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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8201)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 2013

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

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

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

This announcement, for which the directors (the “Directors”) of PPS International (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board of Directors (the “Board”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 30 June 2013, together with the comparative audited figures for the year ended 30 June 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue	4	194,549	163,598
Cost of services		(164,704)	(131,469)
Gross profit		29,845	32,129
Other income and gains	4	891	1,152
Selling and marketing expenses		(570)	(1,578)
Administrative expenses		(14,299)	(10,195)
Listing expenses		(9,652)	(487)
Profit from operations		6,215	21,021
Finance costs	7	(577)	(527)
Profit before taxation	6	5,638	20,494
Income tax expenses	8	(2,539)	(4,340)
Profit for the year attributable to owners of the Company		3,099	16,154
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year attributable to owners of the Company		3,099	16,154
Earnings per share			
– Basic and diluted (HK cents)	10	4.08	21.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		13,080	11,135
Deferred tax asset		12	12
Restricted bank deposits		6,842	–
		19,934	11,147
Current assets			
Inventories		56	72
Trade receivables	<i>11</i>	37,918	39,625
Deposits, prepayments and other receivables		6,474	3,799
Restricted bank deposits		2,010	5,736
Fixed deposits		1,133	–
Cash and cash equivalents		28,465	22,576
		76,056	71,808
Current liabilities			
Trade payables	<i>12</i>	5,967	3,779
Accruals, deposits received and other payables		26,305	20,654
Bank borrowings		–	7,284
Obligations under finance leases		4,589	3,579
Taxation		2,369	6,186
		39,230	41,482
Net current assets		36,826	30,326
Total assets less current liabilities		56,760	41,473
Non-current liabilities			
Obligations under finance leases		2,351	3,795
Amounts due to shareholders		–	33,500
Deferred tax liability		1,036	664
		3,387	37,959
Net assets		53,373	3,514
Equity			
Capital and reserves			
Share capital	<i>13</i>	1,000	1,000
Reserves		52,373	2,514
		53,373	3,514

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Note	Attributable to owners of the Company				Retained earnings	Total equity
		Share capital	Share premium	Other reserve	Contribution surplus		
		HK\$'000	HK\$'000	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000	HK\$'000
As at 1 July 2011		1,000	–	–	–	576	1,576
Profit and total comprehensive income for the year		–	–	–	–	16,154	16,154
Dividend paid	9	–	–	–	–	(14,216)	(14,216)
As at 30 June 2012 and 1 July 2012		1,000	–	–	–	2,514	3,514
Profit and total comprehensive income for the year		–	–	–	–	3,099	3,099
Effect of reorganisation		(1,000)	–	1,000	–	–	–
Effect of capitalisation issue		750	(750)	–	21,400	–	21,400
Issue of shares upon listing		250	29,750	–	–	–	30,000
Transaction costs attributable to issue of shares		–	(4,640)	–	–	–	(4,640)
As at 30 June 2013		1,000	24,360	1,000	21,400	5,613	53,373

Notes:

1. The amount represented the difference between the nominal amount of shares issued by the Company and the aggregate amount of share capital of subsidiaries acquired under common control pursuant to the reorganisation.
2. The amount represented the amounts due to shareholders capitalised before the listing of the Company's shares on GEM of the Stock Exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2013

1. CORPORATE INFORMATION

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

The Company had its primary listing on the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 17 June 2013.

Prior to the incorporation of the Company and the completion of the reorganisation (the “Reorganisation”), the Group’s business was carried out by the subsidiaries now comprising the Group and were all controlled by Mr. Fan Shek Cheong Allan (“Mr. Fan”) and Ms. Fan Sheung Ting, Maria (“Ms. Fan”). The Group’s Reorganisation was completed on 28 May 2013 and thereafter, the Company became the holding company of the Group.

