calculations for the AUTO CGU are as follows:

Budgeted market share	The values assigned to the assumption reflect past experience, except for the growth factor, which is consistent with the directors' estimation of the revenue from existing and potential customers. The directors believe that planned revenue growth per year for the next five years is reasonably achievable.
Number of auto beauty centres	In order to maintain successive business operations of the AUTO CGU, the directors believe that there is no particular difficulty in renewal of the rental agreements of existing auto beauty centers operated by the AUTO CGU.

12. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**45,720**	33,470

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

	2015	2014
	HK$'000	*HK$'000*
0-30 days	**32,757**	29,155
31-60 days	**3,070**	1,893
61-90 days	**5,225**	1,465
Over 90 days	**4,668**	957
	45,720	33,470

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 judgement 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 2015 and 2014, no allowances for bad and doubtful debts in respect of the trade receivables had been made.

Age of receivables that are past due but not impaired

	2015	2014
	HK$'000	*HK$'000*
0-30 days	**32,757**	29,155
31-60 days	**3,070**	1,893
61-90 days	**5,225**	1,465
Over 90 days	**4,668**	957
	45,720	33,470

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. The management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit risk and the balances are still considered fully recoverable. The Group does not hold any collateral over those balances.

The amount of trade receivables that are past due but not impaired is the same as above ageing analysis of trade receivables.

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Deposits *(Note i)*	**10,733**	2,405
Prepayments	**1,008**	408
Other receivables *(Note ii)*	**5,685**	150
	17,426	2,963
Less: impairment loss *(Note iii)*	**(5,660)**	–
	11,766	2,963

Note:

(i) The Group has tendered for certain environmental services contracts and deposited sums of approximately HK$2,000,000 (2014: approximately HK$1,600,000) as tender deposits as at 30 June 2015. The tender deposits are interest-free and repayable at the end of the tender.

The Group has deposited sums of approximately HK$4,460,000 and approximately HK$1,000,000 as purchase deposits for purchase of motor car cleaning materials and purchase of a trademark respectively as at 30 June 2015. The purchase deposits are interest-free, unsecured and releasable upon completion of the purchases according to agreed terms.

(ii) Included in the other receivables as at 30 June 2015 was a loan receivable of approximately HK$4,300,000 due from an independent third party. The amount due is interest free, unsecured and repayable on demand. The loan receivable was subsequently settled in full before the reporting date.

(iii) During the year ended 30 June 2015, the Group recognised the impairment loss on the purchase deposits of HK$4,460,000 for the purchase of motor car cleaning materials from an independent third party. Having considered that the motor car cleaning materials have not been delivered to the Group in accordance with the agreed terms and the amount of HK$4,460,000 has not been refunded to the Group from that independent third party despite the Group's continuous reminders of the refund. The management is now in the process of taking legal action towards the refund arrangement. The directors are of the opinion that there is material uncertainty over the recovery of the amount of HK$4,460,000 and considered to make a provision for the sake of prudence.

During the year ended 30 June 2015, the Group recognised the impairment loss on the other receivables of approximately RMB960,000 (approximately HK$1,200,000) for the application of a Hong Kong – Shenzhen Bay cross board car plate (the "Plate") from an independent agency. In the light of the facts that the agency did not process the application of the Plate which its usage right is still uncertain and the amount of RMB960,000 (approximately HK$1,200,000) has not been refunded from that independent agency despite the Group's continuous reminders of the refund. The directors are of the opinion that there is material uncertainty over the recovery of the amount of RMB960,000 (approximately HK$1,200,000).

14. TRADE PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**7,848**	4,289

The following is an ageing analysis of trade payables as at 30 June 2015 and 2014:

	2015	2014
	HK$'000	*HK$'000*
0-30 days	**6,571**	3,972
31-60 days	**1,064**	317
61-90 days	**198**	–
Over 90 days	**15**	–
	7,848	4,289

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 2015 was an amount due to Niko Cleaning Services Limited ("Niko"), of approximately HK$794,000 (2014: approximately HK$112,000).

