THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in PPS International (Holdings) Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms of the Offers contained herein.

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

Wui Wo Enterprise Limited
匯和企業有限公司
(Incorporated in the British Virgin Islands with limited liability)

COMPOSITE OFFER AND RESPONSE DOCUMENT IN RELATION TO MANDATORY CONDITIONAL CASH OFFERS BY LAMTEX SECURITIES LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF PPS INTERNATIONAL (HOLDINGS) LIMITED AND CANCEL ALL OUTSTANDING SHARE OPTIONS OF PPS INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND MR. YU WEIYE)

Financial adviser to the Offeror

ROYAL EXCALIBUR
CORPORATE FINANCE COMPANY LIMITED

Offer agent to the Offeror

LAMTEX Securities Ltd.
林達證券有限公司

Financial adviser to the Company

Shinco Capital
昇豪資本

Shinco Capital Limited

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

Nuada Limited
Corporate Finance Advisory

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Lamtex containing, among other things, details of the terms of the Offers is set out on pages 6 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 23 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and Optionholders in relation to the Offers is set out on pages 24 to 25 of this Composite Document. A letter from the Independent Financial Adviser containing its advice and recommendation on the Offers to the Independent Board Committee is set out on pages 26 to 46 of this Composite Document.

The procedures for acceptance and settlement of the Offers and other related information are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Offers should be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) by no later than 4:00 p.m. on Friday, 18 November 2016 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form(s) of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Important Note to the Shareholders outside Hong Kong" in the "LETTER FROM LAMTEX" in this Composite Document before taking any action. It is the responsibility of each overseas Shareholders wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offers.

The Composite Document will remain on the GEM website at http://www.hkgem.com and on the website of the Company at (http://www.hkpps.com.hk/en/investor-relations) as long as the Offers remain open.

28 October 2016

CONTENTS

The timetable set out below is indicative and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. All the time and date references contained in this Composite Document refer to Hong Kong time and dates.

Despatch date of this Composite Document and the accompanying Form(s) of Acceptance and commencement of the Offers *(Note 1)*	Friday, 28 October 2016
Latest time and date for acceptance of the Offers on the Offers Closing Date *(Note 2)*	4:00 p.m. on Friday, 18 November 2016
Offers Closing Date *(Note 2)*	Friday, 18 November 2016
Announcement of the results of the Offers on the website of the Stock Exchange *(Note 2)*	by 7:00 p.m. on Friday, 18 November 2016
Latest date of posting of remittances in respect of valid acceptances received under the Offers by the Offers Closing Date (assuming the Offers become or are declared unconditional on such date) *(Note 3)*	Tuesday, 29 November 2016
Latest time and date for the Offers to remain open for acceptance (assuming the Offers become or are declared unconditional on the Offers Closing Date) *(Note 4)*	4:00 p.m. on Friday, 2 December 2016
Final closing date of the Offers if the Offers become or are declared unconditional on the Offers Closing Date	Friday, 2 December 2016
Latest date of posting of remittances in respect of valid acceptances received under the Offers on or by 4:00 p.m. on Friday, 2 December 2016, being the latest date on which the Offers remain open for acceptances (assuming the Offers become or are declared unconditional in all respects on the Offers Closing Date) *(Notes 3 and 4)*	Tuesday, 13 December 2016
Latest date by which the Offers can be declared unconditional as to acceptances *(Note 5)*	Wednesday, 28 December 2016

Notes:

(1) The Offers, which are conditional, are made on Friday, 28 October 2016, the date of this Composite Document, and are capable of acceptance on and from that date until the Offers Closing Date unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed "7. Right of Withdrawal" in Appendix I to this Composite Document.

(2) In accordance with the Takeovers Code, the Offers must remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offers will be closed at 4:00 p.m. on the Offers Closing Date unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on the Offers Closing Date stating the results of the Offers and whether the Offers have been revised, extended or expired or have become or are declared unconditional in all respects. In the event that the Offeror decides that the Offers will remain open, the announcement will state the next closing date of the Offers or that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given, before the Offers are closed, to those Independent Shareholders and Optionholders who have not accepted the Offers. An acceptor of the Offers shall be entitled to withdraw his acceptance after 21 days from the first closing date of the Offers if the Offers have not by then become unconditional as to acceptances. However, this entitlement to withdraw shall only be exercisable until such time as the Offers become or are declared unconditional as to acceptances. For further details, please refer to Appendix I to this Composite Document. If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force on the Offers Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be the same day, i.e. 4:00 p.m. on the Offers Closing Date.

(3) Remittances in respect of acceptance of the Offers (after deducting the seller's ad valorem stamp duty) will be made as soon as possible but in any event within seven Business Days (as defined under the Takeovers Code) of (i) the date on which the duly completed acceptance of the Offers and the relevant documents of title of the Shares or the Share Options (as the case may be) in respect of such acceptances are received by or for the Offeror to render each such acceptance of any of the Share Offer and the Option Offer complete and valid or (ii) the date on which the Offers become or are declared unconditional in all respects, whichever is the later. Remittances in respect of acceptance of the Offers will be despatched to the accepting Independent Shareholders/the Optionholders by ordinary post at their own risk.

(4) In accordance with the Takeovers Code, where the Offers become or are declared unconditional in all respect, the Offers should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offers are closed to the Independent Shareholders and Optionholders who have not accepted the Offers. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as it may determine or as permitted by the Executive. The Option Offer is conditional upon Share Offer becoming or being declared unconditional in all respect and will remain open for as long as the Share Offer remains open for acceptance.

(5) In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional in all respects after 7:00 p.m. on Wednesday, 28 December 2016, being the 60th day after the day on which this Composite Document was posted. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offers have previously become or are declared unconditional as to acceptances, the Offers will lapse after 7:00 p.m. on Wednesday, 28 December 2016, unless extended with the consent of the Executive.

Save as mentioned above, if the latest time for the acceptance of the Offers and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders and the Optionholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"associate(s)"	has the meaning ascribed thereto in the Takeovers Code
"Board"	the board of Directors
"Business Day(s)"	a day on which the Stock Exchange is open for transaction of business
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Company"	PPS International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM Board of the Stock Exchange
"Composite Document"	this composite offer document and offeree board circular in respect of the Offers jointly issued by the Offeror and the Company to the Independent Shareholders and the Optionholders
"Director(s)"	director(s) of the Company
"Encumbrances"	any mortgage, charge, pledge, lien, hypothecation, priority of security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-lease back arrangement or similar encumbrance(s) over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
"Form(s) of Acceptance"	the **WHITE** Form of Share Offer Acceptance and the **PINK** Form of Option Offer Acceptance (accompanying this Composite Document), and "Form of Acceptance" means either of them

"GEM"	Growth Enterprise Market
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Board, comprising all the independent non-executive Directors, formed to advise the Independent Shareholders and the Optionholders in respect of the Offers
"Independent Financial Adviser" or "Nuada"	Nuada Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed by the Company to advise the Independent Board Committee in respect of the Offers
"Independent Shareholders"	Shareholders other than the Offeror and Mr. Yu Weiye
"Joint Announcement"	the announcement dated 3 October 2016 jointly issued by the Offeror and the Company in relation to the Share Acquisition and the Offers
"Lamtex"	Lamtex Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
"Last Trading Day"	26 September 2016, being the last full trading day immediately prior to suspension of trading in the Shares pending the release of the Joint Announcement

"Latest Practicable Date"	25 October 2016 being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Offer Period"	has the same meaning ascribed to it under the Takeovers Code and commenced from the date of the Joint Announcement until the Offers Closing Date
"Offer Shares"	1,151,859,000 Shares that are subject to the Share Offer and "Offer Share" means any of them
"Offeror"	Wui Wo Enterprise Limited, a company incorporated in the BVI with limited liability and wholly owned by Mr. Yu Weiye, a controlling Shareholder
"Offers"	the Share Offer and the Option Offer
"Offers Closing Date"	the first closing date of the Offers, which is 21 calendar days after the posting of the Composite Document, or any subsequent offers closing date of the Offers in accordance with the Takeovers Code
"Optionholder(s)"	holder(s) of the Share Option(s)
"Option Offer"	the mandatory conditional cash offer being made by Lamtex, on behalf of the Offeror, for cancellation of all outstanding Share Options in accordance with the Takeovers Code
"Option Offer Price"	the price at which the Option Offer is made, being HK$0.001 per outstanding Share Option
"**PINK** Form of Option Offer Acceptance"	the pink form of acceptance of all outstanding Share Options in respect of the Option Offer
"PRC"	the People's Republic of China (for the purpose of this Composite Document, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan)
"Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

"Relevant Period"	the period from 3 April 2016, being six months prior to the date of the Joint Announcement and up to and including the Latest Practicable Date
"Royal Excalibur"	Royal Excalibur Corporate Finance Company Limited, the financial adviser to the Offeror in respect of the Offers, is a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
"Sale Shares"	269,165,000 Shares acquired by the Offeror pursuant to the Share Acquisition, which represents approximately 14.95% of the total issued share capital of the Company as at the Latest Practicable Date
"Seller"	Mr. Yang Jisheng, an ex-substantial Shareholder, the vendor of the Sale Shares and independent to the Offeror
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.001 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Acquisition"	acquisition of the Sale Shares by the Offeror from the Seller completed on 27 September 2016
"Share Offer"	the mandatory conditional cash offer being made by Lamtex, on behalf of the Offeror, for all the issued Shares not already owned by the Offeror or Mr. Yu Weiye in accordance with the Takeovers Code
"Share Offer Price"	the price at which the Share Offer is made, being HK$0.13 per Offer Share

"Share Option(s)"	option(s) to subscribe for Shares granted by the Company in accordance with the share option scheme adopted by the Company on 28 May 2013, the exercisable period for 10,000,000 options is from 14 December 2015 to 10 December 2025 and the exercisable period for 37,500,000 options is from 16 December 2015 to 10 December 2025
"Share Option Scheme"	the share option scheme adopted by the Company on 28 May 2013
"Shinco Capital"	Shinco Capital Limited, the financial adviser to the Company in respect of the Offers, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under SFO
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers
"**WHITE** Form of Share Offer Acceptance"	the white form of acceptance and transfer of Shares in respect of the Share Offer
"%"	per cent

1. All time and date references contained in this Composite Document refer to Hong Kong times and dates;

2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments;

3. The singular includes the plural and vice versa, unless the context otherwise requires;

4. References to any appendix, paragraph and any sub-paragraphs of them are references to the appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them respectively;

5. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document; and

6. Reference to one gender is a reference to all or any genders.

LAMTEX Securities Ltd.
林 達 證 券 有 限 公 司

28 October 2016

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

MANDATORY CONDITIONAL CASH OFFERS BY LAMTEX SECURITIES LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF PPS INTERNATIONAL (HOLDINGS) LIMITED AND CANCEL ALL OUTSTANDING SHARE OPTIONS OF PPS INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND MR. YU WEIYE)

INTRODUCTION

On 26 September 2016, the Company was informed by its substantial Shareholder, Mr. Yu Weiye, the sole legal and beneficial owner of the Offeror, that on 26 September 2016, the Offeror agreed to acquire a total of 269,165,000 Shares, representing approximately 14.95% of the total issued Shares, for an aggregate consideration of HK$29,608,150, which was equivalent to HK$0.11 per Sale Share. The Offeror and the Seller entered into a bought and sold note on 26 September 2016 (after trading hours) in connection with the Share Acquisition. The consideration was determined after arm's length negotiations between the Offeror and the Seller, taking into account the then prevailing market prices of the Shares on the Stock Exchange. The Seller is independent of the Offeror and Mr. Yu Weiye. Completion of the Share Acquisition was not subject to any conditions precedent and took place on 27 September 2016, on which the consideration was settled in cash and financed by the Offeror's own resources.

This letter sets out, among other things, the principal terms of the Offers, together with the information on the Offeror and the Offeror's intention regarding the Group. Further details of the terms of the Offers and procedures of acceptance are also set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance. Your attention is also drawn to the "LETTER FROM THE BOARD" as well as the "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" and the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER" in respect of the Offers, as contained in the Composite Document.

MANDATORY CONDITIONAL CASH OFFERS

Prior to the completion of the Share Acquisition, the Offeror and Mr. Yu Weiye owned, controlled or had direction over 378,976,000 Shares, representing approximately 21.05% of the total issued share capital of the Company. As at the Latest Practicable Date, the Offeror and Mr. Yu Weiye and any parties acting in concert with them own, control or have direction over 648,141,000 Shares, representing approximately 36.01% of the total issued share capital of the Company. The Offeror and Mr. Yu Weiye and any parties acting in concert with them do not own, control or have direction over any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, other than those already owned or agreed to be acquired by the Offeror and Mr. Yu Weiye. Accordingly, Mr. Yu Weiye and any parties acting in concert with him has become a controlling Shareholder (as defined in the GEM Listing Rules).

Under Rule 26.1 and Rule 13.5 of the Takeovers Code, the Offeror is required to make the Share Offer to acquire all the issued Shares (other than those already owned by the Offeror and Mr. Yu Weiye) and the Option Offer to cancel all outstanding Share Options.

As at the Latest Practicable Date, the Company has 1,800,000,000 Shares in issue and 47,500,000 outstanding Share Options in respect of 47,500,000 Shares, all of which are exercisable at the exercise price of HK$0.23. All 47,500,000 outstanding Share Options were granted pursuant to the share option scheme adopted by the Company on 28 May 2013.

Save for the aforesaid, the Company does not have any outstanding options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest and the Company has not entered into any agreement for the issue of such warrants, options, derivatives or securities convertible into Shares as at the Latest Practicable Date.

Principal terms of the Offers

Lamtex, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers on terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share . . . . .HK$0.13 in cash

The Option Offer

For cancellation of each Share Option
with an exercise price of HK$0.23 . . . . .HK$0.001 in cash

The Share Offer Price of HK$0.13 for each Offer Share represents approximately 18.18% premium over the consideration of HK$0.11 per Sale Share paid by the Offeror under the Share Acquisition. The Share Offer is now being extended to all Shareholders other than the Offeror and Mr. Yu Weiye in accordance with the Takeovers Code. During the six months period prior to 26 September 2016, being the Last Trading Day, the Offeror and Mr. Yu Weiye had acquired 378,976,000 Shares and the highest trading price was HK$0.13. Therefore, according to Rule 26.3 of the Takeovers Code, the Share Offer Price is set at HK$0.13.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represents the difference between the exercise price of the Share Options and the Share Offer Price. Under the Option Offer, since the exercise price of the outstanding Share Options is above the Share Offer Price, the outstanding Share Options are out-of-money and the Option Offer Price is at a nominal value of HK$0.001.

Condition to the Offers

The Offers are subject to valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offers Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve) in respect of such number of Shares which, together with the Shares already owned or agreed to be acquired before or during the Offers, would result in the Offeror and Mr. Yu Weiye holding more than 50% of the voting rights in the Company.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfilment of the aforesaid condition to the Offers in accordance with the Takeovers Code and the GEM Listing Rules. The latest time on which the Offeror can declare the Offers unconditional as to acceptance is 7:00 p.m. on Wednesday, 28 December 2016, being the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

WARNING: Shareholders, Optionholders and/or potential investors of the Company should note that the Offers are subject to the satisfaction of the Conditions. The Offers may or may not become unconditional. Shareholders, Optionholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares and Share Options. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

Share Offer Price

The Share Offer Price of HK$0.13 per Offer Share represents:

(i) a premium of approximately 11.11% over the closing price of HK$0.117 per Share as quoted on the Stock Exchange on 26 September 2016, being the Last Trading Day;

(ii) a premium of approximately 11.30% over the average closing price of approximately HK$0.1168 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(iii) a premium of approximately 11.78% over the average closing price of approximately HK$0.1163 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;

(iv) a premium of approximately 14.74% over the average closing price of approximately HK$0.1133 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately by prior to and including the Last Trading Day;

(v) a premium of approximately 3.17% over the closing price of HK$0.126 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vi) a premium of approximately 97.57% over the audited net assets per Share of approximately HK$0.0658 as at 30 June 2016, calculated based on the Group's audited consolidated net assets of approximately HK$118,423,000 as at 30 June 2016 and 1,800,000,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest closing price of the Shares

During the six-month period preceding the Last Trading Day:

(i) the highest closing price of the Shares quoted on the Stock Exchange was HK$0.133 per Share on 22 June 2016; and

(ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK$0.085 per Share on 8 April 2016.

Confirmation of financial resources

On the basis of the Share Offer Price of HK$0.13 per Offer Share, and the fact that the Company has 1,151,859,000 issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and Mr. Yu Weiye) and 47,500,000 outstanding Share Options, the aggregate amount of funds required for the full acceptance of the Offers is HK$149,789,170 which the Offeror will satisfy by its own resources.

Royal Excalibur, the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers.

Effect of accepting the Offers

The acceptance of the Share Offer by any person will constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Share Offer are sold by such person or persons free from all liens, charges, Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offers are made.

Acceptance of the Option Offer by the Optionholders will result in the cancellation of those outstanding Share Options, together with all rights attaching thereto.

Overseas Shareholders and Optionholders

As the Offers to persons not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they are resident, overseas Shareholders or Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of overseas Shareholders or Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by the accepting overseas Shareholders or Optionholders in respect of such jurisdictions).

Any acceptance by any overseas Shareholder or Optionholder will be deemed to constitute a representation and warranty from such overseas Shareholder or Optionholder to the Offeror that all local laws and requirements in respect of such overseas Shareholder or Optionholder have been complied with and that the Share Offer and the Option Offer can be accepted by such overseas Shareholder or Optionholder lawfully under the laws of the relevant jurisdiction. The overseas Shareholders or Optionholders should consult their professional advisers if in doubt.

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by the relevant Shareholders at the rate of 0.1% of (i) the value of the consideration arising on acceptance of the Share Offer; or (ii) the market value of the Offer Shares, whichever is higher, and will be deducted from the amount payable to the Shareholders who accept the Share Offer. The Offeror will bear buyer's ad valorem stamp duty in respect of acceptance of the Share Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Offer Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

Taxation advice

Shareholders and Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Settlement of the consideration

Subject to the Offers having become unconditional, settlement of the consideration in cash in respect of the acceptances of the Offers will be made as soon as possible, but in any event within seven Business Days (as defined under the Takeovers Code) of (i) the date of receipt of a duly completed acceptance in respect of the Offers; or (ii) the date of the Offers becoming unconditional, whichever is the later. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offers complete and valid.

Value of the Offers

Based on the Share Offer Price of HK$0.13 per Offer Share and 1,800,000,000 Shares in issue as at the Latest Practicable Date, the total issued share capital of the Company is valued at HK$234,000,000. Based on the Share Offer Price of HK$0.13 per Offer Share for 1,151,859,000 Offer Shares, the Share Offer is valued at HK$149,741,670.

As at the Latest Practicable Date, there are in total 47,500,000 outstanding Share Options in respect of 47,500,000 Shares. Assuming that no Share Options are exercised before the Offers Closing Date, the total consideration required to satisfy the cancellation of all the outstanding Share Options is HK$47,500.

Based on the above and assuming that no Share Options are exercised before the Offers Closing Date, the Offers are valued at HK$149,789,170 in aggregate.

In the event that all outstanding Share Options are exercised before the Offers Closing Date, the Company will have to issue 47,500,000 new Shares, representing approximately 2.57% of the enlarged issued share capital of the Company. Assuming that the Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of the Share Options), the maximum value of the Share Offer will be increased to HK$155,916,670 as a result thereof. In that case, no amount will be payable by the Offeror under the Option Offer.

DEALING DISCLOSURE

Mr. Yu Weiye and Mr. Yu Shaoheng is the sole shareholder and director of the Offeror respectively, therefore they are deemed to be parties acting in concert with the Offeror under the SFO. Mr. Yu Weiye has acquired in aggregate 378,976,000 Shares during the period from 26 March 2016 to 26 September 2016 at prices ranging from HK$0.108 per Share to HK$0.13 per Share, representing approximately 21.05% of the total issued share capital of the Company. Save for the aforesaid and the Share Acquisition, the Offeror and parties acting in concert with it had not dealt for value in any Shares, options, derivatives, warrants or other securities convertible into the Shares or other types of equity interest in the Company during the six months period prior to 26 September 2016, being the Last Trading Day. The Offeror confirms that as at the Latest Practicable Date:

(a) neither the Offeror nor the parties acting in concert with it has received any irrevocable commitment to accept the Offers;

(b) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror and parties acting in concert with it;

(c) there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of Offeror which might be material to the Offers;

(d) there is no agreement or arrangement to which the Offeror nor the parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;

(e) there are no relevant securities in the Company which the Offeror and parties acting in concert with it have borrowed or lent; and

(f) save for the 648,141,000 Shares held by the Offeror and Mr. Yu Weiye, neither the Offeror nor the parties acting in concert with it holds any convertible securities, warrants or options in the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) as at the Latest Practicable Date (assuming all outstanding Share Options are exercised for illustration purpose only):

Shareholders	As at the Latest Practicable Date		As at the Latest Practicable Date (assuming all outstanding Share Options are exercised for illustration purpose only)	
	Number of Shares	*Approximate % of issued Shares*	*Number of Shares*	*Approximate % of issued Shares*
Offeror and parties acting in concert with it				
Offeror	269,165,000	14.95	269,165,000	14.57
Mr. Yu Weiye	378,976,000	21.05	378,976,000	20.51
Sub-total	648,141,000	36.01	648,141,000	35.08
Seller				
Mr. Yang Jisheng	–	–	–	–
Public Shareholders				
Other public Shareholders	1,151,859,000	63.99	1,151,859,000	62.35
Optionholders	–	–	47,500,000	2.57
Total	1,800,000,000	100.00	1,847,500,000	100.00

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of environmental services which including (i) public area and office cleaning services which involve the 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 for 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 services 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) professional daily housekeeping and cleaning services for local boutique hotels, hostels and serviced apartments; (viii) secure and confidential waste destruction for commercial clients; (ix) sanitation services for yacht; (x) cleaning and waste management services for renovated apartment; and (xi) auto beauty services for private cars.

Set out below is a summary of the financial information of the Group for the three years ended 30 June 2016:

	For the year ended 30 June		
	2016	2015	2014
	(audited)	(audited)	(audited)
	HK$'000	*HK$'000*	*HK$'000*
Revenue	269,438	202,192	193,098
(Loss)/Profit before tax	(51,462)	(25,863)	16,135
(Loss)/Profit attributable to the owners of the Company	(51,058)	(27,205)	13,094

	As at 30 June		
	2016	2015	2014
	(audited)	(audited)	(audited)
	HK$'000	*HK$'000*	*HK$'000*
Net assets	118,423	76,640	64,467

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability on 4 July 2016 and does not carry on any business activity other than the holding of the Sale Shares and the Offer Shares to be acquired under the Share Offer, if any. As at the Latest Practicable Date, Mr. Yu Weiye is the sole legal and beneficial owner of the Offeror and Mr. Yu Shaoheng, the son of Mr. Yu Weiye, is the sole director of the Offeror.