The Reorganisation involved the following:

- (i) On 30 August 2012, Bransfield Assets Limited (“Bransfield”) acquired 75,003 non-voting deferred shares in Pollution & Protection Services Limited (“PPS”) from Mr. Fan for a consideration of HK\$1.00.
- (ii) On 30 August 2012, Bransfield acquired 2,163 non-voting deferred shares in PPC Environmental Limited (“PPC”) from Mr. Fan for a consideration of HK\$1.00.
- (iii) On 26 September 2012, the issued non-voting deferred shares in PPS and PPC were re-designated as ordinary shares of PPS and PPC, respectively.
- (iv) On 28 May 2013, Mr. Fan and Ms. Fan transferred their entire shareholding interest in Bransfield to Silver Marker Limited (“Silver Marker”) in consideration of the allotment and issue of 74 shares to Viva Future Group Limited (“Viva Future”) and 25 shares to Renowned Ventures Limited (“Renowned Ventures”) credited as fully paid.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKAS 1	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 12 (Amendments)	Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets

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 the Group’s consolidated financial statements.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle ¹
HKFRS 1 (Amendments)	Government Loans ¹
HKFRS 7 (Amendments)	Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities ¹
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance ¹
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ²
HKAS 19 (2011)	Employee Benefits ¹
HKAS 27 (2011)	Separate Financial Statements ¹
HKAS 28 (2011)	Investments in Associates and Joint Ventures ¹
HKAS 32 (Amendments)	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ²
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets ²
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting ²
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹
HK(IFRIC) – Int 21	Levies ²

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 January 2014

³ Effective for annual periods beginning on or after 1 January 2015

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

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

The amended offsetting disclosures are required for the Group’s financial periods beginning on or after 1 January 2014 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until the Group’s financial year ending 30 June 2015, with retrospective application required.

The directors of the Company anticipate that the application of the amendments to HKAS 32 and HKFRS 7 may affect the Group’s disclosure regarding offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of financial liabilities (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 attributable to a financial liability’s 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 at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for its financial year ending 30 June 2016. The directors of the Company anticipate that the application of these standards will have no significant impact on amounts reported in the consolidated financial statements, but will result in more extensive disclosures in the consolidated financial statements.

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

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – Int 12 "Consolidation – Special Purpose Entities" has been withdrawn upon the issuance of HKFRS 10. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors of the Company anticipate that these standards will be adopted in the Group's consolidated financial statements for the financial year ending 30 June 2014. The directors of the Company anticipate that the application of these standards will have no significant impact on amounts reported in the consolidated financial statements, but will result in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad and it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 “Financial instruments: Disclosures” will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group’s consolidated financial statements for its financial year ending 30 June 2014. The directors of the Company anticipate that the application of this standard will have no significant impact on amounts reported in the consolidated financial statements, but will result in more extensive disclosures in the consolidated financial statements.

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

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

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

Amendments to HKAS 16

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group’s consolidated financial statements.

Amendments to HKAS 32

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors of the Company anticipate that the amendments to HKAS 32 will have no effect on the Group’s consolidated financial statements.

Except as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs issued but not yet effective will have no material impact on the Group’s financial performance and the Group’s financial positions for the future and/or on the disclosures set out in the consolidated financial statements of the Group.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Ints”) issued by the HKICPA, accounting principles generally accepted in Hong Kong and applicable disclosures required by the Hong Kong Companies Ordinance and by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Company acts as an investment holding company. In the opinion of the directors of the Company, the ultimate holding company of the Company is Viva Future, which is incorporated in the BVI.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

4. REVENUE, OTHER INCOME AND GAINS

	2013 <i>HK\$’000</i>	2012 <i>HK\$’000</i>
Environmental services income	<u>194,549</u>	<u>163,598</u>

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

	2013 <i>HK\$’000</i>	2012 <i>HK\$’000</i>
Other income:		
Interest income	34	21
Sundry income	20	70
Reversal of over-provision on long service payment	761	545
Reversal of provision for claim	1	214
Reversal of provision on impairment for bad and doubtful debts	34	–
Others	–	141
	<u>850</u>	<u>991</u>
Gains:		
Gain on disposal of property, plant and equipment	40	158
Exchange gain, net	1	3
	<u>41</u>	<u>161</u>
	<u>891</u>	<u>1,152</u>

5. SEGMENT INFORMATION

The Group currently operates in one operating segment which is the provision of environmental services. A single management team reports to the directors of the Company (being the chief operating decision-maker) who allocate resources and assess performance based on the consolidated result of the single business engaged in the provision of cleaning services for the years ended 30 June 2013 and 2012 comprehensively. Accordingly, the Group does not present separate segment information.