Niko is owned as to 60% by Mr. Fan Shek Cheong Allan ("Mr. Fan"), and 40% by Ms. Fan Sheung Ting, Maria ("Ms. Fan"). Mr. Fan was an executive director of the Company until 2 December 2014 and the father-in-law of Mr. Wong Yin Jun, Samuel ("Mr. Wong"), who is the key management of the Group and was an executive director of the Company until 30 October 2014. Ms. Fan was a non-executive director of the Company until 26 September 2014, the daughter of Mr. Fan and lawful wife of Mr. Wong. Therefore, Niko is a related party of the Group.

15. DEFERRED REVENUE

	2015	2014
	HK$'000	HK$'000
Car beauty package	**5,663**	–
Car beauty membership	**916**	–
	6,579	–
Analysed for reporting purpose as:		
Current liabilities	**6,579**	–
Non-current liabilities	**–**	–
	6,579	–

Deferred revenue represents cash received or receivables from the sales of packages and membership of car beauty services in advance of services being rendered.

16. BOND

	2015	2014
	HK$'000	*HK$'000*
Unlisted corporate bond	**9,250**	–

On 20 November 2014, the Company issued an unlisted corporate bond at a principal amount of HK$10,000,000 which is unsecured, bears a fixed interest rate of 7% per annum and is fully redeemable by the Company after 7 years from the issue date at its principal amount of HK$10,000,000.

The effective interest rate of the unlisted corporate bond is approximately 8.52%.

The movement of the unlisted corporate bond is set out as below:

	HK$'000
Unlisted corporate bond issued on 20 November 2014	10,000
Transaction costs for issue of the unlisted corporate bond	(800)
Initial amortised cost as at 20 November 2014	9,200
Imputed interest charged	458
Less: Coupon interest payable	(408)
As at 30 June 2015	**9,250**

17. WARRANTS

On 20 December 2014, the Company issued 2,000,000,000 unlisted warrants at the subscription price of HK$0.02 per warrant, which entitled the holder of each warrant to subscribe for one ordinary share of the Company at an exercise price of HK$0.166 per share at any time during a period of 12 months commencing from the date immediately after three months from the date of the Subscription Agreement. No warrant has been exercised up to the date of approval of the consolidated financial statements.

18. SHARE CAPITAL

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

	Notes	**Number of shares**	**Nominal value** *HK$*
Authorised:			
Ordinary shares of HK$0.01 each			
As at 1 July 2013		10,000,000,000	100,000,000
Share subdivision	*(a)*	90,000,000,000	–
Ordinary shares of HK$0.001 each			
As at 30 June 2014 and 1 July 2014		100,000,000,000	100,000,000
Share subdivision	*(b)*	900,000,000,000	–
Ordinary shares of HK$0.0001 each			
As at 30 June 2015		1,000,000,000,000	100,000,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
As at 30 June 2013 and 1 July 2013		100,000,000	1,000,000
Share subdivision	*(a)*	900,000,000	–
Ordinary shares of HK$0.001 each			
As at 30 June 2014 and 1 July 2014		1,000,000,000	1,000,000
Share subdivision	*(b)*	9,000,000,000	–
Ordinary shares of HK$0.0001 each			
As at 30 June 2015		**10,000,000,000**	**1,000,000**

Notes:

(a) 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.

(b) On 17 November 2014, the Company conducted a 1-for-10 share subdivision. Each issued and unissued ordinary share of HK$0.001 of the Company was subdivided into 10 ordinary shares of HK$0.0001 each.

BUSINESS OVERVIEW

Environmental and Cleaning Services

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.

Auto Beauty Services

On 31 March 2015, the Group completed the acquisition of the entire issued share capital of Elite Car Services Limited (the "Aquisition"). Elite Car Services Limited, through its subsidiaries, is principally engaged in auto beauty services for private cars under its own brand names "Champion Auto Club" and "E-Car" in Hong Kong. As at 30 June 2015, there were a total of 7 auto beauty centers located at car parking facilities. The auto beauty services offered by Champion Auto Club and E-Car included auto body cleaning service, premium waxing service, carpet and sofa steaming treatment, auto compartment cleaning and vacuuming service, coating service and unrivalled air-purifying service.