Mr. Yu Weiye (余偉業), aged 56, served as executive director and chairman of Sky Forever Supply Chain Management Group Limited from 19 June 2015 to 7 July 2015 and compliance officer of Sky Forever Supply Chain Management Group Limited from 22 June 2015 to 7 July 2015. Sky Forever Supply Chain Management Group Limited is incorporated in Bermuda and the shares of which are listed on GEM (stock code: 8047). Its principal activities are the provision of supply chain management services and the provision of energy management business. As at the Latest Practicable Date, Mr. Yu Weiye did not have any relationship with Sky Forever Supply Chain Management Group Limited. Mr. Yu Weiye was a member of the third and fourth Shenzhen Committee of the People's Political Consultative Conference of PRC (中國人民政治協商會議廣東省深圳市第三屆及第四屆委員會), a vice president of the fourth council of Shenzhen General Chamber of Commerce (深圳市總商會第四屆理事會), and a council member of 深圳海外聯誼會第五屆理事會 (Committee of Shenzhen Overseas Association*). He had acted as a chairman and legal representative of 深圳市易理集團有限公司 (Shenzhen Yi Li Group Co., Ltd.*) from January 1998 to July 2016.

* *For identification purpose only*

Mr. Yu Shaoheng (余紹亨), aged 32, served as non-executive director of China New Energy Power Group Limited (中國新能源動力集團有限公司) (now known as Lamtex Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 1041) from 14 March 2016 to 30 August 2016. He is currently the chairman of 陝西亨澤實業有限公司 (Shaanxi Hengze Industrial Corporation Limited*), which is principally engaged in investment in and development of energy, mining, environmental-preservation, real estate, and tourism businesses. Furthermore, he is a supervisor of 烏蘭察布市科潔燃氣有限責任公司 (Ulaanchab Kejie Gas Limited Liability Company*), a company which China National Petroleum Corporation (中國石油天然氣集團公司) has indirect interest in it, which principally engaged in (i) construction and re-construction of city gas infrastructures; (ii) design and engineering of expansion work and related installation and development management; (iii) transportation, sale, provision of aftersale service, research and development of technologies and provision of consultancy service in relation to city gas; (iv) construction and operation of various types of gas station; (v) sale of petroleum and natural gas related equipment; and (vi) construction, operation management of compressed natural gas projects. Both Mr. Yu Shaoheng and 烏蘭察布市科潔燃氣有限公司 (Ulaanchab Kejie Gas Limited Liability Company*) have been members of the China Gas Association (中國城市燃氣協會).

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

As a result of the Share Acquisition and as at the Latest Practicable Date, the Offeror and Mr. Yu Weiye are the controlling Shareholders. Following the close of the Offers, the Offeror will continue to be the controlling Shareholder. The Offeror intends to continue the existing principal businesses of the Group. The Offeror has no intention to discontinue the employment of the employees (save for changes in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

The Offeror will, following the close of the Offers, conduct a review on the business activities/operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Offeror may explore other business opportunities for the Company which may involve acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view of enhancing the Group's business growth and asset base as well as broadening its income stream. As at the Latest Practicable Date, the Offeror has no plan, and has not engaged in any discussion or negotiation, on any injection of any assets or businesses into the Group. Also, the Offeror does not have any intention to change the Company's business including disposal/downside of its existing business/material asset, acquiring or starting new business.

* *for identification purpose only*

Proposed change of Board composition

The Board is currently made up of six Directors, comprising three executive Directors, being Mr. Ye Jingyuan (Chief Executive Officer), Ms. Ding Pingying and Mr. Tse Man Yiu, and three independent non-executive Directors, being Mr. Chui Chi Yun, Robert, Mr. Huang Ke and Mr. Kwong Tsz Ching, Jack.

The Offeror intends to nominate Mr. Yu Shaoheng and Ms. Mui Fong as executive Directors, such appointments will not take effect earlier than the date of despatch of the Composite Document subject to compliance with the Takeovers Code and the GEM Listing Rules. An announcement will be published by the Company in this regard.

Ms. Mui Fong (梅芳), aged 45, had served as a chief financial officer and general manager of 華宇房地產開發有限公司 (Huayu Real Estate Development Co., Ltd*) from 1 January 2008 to 1 July 2016. Furthermore, she had also served as vice executive director of 深圳市易理集團有限公司 (Shenzhen Yi Li Group Co., Ltd*) from 1 January 2008 to 1 July 2016.

Public float and maintaining the listing status of the Company

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers. In the event that after the completion of the Offers, the public float of the Company falls below 25%, the Offeror and the Directors will undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the GEM Listing Rules as soon as possible following the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the Shares; or

(b) there is insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The Offeror intends the Company to remain listed on the Stock Exchange. The director of the Offeror and the new Directors to be appointed to the Board of the Company jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it under the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) to acquire compulsorily any outstanding Shares not acquired under the Offers after the close of the Offers.

GENERAL

The attention of the overseas Shareholders and Optionholders is drawn to paragraph 9 headed "OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS" in Appendix I to the Composite Document.

All communications, notices, Forms of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and/or Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Royal Excalibur, Lamtex, Shinco Capital, Nuada, the Registrar and any of their respective directors or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the Forms of Acceptance.

ADDITIONAL INFORMATION

Your attention is drawn to the "LETTER FROM THE BOARD", the "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" and the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER" as set out in this Composite Document, the accompanying Forms of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document and to consult your professional advisers as you see fit.

Yours faithfully
For and on behalf of
Lamtex Securities Limited
Lam Kwan Wai
Director

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

Executive Directors:
Mr. Ye Jingyuan *(Chief Executive Officer)*
Ms. Ding Pingying
Mr. Tse Man Yiu

Independent Non-Executive Directors:
Mr. Chui Chi Yun, Robert
Mr. Huang Ke
Mr. Kwong Tsz Ching, Jack

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarter, Head Office and Principal Place of Business in Hong Kong:
24/F., SUP Tower
75-83 King's Road
North Point
Hong Kong

28 October 2016

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

MANDATORY CONDITIONAL CASH OFFERS BY LAMTEX SECURITIES LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF PPS INTERNATIONAL (HOLDINGS) LIMITED AND CANCEL ALL OUTSTANDING SHARE OPTIONS OF PPS INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND MR. YU WEIYE)

INTRODUCTION

Reference is made to the Joint Announcement. On 26 September 2016 the Offeror agreed to acquire a total of 269,165,000 Shares, representing approximately 14.95% of the total issued Shares for an aggregate consideration of HK$29,608,150, equivalent to HK$0.11 per Sale Share. The Offeror and the Seller entered into a bought and sold note on 26 September 2016 (after trading hours) in respect of the Share Acquisition.

The completion of the Share Acquisition took place on 27 September 2016. Immediately following the Completion and as at the Latest Practicable Date, the number of Shares held by the Offeror and Mr. Yu Weiye, directly and indirectly, in aggregate had increased from 378,976,000 Shares to 648,141,000 Shares, representing an increase from approximately 21.05% to approximately 36.01% of the total issued share capital of the Company as at the Latest Practicable Date. Accordingly, upon completion of the Share Acquisition, the Offeror is required to make the Share Offer to acquire all the issued Shares (other than those already owned by the Offeror and Mr. Yu Weiye) and the Option Offer to cancel all outstanding Share Options pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offers; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders and the Optionholders in respect of the terms of the Offers and as to acceptance of the Offers; and (iii) the letter from Nuada, the independent financial adviser, containing its advice and recommendation to the Independent Board Committee in relation to the Offers.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chui Chi Yun, Robert, Mr. Huang Ke and Mr. Kwong Tsz Ching, Jack, has been formed to advise and make recommendation to the Independent Shareholders and the Optionholders in respect of the Offers.

Nuada has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offers, in particular as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

THE OFFERS

Principal terms of the Offers

Lamtex, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers on terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share . . . . .HK$0.13 in cash

The Option Offer

For cancellation of each Share Option
with an exercise price of HK$0.23 . . . . .HK$0.001 in cash

The Share Offer Price of HK$0.13 for each Offer Share represents approximately 18.18% premium over the consideration of HK$0.11 per Sale Share paid by the Offeror under the Share Acquisition. The Share Offer is now being extended to all Independent Shareholders in accordance with the Takeovers Code. During the six months period prior to 26 September 2016, being the Last Trading Day, the Offeror and Mr. Yu Weiye had acquired 378,976,000 Shares and the highest trading price was HK$0.13 per Share. Therefore, according to Rule 26.3 of the Takeovers Code, the Share Offer Price is set at HK$0.13.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represents the difference between the exercise price of the Share Options and the Share Offer Price. Under the Option Offer, since the exercise price of the outstanding Share Options is above the Share Offer Price, the outstanding Share Options are out-of-money and the Option Offer Price is at a nominal value of HK$0.001. As at the Latest Practicable Date, there are 47,500,000 issued Share Options of the Company, all of which are exercisable at the exercise price of HK$0.23. Should all the outstanding Share Options be exercised on or prior to the Offers Closing Date, an additional 47,500,000 Shares shall be subject to the Share Offer.

Conditions to the Offers

The Offers are subject to valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offers Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve) in respect of such number of Shares which, together with the Shares already owned or agreed to be acquired before or during the Offer Period, would result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfilment of the aforesaid condition to the Offers in accordance with the Takeovers Code and the GEM Listing Rules. The latest time on which the Offeror can declare the Offers unconditional as to acceptance is 7:00 p.m. on Wednesday, 28 December 2016, being the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

Further details regarding the Offers, including the terms and procedures for acceptance of the Offers are set out in the "LETTER FROM LAMTEX" and Appendix I to this Composite Document and the accompanying Forms of Acceptance.

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of environmental services in Hong Kong and Shanghai, the PRC, which includes (i) public area and office cleaning services which involve the cleaning of public areas, carpets, floors, toilets, changing rooms, lifts and escalators and emptying of garbage bins at commercial buildings and their tenants, residential complexes, shopping arcades, hotels and public transport facilities such as airport, ferries, ferry terminal, cargo and logistics centre and depots; (ii) overnight kitchen cleaning services mainly for 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) professional daily housekeeping and cleaning services for local boutique hotels, hostels and serviced apartments; (viii) secure and confidential waste destruction for commercial clients; (ix) sanitation services for yacht; (x) cleaning and waste management services for renovated apartment; and (xi) auto beauty services for private cars.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) as at the Latest Practicable Date (assuming all outstanding 47,500,000 Share Options are exercised for illustration purpose only):

Shareholders	**As at the Latest Practicable Date**		**As at the Latest Practicable Date (assuming all outstanding Share Options are exercised, for illustration purpose only)**	
	Number of Shares	*Approximate % of issued Shares*	*Number of Shares*	*Approximate % of issued Shares*
Offeror and parties acting in concert with it				
Offeror	269,165,000	14.95	269,165,000	14.57
Mr. Yu Weiye	378,976,000	21.05	378,976,000	20.51
Sub-total	648,141,000	36.01	648,141,000	35.08
Seller				
Mr. Yang Jisheng	–	–	–	–
Public Shareholders				
Other public Shareholders	1,151,859,000	63.99	1,151,859,000	62.35
Optionholders	–	–	47,500,000	2.57
Total	1,800,000,000	100.00	1,847,500,000	100.00

Your attention is drawn to the Appendices II and IV of this Composite Document which contain further financial and general information of the Group.

INFORMATION ON THE OFFEROR

Please refer to the section headed "INFORMATION ON THE OFFEROR" in the "LETTER FROM LAMTEX" contained in this Composite Document for detailed information on the Offeror.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Please refer to the section headed "INTENTIONS OF THE OFFEROR REGARDING THE GROUP" in the "LETTER FROM LAMTEX" contained in this Composite Document for detailed information on the Offeror's intention on the business of the Group.

The Board notes that it is the intention of the Offeror to continue with the existing principal businesses of the Group and the Offeror does not intend to discontinue the employment of the employees (save for changes in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

PUBLIC FLOAT AND MAINTAINGING THE LISTING STATUS OF THE COMPANY

As mentioned in the "LETTER FROM LAMTEX", the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers. In the event that after the completion of the Offers, the public float of the Company falls below 25%, the Offeror and the Directors will undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the GEM Listing Rules as soon as possible following the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the Shares; or

(b) there is insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The Offeror intends the Company to remain listed on the Stock Exchange. The director of the Offeror and the new Director to be appointed to the Board of the Company jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

RECOMMENDATION

Your attention is drawn to the "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" on pages 24 to 25 of this Composite Document and the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER" on pages 26 to 46 of this Composite Document, which respectively sets out the recommendation to the Independent Shareholders and Optionholders and the advice and recommendation to the Independent Board Committee in respect of the Offers. Independent Shareholders and Optionholders should read these letters in conjunction with this Composite Document carefully before taking any action in respect of the Offers.

ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers. Your attention is also drawn to the additional information contained in the appendices to this Composite Document, in particular, the injunction order against a Shareholder as set out in the paragraph headed "6. Litigation" in Appendix IV to this Composite Document.

In considering what action to take in connection with the Offers, you should also consider your own tax positions, if any, and in case of doubt, consult your professional advisers.

Yours faithfully,
By order of the Board
PPS International (Holdings) Limited
Ye Jingyuan
Chief Executive Officer and Executive Director

PPS INTERNATIONAL (HOLDINGS) LIMITED
寶聯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8201)

28 October 2016

To the Independent Shareholders and Optionholders

MANDATORY CONDITIONAL CASH OFFERS BY LAMTEX SECURITIES LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF PPS INTERNATIONAL (HOLDINGS) LIMITED AND CANCEL ALL OUTSTANDING SHARE OPTIONS OF PPS INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND MR. YU WEIYE)

INTRODUCTION

We refer to the composite offer and response document dated 28 October 2016 issued jointly by the Offeror and the Company of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined elsewhere in the Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are, or are not, fair and reasonable so far as the Independent Shareholders and Optionholders are concerned, and as to acceptances thereof.

Nuada has been appointed as the independent financial adviser to advise us in respect of the terms of the Offers and as to acceptance thereof. Details of its advice and the principal factors and reasons taken into account by it in arriving at its advice and recommendation are set out in the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER" on pages 26 to 46 of this Composite Document.

We also wish to draw your attention to the "LETTER FROM THE BOARD", the "LETTER FROM LAMTEX" and the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

Having considered the terms of the Offers and the letter of advice and recommendations from Nuada, we consider that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Optionholders are concerned, and therefore we recommend the Independent Shareholders to accept the Share Offer and the Optionholders to accept the Option Offer. The Independent Shareholders and Optionholders are recommended to read the full text of the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER" set out in the Composite Document.

However, if the net proceeds from the sale of the Shares in the open market after deducting all transaction cost would exceed the net amount receivable under the Share Offer, the Independent Shareholders should consider selling their Shares in the market, rather than accepting the Share Offer.

Notwithstanding our recommendation, the Independent Shareholders and Optionholders should consider carefully the terms and conditions of the Offers.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Chui Chi Yun, Robert	**Mr. Huang Ke**	**Mr. Kwong Tsz Ching, Jack**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter of advice from Nuada Limited to the Independent Board Committee in respect of the Offers which has been prepared for the purpose of inclusion in this document.

Nuada Limited
Corporate Finance Advisory

Unit 1805-08, 18/F
OfficePlus @Sheung Wan
93-103 Wing Lok Street
Sheung Wan, Hong Kong
香港上環永樂街93-103號
協成行上環中心18樓1805-08室

28 October 2016

To the Independent Board Committee of
PPS International (Holdings) Limited

Dear Sirs,

MANDATORY CONDITIONAL CASH OFFERS BY LAMTEX SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF PPS INTERNATIONAL (HOLDINGS) LIMITED AND CANCEL ALL OUTSTANDING SHARE OPTIONS OF PPS INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND MR. YU WEIYE)

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the terms of the Offers, details of which are set out in the Composite Document dated 28 October 2016 jointly issued by the Company and the Offeror to the Independent Shareholders and Optionholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement, the Company was informed by its substantial Shareholder, Mr. Yu Weiye, the sole legal and beneficial owner of the Offeror, that on 26 September 2016, the Offeror agreed to acquire a total of 269,165,000 Shares, representing approximately 14.95% of the total issued Shares, for an aggregate consideration of HK$29,608,150, which was equivalent to HK$0.11 per Sale Share. The Offeror and the Seller, who is independent of the Offeror and Mr. Yu Weiye, entered into a bought and sold note on 26 September 2016 in connection with the Share Acquisition. The consideration was determined after arm's length negotiations between the Offeror and the Seller, taking into account the then prevailing market prices of the Shares on the Stock Exchange. Completion of the Share Acquisition was not subject to any conditions precedent and took place on 27 September 2016 and the consideration was settled in cash and financed by the Offeror's own resources.

Prior to the completion of the Share Acquisition, the Offeror and Mr. Yu Weiye owned, controlled or had direction over 378,976,000 Shares, representing approximately 21.05% of the total issued share capital of the Company. As at the Latest Practicable Date, the Offeror, Mr. Yu Weiye and any parties acting in concert with them own, control or have direction over 648,141,000 Shares, representing approximately 36.01% of the total issued share capital of the Company. The Offeror, Mr. Yu Weiye and any parties acting in concert with them do not own, control or have direction over any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, other than those already owned or agreed to be acquired by the Offeror and Mr. Yu Weiye. Accordingly, Mr. Yu Weiye and any parties acting in concert with him has become a controlling Shareholder (as defined in the GEM Listing Rules).

Under Rule 26.1 and Rule 13.5 of the Takeovers Code, the Offeror is required to make the Share Offer and the Option Offer to cancel all outstanding Share Options.

Lamtex, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers on terms set out in the Composite Document in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share .... HK$0.13 in cash

The Option Offer

For cancellation of each Share Option with an exercise price of HK$0.23 .... HK$0.001 in cash

The Share Offer Price of HK$0.13 for each Offer Share represents approximately 18.18% premium over the consideration of HK$0.11 per Sale Share paid by the Offeror under the Share Acquisition. The Share Offer is now being extended to all Shareholders other than the Offeror and Mr. Yu Weiye in accordance with the Takeovers Code. During the six months period prior to 26 September 2016, being the Last Trading Day, the Offeror and Mr. Yu Weiye had acquired 378,976,000 Shares and the highest trading price was HK$0.13. Therefore, according to Rule 26.3 of the Takeovers Code, the Share Offer Price is set at HK$0.13.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise price of the Share Options and the Share Offer Price. Under the Option Offer, since the exercise price of the outstanding Share Options is above the Share Offer Price, the outstanding Share Options are out-of-money and therefore the Option Offer Price is at a nominal value of HK$0.001.

In accordance with the Takeovers Code, the Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chui Chi Yun, Robert, Mr. Huang Ke and Mr. Kwong Tsz Ching, Jack to advise the Independent Shareholders and the Optionholders in respect of the Offers pursuant to Rule 2.1 of the Takeovers Code.

We, Nuada Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable and as to the acceptance of the Offers pursuant to Rule 2.1 of the Takeovers Code. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

As at the Latest Practicable Date, we are not associated or connected with the Company or the Offeror, their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Offers, there were no other engagements between Nuada Limited and the Group or the Offeror. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the Offeror, their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offers.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the representations made to us by the Directors and the senior management of the Company. We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Independent Shareholders will be notified of any material changes to such statements, information, opinions and/or representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors or the Offeror (as the case may be) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, Offeror, their respective advisers, the Directors and/or the director of the Offeror, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror and Mr. Yu Weiye) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than opinions expressed by the Offeror and Mr. Yu Weiye) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document the omission of which would make any statement contained in the Composite Document, including this letter, incorrect or misleading.

The sole shareholder of the Offeror, Mr. Yu Weiye, and the director of the Offeror, Mr. Yu Shaoheng, jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

We consider that we have been provided with sufficient information and have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.92 of the GEM Listing Rules. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. We have not considered the taxation implication on the Group or the Independent Shareholders as a result of the Offers. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regards to the Offers, we have taken into account the following principal factors and reasons:

1. Financial Information of the Group and outlook

(a) Financial information of the Group

According to the annual report of the Company for the year ended 30 June 2016 (the "**Annual Report 2016**"), the Group is principally engaged in the provision of environmental services in Hong Kong and Shanghai, the PRC, 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 and their tenants, residential complexes, shopping arcades, hotels 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 the Company 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; (x) cleaning and waste management solution for renovated apartment; and (xi) auto beauty services for private cars.

Set out below are extracts of (i) consolidated income statement of the Group for the five years ended 30 June 2016; and (ii) consolidated statement of financial position of the Group for the two years ended 30 June 2016, respectively:

Table 1: Consolidated income statement of the Group

	For the year ended 30 June				
	2016 (audited)	**2015 (audited)**	**2014 (audited)**	**2013 (audited)**	**2012 (audited)**
Revenue					
(HK$'000)	269,438	202,192	193,098	194,549	163,598
– % change	*33.26%*	*4.71%*	*–0.75%*	*18.92%*	*–2.55%*
(Loss)/profit for the year					
(HK$'000)	(51,205)	(27,249)	13,094	3,099	16,154
– % change	*87.92%*	*–308.10%*	*322.52%*	*–80.82%*	*–14.23%*

Table 2: Consolidated statement of financial position of the Group

	As at 30 June	
	2016 (audited)	**2015 (audited)**
	HK$'000	*HK$'000*
Net current assets	68,889	69,469
Net assets	118,423	76,640

For the year ended 30 June 2015

As set out in Table 1 above, the revenue of the Group increased from approximately HK$193.10 million for the year ended 30 June 2014 ("**FY2014**") to approximately HK$202.19 million for year ended 30 June 2015 ("**FY2015**"), representing an increase of approximately 4.71%. However, the Group recorded a loss for the year of approximately HK$27.25 million for FY2015 as compared with a profit for the year of approximately HK$13.09 million for FY2014.

According to the management of the Company and with reference to the annual result announcement of the Company for FY2015 dated 15 October 2015, the deterioration from a net profit for FY2014 to the loss for FY2015 was mainly due to, among others, (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, the increase in motor vehicles expenses, and also the increase in legal and professional fees arising from the expansion of the Group's business and the initial set up costs for the subsidiaries of the Group 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.

As set out in Table 2 above, as at 30 June 2015, the Group recorded net current assets and net assets of approximately HK$69.47 million and HK$76.64 million respectively.

For the year ended 30 June 2016

As set out in Table 1 above, the revenue of the Group increased from approximately HK$202.19 million for FY2015 to approximately HK$269.44 million for year ended 30 June 2016 ("**FY2016**"), representing an increase of approximately 33.26%. However, the loss for the year of the Group increased from a loss of approximately HK$27.25 million for FY2015 to approximately HK$51.21 million for FY2016, representing an increase of loss of approximately 87.92%.

According to the management of the Company and with reference to the annual result announcement of the Company for FY2016 dated 26 September 2016, the increase in the loss for FY2016 was primarily attributable to, among others, (i) the decrease in the gross profit generated from the environmental and cleaning business of the Group in Hong Kong by approximately HK$3.2 million as a result of (a) the inflation in the direct labour costs and sub-contracting fees; and (b) the decreased profit margin of some contracts secured due to fierce market competition; (ii) the net loss of approximately HK$4.4 million from the auto beauty services business for FY2016; (iii) the recognition of the share-based payment expenses of approximately HK$6.6 million for FY2016 related to the grant of the Share Options as announced by the Company on 11 December 2015; (iv) the increase in the legal and professional fees by approximately HK$12.7 million for FY2016; (v) the compensation of approximately HK$2.6 million for the early termination of the services contracts; (vi) the provision for claims of approximately HK$2.9 million from the employees relating to their personal injuries; (vii) the increase in the administrative and operating expenses by approximately HK$9.5 million for FY2016 due to business expansion of the Group; (viii) the impairment loss on the goodwill and intangible assets for the auto beauty business of approximately HK$1.5 million; and (ix) the unrealized fair value loss of approximately HK$1.4 million arising on the revaluation of the investments in securities.