During the years ended 30 June 2013 and 2012, revenue is derived from customers in Hong Kong and all the non-current assets of the Group are located in Hong Kong.

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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Customer A	38,659	37,552
Customer B	24,461	25,987
Customer C	<u>23,083</u>	<u>27,132</u>

Geographical information

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

6. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging/(crediting):

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Auditors' remuneration	400	170
Depreciation	4,526	2,627
Provision on impairment for bad and doubtful debts	–	34
Property, plant and equipment written off	–	7
Exchange gain, net	(1)	(3)
Cost of consumable goods	2,325	2,575
Gain on disposal of property, plant and equipment	(40)	(158)
Staff costs including directors' emoluments:		
Salaries and wages	99,300	102,821
Long service payment	1,685	563
Allowances and others	501	806
Severance payment	–	47
Contributions to defined contribution retirement plans	4,039	3,891
	<u>105,525</u>	<u>108,128</u>
Minimum lease payments under operating leases	<u>1,196</u>	<u>700</u>

7. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable within five years	135	216
Obligations under finance leases	442	311
	<u>577</u>	<u>527</u>

8. INCOME TAX EXPENSES

The income tax expenses for the years ended 30 June 2013 and 2012 represent Hong Kong Profits Tax which is calculated at 16.5% on the estimated assessable profit of the Group.

The charge comprises:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	2,167	3,067
Understatement in previous years	–	867
Deferred tax:		
Current year charge	372	406
Income tax expenses	<u>2,539</u>	<u>4,340</u>

9. DIVIDENDS

A dividend of HK 2 cents per share subsequent to the year ended 30 June 2013, amounted to HK\$2,000,000, is proposed by the Board and subject to approval by the shareholders at the forthcoming Annual General Meeting.

Prior to the Group's Reorganisation, Bransfield, one of the subsidiaries of the Company had declared and paid dividends in amount of HK\$14,216,000 to its shareholders during the year ended 30 June 2012.

10. EARNINGS PER SHARE

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Earnings for the year attributable to the owners of the Company	<u>3,099</u>	<u>16,154</u>
	2013 '000	2012 '000
Weighted average number of shares for the purpose of the basic earnings per share (<i>Note</i>)	<u>75,956</u>	<u>75,000</u>

Diluted earnings per share

Diluted earnings per share is the same as the basic earnings per share presented for the years ended 30 June 2013 and 2012.

Note:

The calculation of basic and diluted earnings per share for the years ended 30 June 2013 and 2012 is based on the profit for the year attributable to owners of the Company and the weighted average number of approximately 75,956,000 (2012: 75,000,000) ordinary shares of the Company in issue during the year ended 30 June 2013 after taking into account the share transfer and allotment and issue of new shares pursuant to the Group's Reorganisation and the placing of HK\$1.20 per share upon listing of the Company's shares on the Stock Exchange (the "Placing"). There were no dilutive potential ordinary shares in existence during the years ended 30 June 2013 and 2012 and therefore the diluted earnings per share amounts are the same as the basic earnings per share.

11. TRADE RECEIVABLES

The Group

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables	37,918	39,659
Provision on impairment for bad and doubtful debts	—	(34)
	<u>37,918</u>	<u>39,625</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0-30 days	23,807	23,502
31-60 days	7,463	8,432
61-90 days	4,787	5,237
Over 90 days	1,861	2,454
	<u>37,918</u>	<u>39,625</u>

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 indicating 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 our management on the collectability of overdue balances.

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

12. TRADE PAYABLES

The Group

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade payables	<u>5,967</u>	<u>3,779</u>

The following is an ageing analysis of trade payables for the years ended 30 June 2013 and 2012:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0-30 days	5,462	2,421
31-60 days	208	384
61-90 days	73	453
Over 90 days	<u>224</u>	<u>521</u>
	<u>5,967</u>	<u>3,779</u>

The credit period on purchases of certain goods and services ranged from due on presentation of invoice to 60 days.