BUSINESS REVIEW

Environmental and Cleaning Services

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 and cleaning services:

	Year ended 30 June 2015		Year ended 30 June 2014	
	HK$'000	*%*	*HK$'000*	*%*
Commercial	**111,375**	**55.5**	102,064	52.9
Hospitality	**26,189**	**13.1**	27,764	14.4
Residential	**28,823**	**14.4**	26,802	13.9
Transportation	**18,526**	**9.2**	21,713	11.2
Others	**15,691**	**7.8**	14,755	7.6
	200,604	**100**	193,098	100

The Group continues to strengthen its core business sector by increasing its revenue in the commercial sector. Most new commercial contracts are for the provision of cleaning and related services at commercial buildings where customers traditionally demand a higher service quality but are also willing to pay a premium price. Almost all of the new commercial contracts enable the Group to provide additional services for the tenants in the tenanted area of the buildings with contracts on a regular, ad-hoc or one-off basis which further enhances our revenue stream. The Group also secured a contract for the provision of environmental services for one of the largest science and technology park in Hong Kong.

Due to fierce competition in contract price and labour, the Group recorded a slight decrease in the hospitality sector. The number of rooms to which the Group provided housekeeping services slightly decreased in the year. We contributed the reason for decrease in revenue due to the less room services contracted.

The Group secured a contract for the provision of cleaning and restocking bathroom and seat amenities for one of the largest airline operators in Hong Kong. We view this as a significant milestone, the Group can now explore more opportunities in the provision of environmental and cleaning services to the airline industry, the engagement by one of the largest airline operators can also strengthen our reputation. During the year, the Group also secured a significant contract for one of the major cargo and logistic centres in Hong Kong, doubled the revenue from one of our major transportation customers in providing cabin attendant service between vessels to and from Hong Kong and Macau. All these further strengthened our reputation and ability to provide 24/7 around the clock environmental services.

Revenue from residential and other sector increased slightly mainly due to renewal of existing contracts on better terms and secure of additional projects in the financial year. Most of the revenue from other sector is recurring and service price is reviewable on an annual basis.

Compared to the year ended 30 June 2015, the Group's revenue from the environmental and cleaning services increased by approximately 3.9% mainly due to additional contracts secured and regular price increment for our tenanted services contracts. The Group has taken a more proactive approach to gain additional market share in the environmental and cleaning services industry. We have increased our contracting and operational staff with a view to further enhancing our tendering capabilities for the government related contracts which the Group had less exposure in the past. Given the relative large contract size of the government projects, we believe it is in the best interest of the Group to expand into this sector. We have also achieved certain promising results as the Group has secured two additional residential service contracts for the housing sector in Hong Kong.

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 in 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 service 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 2015, we had a total of 77 contracts from the abovementioned five sectors representing an increase of approximately 5.5% from 73 contracts for the year ended 30 June 2014. With the increase in number of contract on-hand, the Group was able to provide more services for the tenants in the tenant areas or any other ad hoc cleaning service in the commercial and residential sectors for the year ended 30 June 2015.

Auto Beauty Services

During the period from the date of the Acquisition to 30 June 2015, Champion Auto Club and E-Car contributed revenue of approximately HK$1.6 million to the Group's total revenue. Due to early termination by landlords of parking lots leases where we operated auto beauty centres, the total number of auto beauty centres operated by Champion Auto Club and E-Car reduced from 8 auto beauty centres at the acquisition date on 31 March 2015 to 7 auto beauty centres as at 30 June 2015, which further drop to 5 auto beauty centres at the date of this report. Together with the fierce competition from other competitors, Champin Auto Club still has not achieved any positive results since the date of completion of our acquisition.

OUTLOOK

Environmental and Cleaning Services

The Group is successful in securing two new major environmental services contracts in the third quarter of 2015. These new services contracts will further strengthen our existing environmental services portfolio particularly in the transportation sector which includes (i) the provision of environmental services at the Hong Kong International Airport; (ii) the provision of public bus and depot cleaning services for one of the major public bus operators in Hong Kong. Along with the other major contracts secured, we have demonstrated our ability to provide large scale environmental services and strengthen our reputation as one of the largest environmental services provider in Hong Kong. We would continue to enhance quality of services by providing training to our front line staff. Labor market competition has intensified with the upward adjustment of Statutory Minimum Wage ("SMW") in Hong Kong effective from May 2015. Based on the Group's experience, the upward adjustment of SMW will lead to higher labor turnover rate in the environmental services industry as more labor tend to work in other less laborious industries such as the security guard service industry. To offset the increase in labour costs, the Group is striving to transfer most of the increased labour costs to our customers. The Group is closely monitoring the labor turnover rate and regularly reviews our remuneration package in order to maintain sufficient labor force.