As set out in Table 2 above, as at 30 June 2016, the Group recorded net current assets and net assets of approximately HK$68.89 million and HK$118.42 million respectively.

Five years ended 30 June 2016

As shown in Table 1 above, we noted that while the revenue of the Group has increased in the recent five financial years, profit of the Group has decreased from approximately HK$16.15 million for the year ended 30 June 2012 and turned into losses to approximately HK$51.21 million for FY2016.

In view of the continuous decline of financial performance of the Group as reflected by its net losses in recent financial years as discussed above, we cast doubt on the financial growth of the Group.

(b) Business outlook of the Group

We note from the Annual Report 2016 that (i) the revenue of the Group was generated substantially from the provision of environmental and cleaning services in Hong Kong, contributing to approximately 95.21% of the revenue of the Group for FY2016; (ii) the target clients of the Group were mainly from commercial and transportation sectors, which respectively accounted for approximately 51.0% and 17.7% of the revenue of the Group for

FY2016; and (iii) among other business strategies, the management of the Company intends to expand the market shares of the Group in the commercial and transportation sectors.

In order to understand the market of the Group's service, we attempt to study commercial sector as well as transportation sector. However, we note that in relation to transportation sector, the Group provides services for (i) airport terminal of Hong Kong; and (ii) one of the major public bus operators in Hong Kong. Taking into consideration that (i) there are no publicly available data relating to the market demand for cleaning services in transportation sector in Hong Kong; and (ii) transportation sector in Hong Kong is oligopolistic in nature, i.e. dominated by a small number of service providers, we do not assess the market demand in the transportation sector but focus on that in the commercial sector, which contributed more than half of the revenue of the Group for FY2016.

To assess the possible demand for the Group's services in the commercial sector, we obtained statistics from the Rating and Valuation Department of Hong Kong in relation to property market as summarised below:

Table 3: Statistics on the commercial sector of the property market

	2011	2012	2013	2014	2015
Private offices					
Vacancy as a percentage of stock	6.5%	6.0%	7.0%	6.3%	8.0%
Private commercial *(Note)*					
Vacancy as a percentage of stock	8.0%	6.9%	7.2%	7.3%	7.7%

Note: This comprises retail premises and other premises designed or adapted for commercial use, with the exception of purpose-built offices.

Source: Rating and Valuation Department of Hong Kong (http://www.rvd.gov.hk/en/property_market_statistics/completions.html)

As shown in Table 3 above, the vacancy as a percentage of stock for private offices has shown an increasing trend in recent years, from approximately 6.5% in 2011 to approximately 8.0% in 2015. The vacancy as a percentage of stock for private commercial, after a decline from approximately 8.0% in 2011 to approximately 6.9% in 2012, also showed a similar increasing trend from approximately 6.9% in 2012 to approximately 7.7% in 2015.

As discussed with the management of the Company, we understand that the cleaning services provided by the Group are labour-intensive. According to the annual reports of the Company for the five years ended 30 June 2016, the gross profit margin of the Group has been decreasing from approximately

19.6% for the year ended 30 June 2012 to approximately 10.5% for FY2016 which was attributable to, among other factors, (i) the inflation of direct labour and manpower services costs since the implementation of the statutory minimum wage in Hong Kong in May 2011 and the intensifying labour 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 in Hong Kong.

In this regard, we studied the statistics obtained from the Census and Statistics Department of Hong Kong in relation to the labour market in Hong Kong as summarised below:

Table 4: Statistics on the labour market

	June 2011	**June 2012**	**June 2013**	**June 2014**	**June 2015**	**June 2016**
Nominal wage index of professional and business services section *(Note)*	181.6	192.0	203.1	215.6	231.7	242.6
- % change	14.1%	5.7%	5.8%	6.2%	7.5%	4.7%

Note: According to "Quarterly Report of Wage and Payroll Statistics – June 2016" issued by the Census and Statistics Department of Hong Kong, pest control and cleaning services is classified under professional and business services.

Source: Census and Statistics Department of Hong Kong (http://www.censtatd.gov.hk)

As shown in Table 4 above, we noted that the nominal wage index of professional and business services section has increased continuously from approximately 181.6 in June 2011 to approximately 242.6 in June 2016. This upward trend coincides with the decreasing gross profit margin of the Group.

Based on (i) the unsatisfactory financial performance of the Group with increasing net loss for FY2016; (ii) the increasing vacancy rates in commercial property sector in the recent four to five years; and (iii) the rising labour cost in professional and business service section, which contributed to the decreasing gross profit margin of the Group, we are uncertain about the future growth of the Group's business.

2. Information on the Offeror and the Offeror's intention regarding the Group

(a) Information on the Offeror

As disclosed in the "LETTER FROM LAMTEX" in the Composite Document, the Offeror is an investment holding company incorporated in the

British Virgin Islands with limited liability on 4 July 2016 and does not carry on any business activity other than the holding of the Sale Shares and the Offer Shares to be acquired under the Share Offer, if any. As at the Latest Practicable Date, Mr. Yu Weiye is the sole legal and beneficial owner of the Offeror and Mr. Yu Shaoheng, the son of Mr. Yu Weiye, is the sole director of the Offeror.

Mr. Yu Weiye (余偉業), aged 56, served as executive director and chairman of Sky Forever Supply Chain Management Group Limited from 19 June 2015 to 7 July 2015 and compliance officer of Sky Forever Supply Chain Management Group Limited from 22 June 2015 to 7 July 2015. Sky Forever Supply Chain Management Group Limited is incorporated in Bermuda and the shares of which are listed on GEM (stock code: 8047). Its principal activities are the provision of supply chain management services and the provision of energy management business. As at the Latest Practicable Date, Mr. Yu Weiye did not have any relationship with Sky Forever Supply Chain Management Group Limited. Mr. Yu Weiye was a member of the third and fourth Shenzhen Committee of the People's Political Consultative Conference of PRC (中國人民政治協商會議廣東省深圳市第三屆及第四屆委員會), a vice president of the fourth council of Shenzhen General Chamber of Commerce (深圳市總商會第四屆理事會), and a council member of 深圳海外聯誼會第五屆理事會 (Committee of Shenzhen Overseas Association*). He had acted as a chairman and legal representative of 深圳市易理集團有限公司 (Shenzhen Yi Li Group Co., Ltd.*)from January 1998 to July 2016.

Mr. Yu Shaoheng (余紹亨), aged 32, served as non-executive director of China New Energy Power Group Limited (中國新能源動力集團有限公司) (now known as Lamtex Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 1041) from 14 March 2016 to 30 August 2016. He is currently the chairman of 陝西亨澤實業有限公司 (Shaanxi Hengze Industrial Corporation Limited*), which is principally engaged in investment in and development of energy, mining, environmental-preservation, real estate, and tourism businesses. Furthermore, he is a supervisor of 烏蘭察布市科潔燃氣有限責任公司 (Ulaanchab Kejie Gas Limited Liability Company*), a company which China National Petroleum Corporation (中國石油天然氣集團公司) has indirect interest in it, which principally engaged in (i) construction and re-construction of city gas infrastructures; (ii) design and engineering of expansion work and related installation and development management; (iii) transportation, sale, provision of aftersale service, research and development of technologies and provision of consultancy service in relation to city gas; (iv) construction and operation of various types of gas station; (v) sale of petroleum and natural gas related equipment; and (vi) construction, operation management of compressed natural gas projects. Both Mr. Yu Shaoheng and 烏蘭察布市科潔燃氣有限公司 (Ulaanchab Kejie Gas Limited Liability Company*) have been members of the China Gas Association (中國城市燃氣協會).

* *for identification purpose only*

(b) Business of the Group

As stated in the "LETTER FROM LAMTEX" in the Composite Document, following the close of the Offers, the Offeror intends to continue the existing principal businesses of the Group. The Offeror has no intention to discontinue the employment of the employees (save for changes in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

The Offeror will, following the close of the Offers, conduct a review on the business activities/operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Offeror may explore other business opportunities for the Company which may involve acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view of enhancing the Group's business growth and asset base as well as broadening its income stream. As at the Latest Practicable Date, the Offeror has no plan, and has not engaged in any discussion or negotiation, on any injection of any assets or businesses into the Group. Also, the Offeror does not have any intention to change the Company's business including disposal/downsize of its existing business/material asset, acquiring or starting new business.

(c) Proposed change of board composition

As stated in the "LETTER FROM LAMTEX" in the Composite Document, the Board is currently made up of six Directors, comprising three executive Directors, being Mr. Ye Jingyuan (Chief Executive Officer), Ms. Ding Pingying and Mr. Tse Man Yiu, and three independent non-executive Directors, being Mr. Chui Chi Yun, Robert, Mr. Huang Ke and Mr. Kwong Tsz Ching, Jack. The Offeror intends to nominate Mr. Yu Shaoheng and Ms. Mui Fong as executive Directors, such appointments will not take effect earlier than the date of despatch of the Composite Document subject to compliance with the Takeovers Code and the GEM Listing Rules. An announcement will be published by the Company in this regard.

Ms. Mui Fong (梅芳), aged 45, had served as a chief financial officer and general manager of 華宇房地產開發有限公司 (Huayu Real Estate Development Co., Ltd*) from 1 January 2008 to 1 July 2016. Furthermore, she had also served as vice executive director of 深圳市易理集團有限公司 (Shenzhen Yi Li Group Co., Ltd*) from 1 January 2008 to 1 July 2016.

(d) Maintaining the listing status of the Company

As stated in the "LETTER FROM LAMTEX" in the Composite Document, the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers. In the event that after the completion of the Offers, the public float of the Company falls below 25%, the Offeror and the Directors will undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the GEM Listing Rules as soon as possible following the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there is insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The Offeror intends the Company to remain listed on the Stock Exchange. The director of the Offeror and the new Directors to be appointed to the Board of the Company jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

(e) Our view

Having taken into consideration:

(i) none of Mr. Yu Weiye (the sole legal and beneficial owner of the Offeror) and Mr. Yu Shaoheng (the son of Mr. Yu Weiye and the sole director of the Offeror) has direct experience in environmental services which include the provision of cleaning and related services, in which the Group is principally engaged currently; and

(ii) while the Offeror intends to explore other business opportunities for the Company with a view of enhancing the Group's business growth and asset base as well as broadening its income stream, the Offeror had yet to formulate any concrete business plans and strategies for the future business development of the Group,

we are of the view that there remains uncertainty on the future performance of the Group under the control of the Offeror.

3. Principal terms of the Share Offer

(a) Comparison of the market prices of the Shares

As stated in the "LETTER FROM LAMTEX" in the Composite Document, the Share Offer Price of HK$0.13 per Offer Share represents:

(i) a premium of approximately 11.11% over the closing price of HK$0.117 per Share as quoted on the Stock Exchange on 26 September 2016, being the Last Trading Day;

(ii) a premium of approximately 11.30% over the average closing price of approximately HK$0.1168 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(iii) a premium of approximately 11.78% over the average closing price of approximately HK$0.1163 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;

(iv) a premium of approximately 14.74% over the average closing price of approximatelyHK$0.1133 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately by prior to and including the Last Trading Day;

(v) a premium of approximately 3.17% over the closing price of HK$0.126 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

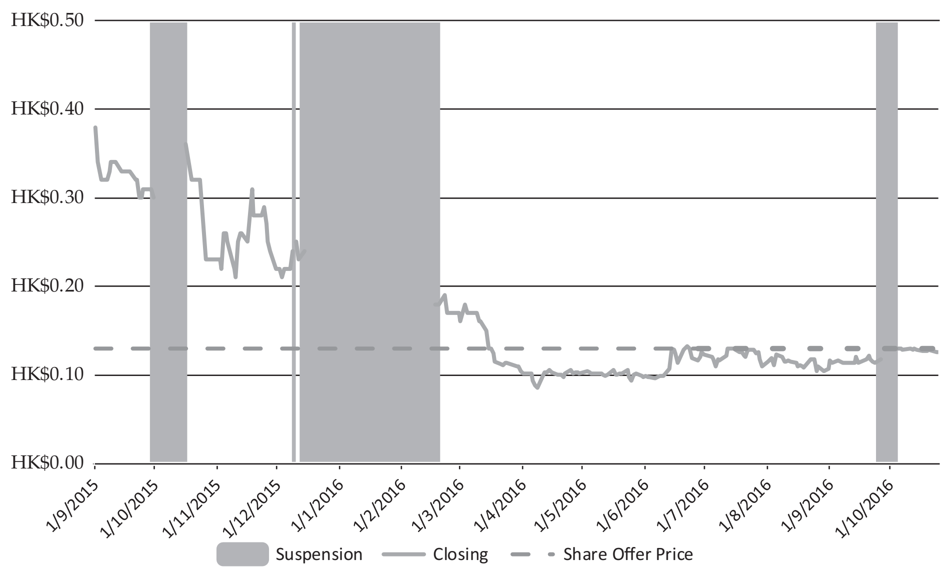
(vi) a premium of approximately 97.57% over the audited net assets per Share of approximately HK$0.0658 as at 30 June 2016, calculated based on the Group's audited consolidated net assets of approximately HK$118,423,000 as at 30 June 2016 and 1,800,000,000 Shares in issue as at the Latest Practicable Date.

As disclosed above, the Share Offer Price represents (i) premiums over the relevant closing prices of the Share in recent period; (ii) a premium over the audited consolidated net assets per Share as at 30 June 2016; and (iii) a premium over the closing price of the Shares as at the Latest Practicable Date.

(b) Historical price performance of the Shares

The following chart sets out the closing prices of the Shares as quoted on the Stock Exchange during the period from 1 September 2015 to 26 September 2016, i.e. the Last Trading Day, which lasts for at least 12 complete calendar months, and further up to the Latest Practicable Date (the "**Review Period**"):

Chart 1: Comparison of the Share Offer Price to market prices



Source: Website of the Stock Exchange (www.hkex.com.hk)

Note: During the Review Period, trading in the Shares was suspended from 2 October 2015 to 15 October 2015, on 9 December 2015, from 15 December 2015 to 16 February 2016 and from 27 September 2016 to 3 October 2016 respectively.

We consider that the length of the Review Period to be reasonably long enough to illustrate the relationship between the recent trend of the closing price of the Shares and the Share Offer Price. As illustrated by Chart 1 above, the closing prices of the Shares decreased from HK$0.38 per Share at the beginning of the Review Period. Trading in the Shares was suspended from 2 October 2015 to 15 October 2015 pending the release of the annual results of the Group for FY2015. The closing price of the Shares then fluctuated in a range of HK$0.36 to HK$0.21 per Share with a downward trend after resumption of trading. Trading in the Shares was suspended again from 15 December 2015 to 16 February 2016 in view of certain legal proceedings in relation to the Company including, among others, a petition for the winding-up of the Company, details of which are set out in the announcements of the Company dated 24 December 2015, 28 December 2015, 30 December 2015, 4 February 2016 and 16 February 2016 respectively. The closing prices of the Shares continued a short-term downward trend after resumption of trading on 17 February 2016. Since early April 2016 and up to the Latest Practicable Date, the closing prices of the Shares have fluctuated between around HK$0.1 to HK$0.15 per Share.

During the Review Period, the highest and lowest closing price of the Shares during the Review Period were HK$0.38 per Share recorded on 1 September 2015 ("**Highest Price**") and HK$0.085 per Share recorded on 8 April 2016 ("**Lowest Price**") respectively, with an average closing price of the Review Period of approximately HK$0.162 ("**Average Closing Price**"). The Share Offer Price represents (i) a discount of approximately 65.79% to the Highest Price; (ii) a premium of approximately 52.94% to the Lowest Price; and (iii) a discount of approximately 19.75% to the Average Closing Price. In addition, we noted that the closing prices of the Shares were below the Share Offer Price most of the time for the last six calendar months prior to the Latest Practicable Date, i.e. for 134 out of 140 trading days of the Shares since 1 April 2016 during the Review Period.

Shareholders should note that the information set out above is not an indicator of the future performance of the Shares, and that the price of the Shares may increase or decrease from its closing price as at the Last Practicable Date.

In view of the fluctuation in the trading price of the Shares as stated in above, Independent Shareholders who wish to realize their investment in the Group are reminded that they should carefully and closely monitor the market price of the Group during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Share Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Share Offer.

(c) Historical trading liquidity of the Shares

Set out in Table 5 below are the monthly figures during the Review Period regarding (i) number of trading days of the Shares; (ii) the total trading volume of the Shares; and (iii) the ratio of the monthly/period trading volume to the total number of issued Shares (the "**Trading Volume Ratio**"):

Table 5: trading volume of the Shares

Month	**Number of trading days of the Shares**	**Total monthly trading volume of the Shares** *(Note 1)*	**Trading Volume Ratio** *(Note 2)*
2015			
September	20	68,545,000	0.34%
October	10	105,090,000	1.05%
November	21	251,740,000	1.20%
December	9	29,324,000	0.22%
2016			
January	0	Not applicable	Not applicable
February	9	78,216,000	0.58%
March	21	58,955,000	0.19%
April	20	47,600,000	0.16%
May	21	36,890,000	0.12%
June	21	120,554,000	0.32%
July	20	125,517,000	0.35%
August	22	104,665,000	0.26%
September	17	50,838,000	0.17%
October (up to and including the Latest Practicable Date)	14	75,459,600	0.30%

Source: Website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. The number of Shares are adjusted for the 10 to 1 share consolidation of the Company which took effect on 15 March 2016 (the "**Share Consolidation**").

2. As the number of issued Shares varied substantially during the Review Period (from 1,500,000,000 Shares to 15,000,000,000 Shares), these monthly/period Trading Volume Ratios are calculated as the trading volume of the Shares during the month/period (as adjusted by the Share Consolidation) divided by the total Shares in issue during the end of each month/period (as adjusted by the Share Consolidation).

   The number of issued Shares for each month during the Review Period are based on those as disclosed in the Monthly Return of Equity Issuer on Movements in Securities as published by the Company for each month during the Review Period.

As illustrated in Table 5 above, the Trading Volume Ratios during the Review Period recorded the lowest of approximately 0.12% in May 2016 and highest of approximately 1.20% in November 2015.

Having considered that, save for October 2015 and November 2015 (where the trading in the Shares resumed on 16 October 2015 after the release of the annual results of the Group for FY2015), the monthly/period Trading Volume Ratios during the Review Period were all below 0.6%, we are of the view that the trading volume of the Shares was relatively low during the Review Period.

Given the thin historical trading volume of the Shares as stated above, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Shares. Accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive by the disposal of their Shares in the open market. The Share Offer, therefore, represents an assured opportunity for the Independent Shareholders, particular for those who hold a large number of the Shares, to dispose of some or all of them at the Share Offer Price if they so wish, without creating a significant downside pressure on the trading price of the Shares.

(d) Comparable analysis

The principal activities of the Group are provision of environmental services which include the provision of cleaning and related services. In assessing the fairness and reasonableness of the Share Offer Price, we attempted to compare the price-to-earnings ratio ("**P/E Ratio**") and price-to-book ratio ("**P/B Ratio**"), which are the most commonly used benchmarks in valuing a company, with other listed companies on the Stock Exchange. Given that the Group was loss making in its latest financial year, it is impracticable to use P/E Ratio to value the Company. Therefore, we adopted the P/B Ratio in our analysis, which is a ratio used to compare a stock's value to its book value. The higher the P/B Ratio, the higher the value of the stock.

We carried out a comparable analysis with other companies (the "**Comparable Companies**") with the criteria that: (i) the companies have their shares listed on the Stock Exchange; and (ii) the companies are principally engaged in provision of cleaning and related services. We considered the above selection criteria to be reasonable and meaningful for identifying the Comparable Companies for comparison purpose. Based on the above criteria and to the best of our knowledge, we identified an exhaustive list of only two Comparable Companies. Nonetheless, we considered that based on the above selection criteria, the Comparable Companies can provide a general reference relating to P/B Ratios of listed companies which are engaged in business similar to that of the Group in Hong Kong. The Comparable Companies and their P/B Ratios can thus provide additional meaningful information regarding the Share Offer Price for the Independent Shareholders. Details of the Comparable Companies are set out below:

Table 6: P/B Ratios of the Comparable Companies

Company name	Stock code	Principal business	Closing price as at the Latest Practicable Date *(HK$)* *(Note 1)*	Market capitalisation as at the Latest Practicable Date *(HK$ million)* *(Note 2)*	Consolidated net asset attributable to the shareholders of the respective company *(HK$ million)* *(Note 3)*	P/B Ratio *(times)* *(Note 4)*
Xinhua News Media Holdings Limited	309	Provision of cleaning and related services, medical waste treatment service, waste treatment service and television screen broadcast business.	0.202	276.23	129.79	2.13
Baguio Green Group Limited	1397	Provision of environmental service, namely, cleaning services, landscaping services, pest management services and waste management and recycling services.	0.92	381.80	217.90	1.75
					Average	1.94
			Share Offer Price *(HK$)*	**Market Value represented by the Share Offer Price** *(HK$ million)*		
		The Share Offer	0.13	234.00		1.98 *(Note 5)*

Notes:

1. The closing prices of the shares of the Comparable Companies are quoted on the Stock Exchange as at the Latest Practicable Date.

2. The market capitalisation is calculated as the closing price of the shares of the respective Comparable Companies multiplied by the corresponding number of issued shares as at the Latest Practicable Date.

3. The net assets attributable to the shareholders of the respective Comparable Companies are extracted from the respective Comparable Companies' latest published financial reports.

4. The P/B Ratios of the Comparable Companies are calculated based on (i) the market capitalisation of the respective Comparable Companies as at the Latest Practicable Date divided by (ii) the consolidated net assets attributable to the shareholders of the Comparable Companies (as extracted from the respective Comparable Companies' latest published financial reports).

5. The implied P/B Ratio represented by the Share Offer Price (the "**Implied P/B Ratio**") is calculated based on the Share Offer Price multiplied by the number of Shares as at the Latest Practicable Date, then divided by the consolidated net assets of the Group as at 30 June 2016 of approximately HK$118,423,000, i.e. 0.13 × 1,800,000,000 ÷ 118,423,000 = 1.98 approximately.

As shown in Table 6 above, the P/B Ratio of the Comparable Companies ranged from approximately 1.75 times to approximately 2.13 times, with an average of approximately 1.94 times. The Implied P/B Ratio is approximately 1.98 times, which is higher than the average P/B Ratio of the Comparable Companies of approximately 1.94 times.

The above analysis may give additional information for the Independent Shareholders to consider whether to accept the Share Offer or not. However, the Independent Shareholders should be aware of the limitations of P/B Ratio including, among others, the different scale of operations, marketplace, financial performance and asset base of the Comparable Companies and the Company, as well as the various circumstances and factors affecting the respective share price performance of the Comparable Companies from time to time.

(e) Our view

Having considered that

(i) the financial performance of the Group deteriorated in recent years, in particular the Group recorded a higher net loss for FY2016 as compared with that for FY2015;

(ii) in view of the increasing vacancy rates in the commercial property sector in recent years and the rising wages in the labour market of professional and business services section, there is uncertainty regarding the future growth of the Group's business;

(iii) the Share Offer Price represents a premium over the closing price of the Shares most of the time for the last six calendar months prior to the Latest Practicable Date;

(iv) the Share Offer Price represents a premium of approximately 97.57% over the audited net assets per Share of approximately HK$0.0658 as at 30 June 2016; and

(v) the Implied P/B Ratio represented by the Share Offer Price is above the average P/B Ratio as well as all of the P/B Ratios of the Comparable Companies,

we are of the view that the Share Offer Price is fair and reasonable.