13. SHARE CAPITAL

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

	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares <i>HK\$</i>
Authorised:		
Upon incorporation on 31 May 2012, as at 30 June 2012 and as at 30 June 2013	<u>10,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
Upon incorporation on 31 May 2012, and as at 30 June 2012	1	–
Issue of shares upon Reorganisation	99	1
Capitalisation issue	74,999,900	749,999
Issue of shares pursuant to the Placing upon listing	<u>25,000,000</u>	<u>250,000</u>
As at 30 June 2013	<u>100,000,000</u>	<u>1,000,000</u>

The share capital in the consolidated statement of financial position as at 30 June 2013 represented the aggregate amount of issued share capital of the companies comprising the Group.

As at 30 June 2012, the balance of share capital of the Group represented the issued share capital of the Company, Silver Marker and Bransfield prior to the completion of Reorganisation.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is principally engaged in the provision of environmental services which include the provision of cleaning and related services for (i) public area and office cleaning services which involve cleaning of public areas, carpets, floors, toilets, changing rooms, lifts and escalators and emptying of garbage bins at commercial buildings, residential complexes, shopping arcades, hotels and their tenants and public transport facilities such as buses, ferries, piers 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 (vii) housekeeping services where we provide skilled room attendants to carry out professional daily housekeeping and cleaning services at local boutique hotels, hostels and serviced apartments.

BUSINESS REVIEW

Benefiting from the continuous growth of the economy and the increasing number of new properties in Hong Kong, the environmental services industry maintained a sustainable growth momentum. Significant growth in the number of visitors from the PRC will continue to raise demand for hotel and guesthouses rooms. In 2012/13, the number of rooms to which the Group provided housekeeping services increased from 937 rooms to 950 rooms per month. Although a number of established environmental services providers have also entered the housekeeping market in 2012/13, the Group is confident that our track record and experience will give us a competitive advantage over our competitors.

The Group's revenue in waste management and disposal saw a significant increase during the year 2012/13. The Group was successful in securing the waste management and disposal service contract for the airport in Hong Kong. Due to the increasing demand in waste management and disposal services from our customers, the Group has purchased 8 additional specialized vehicles.

Revenue by service sector

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

	Year ended 30 June 2013		Year ended 30 June 2012	
	HK\$'000	%	HK\$'000	%
Commercial	99,618	51.2	93,045	56.9
Hospitality	40,648	20.9	28,993	17.7
Residential	23,720	12.2	22,684	13.9
Transportation	17,905	9.2	7,464	4.6
Others	12,658	6.5	11,412	6.9
	<u>194,549</u>	<u>100</u>	<u>163,598</u>	<u>100</u>

Competition for labour intensified due to the adjustment in statutory minimum wage from HK\$28 per hour to HK\$30 per hour. All service providers in the industry were exposed to the pressure of increasing wages and competition for labour not just among industry players but also against other industries such as security guard. The Group will continue to target customers who are willing to pay a higher premium for quality of services.

Service Contracts

Our major service contracts cover services provided to some designated sectors which include: (a) commercial sector which includes mainly office buildings, shopping arcades and the tenanted areas therein; (b) hospitality sector which includes hotels, hostel and serviced apartments; (c) residential sector which includes residential complexes and residential floors therein; (d) transportation sector which includes public transportations and waste management and disposal ; and (e) others which includes government, academic institutions and private clubs.

For the year ended 30 June 2013, we had a total of 83 contracts from the above mentioned five sectors representing a decrease of approximately 17.8% from 101 contracts for the year ended 30 June 2012. Despite the decrease in number of contract on-hand, however the monthly value of contracts had increased from HK\$13.3 million for the year ended 30 June 2012 to HK\$13.9 million for the year ended 30 June 2013, as the Group aimed to improve contract quality instead of quantity.

OUTLOOK

The Group was listed on GEM of the Stock Exchange on 17 June 2013 (“**Listing**”). The funds raised from the Listing have helped lay a solid foundation for the future development of the Group.

Looking forward, the Group will continue to provide a comprehensive range of cleaning and related services with emphasis on bringing a high quality of service to our customers. The Group aims to expand its (i) hospitality; (ii) sensitive and confidential document disposal services; and (iii) waste management and disposal by recruiting and training additional qualified room attendants, promoting the sensitive and confidential document disposal services to the existing commercial customers and acquiring additional specialized vehicles and cleaning equipment for waste management and disposal services.