Looking forward, we would strengthen our marketing effort in hope to expand our market shares in Government sector and 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. We would continue to streamline our waste management and disposal services by redeploying our waste collection fleet to higher margin customers. To lower the cost of room attendants for the hospitality sector, we shall conduct additional training and seminars. Our success in the commercial sector shall allow the Group to build up reference for the provision of environmental services for the premium commercial buildings.

To further enhance our revenue stream, we would also use our best endeavour to expand our geographical coverage in Hong Kong and PRC region.

Auto Beauty Services

The Group would use its best endeavour to improve the performance of Champion Auto Club and E-Car including but not limited to enhancing the variety and quality of services provided, improving the geographical coverage and also enhancing the business strategy in sales and marketing. The Group will utilise the existing customer network from our environmental services and cleaning services and perform some cross selling and promotion to improve the sales of Champion Auto Club and E-Car. In addition, we would also place more marketing effort with a view to enhancing our brand recognition in Hong Kong. We will also focus on high value customers who are more willing to spend on their luxury cars in order to generate more revenue. In the long run, we will strive to open more auto beauty centres at the prime locations in Hong Kong. We are seeking potential strategic partners who have the capability and experience in providing cleaning and auto beauty services in the People's Republic of China ("PRC") with a view to expanding our coverage into the PRC.

FINANCIAL REVIEW

Revenue

For the year ended 30 June 2015, the Group reported a revenue of approximately HK$202.2 million (2014: approximately HK$193.1 million), representing an increase of approximately 4.7% mainly due to (i) increase in the revenue from the environmental and cleaning services by approximately HK$7.5 million to HK$200.6 million (2014: approximately HK$193.1 million) as a result of regular price increment for own tenanted services contracts and successful bid of services contracts for one of the largest airline carriers, commercial complexes and transportation services providers in Hong Kong; (ii) contribution of the revenue of approximately HK$1.6 million from the newly acquired auto beauty services business in April 2015.

More details of the Group's performance for the year by business segments is set out in note 4 to the consolidated financial statements.

Cost of Services, Gross Profit and Gross Profit Margin

The Group's cost of services increased by approximately 7.5% to approximately HK$178.5 million (2014: approximately HK$166.1 million) for the year ended 30 June 2015 as compared with that for the previous year. Our cost of services primarily comprised direct wages, direct overhead expenses, consumables and sub-contracting fees. The cost of services in proportion to the Group's revenue increased by 2.8%. With the effective of SMW, the cost of direct wages should inevitably increased.

The gross profit of the Group for the year ended 30 June 2015 decreased by approximately 12.2% to approximately HK$23.7 million (2014: approximately HK$27.0 million), representing a gross profit margin of approximately 11.7% (2014: approximately 14.0%).

The decrease in the gross profit and gross profit margin for the year was mainly due to (i) the inflation in direct labor and manpower services costs as a result of the upward adjustment of SMW in Hong Kong effective from May 2015 and the intensifying labor market competition in the environmental and cleaning services business; and (ii) lower profit margin of some newly secured service contracts with a view to gain additional market share in the environmental and cleaning services business.

Other Income and Gains

The Group's other income and gains significantly decreased by approximately 79.2% to approximately HK$1.2 million (2014: approximately HK$5.6 million) for the year ended 30 June 2015. The decrease was mainly attributable to the decrease in reversals of provision for long service payments, severance payments, untaken paid leave, staff allowances and bonus, and claims by approximately HK$4.0 million for the year ended 30 June 2015.

Impairment Loss on Goodwill

At 30 June 2015, before impairment testing, goodwill of approximately HK$9.2 million was allocated to the cash generating unit of the newly acquired auto beauty business ("AUTO CGU"). Due to early termination of several auto beauty centres and restructure of the business model since the acquisition of the auto beauty business by the Group on 31 March 2015, the management have consequently determined to write off the goodwill allocated to AUTO CGU amounting to approximately HK$8.5 million during the year. No other write-down of the assets of AUTO CGU is considered necessary. The impairment test has been referenced to the valuation report prepared by Norton Appraisals Limited, an independent professional valuer.

