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PPS International (Holdings) Limited

寶聯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8201)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

The Board wishes to inform the Shareholders and potential investors that, based on the information currently available to the management of the Group, it is expected that the Group will record a net loss for the six months ended 31 December 2015 as compared to the net profit for the six months ended 31 December 2014.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by PPS International (Holdings) Limited (the “**Company**”, and, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on Growth Enterprises Market (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

The board of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available to the management of the Group, it is expected that the Group will record a net loss for the six months ended 31 December 2015 as compared to the net profit for the six months ended 31 December 2014.

Based on the information currently available, the Board believes that the deterioration from net profit for the six months ended 31 December 2014 to net loss for the corresponding period in 2015 is primarily attributable to the following reasons, including, amongst others:

- (i) the net loss of approximately HK\$2.8 million incurred from the auto beauty services business which was newly acquired in March 2015;
- (ii) the decrease in gross profit generated from our environmental and cleaning business by approximately HK\$5.5 million primarily as a result of (a) the inflation in the direct labor costs and sub-contracting fees; and (b) the deterioration of the profit margin ratio of some contracts secured due to fierce market competition;
- (iii) the recognition of the share-based payment expenses of approximately HK\$6.6 million related to the grant of share options to eligible persons of the Group as announced by the Company on 11 December 2015 which is one-off and non-cash in nature;
- (iv) the increase in administrative and operating staff costs for business development of our environmental and cleaning business and auto beauty business by approximately HK\$3.9 million; and
- (v) the increase in legal and professional fees by approximately HK\$1.4 million incurred from the professional advisory services for the Group's business development and the legal issues.

The information contained in this announcement is only based on the preliminary estimations and calculations by the Board with reference to the information currently available, including the management accounts of the Group for the six months ended 31 December 2015. Shareholders and potential investors are advised to refer to the Group's interim results for six months ended 31 December 2015 which is expected to be released on 5 February 2016.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 1 February 2016

*As at the date of this announcement, the board of directors (the “**Directors**”) of the Company comprises four executive Directors, Mr. Chan Wai Kit, Ms. Wang Jun, Ms. Wong Chi Yan and Mr. Zhang Xiaozheng, two non-executive Directors, Ms. Li Qingchen and Mr. Xu Xiaoping, and four independent non-executive Directors, Mr. Chan Chi Tong, Kenny, Mr. Chen Kwok Wang, Mr. Chow Chun Hin, Leslie and Mr. Chui Chi Yun, Robert.*

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the internet website operated by the Stock Exchange for the purposes of the Growth Enterprise Market at www.hkgem.com for at least seven days from the day of its posting and will be published on the website of the Company at www.hkpps.com.hk.