Furthermore, we would like to remind the Independent Shareholders that the recent closing prices of the Shares on the Stock Exchange fluctuated around the Share Offer Price, and it is uncertain whether the trading prices of the Shares on the Stock Exchange will be higher than the Share Offer Price during and after the Offer Period. Also, as the trading volume of the Shares has been thin, the Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market in a short period of time without causing an adverse impact on the market price level of the Shares. Therefore, the Share Offer represents an assured opportunity for the Independent Shareholders, in particular for those who hold a large number of Shares, to dispose of some or all of them at the Share Offer Price if they so wish, without creating a significant downside pressure on the trading price of the Shares.

4. Principal terms of the Option Offer

For cancellation of each outstanding Share Option . . . . .HK$0.001 in cash

According to the management of the Company, as at the Latest Practicable Date, there are two batches of outstanding Share Options entitling the Optionholders to subscribe for 47,500,000 Shares at an exercise price of HK$0.23. Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the "see-through" values of the outstanding Share Options would be the difference between the exercise prices of the outstanding Share Options and the Share Offer Price. As the exercise prices of the outstanding Share Options (i.e. HK$0.23) are above the Share Offer Price (i.e. HK$0.13), the outstanding Share Options are out-of-money with zero "see-through" value. Accordingly, the Option Offer Price for each outstanding Share Option is at a nominal value of HK$0.001 under the Option Offer as mentioned in the "LETTER FROM LAMTEX" in this Composite Document. Given that the "see-through" value of the outstanding Share Options is zero, we consider that the Option Offer Price of HK$0.001 offered to the Optionholders is fair and reasonable so far as the Optionholders are concerned.

RECOMMENDATION

Taking into consideration the aforementioned principal factors and reasons, we are of the opinion that the terms of the Share Offer and the Option Offer are fair and reasonable so far as the Independent Shareholders and Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and the Optionholders to accept the Share Offer and the Option Offer respectively.

The Independent Shareholders and the Optionholders, in particular those who intend to accept the Offers, are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, especially that the disposal of large blocks of Shares held by the Independent Shareholders in the open market may trigger price slump of the Shares as a result of the thin trading of the Shares. The Independent Shareholders who intend to realise their investment in the Company and the Optionholders shall, having regard to their own circumstances, consider exercising the outstanding Share Options and/or selling the Shares (as the case may be) in the open market, instead of accepting the Offers, if the net proceeds from the ultimate sale of such Shares would be higher than that receivable under the Offers.

Yours faithfully,
For and on behalf of
Nuada Limited
Kim Chan
Director

Mr. Kim Chan is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 16 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFERS

1.1 The Share Offer

(a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on the Offers Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.

(c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of Shares (whether in full or in part), you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.

(d) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Lamtex or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorize and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.

(f) Acceptance of the Share Offer will be treated as valid only if the completed **WHITE** Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the Offers Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or

(iii) inserted in the **WHITE** Form of Share Offer Acceptance, the total number of Shares equal to that represented by the certificates for Shares tendered for acceptance of the Share Offer. If no number is inserted or a number inserted is greater or smaller than that represented by the certificates for Shares tendered for acceptance of the Share Offer, the **WHITE** Form of Share Offer Acceptance will be returned to you for correction and resubmission. Any corrected **WHITE** Form of Share Offer Acceptance must be resubmitted and received by the Registrar on or before the latest time of acceptance of the Share Offer; or

(iv) certified by the Registrar or the Stock Exchange.

If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(g) No acknowledgement of receipt of any Form(s) of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

1.2 The Option Offer

(a) To accept the Option Offer, you should complete the **PINK** Form of Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.

(b) Without prejudice to the paragraph headed "Effect of accepting the Offers" in the "LETTER FROM LAMTEX" contained in this Composite Document and the paragraph headed "5. LAPSE OF SHARE OPTIONS" of this Appendix, the completed **PINK** Form of Option Offer Acceptance should be forwarded, together with the relevant certificate(s) of the Share Options (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) you intend to tender, stating the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand, to the Company at 24/F, SUP Tower, 75-83 King's Road, North Point, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on the Offers Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the Takeovers Code provided however, no Share Option shall be capable of acceptance if at the time of acceptance such Share Option has lapsed. Please refer to the paragraph headed "5. LAPSE OF SHARE OPTIONS" of this Appendix for further information. Optionholders should note that according to published information of the Company in respect of the Share Option Scheme, the Optionholders are entitled to exercise their Share Options (to the extent not exercised) in full or in part by notice in writing to the Company before the close of the Offers. According to the Share Option Scheme, the Share Options (to the extent not exercised) will lapse automatically 14 days after the date on which the Offers become or is declared unconditional. Optionholders are reminded that acceptance of the Option Offer made in relation to any Share Option that has lapsed will not render acceptance to be valid. Optionholders are therefore recommended to consult their own professional advisers as to the exercise of the Share Options pursuant to the Share Option Scheme, and the implications as to accepting or rejecting the Option Offer.

(c) If the certificate(s) in respect of your Share Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **PINK** Form of Option Offer Acceptance should nevertheless be completed and delivered to the Company together with a letter stating that you have lost one or more of your Share Option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your Share Option certificate(s) (if applicable), you should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.

(d) If the certificate(s) in respect of your Share Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer, you must exercise the Share Options to the extent exercisable as indicated in the paragraph headed "4. EXERCISE OF SHARE OPTIONS" of this Appendix below, but (i) the relevant exercise notice and cheque for the subscription monies must reach the Company before the Offers close; and (ii) the relevant **WHITE** Form of Share Offer Acceptance must reach the Registrar on or before 4:00 p.m. on the Offers Closing Date. You should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.

(e) No stamp duty will be deducted from the amount paid or payable to Optionholder who accept the Option Offer.

(f) No acknowledgment of receipt of any **PINK** Form(s) of Option Offer Acceptance, certificate(s) of the Share Options (if applicable) and/or any other documents of title (and/or any satisfactory indemnity/indemnities required in respect thereof) will be given.

2. SETTLEMENT OF THE OFFERS

2.1 The Share Offer

Provided that a valid **WHITE** Form of Share Offer Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar before the close of the Share Offer, a cheque for the amount due to each of the Independent Shareholders who accepts the Share Offer less seller's ad valerom stamp duty in respect of the Shares tendered by it/him/her under the Share Offer will be despatched to such Independent Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven Business Days of (i) the date for the receipt of all the relevant documents by the Registrar to render such acceptance complete and valid or (ii) the date on which the Offers become or are declared unconditional in all respects, whichever is the later.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect to the payment of seller's ad valerom stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

2.2 The Option Offer

Provided that a valid **PINK** Form of Option Offer Acceptance and the relevant certificate(s) in respect of the Share Options (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Company before the close of the Option Offer, a cheque for the amount due to each of the Optionholders who accepts the Option Offer in respect of the Share Options tendered by it/him/her under the Option Offer will be despatched to such Optionholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven Business Days of (i) the date for the receipt of all the relevant documents by the Company to render such acceptance complete and valid or (ii) the date on which the Offers become or are declared unconditional in all respects, whichever is the later.

Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Optionholder.

2.3 Return of documents

If the Offers do not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or certificate(s) of the Share Options and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar (in the case of the Share Offer) and the company secretary of the Company (in the case of the Option Offer) will be returned to the Independent Shareholders and Optionholders who have accepted the Offers by ordinary post at the Independent Shareholders' and Optionholders' own risk as soon as possible but in any event within ten (10) days after the Offers have lapsed.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) In order to be valid for the Offers, the **WHITE** Form of Share Offer Acceptance and **PINK** Form of Option Offer Acceptance must be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Offers Closing Date, unless the Offers are extended or revised with the consent of the Executive in accordance with the Takeovers Code.

(b) The Offeror reserves the right to revise the terms of the Offers after the despatch of this Composite Document until such day as they may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offers, all the Independent Shareholders and the Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.

(c) If the Offers are extended or revised, the announcement of such extension or revision will state the next Offers Closing Date or the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given, before the Offers are closed, to the Independent Shareholders and the Optionholders who have not accepted the Offers, and an announcement in respect thereof will be released. The revised Offers will be kept open for at least 14 days thereafter.

(d) If the Offers Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Offers Closing Date shall, except where the context otherwise requires, be deemed to refer to the Offers Closing Date as so extended.

(e) Any acceptance of the relevant revised Offers shall be irrevocable unless and until the Independent Shareholders and the Optionholders who accept the Offers become entitled to withdraw their acceptance under the paragraph headed "7. RIGHT OF WITHDRAWAL" below and duly do so.

4. EXERCISE OF SHARE OPTIONS

The Optionholder who wishes to accept the Share Offer may (i) exercise his/her/its Share Options (to the extent exercisable) by completing, signing and delivering a notice for exercising the Share Options together with a cheque for payment of the subscription monies and the related certificates (if applicable) for the Share Options to the Company before the Offers close; and (ii) at the same time, or in any event no later than 4:00 p.m. on the Offers Closing Date, complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with a copy of the set of documents delivered to the Company for exercising the Share Options. Exercise of the Share Options is subject to the terms and conditions of the Share Option Scheme and the terms attaching to the grant of the relevant Share Options. Delivery of the completed and signed **WHITE** Form of Share Offer Acceptance to the Registrar will not serve to complete the exercise of the Share Options but will only be deemed to be an irrevocable authority to the Offeror and/or Lamtex and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her/its behalf the relevant share certificate(s) when issued on exercise of the Share Options as if it/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance. If the Optionholder fails to exercise his/her/its Share Options as aforesaid and in accordance with the terms and conditions of the Share Option Scheme, there is no guarantee that the Company may issue the relevant share certificate in respect of the Shares allotted pursuant to his/her/its exercise of the Share Option(s) to such Optionholder in time for it to accept the Share Offer as a Shareholder of such Shares under the terms of the Share Offer.

5. LAPSE OF SHARE OPTIONS

As referred to in the paragraph headed "Effect of accepting the Offers" in the "LETTER FROM LAMTEX" contained in this Composite Document, Optionholders should note that under the Share Option Scheme, all Share Options (to the extent not exercised) will lapse automatically 14 days after the date on which the Offers become or is declared unconditional.

Nothing in this Composite Document or the Option Offer will serve to extend the life of any Share Option which lapses under the terms of the Share Option Scheme. No exercise of the Share Options or acceptance of the Option Offer may be made in relation to any Share Option that has lapsed.

6. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Offers Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Offers Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offers have been revised, extended, or expired.

The announcement will state the total number of Shares and Share Options and rights over Shares:

(i) for which acceptances of the Offers have been received;

(ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period;

(iii) acquired or agreed to be acquired during the Offer Period by the Offeror and persons acting in concert with it.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Offeror and Mr. Yu Weiye have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

In computing the total number or principal amount of the Shares and the Share Options represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this Appendix, and which have been received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) respectively no later than 4:00 p.m. on the Offers Closing Date, unless the Offers are extended or revised with the consent of the Executive, shall be included.

(b) As required under the Takeovers Code, all announcements in relation to the Offers which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules.

7. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offers tendered by the Independent Shareholders and the Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offers shall be entitled to withdraw his acceptance after 21 days from the first closing date of the Offers, if the Offers have not by then become unconditional as to acceptance. However, this entitlement to withdraw shall only be exercisable until such time as the Offers become or are declared unconditional as to acceptances.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "6. ANNOUNCEMENTS" above, the Executive may require that the Independent Shareholders and the Optionholders who have tendered acceptances to the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Independent Shareholders and the Optionholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title or the relevant certificate(s) in respect of the Share Options (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Forms of Acceptance to the relevant Independent Shareholder(s) and Optionholders.

8. STAMP DUTY

The seller's Hong Kong ad valorem stamp duty for transfer of shares arising in connection with acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to Shareholders who accept the Share Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptances or if higher, the market value of the Shares, and will be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

9. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

As the Offers to persons not residing in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are residents, overseas Shareholders and the Optionholders should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Share Offer. It is the responsibility of the overseas Shareholders and the Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance of any overseas Shareholders and the Optionholders will be deemed to constitute a representation and warranty from such overseas Shareholders and Optionholders to the Offeror that the local laws and requirements have been complied with. The overseas Shareholders and Optionholders should consult their professional advisers if in doubt.

10. TAXATION ADVICE

Shareholders and Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

11. GENERAL

(a) All communications, notices, the Forms of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and/or the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Lamtex and any of their respective directors nor the Registrar or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the **WHITE** Form of the Share Offer Acceptance and **PINK** Form of the Option Offer Acceptance form part of the terms and conditions of the Share Offer and the Option Offer, respectively.

(c) The accidental omission to despatch this Composite Document and/or the Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate either the Share Offer or the Option Offer in any way.

(d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, Lamtex or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares or the Share Options in respect of which such person or persons has/have accepted the Offers.

(f) By accepting the Offers, the Independent Shareholders or the Optionholders will sell their Shares or Share Options (as the case may be) to the Offeror free from all liens, claims, Encumbrances and all third party rights and with all rights attached thereto as at the date of this Composite Document, including in the case of the Shares, the right to receive all dividends and declared, paid or made, if any, on or after the date of this Composite Document. The making of the Offers to a person with a registered address in a jurisdiction outside Hong Kong or who is a citizen, resident or national of a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. overseas Shareholders and the Optionholders with registered addresses in jurisdictions outside Hong Kong or who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

(g) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares or Share Options in respect of which as indicated in the Form(s) of Acceptance is the aggregate number of Shares or Share Options held by such nominee for such beneficial owner who is accepting the Offers.

(h) Reference to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension or revision thereof.

(i) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders and the Optionholders in the Forms of Acceptance shall be irrevocable except as permitted under the Takeovers Code.

(j) The English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in the case of any inconsistency.

I. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the consolidated financial information of the Group for the three years ended 30 June 2014, 2015 and 2016, as extracted from the relevant annual reports of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*
Revenue	269,438	202,192	193,098
Cost of services	(241,175)	(178,488)	(166,106)
Gross profit	28,263	23,704	26,992
Other income, other gains and losses and impairments	(2,372)	(17,532)	5,574
Selling and marketing expenses	(5,968)	(2,109)	(831)
Administrative expenses	(70,473)	(29,336)	(15,244)
Finance costs	(912)	(590)	(356)
(Loss)/profit before taxation	(51,462)	(25,863)	16,135
Income tax credit/(expenses)	257	(1,386)	(3,041)
(Loss)/profit for the year	(51,205)	(27,249)	13,094
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations	(577)	(23)	–
Total comprehensive (loss)/income for the year	(51,782)	(27,272)	13,094
(Loss)/profit for the year attributable to:			
– Owners of the Company	(51,058)	(27,205)	13,094
– Non-controlling interests	(147)	(44)	–
	(51,205)	(27,249)	13,094
Total comprehensive (loss)/income for the year attributable to:			
– Owners of the Company	(51,635)	(27,228)	13,094
– Non-controlling interests	(147)	(44)	–
	(51,782)	(27,272)	13,094
			restated *(note)*
(Loss)/earnings per share			
– Basic and diluted (HK cents)	(3.61)	(2.19)	1.06

Note: The basic and diluted earnings per share for the year ended 30 June 2014 have been adjusted and restated for the share divisions on 17 November 2014, the issuance of shares upon an open offer on 9 December 2015 and share consolidation made on 15 March 2016.

The auditors of the Company, Hodgson Impey Cheng Limited (for the year ended 30 June 2014, 2015 and 2016), did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the respective financial statements of the Group for the three years ended 30 June 2014, 2015 and 2016, and the Company had no items which are exceptional or extraordinary because of size, nature or incidence for the same financial years.

II. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 30 JUNE 2016

Set out below are the audited consolidated financial statements of the Group for the year ended 30 June 2016 which are published in the Company's annual report issued on 30 September 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Notes	2016 *HK$'000*	2015 *HK$'000*
Revenue	*5*	269,438	202,192
Cost of services		(241,175)	(178,488)
Gross profit		28,263	23,704
Other income, other gains and losses and impairments	*8*	(2,372)	(17,532)
Selling and marketing expenses		(5,968)	(2,109)
Administrative expenses		(70,473)	(29,336)
Finance costs	*9*	(912)	(590)
Loss before taxation	*10*	(51,462)	(25,863)
Income tax credit/(expenses)	*11*	257	(1,386)
Loss for the year		(51,205)	(27,249)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		(577)	(23)
Total comprehensive loss for the year		(51,782)	(27,272)

	Notes	2016 HK$'000	2015 HK$'000
Loss for the year attributable to:			
– Owners of the Company		(51,058)	(27,205)
– Non-controlling interests		(147)	(44)
		(51,205)	(27,249)
Total comprehensive loss for the year attributable to:			
– Owners of the Company		(51,635)	(27,228)
– Non-controlling interests		(147)	(44)
		(51,782)	(27,272)
			restated
Loss per share			
– Basic and diluted (HK cents)	13	(3.61)	(2.19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	*15*	11,983	15,015
Goodwill	*16*	43,679	629
Intangible assets	*17*	1,283	1,062
Restricted bank deposits	*23*	3,274	1,126
		60,219	17,832
Current assets			
Inventories	*19*	63	67
Trade receivables	*20*	44,288	45,720
Deposits, prepayments and other receivables	*21*	23,646	11,766
Financial assets at fair value through profit or loss	*22*	18,454	–
Restricted bank deposits	*23*	3,867	6,596
Cash and cash equivalents	*23*	48,747	45,425
Tax recoverables		1,598	–
		140,663	109,574
Current liabilities			
Trade payables	*24*	12,285	7,848
Accruals, deposits received and other payables	*25*	42,147	22,495
Bank and other borrowings	*26*	4,278	263
Obligations under finance leases	*27*	330	775
Deferred revenue	*28*	8,052	6,579
Tax payables		4,682	2,145
		71,774	40,105
Net current assets		68,889	69,469
Total assets less current liabilities		129,108	87,301

	Notes	2016 HK$'000	2015 HK$'000
Non-current liabilities			
Obligations under finance leases	27	499	50
Deferred taxation	29	844	1,361
Bond	30	9,342	9,250
		10,685	10,661
Net assets		118,423	76,640
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	32	1,800	1,000
Reserves		116,883	75,739
Equity attributable to owners of the Company		118,683	76,739
Non-controlling interests		(260)	(99)
Total equity		118,423	76,640

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2016

	Attributable to owners of the Company										
	Share capital	Share premium	Other reserve	Contribution surplus	Foreign currency translation reserve	Warrant reserve	Share option reserve	Retained earnings/ (accumulated losses)	Equity attributable to owners of the Company	Non-controlling interest	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Note (a))	*(Note (b))*		*(Note (c))*	*(Note (d))*				
As at 1 July 2014	1,000	22,360	1,000	21,400	–	–	–	18,707	64,467	–	64,467
Loss for the year	–	–	–	–	–	–	–	(27,205)	(27,205)	(44)	(27,249)
Exchange differences arising on translation foreign operations	–	–	–	–	(23)	–	–	–	(23)	–	(23)
Total comprehensive loss for the year	–	–	–	–	(23)	–	–	(27,205)	(27,228)	(44)	(27,272)
Issue of warrants	–	–	–	–	–	40,000	–	–	40,000	–	40,000
Transaction costs for issue of warrants	–	–	–	–	–	(500)	–	–	(500)	–	(500)
Non-controlling interests arising on the acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	(55)	(55)
As at 30 June 2015 and 1 July 2015	1,000	22,360	1,000	21,400	(23)	39,500	–	(8,498)	76,739	(99)	76,640
Loss for the year	–	–	–	–	–	–	–	(51,058)	(51,058)	(147)	(51,205)
Exchange differences arising on translation foreign operations	–	–	–	–	(577)	–	–	–	(577)	–	(577)
Total comprehensive loss for the year	–	–	–	–	(577)	–	–	(51,058)	(51,635)	(147)	(51,782)
Issue of shares pursuant to open offer	500	64,500	–	–	–	–	–	–	65,000	–	65,000
Transaction costs for open offer	–	(2,733)	–	–	–	–	–	–	(2,733)	–	(2,733)
Issue of shares pursuant to share placing	300	25,200	–	–	–	–	–	–	25,500	–	25,500
Transaction costs for share placing	–	(813)	–	–	–	–	–	–	(813)	–	(813)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	6,625	–	6,625	–	6,625
Release upon lapse of share options	–	–	–	–	–	–	(166)	166	–	–	–
Release upon expiry of warrants	–	–	–	–	–	(39,500)	–	39,500	–	–	–
Non-controlling interests arising on the acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	(14)	(14)
As at 30 June 2016	1,800	108,514	1,000	21,400	(600)	–	6,459	(19,890)	118,683	(260)	118,423

Notes:

(a) The amount represents the difference between the nominal amount of shares issued by the Company and the aggregate amount of share capital of subsidiaries acquired under common control pursuant to the group reorganisation (the "Reorganisation") in preparation of the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 June 2013.

(b) The amount represents the amounts due to shareholders capitalised before the listing of the Company's shares on the GEM of the Stock Exchange.

(c) The amount represented the net proceeds received from the issue of unlisted warrants of the Company. This reserve will be transferred to the share capital and the share premium account upon exercise of the unlisted warrants, where the unlisted warrants remain unexercised at the expiry date, the amount recognised in the warrant reserve will be released to the retained earnings. During the year ended 30 June 2016, the balance of this reserve was transferred to the retained earnings account upon expiry of unlisted warrants on 26 January 2016.

(d) The amount represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for the equity-settled share-based payments.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

	2016	2015
	HK$'000	*HK$'000*
Operating activities		
Loss before taxation	(51,462)	(25,863)
Adjustments for:		
Depreciation of property, plant and equipment	6,338	6,148
Amortisation on intangible assets	243	56
Loss from termination of possible acquisition	–	4,500
Finance costs	912	590
Impairment losses on deposits and other receivables	1,000	5,660
Impairment loss on goodwill	629	8,530
Impairment loss on intangible assets	838	–
Unrealised loss on financial assets at fair value through profit or loss	1,444	–
Reversal of provision for long service payment	–	(230)
Reversal of provision for untaken paid leave	–	332
Reversal of provision for claims	–	(426)
Written off of property, plant and equipment	436	243
Gain on disposal of property, plant and equipment	(752)	(75)
Interest income	(35)	(47)
Share-based payment expenses	6,625	–
Operating cash flows before movements in working capital	(33,784)	(582)
Decrease in inventories	4	3
Decrease/(increase) in trade receivables	2,184	(12,246)
Increase in deposits, prepayments and other receivables	(8,319)	(13,162)
Increase in trade payables	4,366	3,559
Increase in accruals, deposits received and other payables	8,150	4,987
(Decrease)/increase in deferred revenue	(1,063)	260
Cash used in operations	(28,462)	(17,181)
Interest paid	(777)	(49)
Interest element of finance lease rental payments	(43)	(83)
Hong Kong profits tax refund	–	909
Hong Kong profits tax paid	(3,713)	(2,167)
Net cash used in operating activities	(32,995)	(18,571)

	2016	2015
	HK$'000	*HK$'000*
Investing activities		
Interest received	35	47
Decrease in restricted bank deposits	581	1,183
Proceeds from disposal of property, plant and equipment	1,482	209
Loss from termination of possible acquisition	–	(4,500)
Purchase of property, plant and equipment	(3,442)	(10,146)
Purchase of financial assets at fair value through profit or loss	(19,898)	–
Purchase of intangible assets	(969)	–
Net cash outflow from acquisition of subsidiaries	(31,955)	(5,103)
Net cash used in investing acquisition of subsidiaries	(54,166)	(18,310)
Financing activities		
Proceeds from issue of warrants	–	39,500
Proceeds from issue of bond	–	9,200
Proceeds from issue of shares pursuant to open offer	65,000	–
Proceeds from issue of shares pursuant to share placing	25,500	–
Translation costs for share placing	(813)	–
Translation costs for open offer	(2,733)	–
Proceeds from obligations under finance leases	982	–
Proceeds from bank and other borrowings	4,278	–
Repayments of bank borrowings	(263)	(1,015)
Repayments of obligations under finance leases	(978)	(2,738)
Net cash generated from financing activities	90,973	44,947
Net increase in cash and cash equivalents	3,812	8,066
Cash and cash equivalents at the beginning of the year	45,425	37,382
Effect of foreign exchange rate changes	(490)	(23)
Cash and cash equivalents at the end of the year	48,747	45,425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

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. Its controlling shareholder is China New Energy Power Group Limited, a company incorporated in Bermuda.