Administrative Expenses and Other Losses

The Group's administrative expenses and other losses increased by approximately HK$24.3 million to approximately HK$39.5 million (2014: approximately HK$15.2 million) for the year ended 30 June 2015. The increase was mainly due to (i) one-off forfeiture of a deposit of HK$4.5 million paid for the possible acquisition of Hong Kong Automobile Restoration Group Limited which was terminated on 9 January 2015 as announced by the Company on the same date; (ii) increase in legal and professional fees by approximately HK$6.4 million mainly incurred as a results of the acquisition of the car beauty business, potential expansions of the Group's businesses and initial set up costs for the Group's subsidiaries in PRC; (iii) additional administrative expenses for the newly acquired car beauty business by approximately HK$1.9 million, the acquisition was completed in April 2015; (iv) impairment losses on deposits and other receivables of approximately HK$1.2 million and approximately HK$4.5 million for purchase of a Hong Kong-Shenzhen Bay cross border car plate and for purchase of motor car cleaning materials respectively; and (v) increase in staff costs for directors and administrative staff of approximately HK$1.8 million as a result of the increase in the number and salaries and allowances of directors and administrative staff for further development of the existing businesses and new development of the newly acquired car beauty businesses and future potential development of businesses in PRC.

(Loss)/Profit Attributable to Owners of the Company

The Group incurred a net loss attributable to owners of the Company of approximately HK$27.2 million for the year ended 30 June 2015 as compared to the net profit attributable to owners of the Company of approximately HK$13.1 million for the year ended 30 June 2014. The deterioration from the net profit for the year ended 30 June 2014 to the net loss for the year ended 30 June 2015 was primarily attributable to decrease in gross profit and other income and gains, increase in administrative expenses and other losses and recognition of the impairment loss on goodwill with the factors described above.

USE OF PROCEEDS

The Company was listed on the GEM of the Stock Exchange on 17 June 2013. The future plans for use of the net proceeds raised at the date of the listing of the Company as stated in the prospectus of the Company dated 7 June 2013 (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 and as at the date of this annual report, the Group does not anticipate any changes to the use of proceeds stated in the Prospectus. During the period between the date of the listing of the Company and 30 June 2015 (the "Period"), the net proceeds were used for the following purposes:

	Planned use of proceeds as stated in the Prospectus during the period from 17 June 2013 to 30 June 2015 *HK$'000*	**Actual use of proceeds during the year ended 30 June 2015** *HK$'000*
Continue to expand waste management and disposal team	6,291	5,180
Strengthen our established position in the environmental services industry in Hong Kong	3,020	2,267
Continue to expand and develop our services within the hospitality sector	1,792	1,792
Expand the range of our service offerings	883	883
	11,986	10,122

The unused net proceeds as at 30 June 2015 have been placed as interest bearing deposits with licensed bank in Hong Kong.

Liquidity, Financial Resources and Capital Structure

The shares (the "Shares") of the Company is listed on the GEM of the Stock Exchange. The Company's share capital comprises only ordinary shares.

During the year ended 30 June 2015, the Group had financed its operations and capital requirements through operating cash flows, net proceeds from the IPO, debt and equity financing.

On 20 November 2014, the Company issued an unlisted corporate bond at a principal amount of HK$10 million which is unsecured, bears a fixed interest rate of 7% per annum and is fully redeemable by the Company after 7 years from the issue date at its principal amount of HK$10 million. Details of the issue of the unlisted corporate bond are set out in the Company's announcement dated 20 November 2014.

On 20 December 2014, the Company issued 2,000,000,000 unlisted warrants at the subscription price of HK0.02 per warrant, which entitled the holder of each warrant to subscribe for one ordinary share of the Company at an exercise of HK$0.166 per share at any time during a period of 12 months commencing from the date immediately after the three months from the date of the Subscription Agreement. No warrant has been exercised up to the date of this announcement. Details of the issue of the unlisted warrants are set out in the Company's announcements dated 29 October 2014, 20 November 2014 and 21 December 2014.