FINANCIAL REVIEW

Revenue

For the year ended 30 June 2013, the Group reported a revenue of approximately HK\$194.5 million (2012: approximately HK\$163.6 million), representing an increase of approximately 18.9% as compared with that for the previous year. The net increase was primarily attributable to (1) an increase in revenue from hospitality income of approximately HK\$11.7 million; (2) an increase in revenue from transportation income of approximately HK\$10.4 million; and (3) an increase in revenue from commercial income of approximately HK\$6.6 million.

Cost of Services

The Group’s cost of services increased by approximately 25.3% to approximately HK\$164.7 million (2012: approximately HK\$131.5 million) for the year ended 30 June 2013 as compared with that for the previous year. The increase in cost of services was mainly due to: (1) increase in running costs of our car fleet and (2) increase in sub-contractor fee as more sub-contractors were employed.

Gross Profit

The gross profit of the Group for the year ended 30 June 2013 decreased by approximately 7.1% to approximately HK\$29.8 million (2012: approximately HK\$32.1 million) as compared with that for the previous year. The gross profit margin of the Group decreased to approximately 15.3% for the year ended 30 June 2013 (2012: approximately 19.6%). The decrease in gross profit was mainly due to increase in cost of services as mentioned above.

Other Income and Gains

The Group's other income and gains for the year ended 30 June 2013 decreased by approximately 22.6% to approximately HK\$0.9 million (2012: approximately HK\$1.2 million) as compared with that for the previous year. The decrease was mainly attributable to more gains on disposal of motor vehicles for the year ended 30 June 2012.

Administrative Expenses

The Group's administrative expenses for the year ended 30 June 2013 increased by approximately 40.3% to approximately HK\$14.3 million (2012: approximately HK\$10.2 million) as compared with that for the previous year. The administrative expenses mainly consisted of auditors' remuneration, legal and professional fees, staff costs (including Directors' remuneration), depreciation expenses and rental expenses. The increase in the administrative expenses was mainly attributable to staff cost and professional fee during the year ended 30 June 2013.

Finance Costs

The Group's finance costs for the year ended 30 June 2013 increased to approximately HK\$0.6 million (2012: approximately HK\$0.5 million). The increase was mainly attributable to the increase in incurrence of interest expenses on the car finance.

Net Profit

The Group recorded a net profit attributable to owners of the Company for the year ended 30 June 2013 decreased by 80.8% to approximately HK\$3.1 million (2012: approximately HK\$16.2 million) as compared with that for the previous year. The decrease in net profit was mainly resulted from the recognition of listing expenses amounted to HK\$9.7 million (2012: approximately HK\$0.5 million) for the year ended 30 June 2013. The Group had met the forecast of net profit attributable to owners of HK\$3.0 million disclosed in the Prospectus dated 7 June 2013. If, without the listing expenses, the Group should have achieved a net profit attributable to owners of HK\$12.8 million for the year ended 30 June 2013, representing a decrease of 21.1% as compared with that for previous year.

Earnings per Share

The basic earnings per Share for the year ended 30 June 2013 was approximately HK4.1 cents (2012: approximately HK21.5 cents).

Comparison Between Business Objectives with Actual Business Progress

Use of proceeds

As disclosed in the Prospectus dated 7 June 2013, the net proceeds from the Placing, after deducting the actual underwriting fees and expenses paid by the Company in connection thereto, were approximately HK\$15.23 million.

During the year ended 30 June 2013, the net proceeds from the Placing had been applied as follows:

	Planned use of proceeds as stated in the Prospectus during the period from 28 May 2013 to 31 December 2013 HK\$'000	Actual use of proceeds during the year ended 30 June 2013 HK\$'000
Continue to expand waste management and disposal team	1,669	229
Strengthen our established position in the environmental services industry in Hong Kong	1,783	63
Continue to expand and develop our services within the hospitality sector	1,072	–
Expand the range of our service offerings	523	–
	<u>5,047</u>	<u>292</u>

Notes:

- (a) The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.
- (b) The unused net proceeds as at 30 June 2013 have been placed as interest bearing deposits with licensed bank in Hong Kong.

Since the Company was listed on 17 June 2013, the Company is still formulating a long term strategy to cope with the application of proceeds effectively. The Company will acquire two more specialized vehicles amounted to HK\$1.5 million in October of 2013 to expand the waste management and disposal team.