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. Details of the principal activities of its principal subsidiaries are set out in Note 18. The consolidated financial statements are presented in thousands of units Hong Kong Dollars (HK$'000), unless otherwise stated.

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[2]

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

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

[3] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted that apply HKFRS 15 on or before the date of initial application of HKFRS 16.

[5] Effective for annual periods beginning on or after a date to be determined.

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 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 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 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 ("CGU") 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 do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

HKFRS 16 ***Leases***

HKFRS 16 supersedes HKAS 17 *Leases*, HK(IFRIC) – Int 4 *Determining whether an Arrangement contain a Lease*, HK(SIC) – Int 15 *Operating Lease – Incentives* and HK(SIC) – Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 *Leases*. Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities. There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer). HKFRS 16 substantially carries forward the lessor's accounting requirements in HKAS 17.

Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows:

(a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease;

(b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

The Group is in the process of making an assessment of the potential impact of application of HKFRS 16, the Directors consider that it is not practicable to provide a reasonable estimate of the effect of the adoption of HKFRS 16 until the Group performs a detailed review.

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 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 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 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 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 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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 GEM Listing Rules and by the Hong Kong Companies Ordinance.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") on the Stock Exchange issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 4 to the consolidated financial statements.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics the asset or liability if market participants would take these characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value-in-use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group cease to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another HKFRS.

When the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase.

Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and any impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that property, plant and equipment.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives for the years ended 30 June 2016 and 2015 are as follows:

Furniture and fixtures	2 to 7 years
Equipment and machinery	2 to 7 years
Motor vehicles	4 years
Computer equipment	2 to 4 years
Leasehold improvement	Over the leased term

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised immediately in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's CGUs (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Inventories

Inventories are stated at lower of cost and net realisable value.

Cost represents the invoiced cost of inventories. Cost is assigned to individual items on the weight-average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense.

Cash and cash equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment and bank overdrafts.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligations, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligations for the reporting period, taking into account the risks and uncertainties surrounding the obligations. When a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

When the cost of cleaning services to fulfil the obligation under the contract exceeds the revenue, a provision for onerous contracts would be made. In estimating the amount by which the cleaning cost are expected to exceed the revenue, management takes into account the cost of fulfilling the obligation under the contract and any compensation or penalties arising from failure to fulfill it, which is the lower will be recognised as the unavoidable costs.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligations cannot be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of the subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as obligations under finance leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the exchange rates prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Share option expenses

The Company operates a share option scheme for the purpose to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group.

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Company revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at financial assets at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in Note 6.

Loan and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loan and receivables (including trade receivables, deposits and other receivables, restricted bank deposits, fixed deposits and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Other financial liabilities

Other financial liabilities (including trade payables, accruals, deposits received and other payables, and obligations under finance leases) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than those financial liabilities designated as at financial liabilities at FVTPL.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Retirement benefits costs

The Group's contribution to the defined contribution retirement benefit plans are charged to consolidated statement of profit or loss and other comprehensive income in the year incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discount.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

For the environmental cleaning service contract or car beauty package relates to routine environmental and cleaning services (the "Environment and Cleaning") and auto beauty services (the "AUTO"), the service income will be recognised on a straight-line basis over the contract terms as the work is performed.

For services that are provided on ad-hoc basis, service income is recognised upon completion of the provision of such ad-hoc services.

Revenue from the provision of AUTO are recognised when the services have been rendered to clients. Receipts in respect of service packages for which the relevant services have not been rendered are deferred and recognised as deferred revenue in the consolidated statement of financial position.

Revenue from the provision of property management services (the "Property Management") are recognised when the services have been rendered to clients. Receipts in respect of the building management income for which the relevant services have not been rendered are deferred and recognised as deferred revenue in the consolidated statement of financial position.

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxation profit differs from profit as reported in consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors of the Group.

Warrants

Warrants issued by the Company that will be settled by other than a fixed amount of cash for a fixed number of the Company's own equity instruments are derivative financial instruments. Warrants classified as derivative financial instruments are recognised at their fair values at the date of issue. Changes in fair values in subsequent periods are recognised through profit or loss.

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity instruments are equity instruments. The net proceeds received from the issue of warrants is recognised in equity (warrant reserve). The warrant reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants. When the warrants are still not exercised at the expiry date, the amount previously recognised in the warrant reserve will be transferred to accumulated losses.

Related parties transactions

A party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employees are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influence by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Group and a related party, regardless of whether a price is charged.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

Management of the Group determines the estimated useful lives and related depreciation charges for the Group's plant and equipment. Management of the Group will revise the depreciation charges where useful lives are different to previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment loss in respect of trade receivables

The policy for impairment loss on trade receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required.

Impairment of intangible assets

The Group performs annual tests on whether there has impairment of intangible assets in accordance with the accounting policy. The recoverable amounts of fair value are determined based on income approach calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, post-tax discount rates, and other assumptions underlying the calculation.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGUs to which goodwill has been allocated. The value-in-use calculation for requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill as at 30 June 2016 was HK$43,679,000 (2015: HK$629,000). Details of the recoverable amount calculation are disclosed in Note 16.

Provision

When there is a probability that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and such amount can be reasonably estimated, a corresponding amount of provision is recognised in the consolidated financial statements. However, no provision is recognised for costs that need to be incurred to operate in the future.

Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgment is required in determining provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Valuation of share options

Share option expense is subject to the limitations of the option pricing models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates including limited early exercise behavior, expected interval and frequency of open exercise periods in the share option life and the relevant parameters of the share option model be changed, there would be material changes in the amount of share option benefits recognised in the profit or loss and share-based payment reserve.

5. 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	Provision of environmental and cleaning services in Hong Kong and Shanghai, the People's Republic of China (the "PRC")
AUTO	Provision of car beauty services in Hong Kong
Management Services	Provision of property and car park management services in Shenzhen, the PRC
Investments	Investments in financial assets

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

Revenue

Turnover represents the aggregate of service income from Environmental and Cleaning, AUTO and Management Services.

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

	2016	**2015**
	HK$'000	*HK$'000*
Service income from Environmental and Cleaning	256,521	200,604
Service income from AUTO	8,339	1,588
Service income from Management Services	4,578	–
	269,438	202,192

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

Segment revenue and results

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

2016

	Environmental and Cleaning	AUTO	Management Services	Investments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
Revenue from external customers	256,521	8,339	4,578	–	269,438
Result					
Segment profit/(loss)	(5,402)	(6,014)	1,492	(1,512)	(11,436)
Other incomes, other gains and loss and impairments					(993)
Central administrative costs					(38,241)
Finance costs					(792)
Loss before taxation					(51,462)

2015

	Environmental and Cleaning	AUTO	Consolidated
	HK$'000	*HK$'000*	*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 loss and impairments			(5,677)
Central administrative costs			(13,681)
Finance costs			(458)
Loss before taxation			(25,863)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2015: 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 emolument, impairment loss on other receivables, forfeiture of the deposit of the possible acquisition 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

2016

	Environmental and Cleaning	AUTO	Management Services	Investments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Segment assets	91,983	1,607	48,510	18,553	160,653
Unallocated corporate assets					40,229
					200,882

	Environmental and Cleaning	AUTO	Management Services	Investments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Liabilities					
Segment liabilities	43,205	6,262	16,250	12	65,729
Unallocated corporate liabilities					16,730
					82,459

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

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	Management Services	Investments	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2016						
Depreciation of property, plant and equipment	4,427	448	122	–	1,341	6,338
Amortisation of the intangible assets	19	224	–	–	–	243
Impairment loss on goodwill *(Note 16)*	–	629	–	–	–	629
Impairment losses on intangible assets *(Note 17)*	–	838	–	–	–	838
Impairment losses on deposit and other receivables *(Note 21)*	–	–	–	–	1,000	1,000
Unrealised loss on financial assets at FVTPL	–	–	–	1,444	–	1,444
Gain on disposal of property, plant and equipment	752	–	–	–	–	752
Additions to non-current assets*	2,387	1,031	24	–	–	3,442

	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 of the intangible assets	–	56	–	56
Impairment loss on goodwill *(Note 16)*	–	8,530	–	8,530
Impairment losses on deposit and other receivables *(Note 21)*	4,460	–	1,200	5,660
Loss from termination of possible acquisition *(Note 8)*	–	–	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

* 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, are set out below:

	2016 *HK$'000*	2015 *HK$'000*
Customer A	43,259	43,312
Customer B	31,085	32,074
Customer C	28,991	26,675

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The revenue generated from Environmental and Cleaning, AUTO and Management Services are mainly in Hong Kong and the PRC. For the geographical information, services income are analysed at different geographical areas as below.

	2016 *HK$'000*	2015 *HK$'000*
Hong Kong	263,818	202,192
The PRC	5,620	–
	269,438	202,192

The following is an analysis of the carrying amount of non-current assets analysed by the geographical area in which the non-current assets are located:

	2016 *HK$'000*	2015 *HK$'000*
Hong Kong	15,239	17,832
The PRC	44,980	–
	60,219	17,832

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016 *HK$'000*	2015 *HK$'000*
Financial assets		
Financial assets at FVTPL	18,454	–
Loans and receivables		
– Trade receivables	44,288	45,720
– Deposits and other receivables	21,272	10,758
– Restricted bank deposits	7,141	7,722
– Cash and cash equivalents	48,747	45,425

	2016	2015
	HK$'000	*HK$'000*
Financial liabilities		
Amortised cost		
– Trade payables	12,285	7,848
– Accruals, deposits received and other payables	42,147	22,495
– Bank and other borrowings	4,278	263
– Obligations under finance leases	829	825
– Bond	9,342	9,250

(b) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market risk

(i) Foreign currency risk

The Group and the Company mainly operate in Hong Kong and is exposed to foreign exchange risk arising from Renminbi ("RMB") as certain bank balance of the Group is denominated in RMB. The Group's management do not expect the net foreign currency risk from these activities to be significant and hence, the Group and the Company do not presently hedge the foreign exchange risks. The Group and the Company periodically review liquid assets and liabilities held in currencies other than HK$ to evaluate its foreign exchange risk exposure.

There is no sensitivity analysis as the risk is insignificant.

(ii) Interest rate risk management

The Group's cash flow interest rate risk relates primarily to variable-rate bank borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

As at 30 June 2016 and 2015, the Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Dollar Prime Lending Rate/Best Lending Rate arising from the Group's Hong Kong Dollar denominated bank borrowings. Since the Group does not expect any significant movement in these interest rates, the Group's exposure to interest rate risk is minimal. The exposures to the interest rate risk are monitored on an ongoing basis.

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, the management reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced. The Group's credit risk is primarily attributable to bank deposits, bank balances and trade and other receivables. Individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group had certain concentration of credit risk as 60.0% and 42.1% of the total trade receivables of the Group were due from 5 customers as at 30 June 2016 and 2015 respectively. Management considered the credit risk is limited since the Group trades only with customers with an appropriate credit history and good reputation. The management monitored the financial background and creditability of those debtors on an ongoing basis. In addition, the credit risk on liquid funds including bank deposits and bank balances is limited because the counterparties are banks with good reputation.

Liquidity risk

The Group has to maintain a suitable level of liquidity to finance the daily operation, capital expenditure and repayment of borrowings. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

Specifically, for secured term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

The remaining contractual maturities at the reporting date of the Group's non-derivative financial liabilities are as follows:

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years but	More than 2 years less than 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 June 2016							
Trade payables	–	12,285	–	–	–	12,285	12,285
Accruals, deposits received and other payables	–	42,147	–	–	–	42,147	42,147
Other borrowings	0.65	4,278	–	–	–	4,278	4,298
Bond	8.5	700	700	2,100	10,292	13,792	9,342
Obligations under finance leases	2.8	357	519	–	–	876	829
		59,767	1,219	2,100	10,292	73,378	68,881

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years but	More than 2 years less than 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 June 2015							
Trade payables	–	7,848	–	–	–	7,848	7,848
Accruals, deposits received and other payables	–	22,495	–	–	–	22,495	22,495
Bank borrowings	6.0	266	–	–	–	266	263
Bond	8.5	700	700	2,100	10,992	14,492	9,250
Obligations under finance leases	3.6	789	50	–	–	839	825
		32,098	750	2,100	10,992	45,940	40,681

(c) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and trade in active markets are determined with reference to quoted market bid and ask prices respectively.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate to their fair value.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
30 June 2016				
Financial assets				
Financial assets at FVTPL	18,454	–	–	18,454

Financial assets	**Fair value at**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Financial assets at FVTPL	30 June 2016 HK$18,454,000	Level 1	Quoted bid prices in active market

No analysis is disclosed since the Group has no financial instruments that are measured subsequent to initial recognition at fair value as at 30 June 2015.

There were no transfers between level 1 and 2 for the years ended 30 June 2016 and 2015.

7. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders of the Group and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maximise the returns to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The capital structure of the Group mainly consists of debts, which include bank and other borrowings/bond and obligations under finance leases, and equity attributable to owners of the Group, comprising issued share capital, share premium, other reserve, contribution surplus and retained earnings. The Group considers the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of a gearing ratio. This ratio is expressed by as a percentage of total borrowings over the total equity. The Group's overall strategy remains unchanged during the years ended 30 June 2016 and 2015.

The gearing ratios at 30 June 2016 and 2015 were as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Total borrowings *(Note (i))*	14,449	10,338
Total equity *(Note (ii))*	118,683	76,739
Gearing ratio	12.2%	13.5%

Notes:

(i) Total borrowings include bank and other borrowings, obligations under finance leases and bond are detailed in Notes 26, 27 and 30 respectively.

(ii) Total equity includes all share capital and reserves at the end of the reporting period.

8. OTHER INCOME, OTHER GAINS AND LOSSES AND IMPAIRMENTS

	2016	**2015**
	HK$'000	*HK$'000*
Other incomes:		
Interest income	35	47
Dividend income	40	–
Sundry income	712	380
Reversal of provision for long service payment	–	230
Reversal of provision for claims	–	426
	787	1,083
Other gains:		
Gain on disposals of property, plant and equipment, net	752	75
Other losses and impairments:		
Loss from termination of possible acquisition *(Note)*	–	(4,500)
Impairment losses on deposits and other receivables *(Note 21)*	(1,000)	(5,660)
Unrealised loss on financial assets at FVTPL	(1,444)	–
Impairment loss on goodwill *(Note 16)*	(629)	(8,530)
Impairment loss on intangible assets *(Note 17)*	(838)	–
	(3,911)	(18,690)
	(2,372)	(17,532)

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.

9. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings wholly repayable within five years	2	49
Finance leases charges	43	83
Effective interest on bond *(Note 30)*	792	458
Interest on other borrowings	75	–
	912	590

10. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2016	2015
	HK$'000	*HK$'000*
Auditors' remuneration	600	500
Depreciation of property, plant and equipment		
– Owner by the Group	4,884	5,319
– Held under finance lease obligations	541	829
Loss on written off of property, plant and equipment	436	243
Amortisation of intangible assets	243	56
Cost of consumable goods	4,606	2,827
Provision for untaken paid leave	–	332

	2016	2015
	HK$'000	*HK$'000*
Staff costs including directors' emoluments:		
– Salaries and wages	163,181	116,160
– Share-based payments	6,625	–
– Long service payment	95	53
– Allowances and others	742	1,426
– Contributions to defined contribution retirement plans	6,237	4,474
	176,880	122,113
Minimum lease payments under operating leases	7,394	3,099

11. INCOME TAX CREDIT/(EXPENSES)

	2016	**2015**
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax		
– Current year provision	–	1,372
– Over provision in prior years	(30)	(47)
	(30)	1,325
Current tax:		
PRC-EIT		
– Current year provision	373	–
	343	1,325
Deferred tax *(Note 29)*	(600)	61
Income tax (credit)/expenses	(257)	1,386

The income tax (credit)/expenses for the years ended 30 June 2016 and 2015 can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Loss before taxation	(51,462)	(25,863)
Tax at the applicable income tax rate of 16.5% (2015:16.5%)	(8,491)	(4,267)
Tax effect of:		
Income not taxable for tax purpose	(445)	(159)
Expenses not deductible for tax purpose	1,189	2,149
Recognised temporary differences	–	128
Over provision in prior year	(30)	(47)
Effect of different tax rate of subsidiaries operating in other jurisdiction	127	–
Tax loss not recognised	7,393	3,582
Income tax (credit)/expenses	(257)	1,386

No provision for Hong Kong Profits Tax had been made as the Hong Kong subsidiaries of the Group did not generate any assessable profits in Hong Kong for the year ended 30 June 2016. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits of the Hong Kong subsidiaries of the Group for the year ended 30 June 2015.

PRC Enterprise Income Tax ("EIT") is calculated at 25% of the estimated assessable profits of PRC subsidiaries of the Group for the year ended 30 June 2016. No provision for PRC EIT had been made as the PRC subsidiaries of the Group did not generate any assessable profits in the PRC for the year ended 30 June 2015.

Pursuant to the PRC tax law, a 10% withholding tax is levied on dividends declared to foreign investors. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and jurisdiction of the foreign investors. According to the tax treaty between Hong Kong Special Administrative Region and the PRC, for avoidance of double taxation and prevention of fiscal evasion, dividends declared from the PRC subsidiaries to Hong Kong holding companies are subject to 5% withholding income tax.

12. DIVIDENDS

The Directors do not recommend the payment of any dividend for the years ended 30 June 2016 and 2015.

13. LOSS PER SHARE

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

	2016	**2015**
	HK$'000	*HK$'000*
Loss for the year attributable to the owners of the Company for the purpose of the basic and diluted loss per share	(51,058)	(27,205)

	2016	**2015**
	'000	*'000*
		(restated)
Weighted average number of shares for the purpose of the basic and diluted loss per share *(Note)*	1,415,683	1,240,000

Note: The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted and restated for the share subdivisions made on 17 November 2014, the issuance of shares upon an open offer on 9 December 2015 and the share consolidation made on 15 March 2016.

The share 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 years ended 30 June 2016 and 2015.

The outstanding share options 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 2016.

14. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' emoluments

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance is as follows:

	Director's fees		Salaries and other emoluments and benefits		Share-based payments		Discretionary bonus		Contributions to retirement benefits scheme		Total emoluments	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Chairman, Chief Executive Officer and Executive Directors												
Mr. Ye Jingyuan (a)	18	–	–	–	–	–	–	–	–	–	18	–
Mr. Chan Wai Kit (b)	1,004	20	16	–	663	–	200	–	19	–	1,902	20
	1,022	20	16	–	663	–	200	–	19	–	1,920	20
Executive Directors												
Ms. Ding Pingying (c)	20	–	–	–	–	–	–	–	–	–	20	–
Ms. Wang Jun (d)	229	–	–	–	663	–	60	–	–	–	952	–
Mr. Zhang Xiaozheng (e)	209	–	–	–	663	–	60	–	–	–	932	–
Ms. Wong Chi Yan (f)	823	20	16	–	663	–	160	–	19	–	1,681	20
Mr. Cao Zhiwen (g)	179	540	–	–	–	–	–	–	–	–	179	540
Mr. Fan Shek Cheong, Allan (h)	–	250	–	400	–	–	–	–	–	3	–	653
Mr. Wong Yin Jun, Samuel (i)	–	198	–	–	–	–	–	–	–	6	–	204
Ms. Hung Sui Hing, Lilian (j)	–	139	–	–	–	–	–	–	–	5	–	144
Mr. Wang Li (k)	–	139	–	–	–	–	–	–	–	–	–	139
Mr. Zhang Chenglin (l)	–	260	–	–	–	–	–	–	–	–	–	260
	1,460	1,546	16	400	1,989	–	280	–	19	14	3,764	1,960
Non-executive Directors												
Mr. Xu Xiaoping (m)	249	–	–	–	663	–	–	–	–	–	912	–
Ms. Li Qingchen (r)	219	–	–	–	663	–	–	–	–	–	882	–
Ms. Fan Sheung Ting, Maria (n)	–	30	–	–	–	–	–	–	–	–	–	30
Mr. Woo Yik Man (o)	–	31	–	–	–	–	–	–	–	–	–	31
	468	61	–	–	1,326	–	–	–	–	–	1,794	61

	Director's fees		Salaries and other emoluments and benefits		Share-based payments		Discretionary bonus		Contributions to retirement benefits scheme		Total emoluments	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Independent Non-executive Directors												
Mr. Kwok Tsz Ching, Jack (p)	22	–	–	–	–	–	–	–	–	–	22	–
Mr. Huang Ke (q)	40	–	–	–	–	–	–	–	–	–	40	–
Mr. Chow Chun Hin, Leslie (s)	71	–	–	–	–	–	–	–	–	–	71	–
Mr. Chui Chi Yun, Robert (t)	120	5	–	–	–	–	–	–	–	–	120	5
Mr. Chan Chi Tong, Kenny (u)	71	92	–	–	–	–	–	–	–	–	71	92
Mr. Chen Kwok Wang (v)	89	93	–	–	–	–	–	–	–	–	89	93
Mr. Ho King Man, Kenneth (w)	–	30	–	–	–	–	–	–	–	–	–	30
Mr. Tong Kin Ping, Patrick (x)	–	30	–	–	–	–	–	–	–	–	–	30
Mr. Yu Tat Kong, Petrus (y)	–	40	–	–	–	–	–	–	–	–	–	40
Mr. Lo Wing Sang (z)	–	44	–	–	–	–	–	–	–	–	–	44
Mr. Lai Changming (aa)	–	87	–	–	–	–	–	–	–	–	–	87
	413	421	–	–	–	–	–	–	–	–	413	421
	3,363	2,048	32	400	3,978	–	480	–	38	14	7,891	2,462

Notes:

(a) Mr. Ye Jingyuan was appointed on 20 June 2016.

(b) Mr. Chan Wai Kit was appointed on 16 June 2015 and resigned on 11 July 2016.

(c) Ms. Ding Pingying was appointed on 1 June 2016.

(d) Ms. Wang Jun was appointed on 12 November 2015 and resigned on 19 September 2016.

(e) Mr. Zhang Xiaozheng was appointed on 19 October 2015 and resigned on 18 May 2016.

(f) Ms. Wong Chi Yan was appointed on 16 June 2015 and resigned on 18 July 2016.