As at 30 June 2015, the Group had cash and cash equivalents of approximately HK$45.4 million (30 June 2014: approximately HK$37.4 million). The increase was mainly attributable to the proceeds from the issue of the unlisted bond and the issue of the unlisted warrants as mentioned above.

As at 30 June 2015, the Group had net current assets of approximately HK$69.5 million (30 June 2014: approximately HK$52.9 million) and current ratio of approximately 2.7 (30 June 2014: approximately 2.9) which remain healthy.

As at 30 June 2015, the total debt of the Group were approximately HK$10.3 million (30 June 2014: approximately HK$4.8 million) which include bank borrowing of approximately HK$0.3 million (30 June 2014: approximately HK$1.3 million), obligations under finance leases of approximately HK$0.8 million (30 June 2014: approximately HK$3.5 million) and unlisted corporate bond of approximately HK$9.2 million (30 June 2014: HK$Nil). The gearing ratio of the Group (calculated by dividing total debt by total equity) as at 30 June 2015 was approximately 13.4% (30 June 2014: approximately 7.5%). The increase was mainly due to the issue of the unlisted corporate bond at a net consideration of approximately HK$9.2 million which was partially offset by the increase in the equity base by approximately HK$39.5 million from the issue of the unlisted warrants during the year ended 30 June 2015.

The Board is of the opinion that the Group is in a strong and healthy financial position and has sufficient resources to support its operations and meet its foreseeable capital expenditures.

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 EXPENDITURE AND CAPITAL COMMITMENT

For the year ended 30 June 2015, our capital expenditures mainly included additions in motor vehicles, leasehold improvement and plant and equipment amount to approximately HK$10.1 million (2014: approximately HK$3.5 million). These capital expenditures were funded by finance companies, funds generated from our operating activities, debt and equity financing.

As at 30 June 2015, the Group had capital commitment of approximately HK$0.5 million in respect of the acquisition of intangible assets contracted but not provided in the financial statements (30 June 2014: Nil).

Charges on the Group's Assets

As at 30 June 2015, the Group had obligations under finance leases of approximately HK$0.8 million (30 June 2014: approximately HK$3.5 million), of which approximately HK$0.7 million (30 June 2014: approximately HK$2.7 million) was repayable within one year. Such obligations under finance leases were secured by the relevant motor vehicles.

As at 30 June 2015, the Group had bank deposits of approximately HK$7.7 million (30 June 2014: approximately HK$8.9 million) pledged to banks as security for due performance under environmental service contracts and banking facilities granted to the Group.

Contingent Liabilities

(a) Performance bond

	2015	2014
	HK$'000	*HK$'000*
Guarantees on performance bonds in respect of environmental service contracts	**13,469**	8,874

The Group had bankers' guarantees on performance bonds issued for due performance under several environmental service contracts. As at 30 June 2015, fixed deposits of approximately HK$7.7 million (approximately HK$8.9 million) were pledged to banks as security for bankers' guarantees on performance bonds issued.

(b) Litigations

During the reporting period, the Group may from time to time be involved in litigations concerning personal injuries by its employees or third party claimants. In the opinion of the Directors, the Group had no any significant contingent liabilities arising from these litigations as all potential claims made by these employees and third party claimants are accounted for in the unaudited condensed consolidated financial statements and covered by insurance protection.

Information on Employees

As at 30 June 2015, the Group had 810 permanent staff in Hong Kong. Total staff costs and related expenses (including Directors' remuneration) for the year ended 30 June 2015 increased by approximately 23.4% to approximately HK$122.1 million over that for the previous year. The increase was mainly due to (i) employment of more on-site staff as a result of additional service contracts secured during the year and the expansion of the Group in order to secure more Government related projects which the Group has less exposure in the past; and (ii) inflation in the on-site staff cost as a result of the effective of the new SMW in May 2015.

Significant Investment Held

During the year ended 30 June 2015, the Group did not have any significant investment.