Capital Structure

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

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

Liquidity and Financial Resources

During the year ended 30 June 2013, the Group generally financed its operations through internally generated cash flows and net proceeds from the IPO.

As at 30 June 2013, the Group had net current assets of approximately HK\$36.8 million (30 June 2012: approximately HK\$30.3 million), including cash balance of approximately HK\$28.5 million (30 June 2012: approximately HK\$22.6 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.9 as at 30 June 2013 (30 June 2012: approximately 1.7) which remains healthy.

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

Gearing Ratio

The gearing ratio, which is based on the total amount of total bank borrowings and obligations under finance leases divided by total equity, was approximately 13.0% as at 30 June 2013 (30 June 2012: approximately 417.1%). The decrease was mainly resulted from decrease in bank borrowings and increase in equity due to the Listing for the year ended 30 June 2013.

Foreign Exchange Exposure

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

Employee and Remuneration Policies

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

Capital Commitment

As at 30 June 2013, the Group did not have any significant capital commitments.

Charges on the Group's Assets

Our decrease in obligations under finance leases from approximately HK\$7.4 million as at 30 June 2012 to approximately HK\$6.9 million as at 30 June 2013, were primarily due to lesser specialized vehicles we acquired using finance leases during the year ended 30 June 2013. As at 30 June 2013, we had obligations under finance leases of approximately HK\$6.9 million, of which approximately HK\$4.6 million was repayable within one year. Such obligations under finance leases were secured by the relevant motor vehicles.

Save as mentioned above in this section, we did not have any outstanding mortgages or charges, borrowings or indebtedness including bank overdrafts, loans or debentures, loan capital, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits outstanding as at 30 June 2013.

Contingent Liabilities

As at 30 June 2013, the Group did not have any material contingent liabilities (30 June 2012: HK\$Nil).

Information on Employees

As at 30 June 2013, the Group had 908 staff in Hong Kong. Total staff costs and related expenses (including Directors' remuneration) for the year ended 30 June 2013 decreased approximately 2.4% over that for the previous year. The net decrease was mainly due to more sub-contractors were employed to substitute the site-staff, off-set by increased in back-office supporting staff.

Significant Investment Held

Except for investment in subsidiaries as disclosed in the audited reports, during the year ended 30 June 2013 and as at the end of the reporting period, the Group did not hold any significant investment in equity interest in any company.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus dated 7 June 2013, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Save as disclosed in the Prospectus dated 7 June 2013, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

DIVIDENDS

In appreciation of our shareholders' support, the board of Directors recommended the payment of a final dividend of HK2 cents per share for the year ended 30 June 2013 to all shareholders whose names appear on the register of members of the Company on Monday, 11 November 2013. The register of members of the Company will be closed from Thursday, 7 November 2013 to Monday, 11 November 2013, both days inclusive. Subject to the approval of the shareholders at the forthcoming annual general meeting which is scheduled for Thursday, 31 October 2013, the proposed final dividend is expected to be paid on or about Monday, 25 November 2013.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Tuesday, 29 October 2013 to Thursday, 31 October 2013, both days inclusive. During this period, no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 28 October 2013.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

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

CORPORATE GOVERNANCE PRACTICES

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

In the opinion of the Board, the Company has complied with the Code for the year ended 30 June 2013, except for the deviations of Code Provisions A.2.1 and A.2.7.

CHAIRMAN AND EXECUTIVE DIRECTORS

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

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

EVENTS AFTER THE REPORTING PERIOD

No significant event has taken place subsequent to 30 June 2013 and up to the date of this announcement.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Group the financial and accounting policies and practices adopted by the Group, its internal controls and financial reporting matters and the above audited annual results of the Group for the year ended 30 June 2013; and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made.

PUBLICATION OF ANNUAL RESULTS AND 2013 ANNUAL REPORT

This announcement will remain on the “Latest Company Announcement” page of the internet website operated by the Stock Exchange for the purpose of the GEM at www.hkgem.com for at least seven days from the day of its posting and will be published on the website of the Company at www.hkpps.com.hk. The 2013 Annual Report will be dispatched to the shareholders and will be available in the website of the Stock Exchange and the website of the Company in due course.

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

HKSAR, 24 September 2013

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