(g) Mr. Cao Zhiwen was appointed on 7 August 2014 and resigned on 19 October 2015.

(h) Mr. Fan Shek Cheong, Allan resigned on 2 December 2014.

(i) Mr. Wong Yin Jun, Samuel resigned on 30 October 2014.

(j) Ms. Hung Sui Hing, Lilian resigned on 26 September 2014.

(k) Mr. Wang Li was appointed on 26 September 2014 and resigned on 14 February 2015.

(l) Mr. Zhang Chenglin was appointed on 26 September 2014 and resigned on 16 June 2015.

(m) Mr. Xu Xiaoping was appointed on 22 October 2015 and resigned on 4 July 2016.

(n) Ms. Fan Sheung Ting, Maria resigned on 26 September 2014.

(o) Mr. Woo Yik Man was appointed on 28 July 2014 and resigned on 30 October 2014.

(p) Mr. Kwok Tsz Ching, Jack was appointed on 25 April 2016.

(q) Mr. Huang Ke was appointed on 1 March 2016.

(r) Ms. Li Qingchen was appointed on 12 November 2015 and resigned on 20 June 2016.

(s) Mr. Chow Chun Hin, Leslie was appointed on 23 September 2015 and resigned on 25 April 2016.

(t) Mr. Chui Chi Yun, Robert was appointed on 16 June 2015.

(u) Mr. Chan Chi Tong, Kenny was appointed on 26 September 2014 and retired on 4 February 2016.

(v) Mr. Chen Kwok Wang was appointed on 19 November 2014 and retired on 4 February 2016.

(w) Mr. Ho King Man, Kenneth resigned on 26 September 2014.

(x) Mr. Tong Kin Ping, Patrick resigned on 26 September 2014.

(y) Mr. Yu Tat Kong, Petrus has resigned on 30 October 2014.

(z) Mr. Lo Wing Sang was appointed on 4 August 2014 and resigned on 19 November 2014.

(aa) Mr. Lai Changming was appointed on 26 September 2014 and resigned on 16 June 2015.

Key management personnel

Remuneration for key management personnel, including directors' remuneration, was as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	5,680	3,489
Share-based payments	4,972	–
Discretionary bonus	850	155
Contributions to retirement benefits scheme	92	58
	11,594	3,702

Five highest paid individuals

The five highest paid individuals include 2 directors (2015: 3 directors) of the Company during the year ended 30 June 2016. The remuneration paid to the remaining 3 individuals (2015: 2 individuals) during the year ended 30 June 2016 was as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	2,125	1,122
Share-based payments	1,325	–
Discretionary bonus	317	77
Contributions to retirement benefits scheme	55	33
	3,822	1,232

The number of these non-directors, highest paid employees whose remuneration fell within the following band is as follows:

	2016	**2015**
Nil to HK$1,000,000	–	2
HK$1,000,001 – HK$1,500,000	2	–
HK$1,500,001 – HK$2,000,000	1	–

Senior management

The emoluments of the senior management of the Company are within the following band:

	2016	**2015**
Nil to HK$1,000,000	1	3
HK$1,000,001 – HK$1,500,000	1	–
HK$1,500,001 – HK$2,000,000	1	–

For the years ended 30 June 2016 and 2015, no emolument was paid by the Group to the Directors, key management personnel or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors, key management personnel and the five highest paid employees had waived or had agreed to waive any emoluments during the years ended 30 June 2016 and 2015.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures *HK$'000*	Equipment and machinery *HK$'000*	Motor vehicles *HK$'000*	Computer equipment *HK$'000*	Leasehold improvement *HK$'000*	Total *HK$'000*
Cost:						
As at 1 July 2014	2,529	13,036	19,131	–	–	34,696
Additions	1,046	1,906	5,380	14	1,800	10,146
Acquired on acquisition of subsidiaries	54	43	–	–	212	309
Written off	(1,262)	(1,124)	–	–	–	(2,386)
Disposals	–	(55)	(437)	–	–	(492)
As at 30 June 2015 and 1 July 2015	2,367	13,806	24,074	14	2,012	42,273
Additions	267	1,159	984	78	954	3,442
Acquired on acquisition of subsidiaries	109	912	16	22	–	1,059
Written off	(57)	(231)	–	–	(931)	(1,219)
Disposals	–	(859)	(2,571)	–	–	(3,430)
Exchange realignment	(21)	(39)	(7)	(5)	–	(72)
As at 30 June 2016	2,665	14,748	22,496	109	2,035	42,053
Accumulated depreciation:						
As at 1 July 2014	2,234	10,352	11,025	–	–	23,611
Charge for the year	63	679	5,344	1	61	6,148
Written off	(1,043)	(1,100)	–	–	–	(2,143)
Disposals	–	(25)	(333)	–	–	(358)
As at 30 June 2015 and 1 July 2015	1,254	9,906	16,036	1	61	27,258
Charge for the year	258	1,002	4,104	24	950	6,338
Written off	(43)	(168)	–	–	(572)	(783)
Disposals	–	(427)	(2,273)	–	–	(2,700)
Exchange realignment	(19)	(14)	(7)	(3)	–	(43)
As at 30 June 2016	1,450	10,299	17,860	22	439	30,070
Carrying amount:						
As at 30 June 2016	1,215	4,449	4,636	87	1,596	11,983
As at 30 June 2015	1,113	3,900	8,038	13	1,951	15,015

As at 30 June 2016, the carrying amount of the Group's motor vehicles included amount of approximately HK$1,454,000 (2015: HK$1,638,000) in respect of assets held under finance lease.

16. GOODWILL

	AUTO	Management Services	PPS Shanghai	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost:				
As at 1 July 2014	–	–	–	–
Arising on acquisition of a subsidiary *(Note 36)*	9,159	–	–	9,159
As at 30 June 2015 and 1 July 2015	9,159	–	–	9,159
Arising on acquisition of subsidiaries *(Note 36)*	–	40,747	2,932	43,679
As at 30 June 2016	9,159	40,747	2,932	52,838
Accumulated impairment:				
As at 1 July 2014	–	–	–	–
Impairment for the year	8,530	–	–	8,530
As at 30 June 2015 and 1 July 2015	8,530	–	–	8,530
Impairment for the year	629	–	–	629
As at 30 June 2016	9,159	–	–	9,159
Net carrying amount:				
As at 30 June 2016	–	40,747	2,932	43,679
As at 30 June 2015	629	–	–	629

Impairment Tests for CGUs Containing Goodwill

After recognition of impairment losses, the carrying amount of goodwill acquired has been allocated for impairment testing purposes to the following CGUs:

	2016	2015
	HK$'000	*HK$'000*
– AUTO *(Note (a))*	–	629
– Management Services *(Note (b))*	40,747	–
– PPS Shanghai *(Note (c))*	2,932	–
	43,679	629

Notes:

(a) The recoverable amount of the AUTO CGU is determined based on the value-in-use calculation under the income approach, which includes the discounted cash flows sourced from the financial budgets approved by the management covering a five-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. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

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.

AUTO CGU still has suffered segment loss continuously from its operation since acquisition. Accordingly, the management considered that AUTO CGU would not generate profit from its operations in the cash flow projections to reflect the current status and the goodwill allocated to the AUTO CGU is fully impaired during the year. Therefore, the management considered that an impairment loss on goodwill of approximately HK$629,000 was recognised during the year ended 30 June 2016 (2015: HK$8,530,000) as the AUTO business operation does not turnout as previously expected.

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.

(b) The recoverable amount of the Management Services CGU is determined based on the value-in-use calculation under the income approach, which includes the discounted cash flows sourced from the financial budgets approved by the management covering a five-year period, and the post-tax discount rate of approximately 21% that reflects current market assessment of the time value of money and the risks specific to the Management Services CGU. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

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 2.8% per annum growth rate. The growth rate does not exceed the long term average growth rate for the market.

The recoverable amount of the Management Services 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 Management Services 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 tenants. The Directors believe that planned revenue growth per year for the next five years is reasonably achievable.
Number of leasing contracts	In order to maintain successive business operations of the Management Services CGU, the Directors believe that there is no particular difficulty in renewal of the leasing contracts of existing tenants operated in the Management Services CGU.

The directors of the company believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU to exceed its recoverable amount.

(c) The recoverable amount of the PPS Shanghai CGU is determined based on the value-in-use calculation under the income approach, which includes the discounted cash flows sourced from the financial budgets approved by the management covering a five-year period, and the post-tax discount rate of approximately 17% that reflects current market assessment of the time value of money and the risks specific to the PPS Shanghai CGU. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

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 2.8% per annum growth rate. The growth rate does not exceed the long term average growth rate for the market.

The recoverable amount of the PPS Shanghai 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 PPS Shanghai 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 service contracts	In order to maintain successive business operations of the PPS Shanghai CGU, the Directors believe that there is no particular difficulty in renewal of the service contracts of the existing customers in the PPS Shanghai CGU.

The directors of the company believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU to exceed its recoverable amount.

17. INTANGIBLE ASSETS

	Customer relationship *HK$'000*	Contract backlog *HK$'000*	Money lender license *HK$'000*	Total *HK$'000*
Cost:				
As at 1 July 2014	–	–	–	–
Arising on acquisition of a subsidiary *(Note 36)*	1,118	–	–	1,118
As at 30 June 2015 and 1 July 2015	1,118	–	–	1,118
Arising on acquisition of subsidiaries *(Note 36)*	–	333	–	333
Additions *(Note(iv))*	–	–	969	969
As at 30 June 2016	1,118	333	969	2,420
Accumulated amortisation and impairment:				
As at 1 July 2014	–	–	–	–
Amortisation for the year	56	–	–	56
As at 30 June 2015 and 1 July 2015	56	–	–	56
Amortisation for the year	224	19	–	243
Impairment loss for the year	838	–	–	838
As at 30 June 2016	1,118	19	–	1,137
Carrying amount:				
As at 30 June 2016	–	314	969	1,283
As at 30 June 2015	1,062	–	–	1,062

Intangible assets with finite life are amortised on a straight-line basis over their useful economic life:

Intangible assets	**Useful economic life**
Customer relationship *(Note (i))*	5 years
Contract backlog *(Note (ii))*	3 years
Money lender license *(Note (iii))*	Infinite

Notes:

(i) The customer relationship has been allocated to the AUTO CGU for impairment testing purposes. Details of impairment test was stated in Note 16(a).

(ii) The contract backlog has been allocated to the PPS Shanghai CGU for impairment testing purposes. Details of impairment test was stated in Note 16(c).

(iii) The money lender license entitles the Group to undertake the money lender's business using the money lender license for 1 year from the date of acquisition and to renew annually with insignificant cost. The money lender license is therefore considered having infinite economic useful life.

(iv) On 29 June 2016, the Group acquired the entire issued share capital of Profit Management Limited which did not constitute a business in accordance with HKFRS 3 and has been accounted for as an acquisition of intangible asset of approximately HK$969,000.

As at 30 June 2016 and 2015, the recoverable amounts of the intangible assets are determined based on the value-in-use calculation under the income approach, which have been referenced to the valuation reports prepared by Norton Appraisals Limited, an independent valuer. As at 30 June 2016, an impairment loss of approximately HK$838,000 (2015: HK$Nil) on the customer relationship is recognised as the recoverable amount of the customer relationship is below its carrying amount based on the value-in-use calculation under the income approach.

18. PARTICULARS OF SUBSIDIARIES

	2016	2015
	HK$'000	*HK$'000*
Unlisted shares, at cost	–	–
Amounts due from subsidiaries	66,951	40,852
Amounts due to subsidiaries	(19,161)	(4,492)

The amounts due from/(to) subsidiaries are unsecured, interest-free and recoverable/(repayable) on demand.

As at 30 June 2016, details of the Company's principal subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation/ acquisition	Issued/paid up/registered capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Silver Marker Limited	The BVI, 21 May 2012	US$1.00	100	–	Investment holding
Logon Clean Energy Group Limited	The BVI, 11 April 2016	US$50,000	100	–	Investment holding
Bransfield Assets Limited	The BVI, 2 January 2009	US$3 and HK$10,000,001	–	100	Investment holding
Pollution & Protection Services Limited	Hong Kong, 21 January 1986	HK$18,557,800	–	100	Provision of environmental and cleaning services
E-Car Auto Services Limited	Hong Kong, 20 October 2014	HK$10,000	–	100	Provision of auto beauty services
Champion Auto Club Limited	Hong Kong, 31 March 2015	HK$2	–	100	Provision of car beauty services
Champion Auto (Hong Kong) Limited	Hong Kong, 31 March 2015	HK$100	–	85	Provision of car beauty services

Name of subsidiary	Place and date of incorporation/ acquisition	Issued/paid up/registered capital	Percentage of equity interest attributable to the Company Direct %	Indirect %	Principal activities
Shanghai PPS Sheng Mao Environmental Services Limited ("PPS Shanghai")	The PRC, 9 May 2016	RMB10,000,000	–	51	Provision of environmental and cleaning services
Shenzhen Kai Chuang Yiwu Small Commodities Market Management Company Limited*	The PRC, 14 July 2011	RMB5,000,000	–	100	Provision of property and car park management services
Profit Management Limited ("Profit Management")	Hong Kong, 26 August 2014	HK$100	–	100	Provision of money lender services

* The English name of this subsidiary is for reference only. The official name of this subsidiary is in Chinese.

Notes:

(a) The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group at the end of the year. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

(b) In addition, the Directors of the Group made an assessment as at the date of initial application of HKFRS 12 and at the end of the reporting period. In the opinion of the Directors, there is no subsidiary that has non-controlling interest individually that is material to the Group and therefore no information is disclosed for the non-wholly owned subsidiary.

19. INVENTORIES

	2016 *HK$'000*	**2015** *HK$'000*
Consumable goods	63	67

20. TRADE RECEIVABLES

	2016 *HK$'000*	**2015** *HK$'000*
Trade receivables	44,288	45,720

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

	2016	**2015**
	HK$'000	*HK$'000*
0-30 days	34,140	32,757
31-60 days	9,088	3,070
61-90 days	292	5,225
Over 90 days	768	4,668
	44,288	45,720

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and ageing analysis of the receivables which requires the use of judgment and estimates. Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivable balances and any overdue balances on an ongoing basis and assessments are made by management on the collectability of overdue balances. As at 30 June 2016 and 2015, 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

	2016	**2015**
	HK$'000	*HK$'000*
0-30 days	34,140	32,757
31-60 days	9,088	3,070
61-90 days	292	5,225
Over 90 days	768	4,668
	44,288	45,720

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.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2016	**2015**
	HK$'000	*HK$'000*
Deposits *(Note (i))*	17,336	10,733
Prepayments	2,374	1,008
Other receivables *(Note (ii))*	4,936	5,685
	24,646	17,426
Less: Impairment loss *(Note (iii))*	(1,000)	(5,660)
	23,646	11,766

Notes:

(i) The Group has tendered for certain environmental services contracts and deposited sums of approximately HK$768,000 (2015: approximately HK$2,000,000) as tender deposits as at 30 June 2016. The tender deposits are interest-free and repayable at the end of the tender.

The Group has deposited sums of approximately HK$15,000,000 as refundable deposits for possible acquisitions of equity interest in other companies as at 30 June 2016. The refundable deposits are interest-free, unsecured and refundable upon completion or termination of the acquisitions according to the agreed terms. Included in the refundable deposits was a deposit of approximately HK$5,000,000 ("Deposit") paid in relation to the possible acquisition of the 40% equity interest in China Eastern Clean Energy Corporation (the "Possible Acquisition"). The Possible Acquisition was terminated on 16 August 2016 and the Deposit was fully repaid to the Group in September 2016.

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 the 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 settled in full during the year.

(iii) During the year ended 30 June 2016, the Group recognised the impairment loss on the purchase deposits of HK$1,000,000 for the purchase of a trademark from the vendor. Having considered that the trademark has not been delivered to the Group in accordance with the agreed terms and the amount of HK$1,000,000 has not been refunded to the Group from that the vendor 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 HK$1,000,000 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 purchase deposits of HK$4,460,000 for the purchase of motor car cleaning materials from an independent third party. Having considered that the 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 Directors have taken 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 2016, the purchase deposits of HK$4,460,000 were fully written off as the Directors are of the opinion that the probability to recover the purchase deposits is remote as that independent third party was in financial difficulty to repay the purchase deposits.

During the year ended 30 June 2015, the Group recognised the impairment loss on the other receivables of approximately RMB960,000 (approximately to 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 to 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 to HK$1,200,000). During the year ended 30 June 2016, the other receivables of approximately RMB960,000 (approximately to HK$1,200,000) were fully written off as the Directors are of the opinion that the probability to recover the other receivables is remote as that independent third party was in financial difficulty to repay the other receivables.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	HK$'000	*HK$'000*
Held-for-trading:		
Equity securities, at fair value		
– listed in Hong Kong	18,454	–

The fair value of held-for-trading investments traded on the Stock Exchange is determined with reference to their quoted closing prices.

23. CASH AND BANK BALANCES

	2016	2015
	HK$'000	*HK$'000*
Cash and cash equivalents *(Note (i))*	48,747	45,425
Restricted bank deposits *(Notes (i) and (ii))*	7,141	7,722
	55,888	53,147

Notes:

(i) As at 30 June 2016, the effective interest rate per annum on bank deposits, with maturities of less than three months was approximately 0.3% (2015: 0.05%).

(ii) The restricted bank deposits represent cash held at banks as security for due performance under several environmental service contracts. Included in restricted bank deposits, amount of approximately HK$3,274,000 (2015: HK$1,126,000) related to environmental service contracts with expiry date over one year after the end of the reporting period and amount of approximately HK$3,867,000 (2015: HK$6,596,000) with expiry date within one year after the end of the reporting period.

24. TRADE PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	12,285	7,848

The following is an ageing analysis of trade payables as at 30 June 2016 and 2015:

	2016	2015
	HK$'000	*HK$'000*
0-30 days	11,697	6,571
31-60 days	519	1,064
61-90 days	–	198
Over 90 days	69	15
	12,285	7,848

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 2016 was an amount due to Niko Cleaning Services Limited ("Niko"), of approximately HK$794,000 (2015: approximately HK$794,000).

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, a director of Pollution & Protection Services Limited 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.

25. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	2016	**2015**
	HK$'000	*HK$'000*
Accruals *(Note (i))*	35,324	21,384
Deposits received	453	543
Other payables	6,370	568
	42,147	22,495

Note:

(i) As at 30 June 2016, included in the accruals of approximately HK$11,992,000 (2015: HK$9,762,000), HK$4,045,000 (2015: HK$3,668,000), HK$2,273,000 (2015: HK$2,266,000) and HK$3,716,000 (2015: HK$65,000) were accrued salaries, provision for long service payment, provision for untaken paid leave and provision for claims respectively.

26. BANK AND OTHER BORROWINGS

	2016	**2015**
	HK$'000	*HK$'000*
Bank loan:		
Secured *(Notes (i) and (ii))*	–	263
Unsecured other loan *(Note (iii))*	4,278	–
Secured term loan that repayable within the period of:		
– Less than 1 year	4,278	263
Secured term loan	4,278	263
Less: Amount classified as current liability		
– Secured term loan containing a repayment on demand clause	(4,278)	(263)
Amount classified as non-current liabilities	–	–

Notes:

(i) The bank term loan with outstanding balance of approximately HK$263,000 as at 30 June 2015 was secured by corporate guarantee provided by the Company and carried interest at 1.0% per annum over the Best Lending Rate, and stable at 6.0% during the year ended 30 June 2015.

(ii) For the years ended 30 June 2016 and 2015, the Group had no borrowing costs eligible for capitalisation.

(iii) The other loan with outstanding balance of approximately HK$4,278,000 as at 30 June 2016 was entered with a financial institution with interesting bearing at 7.8% per annum, unsecured and fully repayable on 15 January 2017.

27. OBLIGATIONS UNDER FINANCE LEASES

Leasing arrangements

The Group leased certain of its motor vehicles under finance leases.

	Minimum lease payments		Present value of minimum lease payments	
	2016	**2015**	**2016**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable under finance leases:				
Within one year	357	789	330	775
In the second to fifth year, inclusive	519	50	499	50
	876	839	829	825
Less: Future finance charges	(47)	(14)	–	–
Present value of finance leases	829	825	829	825
Less: Amount due for settlement within one year shown under current liabilities			(330)	(775)
Amount due for settlement after one year shown under non-current liabilities			499	50

28. DEFERRED REVENUE

	2016	**2015**
	HK$'000	*HK$'000*
Car beauty package	5,236	5,663
Car beauty membership	730	916
Management Services	2,086	–
	8,052	6,579
Analysed for reporting purposes as:		
Current liabilities	8,052	6,579
Non-current liabilities	–	–
	8,052	6,579

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

29. DEFERRED TAXATION

The components of deferred tax balances recognised in the consolidated statement of financial position and the movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation	Intangible assets	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 1 July 2014	1,115	–	1,115
Fair value adjustment from acquisition of a subsidiary *(Note 36)*	–	185	185
Charged/(credited) to profit or loss *(Note 11)*	70	(9)	61
As at 30 June 2015 and 1 July 2015	1,185	176	1,361
Fair value adjustment from acquisition of subsidiaries *(Note 36)*	–	83	83
Credited to profit or loss *(Note 11)*	(420)	(180)	(600)
As at 30 June 2016	765	79	844

As at 30 June 2016, the Group had approximately HK$8,840,000 (2015: HK$8,583,000) accumulated tax losses not recognised as deferred tax asset. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

30. BOND

	2016	2015
	HK$'000	*HK$'000*
Unlisted corporate bond	9,342	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
Initial amortised cost as at 20 November 2014	9,200
Imputed interest charged	458
Less: Coupon interest payable	(408)
As at 30 June 2015 and 1 July 2015	9,250
Imputed interest charged	792
Less: Coupon interest payable	(700)
As at 30 June 2016	9,342

31. SHARE WARRANTS

On 20 December 2014, the Company issued 2,000,000,000 unlisted warrants (the "Share 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$0.1343 per share (as adjusted by the completion of the Share subdivision of the Company on 17 November 2014 and the completion of the Open Offer on 9 December 2015) 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 Share Warrants were exercised up to the expiry date. The Share Warrants expired on 28 January 2016.

32. 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$0.001 each			
As at 30 June 2014 and 1 July 2014		100,000,000,000	100,000,000
Share subdivision	*(a)*	900,000,000,000	–
Ordinary shares of HK$0.0001 each			
As at 30 June 2015 and 1 July 2015		1,000,000,000,000	100,000,000
Share consolidation	*(c)*	(900,000,000,000)	–
Ordinary shares of HK$0.001 each			
As at 30 June 2016		100,000,000,000	100,000,000
Issued and fully paid:			
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	*(a)*	9,000,000,000	–
Ordinary shares of HK$0.0001 each			
As at 30 June 2015 and 1 July 2015		10,000,000,000	1,000,000
Issue of shares pursuant to open offer	*(b)*	5,000,000,000	500,000
Share consolidation	*(c)*	(13,500,000,000)	–
Issue of shares pursuant to share placing	*(d)*	300,000,000	300,000
Ordinary shares of HK$0.001 each			
As at 30 June 2016		1,800,000,000	1,800,000

Notes:

(a) 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.

(b) The company has issued and allotted 5,000,000,000 new shares at HK$0.013 per share as fully paid by open offer on the basis of one offer share for every two existing shares held on 9 December 2016.