Plans for potential expansions in the PRC

As mentioned in the Company's announcement dated 12 January 2015, in view of a great potential market in the PRC, the Group intends to diversify the income stream of the Group by expanding its existing environmental and cleaning services and engaging in supply chain management and trading business in related areas in the PRC. In February 2015, the Group's two wholly owned subsidiaries have jointly set up a limited partnership with registered capital of RMB$10,000,000 (the "Partnership") in the PRC to pursue potential expansion of abovementioned businesses in the PRC. If opportunities arise, the Group may also expand its auto beauty services in the PRC. As of the date of this report, the Partnership did not acquire any abovementioned businesses in the PRC. The Group is still striving to seek potential acquisitions and strategic partners that will have a capability and experience to make a valuable contribution to the development of the abovementioned businesses in the PRC.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On 31 March 2015, the Group completed the acquisition of the entire issued share capital of Elite Car Services Limited (the "Acquisition"). Elite Car Services Limited, through its subsidiaries, is principally engaged in auto beauty services, including auto detailing services, under its own brand names "Champion Auto Club" and "E-Car" in Hong Kong. As one of the conditions of the Acquisition, the Vendor and two senior management personnel employed by Elite Car Services Limited prior to the Acquisition have agreed to act as the consultants of Elite Car Services Limited (the "Consultants") for a term of 2 years commencing from 31 March 2015. Details of the Acquisition are set out in the Company's announcement dated 10 March 2015.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries or affiliated companies made by the Group during the year ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

During the year ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares.

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 Codes A.2.1, A.2.7 and A.4.1.

(i) Under the Code provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the year under review, the roles of chairman and chief executive officer of the Company were performed by the same executive Directors. At the date of this report, the roles of Chairman and chief executive officer were performed by the executive director, Mr. Chan Wai Kit. The Company considered that the combination of the roles of chairman and chief executive officer 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.

(ii) 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.

(iii) A.4.1 of the Code stipulates that all non-executive directors should be appointed for a specific term, subject to re-election. Currently, all non-executive directors, including the independent non-executive directors, are not appointed for a specific term. They are, however, subject to the retirement by rotation and re-election of directors in the articles of association of the Company. Since their appointment will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the Code.

NON-COMPLIANCE WITH THE GEM LISTING RULES

Non-compliance with the Rules 18.03, 18.48A and 18.49 of the GEM Listing Rules

Pursuant to the Rules 18.03, 18.48A and 18.49 of the GEM Listing Rules, the Company is required to publish annual results of the Company for the year ended 30 June 2015 (the "2015 Annual Results") and despatch the annual report of the Company for the year ended 30 June 2015 (the "2015 Annual Report") to the Shareholders by 30 September 2015.

However, due to more time is required to gather information for the audit of the consolidated financial statements of the Group for the year ended 30 June 2015, the Company was unable to publish the 2015 Annual Results and despatch the 2015 Annual Report to the Shareholders by 30 September 2015.

The Board acknowledges that the delay in the publication of the 2015 Annual Results and the despatch of the 2015 Annual Report to the Shareholders constitute non-compliance with the Rules 18.03, 18.48A and 18.49 of the GEM Listing Rules.

AUDIT COMMITTEE

At the date of this report, the Audit Committee has four members comprising Mr. Chui Chi Yun, Robert (Chairman), Mr. Chow Chun Hin, Leslie, Mr. Chan Chi Tong, Kenny and Mr. Chen Kwok Wang, all being independent non-executive directors. The primary duties of the Audit Committee are mainly to review and supervise the financial reporting process and internal control system of the Group.

The annual results of the Company have been reviewed by the Audit Committee.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's result for the year ended 30 June 2015 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be despatched to the Shareholders as well as published on the websites of The Stock Exchange of Hong Kong Limited and the Company on 22 October 2015.

By Order of the Board
PPS International (Holdings) Limited
Chan Wai Kit
Chairman and Executive Director

HKSAR, 15 October 2015

As at the date of this announcement, the board of directors (the "Directors") of the Company comprises three executive Directors, Mr. Chan Wai Kit, Ms. Wong Chi Yan and Mr. Cao Zhiwen and four independent non-executive Directors, Mr. Chui Chi Yun, Robert, Mr. Chow Chun Hin, Leslie, Mr. Chan Chi Tong, Kenny and Mr. Chen Kwok Wang.