(c) On 15 March 2016, the Company conducted a 10-for-1 share consolidation. Every 10 issued and unissued ordinary share of HK$0.0001 of the Company was consolidated into 1 ordinary share of HK$0.001 each.

(d) On 8 June 2016, the Company allotted and issued an aggregate 300,000,000 new shares of HK$0.001 each to six independent placees at a price of HK$0.085 per share.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2016	**2015**
	HK$'000	*HK$'000*
Non-current assets		
Property, plant and equipment	41	48
Interests in subsidiaries	30,900	–
	30,941	48
Current assets		
Prepayments and deposits	15,236	1,195
Amounts due from subsidiaries	66,951	40,852
Cash and cash equivalents	15,665	12,898
	97,852	54,945
Current liabilities		
Accruals	7,484	1,676
Amounts due to subsidiaries	19,161	4,492
	26,645	6,168
Net current assets	71,207	48,777
Total assets less current liabilities	102,148	48,825
Non-current liability		
Bond	9,342	9,250
Net assets	92,806	39,575
Equity		
Capital and reserves		
Share capital	1,800	1,000
Reserves *(Note 34)*	91,006	38,575
	92,806	39,575

These financial statements were approved and authorised for issue by the Board of Directors on 26 September 2016 and are signed on behalf by:

Ye Jingyuan	**Tse Man Yiu**
Director	*Director*

34. RESERVES OF THE COMPANY

	Share premium	Accumulated losses	Warrant reserve	Share option reserve	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 July 2014	22,360	(11,155)	–	–	11,205
Issue of warrants	–	–	40,000	–	40,000
Transaction costs for issue of warrants	–	–	(500)	–	(500)
Loss and total comprehensive loss for the year	–	(12,130)	–	–	(12,130)
As at 30 June 2015 and 1 July 2015	22,360	(23,285)	39,500	–	38,575
Issue of shares pursuant to open offer	64,500	–	–	–	64,500
Transaction costs for open offer	(2,733)	–	–	–	(2,733)
Issue of shares pursuant to share placing	25,200	–	–	–	25,200
Transaction costs for share placing	(813)	–	–	–	(813)
Recognition of equity-settled share-based payments	–	(4,306)	–	4,306	–
Release upon expiry of warrants	–	39,500	(39,500)	–	–
Loss and total comprehensive loss for the year	–	(33,723)	–	–	(33,723)
As at 30 June 2016	108,514	(21,814)	–	4,306	91,006

The share premium account of the Company represents share issued at a premium. Under the Companies Law Chapter 22 of the Cayman Islands, the share premium account of the Company is distributable to its shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

As at 30 June 2016, the Company's reserves available for distribution to shareholders amounting to approximately HK$86,700,000 calculated in accordance with the Companies Law Chapter 22 of the Cayman Islands and the Articles of Association of the Company.

As at 30 June 2015, the Company has no reserves available for distribution to shareholders in accordance with the Companies Law Chapter 22 of the Cayman Islands and the Articles of Association of the Company.

Warrant reserve represented the net proceeds received from the issue of unlisted warrants of the Company. This reserve will be transferred to the share capital and the share premium account upon exercise of the unlisted warrants, where the unlisted warrants remain unexercised at the expiry date, the amount recognised in the warrant reserve will be released to the retained earnings. During the year ended 30 June 2016, the balance of this reserve was transferred to the retained earnings account upon expiry of unlisted warrants on 26 January 2016.

Option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for the equity-settled share-based payments.

35. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company includes a loss of approximately HK$33,723,000 (2015: approximately HK$12,130,000) which has been dealt with in the financial statements of the Company.

36. ACQUISITION OF SUBSIDIARIES

(a) Logon Clean Energy Group Limited

On 11 April 2016, the Company completed the acquisition of 100% equity interest in Logon Clean Energy Group Limited ("Logon") at a cash consideration of HK$30,900,000 (the "Logon Acquisition"). Logon, through its subsidiaries (collectively referred to as "Logon Group"), is principally engaged in property and car park management services in Shenzhen, the PRC.

Acquisition-related costs of approximately of HK$1,275,000 have been recognised as expense in the year and included in the administrative expenses.

The fair value of the identifiable assets and liabilities of Logon Group acquired as at the date of the Logon Acquisition and the goodwill arising therefrom, are as follows:

	Fair value
	HK$'000
Net liabilities acquired:	
Property, plant and equipment	1,037
Trade receivables	55
Deposits, prepayments and other receivables	4,459
Cash and cash equivalents	1,640
Accruals, deposits received and other payables	(10,143)
Deferred revenue	(2,478)
Tax payables	(4,417)
	(9,847)
Goodwill arising on the Logon Acquisition *(Note16)*	40,747
Total consideration	30,900

	HK$'000
Satisfied by:	
Cash	30,900
Net cash outflow arising on the Logon Acquisition:	
Consideration paid in cash	(30,900)
Cash and bank balances acquired	1,640
	(29,260)

The goodwill arising on the Logon Acquisition is attributable to the acquired customer services agreement and economies of scale expected from combining the operations of the Group and Logon Group.

The goodwill arising on the Logon Acquisition is not deductible for tax purpose.

Impact of acquisition on the results of the Group

Logon Group contributed approximately HK$4,578,000 and approximately HK$1,492,000 to the Group's revenue and profit for the year respectively for the period between the date of the Logon Acquisition and the end of the reporting period.

If Logon Group had been acquired on 1 July 2015, the Group's turnover for the year ended 30 June 2016 would have been approximately HK$283,173,000 and the consolidated loss for the year would have been approximately HK$47,848,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the Logon Acquisition been completed on 11 April 2016, nor is it intended to be a projection of future results.

(b) Shanghai PPS Sheng Mao Environmental Services Limited

On 9 May 2016, PPS Environmental Services Limited, a wholly-owned subsidiary of the Company, completed the acquisition of 51% equity interest in Shanghai PPS Sheng Mao Environmental Services Limited ("PPS Shanghai") at a cash consideration of RMB2,685,000 (approximate to HK$3,167,000) (the "Shanghai Acquisition"). PPS Shanghai is principally engaged in provision of environmental and cleaning services in Shanghai, the PRC.

Acquisition-related costs of approximately HK$493,000 have been recognised as expense in the year and included in the administrative expenses.

The fair value of the identifiable assets and liabilities of PPS Shanghai acquired as at the date of the Shanghai Acquisition and the goodwill arising therefrom, are as follows:

	Carrying amount before combination	**Fair value adjustment**	**Fair value**
	HK$'000	*HK$'000*	*HK$'000*
Net assets acquired:			
Property, plant and equipment	22	–	22
Intangible assets *(Note 17)*	–	333	333
Trade receivables	671	–	671
Cash and cash equivalents	472	–	472
Trade payables	(70)	–	(70)
Accruals, deposits received and other payables	(1,124)	–	(1,124)
Deferred tax liabilities	–	(83)	(83)
	(29)	250	221
Non-controlling interests			14
Goodwill arising on the Shanghai Acquisition *(Note16)*			2,932
Total consideration			3,167

	HK$'000
Satisfied by:	
Cash	3,167
Net cash outflow arising on the Shanghai Acquisition:	
Consideration paid in cash	(3,167)
Cash and bank balances acquired	472
	(2,695)

The goodwill arising on the Shanghai Acquisition is attributable to the business network and experience of the existing management of PPS Shanghai and the signed several binding managemental and cleaning services contracts with customers at the Shanghai acquisition date. The recognition of the intangible assets has been referenced to the valuation report issued by Norton Appraisals Limited, an independent professional valuer.

The goodwill arising on the Shanghai Acquisition is not deductible for tax purpose.

Impact of acquisition on the results of the Group

PPS Shanghai contributed approximately HK$1,042,000 and approximately HK$86,000 to the Group's revenue and losses for the year respectively for the period between the date of the Shanghai Acquisition and the end of the reporting period.

If PPS Shanghai had been acquired on 1 July 2015, the Group's turnover for the year ended 30 June 2016 would have been approximately HK$274,647,000 and the consolidated loss for the year would have been approximately HK$51,634,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the Shanghai Acquisition been completed on 9 May 2016, nor is it intended to be a projection of future results.

(c) Elite Car Services Limited

On 31 March 2015, Go Million has acquire 100% equity interest in Elite Car Services Limited at a cash consideration of HK$5,000,000 (the "Elite Car Acquisition"). Elite Car Services Limited, through its subsidiaries (collectively referred to as "Elite Car Group"), is principally engaged in auto beauty services, including auto detailing services, and its own brand name "Champion Auto Club" in Hong Kong.

Acquisition-related costs of approximately HK$634,000 have been recognised as expense in the year and included in the administrative expenses.

The fair value of the identifiable assets and liabilities of Elite Car Group acquired as at the date of the Elite Car Acquisition and the goodwill arising therefrom, are as follows:

	Carrying amount before combination	**Fair value adjustment**	**Fair value**
	HK$'000	*HK$'000*	*HK$'000*
Net liabilities acquired:			
Property, plant and equipment	309	–	309
Intangible assets *(Note 17)*	–	1,118	1,118
Trade receivables	73	–	73
Deposits, prepayments and other receivables	1,232	–	1,232
Bank overdraft	(103)	–	(103)
Accruals, deposits received and other payables	(339)	–	(339)
Deferred revenue	(6,319)	–	(6,319)
Amount due to a shareholder	(2,800)	–	(2,800)
Deferred tax liabilities	–	(185)	(185)
	(7,947)	933	(7,014)
Add: Amount due to a shareholder assigned to Go Million as at the date of the Elite Car Acquisition			2,800
Non-controlling interests			55
Goodwill arising on the Elite Car Acquisition *(Note 16)*			9,159
Total consideration			5,000

	HK$'000
Satisfied by:	
Cash	5,000
Net cash outflow arising on the Elite Car Acquisition:	
Consideration paid in cash	(5,000)
Add: Bank overdraft	(103)
	(5,103)

The non-controlling interest (15%) in Champion Auto (Hong Kong) Limited (85% indirectly owned by Elite Car Services Limited) recognised at the Elite Car Acquisition date was measured by reference to the fair value of the non-controlling interests and amounted to approximately HK$55,000.

The goodwill arising on the Elite Car Acquisition is attributable to the network of its service points, the experience of its management and staff and the prospect of the auto beauty service business in Hong Kong as well as PRC. The recognition of the intangible assets has been referenced to the valuation report issued by Norton Appraisals Limited, an independent professional valuer.

The goodwill arising on the Elite Car Acquisition is not deductible for tax purpose.

Impact of acquisition on the results of the Group

Elite Car Group contributed approximately HK$1,588,000 and approximately HK$1,298,000 to the Group's revenue and losses for the year respectively for the period between the date of the Acquisition and the end of the reporting period.

If Elite Car Group had been acquired on 1 July 2014, the Group's turnover for the year ended 30 June 2015 would have been approximately HK$205,769,000 and the consolidated loss for the year would have been approximately HK$24,474,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the Elite Car Acquisition been completed on 31 March 2015, nor is it intended to be a projection of future results.

37. RETIREMENT BENEFIT COSTS

Defined contribution plan

The Group offers two retirement schemes which together cover all permanent staff.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all its qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The contribution to the MPF Scheme is calculated based on the rules set out in the MPF Ordinance which is 5% on the basic salary of the relevant employee subject to a specific ceiling of HK$1,500 (HK$1,250 prior to 1 June 2014).

Another scheme is defined contribution in nature and established under trust and is registered under the Hong Kong Occupational Retirement Schemes Ordinance. The assets of the schemes are held independently of the Group's assets in separate trustee administered funds.

The total expense recognised in the consolidated statement of profit or loss and other comprehensive income of approximately HK$6,237,000 (2015: HK$4,474,000) for the year ended 30 June 2016 represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

38. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Within one year	5,759	6,191
Within two to five years	1,693	5,768
	7,452	11,959

Operating lease payments represent rental payable for the Group's office premises, auto beauty services centres, warehouse and staff quarters. Leases are negotiated for terms of one to three years and monthly rental is fixed throughout the lease period.

39. SHARE OPTION SCHEME

The Company conditionally operates a share option scheme ("Share Option Scheme") for the purpose of attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group. The Share Option Scheme was adopted on 28 May 2013 and shall be valid and effective for a period of ten years commencing from the date of adoption, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

The eligible persons of the Share Option Scheme include directors, consultants or advisers and any other person who has contributed to the Group (the "Eligible Persons").

The subscription price of the share options shall be a price determined by the Board and shall be at least the highest of (i) the closing price per share as stated in the Stock Exchange's daily quotation sheet on the offer date; (ii) the average of the closing prices per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; or (iii) the nominal value of the share.

An offer shall remain open for acceptance by the Eligible Person concerned for such period as determined by the Board, being a date not later than ten business days after the offer date by which the Eligible Person must accept the offer or be deemed to have declined it, provided that no such offer shall be open for acceptance after the tenth anniversary of the date of adoption of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions of the Share Option Scheme.

A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to the grantee which the Board may in its absolute discretion determine, save that such period shall not be more than ten years from the date of acceptance of the offer (subject to the provisions for early termination in accordance with the Share Option Scheme).

The amount payable by the grantee to the Company on acceptance of the offer shall be a nominal amount to be determined by the Board.

The maximum number of shares of the Company (the "Shares") in respect of which the share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at the date of the annual general meeting of the Company on 30 December 2015 at which the Company passed an ordinary resolution to refresh the maximum number of the Shares which may be issued upon exercise of all the share options to be granted under the Share Option Scheme.

The maximum number of the Shares in respect of which share options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company in issue shall not exceed 30% (or such higher percentage as may be allowed under the GEM Listing Rules) of the total number of the Shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the share options granted to each Eligible Person (including both exercised and outstanding options under the Share Option Scheme) in any twelve-month period must not exceed 1% of the issued share capital of the Company. Where any further grant of the share options to an Eligible Person would result in excess of such limit shall be subject to the approval of the shareholders at general meeting with such Eligible Person and his associates abstaining from voting.

The movements in the share options granted under the Share Option Scheme during the year are shown as below:

Category of participants	Date of grant of share options	Exercisable period *(Note 2)*	Exercise price (HK$) *(Note 1)*	Outstanding as at 1 July 2015	Granted during the year	Cancelled during the year	Lapsed during the year	Adjustment due to Share Consolidation *(Note 1)*	Outstanding as at 30 June 2016
Directors									
Mr. Chan Wai Kit *(Note 3)*	11.12.2015	14.12.2015 –10.12.2025	0.23	–	100,000,000	–	–	(90,000,000)	10,000,000
Ms. Wong Chi Yan *(Note 4)*	11.12.2015	14.12.2015–10.12.2025	0.23	–	100,000,000	–	–	(90,000,000)	10,000,000
Mr. Zhang Xiaozheng *(Note 5)*	11.12.2015	14.12.2015–10.12.2025	0.23	–	100,000,000	–	–	(90,000,000)	10,000,000
Ms. Wang Jun *(Note 6)*	11.12.2015	14.12.2015–10.12.2025	0.23	–	100,000,000	–	–	(90,000,000)	10,000,000
Ms. Li Qingchen *(Note 7)*	11.12.2015	14.12.2015–10.12.2025	0.23	–	100,000,000	–	–	(90,000,000)	10,000,000
Mr. Xu Xiaoping *(Note 8)*	11.12.2015	14.12.2015–10.12.2025	0.23	–	100,000,000	–	–	(90,000,000)	10,000,000
Sub-total				–	600,000,000	–	–	(540,000,000)	60,000,000
Employees									
In aggregate	11.12.2015	16.12.2015-10.12.2025	0.23	–	400,000,000	–	(25,000,000)	(337,500,000)	37,500,000
Total				–	1,000,000,000	–	(25,000,000)	(877,500,000)	97,500,000
Weighted average exercise price									HK$0.23
Weighted average remaining contractual life									10.5 years

Notes:

1. Number of the Shares that can be subscribed for upon exercise of the outstanding share options stated in table above and exercise price are restated taking into adjustments as a result of the Share Consolidation which took place on 15 March 2016.

2. The option period of the share options granted on11 December 2015 is 10 years without the vesting period being attached.

3. Mr. Chan Wai Kit resigned as an executive Director on 11 July 2016.

4. Ms. Wong Chi Yan resigned as an executive Director on 18 July 2016.

5. Mr. Zhang Xiaozheng resigned as an executive Director on 18 May 2016.

6. Ms. Wang Jun resigned as an executive Director on 19 September 2016.

7. Ms. Li Qingxhen resigned as a non-executive Director on 20 June 2016.

8. Mr. Xu Xiaoping resigned as a non-executive Director on 4 July 2016.

As at 30 June 2016, the total number of shares of the Company available for issue under the Share Option Scheme was 150,000,000 shares (including 97,500,000 Shares to be issued upon exercise of the outstanding share options granted under the Share Option Scheme), representing approximately 8.3% and 8.3% of the Shares in issue as at 30 June 2016 and 26 September 2016, being the date of the annual report, respectively. Up to the date of the annual report, no share options were exercised by any grantees.

During the year, the Group recognised the share-based payment expenses of approximately HK$6,625,000 in relation to the Share Options granted.

The exercise price of share options was adjusted subsequent to the completion of share consolidation on 15 March 2016.

The weighted average fair value of each share option granted during the year was HK$0.066. The fair value of the share options has been determined based on the Trinomial Option Pricing Model estimated by an independent professional valuer. The fair value of the share options issued by the Company during the year was approximately HK$6,625,000. The following significant assumptions were used to derive the fair value:

	As at the date of grant of the Share Options
Underlying stock price (HK$)	0.23
Exercise price (HK$)	0.23
Risk-free rate (%)	0.27
Annualised dividend yield (%)	–
Expected volatility of underlying share (%)	73.59
Expected life (Year)	10

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No special features pertinent to the Share Options issued were incorporated into the measurement of the fair value.

40. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of intangible assets contracted for but not provided in the consolidated financial statements	–	500
Capital expenditure in respect of the Group's commitment to make capital injection into subsidiaries in the PRC	1,170	–
	1,170	500

41. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had entered the following material transactions with related parties during the years ended 30 June 2016 and 2015.

(a) Compensation paid to key management personnel of the Group are disclosed in Note 14.

(b) During the year ended 30 June 2016, the Group had also subcontracted certain environmental and cleaning contract to Niko at subcontracting fee charges of approximately HK$4,764,000 (2015: approximately HK$3,400,000). The transaction with Niko falls under the definition of "continuing connected transaction" in Chapter 20 of the GEM Listing Rules and is disclosed in the paragraph headed "Connected Transaction" in the Directors' Report.

Included in the Group's trade payables as at 30 June 2016 was an amount due to Niko of approximately HK$794,000 (2015: approximately HK$794,000).

(c) On 6 February 2015, the Group entered into the Trademark Assignment Agreement with Shenzhen Xi Lang Technology Limited ("Xi Lang"), Xi Lang is owned as to 57.14% by Mr. Cao Zhiwen who is an executive Director of the Company, to acquire all its rights, title, benefits and interests in the forty three categories in relation to the trademark "哈巴拉 HABALA" for a total consideration of HK$1,500,000.

During the year ended 30 June 2015, the Group had paid the deposit to Xi Lang of approximately HK$1,000,000. During the year ended 30 June 2016, the Group recognised the impairment loss of approximately HK$1,000,000 of deposit to Xi Lang. Details of the deposit are disclosed in Note 21.

42. CONTINGENT LIABILITIES

(a) Performance Bond

	2016	**2015**
	HK$'000	*HK$'000*
Guarantees on performance bonds in respect of environmental service contracts	13,269	13,469

The Group had bankers' guarantees on performance bonds issued for due performance under several environmental service contracts.

As at 30 June 2016, fixed deposits of approximately HK$7,141,000 (2015: approximately HK$7,722,000) were pledged to banks as security for (i) bank facilities of approximately HK$13,000,000 (2015: HK$5,000,000) granted to the Group; and (ii) bankers' guarantees on performance bonds issued.

The effective period of performance bond is based on the service period and the contract terms as specified in these environmental service contracts. The performance bonds may be claimed by customers if services rendered by the Group fail to meet the standards as specified in these environmental service contracts.

(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.

(c) Litigation – Shareholder complaints

Reference is made to the Company's announcements dated 9 December 2015, 24 December 2015, 30 December 2015, 4 February 2016, 16 February 2016, 1 March 2016, 12 April 2016, 10 May 2016 and 20 May 2016 (the "Announcements") relating to the updates on the legal proceedings in the Cayman Islands. Unless stated otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

On 11 April 2016 Cayman time, the Cayman Court has made the following orders:

(a) The Petition for the winding up of the Company ("the Petition") be struck out as an abuse of the process;

(b) The Petitioner shall pay the Company's costs of the Petition, such costs to be taxed, if not agreed, on the standard basis in respect of costs incurred up to 5 February 2016 and on the indemnity basis in respect of costs incurred thereafter.

The Cayman Court has also made an Injunction Order on 11 April 2016 Cayman time on, among others, the following terms:

(a) The Petitioner, be restrained, by himself, his servants or agents or otherwise disposing of or dealing with his shares in the Company, whether registered in his own name or held in name of a CCASS Participant or any other nominee, and whether by means of sale, gift, mortgage, charge, loan, or otherwise howsoever, pending the payment of the full amount due to the Company under the Order for Costs.

(b) The injunction contained in Paragraph 1 of the Injunction Order shall cease to have any effect in the event that the Petitioner has paid the sum of US$675,000 (or such lesser amount as may be agreed with the Company) into Court pending taxation of the Company's bill of costs.

(c) The Petitioner shall have liberty to apply to vary or discharge the Injunction Order upon giving not less than 48 hours prior notice to the Company's attorneys.

On 9 May 2016 and 20 May 2016, the Company has successfully obtained an injunction order from the High Court of Hong Kong on an ex parte basis against Mr. Zhao Han, among others, that he must not remove from Hong Kong, dispose of or deal with or diminish the value of any of his assets which are within Hong Kong, up to the value of US$675,000 (HK$5,265,000). Such prohibition includes the shares in the Company held by Mr. Zhao Han in his name or through licensed securities dealers.

The Company is currently seeking legal advice and will take steps to recover the costs of the proceedings. Further announcement(s) will be made by the Company on the progress of the above matters as and when appropriate.

43. EVENTS AFTER THE REPORTING PERIOD

Possible Acquisition of China Eastern Clean Energy Corporation

Reference is made to the Company's announcements dated 2 March 2016, 8 June 2016 and 16 August 2016 (the "Announcements") relating to the possible acquisition of the 40% equity interest in China Eastern Clean Energy Corporation (the "Target Company") at a consideration of HK$81,000,000 (the "Possible Acquisition"). Unless stated otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

On 2 March 2016, Sharp Team Global Limited, a wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding with the vendor for the Possible Acquisition, which was automatically terminated upon the signing of the acquisition agreement between Opulent Wise Global Limited ("Opulent Wise"), a wholly-owned subsidiary of the Company, the vendor and the guarantors in relation to the Possible Acquisition on 8 June 2016.

Pursuant to the acquisition agreement, Opulent Wise conditionally agrees to purchase and the vendor conditionally agrees to sell the sale shares, which represent 40% equity interest in the Target Company at a total consideration of HK$81,000,000 which is payable as to (i) HK$5,000,000 in cash within five business days from the date of the acquisition agreement as refundable deposit; (ii) HK$51,000,000 by procuring the Company to allot and issue 510,000,000 consideration shares at an issue price of HK$0.1 per consideration share at completion; and (iii) the remaining consideration of HK$25,000,000 in cash at completion.

On 16 August 2016, Opulent Wise, the vendor and the guarantors mutually agreed that (i) the acquisition agreement was terminated due to the slower-than-expected development progress of the Target Company; (ii) all the rights or obligations of the parties under the acquisition agreement are released and discharged and no party would have any claims against each other; and (iii) the refundable deposit of HK$5,000,000 shall be refunded to Opulent Wise from the vendor.

44. MAJOR NON-CASH TRANSACTIONS

During the year 30 June 2016, additions to property, plant and equipment of approximately HK$982,000 (2015: HK$Nil) were financed by the finance leases.

45. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 26 September 2016.

III. INDEBTEDNESS

At the close of business on 31 August 2016, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Composite Document, the details of the Group's indebtedness is as follows:

Borrowings

	As at 31 August 2016
	HK$'000
Current liabilities	
Obligations under financial leases (Secured)	415
Other borrowings (Unsecured and unguaranteed)	2,660
	3,075
Non-current liabilities	
Obligations under financial leases (Secured)	951
Bond (Unsecured and unguaranteed)	9,358
	10,309
Total borrowings	13,384

Contingent liabilities

(i) Performance bond

As at 31 August 2016, the Group had bankers' guarantees of approximately HK$13,853,000 on performance bonds issued for due performance under several environmental service contracts.

As at 31 August 2016, the Group had fixed deposits of approximately HK$7,161,000 which were pledged to banks as security for (i) bank facilities of approximately HK$14,009,000 granted to the Group; and (ii) bankers' guarantees on performance bonds issued.

The effective period of performance bond is based on the service period and the contract terms as specified in these several environmental service contracts. The performance bonds may be claimed by customers if services rendered by the Group fail to meet the standards as specified in these environment service contracts.

(ii) Litigations

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 did not have any significant contingent liabilities arising from these litigations as all potential claims made by these employees and third party claimants had been accounted for in the consolidated financial statements of the Group and covered by insurance protection.

Disclaimer

Apart from intra-group liabilities between the Company and its subsidiaries or between subsidiaries of the Group and normal trade payables in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, mortgages, charges or debentures, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills and payables), acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 August 2016.

IV. MATERIAL CHANGE

The Directors confirm that, there has been no material change in the financial or trading position or outlook of the Group subsequent to 30 June 2016 (being the date to which the latest published audited financial statements of the Company were made up) up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The sole shareholder of the Offeror, Mr. Yu Weiye, and the director of the Offeror, Mr. Yu Shaoheng, jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	**Closing price of Shares** *(HK$)*
29 April 2016	0.102
31 May 2016	0.097
30 June 2016	0.123
29 July 2016	0.110
31 August 2016	0.107
26 September 2016 (being the Last Trading Day)	0.117
28 October 2016 (being the Latest Practicable Date)	0.126

Note: Trading of Shares was suspended from 27 September 2016 to 3 October 2016 pending the release of the Joint Announcement.

During the Relevant Period, the highest closing price of the Shares was HK$0.133 per Share as quoted on the Stock Exchange on 22 June 2016 and the lowest closing price of the Shares was HK$0.085 per Share as quoted on the Stock Exchange on 8 April 2016.

3. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date:

(a) save as disclosed in section 3 of Appendix IV, neither the Offeror, its directors nor parties acting in concert with any of them was interested in or owned or controlled any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares;

(b) there was no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and/or any parties acting in concert with it;

(c) the Offeror and/or any parties acting in concert with it had not received any irrevocable commitment to accept or reject the Offers;

(d) there was no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code including shares, warrants, options, derivatives or convertible securities) in the Company which the Offeror and any parties acting in concert with it borrowed or lent;

(e) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependent upon the Offers; and

(f) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offers.

4. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period:

(a) save as disclosed herein, none of the Offeror nor any parties acting in concert with it had dealt for value in any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares;

Date	Type of transaction	Number of Share involved	Transaction price per Share *(HK$)*
6/7/2016	Buy	37,422,000	0.115
6/7/2016	Buy	88,200,000	0.115
6/7/2016	Buy	73,500,000	0.115
4/8/2016	Buy	50,194,000	0.115
29/8/2016	Buy	6,000,000	0.13
29/8/2016	Buy	8,100,000	0.13
29/8/2016	Buy	5,900,000	0.13
31/8/2016	Buy	73,500,000	0.13
31/8/2016	Buy	20,000	0.105
31/8/2016	Buy	640,000	0.106
31/8/2016	Buy	280,000	0.107

Date	**Type of transaction**	**Number of Share involved**	**Transaction price per Share** *(HK$)*
31/8/2016	Buy	60,000	0.108
31/8/2016	Buy	280,000	0.109
31/8/2016	Buy	1,460,000	0.11
31/8/2016	Buy	120,000	0.111
31/8/2016	Buy	320,000	0.114
31/8/2016	Buy	280,000	0.115
31/8/2016	Buy	1,420,000	0.117
31/8/2016	Buy	180,000	0.116
31/8/2016	Buy	340,000	0.119
31/8/2016	Buy	360,000	0.12
2/9/2016	Buy	14,820,000	0.13
2/9/2016	Buy	200,000	0.108
2/9/2016	Buy	80,000	0.112
2/9/2016	Buy	20,000	0.114
2/9/2016	Buy	100,000	0.115
5/9/2016	Buy	5,240,000	0.13
5/9/2016	Buy	180,000	0.11
5/9/2016	Buy	60,000	0.109
5/9/2016	Buy	100,000	0.113
5/9/2016	Buy	320,000	0.114
5/9/2016	Buy	400,000	0.115
5/9/2016	Buy	220,000	0.119
5/9/2016	Buy	3,080,000	0.12
5/9/2016	Buy	280,000	0.117
5/9/2016	Buy	240,000	0.116
5/9/2016	Buy	180,000	0.118
6/9/2016	Buy	960,000	0.113
6/9/2016	Buy	720,000	0.115
7/9/2016	Buy	400,000	0.111
7/9/2016	Buy	480,000	0.113
7/9/2016	Buy	620,000	0.114
7/9/2016	Buy	780,000	0.115
7/9/2016	Buy	100,000	0.117
7/9/2016	Buy	240,000	0.118
8/9/2016	Buy	100,000	0.112
8/9/2016	Buy	220,000	0.118
8/9/2016	Buy	260,000	0.119
Total before Share Acquisition		**378,976,000**	
27/9/2016 (Completion of the Share Acquisition)	**Buy**	**269,165,000**	**0.11**
As of the Latest Practicable Date	**Total**	**648,141,000**	

(b) to the best of the knowledge of the Offeror, none of the persons who, prior to the posting of this Composite Document, had irrevocably committed themselves to accept or reject the Offers;

(c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any person acting in concert with it;

and as at the Latest Practicable Date:

(d) there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror, its associates (as defined under the Takeovers Code), or any person acting in concert with the Offeror, and any other person.

5. CONSENTS AND QUALIFICATIONS OF PROFESSIONAL ADVISERS

The followings are the names and the qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	**Qualifications**
Lamtex	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO and the offer agent to the Offeror in respect of the Offers
Royal Excalibur	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror in respect of the Offers

Each of Lamtex and Royal Excalibur has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinions or advice and references to its names in the form and context in which it appears.

As at the Latest Practicable Date, each of Lamtex and Royal Excalibur does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

6. GENERAL

As at the Latest Practicable Date:

(a) The principal office of the Offeror is 11/F., AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.

(b) The address of Mr. Yu Shaoheng, who is a director of the Offeror is Flat 40C, Block 1, Clovelly Court, No. 12 May Road, Mid Levels, Hong Kong.

(c) The registered office of Royal Excalibur is situated at Room 1204, 12/F., Office Plus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong.

(d) The registered office of Lamtex is situated at Room 716, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.

(e) In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and Mr. Yu Weiye), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror and Mr. Yu Weiye) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company of HK$0.001 each as at the Latest Practicable Date were as follows:

Authorised		*HK$*
100,000,000,000	Shares	100,000,000
Issued		*HK$*
1,800,000,000	Shares	1,800,000

All Shares in issue rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital. The Company has not issued any Shares since 30 June 2016, the date to which the latest audited financial statements of the Company were made up.

The Shares are listed and traded on the GEM of the Stock Exchange. None of the Shares is listed, or dealt in, on other stock exchange, nor is any listing of or permission to deal in Shares being, or proposed to be, sought on any other stock exchange.

As at the Latest Practicable Date, the Company had 47,500,000 Share Options, all of which has an exercise price of HK$0.23 per Share.

Save as disclosed above, as at the Latest Practicable Date, there are no outstanding securities, options, warrants, derivatives or convertible securities which may confer any right on the holder thereof to subscribe for, convert or exchange into Shares or any agreement or arrangement to issue Shares.

3. DISCLOSURE OF INTEREST

(a) Directors and the chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders, the Offeror and Mr. Yu Weiye and other persons' interests and short positions in shares, underlying shares and securities of the Company.

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity and nature of interest	Number of Shares	Approximate % of interest
Yu Weiye *(Note 1)*	Beneficial owner	378,976,000	21.05
	Interest of controlled corporation	269,165,000	14.95
Offeror *(Note 1)*	Beneficial owner	269,165,000	14.95
Zhao Han *(Note 2)*	Beneficial owner	120,000,000	6.67
Gao Lili *(Note 2)*	Interests of spouse	120,000,000	6.67
Chung Kam Lau	Beneficial owner	107,190,000	5.96

Note 1: Mr. Yu Weiye beneficially owned 648,141,000 Shares of which 269,165,000 Shares were owned by the Offeror which in turn was wholly owned by Mr. Yu Weiye.

Note 2: Ms. Gao Lili is the spouse of Mr. Zhao Han. Ms. Gao Lili is deemed to be interested in 6.67% interests in the share capital of the Company under the SFO.

Other than as disclosed above, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations as at the Latest Practicable Date.

4. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

(a) As at the Latest Practicable Date, the Company did not have any beneficial interest in the shares, convertible securities, warrants, options or other derivatives of the Offeror, and the Company had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period.

(b) As at the Latest Practicable Date, save as disclosed in section 3 of this Appendix, none of the Directors had any interests in any shares, convertible securities, warrants, options or other derivatives of the Company, and none of the Directors had dealt for value in any Shares, convertible securities, warrants, options or other derivatives of the Company during the Relevant Period.

(c) As at the Latest Practicable Date, none of the Directors had any beneficial interests in any shares, convertible securities, warrants, options or other derivatives of the Offeror, and none of the Directors had dealt for value in any shares, convertible securities, warrants, options or other derivatives of the Offeror during the Relevant Period.

(d) None of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of a subsidiary of the Company; or (iii) any advisers to the Company (as specified in class (2) of the definition of "associate" under the Takeovers Code) had any interest in the Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date, and none of them had dealt in any shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(e) No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code, and no such person had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(f) No shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company as at the Latest Practicable Date, and none of them had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(g) As at the Latest Practicable Date, no shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company had been borrowed or lent by any of the Directors or by the Company.

(h) As at the Latest Practicable Date, no benefit (other than statutory compensation) was or will be given to any Director as compensation for loss of office in any members of the Group or otherwise in connection with the Offers.

(i) As at the Latest Practicable Date, save as the appointment and resignation of certain Directors disclosed in the paragraph headed "Proposed change of Board composition" in the "LETTER FROM LAMTEX" in this Composite Document, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers.

(j) As at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

(k) Save as disclosed in section 3 of this appendix, no other Directors held/directed/owned any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group within two years immediately preceding 3 October 2016 and up to the Latest Practicable Date which are or may be material:

(a) the memorandum of understanding dated 20 October 2014 entered into between Go Million Limited, a wholly owned subsidiary of the Company, Lofty East Limited and Creation Era Limited in relation to the possible acquisition of not less than 51% of the issued share capital of Hong Kong Automobile Restoration Group Limited, which was terminated on 9 January 2015;

(b) the subscription agreements dated 29 October 2014 and supplemental agreements dated 20 November 2014 entered into between the Company and eight individual subscribers respectively in relation to the subscription of a total of 2,000,000,000 warrants issued by the Company at the subscription price of HK$0.02 per warrant conferring rights to subscribe for 2,000,000,000 shares of the Company (with the then nominal value of HK$0.0001 each) at the exercise price of HK$0.166 per share of the Company;

(c) the subscription agreement dated 20 November 2014 entered into between the Company and an individual subscriber in relation to issuing of a bond in the principal amount of HK$10,000,000 which is interest bearing at the interest rate 7% per annum, unsecured and fully repayable in 7 years from the date of issue of the bond;

(d) the agreement for sale and purchase dated 10 March 2015 entered into between Go Million Limited, a wholly owned subsidiary of the Company, and Ms. Shek Shuk Wah, Abby in relation to the acquisition of the entire issued share capital and sale loan of Elite Car Services Limited at the consideration of HK$5,000,000;

(e) the subscription agreement dated 21 May 2015 entered into between Shanghai Guangfu Cleaning Services Co., Ltd. and Viva Hero Management Limited, a wholly owned subsidiary of the Company, in relation to the subscription of 51% shareholding in 上海光富保潔服務有限公司 (Shanghai Guangfu Cleaning Services Co., Ltd.*) at the consideration of RMB10,408,163;

(f) the shareholder's loan agreement dated 21 May 2015 entered into between Shanghai Guangfu Cleaning Services Co., Ltd. and Viva Hero Management Limited, a wholly owned subsidiary of the Company, in relation to the making of a shareholder's loan of RMB9,591,837 to 上海光富保潔服務有限公司 (Shanghai Guangfu Cleaning Services Co., Ltd.*);

(g) the shareholders' agreement dated 21 May 2015 entered into among 上海光富保潔服務有限公司 (Shanghai Guangfu Cleaning Services Co., Ltd.*), 郭平 (Guo Ping*), 瞿勝 (Qu Sheng*) and Viva Hero Management Limited, a wholly owned subsidiary of the Company, in relation to regulating the rights amongst 郭平 (Guo Ping*), 瞿勝 (Qu Sheng*) and Viva Hero Management Limited in 上海光富保潔服務有限公司 (Shanghai Guangfu Cleaning Services Co., Ltd.*);

(h) the underwriting agreement dated 6 November 2015 entered into between the Company and Orient Securities Limited in relation to a proposed issue by the Company by way of open offer to the qualifying Shareholders on the basis of one (1) offer share for every two (2) existing shares of the Company (with the then nominal value of HK$0.0001 each) held by the qualifying Shareholders at a subscription price of HK$0.013 per offer share;

* *for identification purpose only*

(i) the memorandum of undertaking dated 2 March 2016 entered into between Sharp Team Global Limited, a wholly owned subsidiary of the Company, and China Eastern Clean Energy Investment Corporation in relation to the proposed acquisition of 營口同方能源技術有限公司 (Yingkou Tongfang Energy Technology Co., Limited*);

(j) the equity transfer agreement dated 7 March 2016 entered into among PPS Environmental Services Limited, a wholly owned subsidiary of the Company, 路懿 (Lu Yi*) and 顏滬玲 (Yan Huling*) in relation to the acquisition of 51% equity interest in 上海寶聯盛懋保潔服務有限公司 (Shanghai PPS Sheng Mao Cleaning Services Company Limited*) (formerly known as 上海盛懋保潔服務有限公司 (Shanghai Sheng Mao Cleaning Services Company Limited*)) at the total consideration of RMB2,500,000;

(k) the capital injection agreement dated 7 March 2016 entered into between PPS Environmental Services Limited, a wholly owned subsidiary of the Company, and 路懿 (Lu Yi*) in relation to the increase in registered capital of 上海寶聯盛懋保潔服務有限公司 (Shanghai PPS Sheng Mao Cleaning Services Company Limited*) (formerly known as 上海盛懋保潔服務有限公司 (Shanghai Sheng Mao Cleaning Services Company Limited*)) from RMB1,000,000 to RMB10,000,000 and the capital injection of an aggregate amount of RMB9,000,000 to 上海寶聯盛懋保潔服務有限公司 (Shanghai PPS Sheng Mao Cleaning Services Company Limited*) (formerly known as 上海盛懋保潔服務有限公司 (Shanghai Sheng Mao Cleaning Services Company Limited*));

(l) the shareholders agreement dated 7 March 2016 entered into between PPS Environmental Services Limited, a wholly owned subsidiary of the Company, and 路懿 (Lu Yi*) in relation to regulating the rights amongst PPS Environmental Services Limited and 路懿 (Lu Yi*) in 上海寶聯盛懋保潔服務有限公司 (Shanghai PPS Sheng Mao Cleaning Services Company Limited*) (formerly known as 上海盛懋保潔服務有限公司 (Shanghai Sheng Mao Cleaning Services Company Limited*));

(m) the agreement for sale and purchase dated 11 April 2016 entered into among the Company, Sky Hero Holdings Limited and Ms. Ding Pingying in relation to the acquisition of the entire issued share capital of Logon Clean Energy Group Limited at the consideration of HK$30,900,000;

(n) the placing agreement dated 21 May 2016 entered into between the Company and a placing agent, pursuant to which the Company agreed to place, through the placing agent, on a best effort basis, a maximum of 300,000,000 new Shares to not less than six placees at a price of HK$0.085 per Share, at a placing commission payable to the placing agent of 2% of the aggregate placing price of the new Shares successfully placed; and

(o) the acquisition agreement dated 8 June 2016 entered into among Opulent Wise Global Limited, a wholly owned subsidiary of the Company, China Eastern Clean Energy Investment Corporation, Mr. Chu Haitao and Mr. Chu Haidong in relation to the proposed acquisition of 40% equity interest of China Eastern Clean Energy Corporation at the consideration of HK$81,000,000, which was terminated on 16 August 2016.

* *For identification purpose only*

6. LITIGATION

References are made to the Company's announcements dated 9 December 2015, 24 December 2015, 30 December 2015, 4 February 2016, 16 February 2016, 1 March 2016, 12 April 2016, 10 May 2016 and 20 May 2016 (the "**Announcements**") relating to the updates on the legal proceedings in the Cayman Islands. Unless stated otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

On 11 April 2016 Cayman time, the Court has made the following orders:

(a) the Petition be struck out as an abuse of the process; and

(b) the petitioner of the Petition (the "**Petitioner**") shall pay the Company's costs of the Petition, such costs to be taxed, if not agreed, on the standard basis in respect of costs incurred up to 5 February 2016 and on the indemnity basis in respect of costs incurred thereafter.

The Cayman Court has also made an injunction order on 11 April 2016 Cayman time (the "**Injunction Order**") on, among others, the following terms:

(a) The Petitioner, be restrained, by himself, his servants or agents or otherwise disposing of or dealing with his Shares, whether registered in his own name or held in name of a CCASS Participant (as defined in the GEM Listing Rules) or any other nominee, and whether by means of sale, gift, mortgage, charge, loan, or otherwise howsoever, pending the payment of the full amount due to the Company under the order for costs.

(b) The injunction contained in paragraph 1 of the Injunction Order shall cease to have any effect in the event that the Petitioner has paid the sum of US$675,000 (or such lesser amount as may be agreed with the Company) into the Court pending taxation of the Company's bill of costs.

(c) The Petitioner shall have liberty to apply to vary or discharge the Injunction Order upon giving not less than 48 hours prior notice to the Company's attorneys.

On 9 May 2016 and 20 May 2016, the Company has successfully obtained an injunction order from the High Court of Hong Kong on an ex parte basis against Mr. Zhao Han, among others, that he must not remove from Hong Kong, dispose of or deal with or diminish the value of any of his assets which are within Hong Kong, up to the value of US$675,000 (HK$5,265,000). Such prohibition includes the Shares held by Mr. Zhao Han in his name or through licensed securities dealers.

The Company is currently seeking legal advice and is taking steps to recover the costs of the proceedings. As at the Latest Practicable Date, there was no further update on the above matters. Further announcement(s) will be made by the Company on the progress of the above matters as and when appropriate.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claims which would materially and adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any members of the Group.

7. CONSENTS AND QUALIFICATIONS OF PROFESSIONAL ADVISERS

The following are the names and the qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualifications
Shinco Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Nuada	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of Shinco Capital and Nuada has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinions or advice and references to its names in the form and context in which it appear.

As at the Latest Practicable Date, the above experts did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which had been, since 30 June 2016, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, the Company had entered into the following service contracts and letters of appointment with the Directors:

a. the service agreements dated 20 June 2016 and 29 June 2016 entered into between the Company and Mr. Ye Jingyuan, pursuant to which Mr. Ye was appointed as chief executive officer and executive Director and shall hold office until the next annual general meeting of the Company and thereafter shall be subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the articles of association of the Company. Mr. Ye was entitled to a director's fee of HK$600,000 per annum. With effect from 29 June 2016, Mr. Ye was entitled to an annual emolument of HK$1.44 million plus discretionary bonus to be determined by the remuneration committee of the Company with reference to the overall performance of the Group, the performance of Mr. Ye, and other factors that the Board may consider necessary.

b. the service agreement dated 4 July 2016 entered into between the Company and Mr. Tse Man Yiu, pursuant to which Mr. Tse was appointed as executive Director and shall hold office until the next annual general meeting of the Company and thereafter shall be subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the articles of association of the Company. Mr. Tse was entitled to a director's fee of HK$600,000 per annum.

c. the service agreement dated 25 April 2016 entered into between the Company and Mr. Kwong Tsz Ching, Jack, pursuant to which Mr. Kwong was appointed as independent non-executive Director and shall hold office until the next annual general meeting of the Company and thereafter shall be subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the articles of association of the Company. Mr. Kwong was entitled to a director's fee of HK$120,000 per annum.

d. the service agreement dated 1 June 2016 entered between Ms. Ding Pingying and the Company. Ms. Ding was appointed as executive Director with effect from 1 June 2016 without a specific term but will be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company with a monthly emolument of HK$20,000.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the website of the SFC (http://www.sfc.hk); (ii) the website of the Company (http://www.hkpps.com.hk/en/investor-relations); and (iii) at the principal place of business of the Company at 24/F., SUP Tower, 75-83 King's Road, North Point, Hong Kong, from the date of this Composite Document up to and including the Offers Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for the years ended 30 June 2014, 2015 and 2016;

(d) the letter from Lamtex, the text of which is set out on pages 6 to 17 of this Composite Document;

(e) the letter from the Board, the text of which is set out on pages 18 to 23 of this Composite Document;

(f) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 24 to 25 of this Composite Document;

(g) the letter from the Independent Financial Adviser to the Independent Board Committee, the text of which is set out on pages 26 to 46 of this Composite Document;

(h) the written consents referred to under the paragraphs headed "CONSENTS AND QUALIFICATION OF PROFESSIONAL ADVISERS" in this appendix and in appendix III of this Composite Document;

(i) the directors' service contract referred to under the paragraph headed "DIRECTORS' SERVICE CONTRACT" in this appendix; and

(j) the material contracts referred to in the paragraph headed "MATERIAL CONTRACTS" in this appendix.

10. MISCELLANEOUS

(a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its head office and principal place of business in Hong Kong is 24/F., SUP Tower, 75-83 King's Road, North Point, Hong Kong.

(b) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The registered office of Shinco Capital is situated at Room 1106, 11/F, Office Plus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong.

(d) The registered office of Nuada is situated at Room 1805-08, 18/F, Office Plus @Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong.

(e) In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.