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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)**

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

## UNAUDITED QUARTERLY RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 30 September 2013, together with the unaudited comparative figures for the corresponding period in 2012 as follows:

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

*For the three months ended 30 September 2013*

		<b>Three months ended</b>	
		<b>30 September</b>	
		<b>2013</b>	2012
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	4	<b>51,207</b>	45,200
Cost of services		<b>(42,908)</b>	(38,056)
		<hr/>	<hr/>
Gross profit		<b>8,299</b>	7,144
Other income and gains	4	<b>15</b>	4
Selling and marketing expenses		<b>(201)</b>	(123)
Administrative expenses		<b>(3,266)</b>	(2,705)
Listing expenses		<b>–</b>	(2,403)
		<hr/>	<hr/>
Profit from operations		<b>4,847</b>	1,917
Finance costs		<b>(157)</b>	(161)
		<hr/>	<hr/>
Profit before taxation	5	<b>4,690</b>	1,756
Income tax expenses	6	<b>(993)</b>	(714)
		<hr/>	<hr/>
Profit for the period attributable to owners of the Company		<b>3,697</b>	1,042
Other comprehensive income for the period, net of tax		<b>–</b>	–
		<hr/>	<hr/>
Total comprehensive income for the period attributable to owners of the Company		<b>3,697</b>	1,042
		<hr/>	<hr/>
Earnings per share			
– Basic and diluted (HK cents)	8	<b>3.70</b>	1.39
		<hr/>	<hr/>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 30 September 2013*

## 1. GENERAL INFORMATION

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

The Company had its primary listing on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 17 June 2013. The Company’s principal activity is investment holding and the principal activities of its principal subsidiaries are the provision of environmental cleaning services. In the opinion of the directors of the Company, the ultimate holding company of the Company is Viva Future Group Limited, which was incorporated in the British Virgin Island.

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

In the current period, 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 period has no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in the Group’s unaudited condensed consolidated financial statements.

## 3. BASIS OF PREPARATION

The unaudited condensed consolidated first quarterly financial statements for the three months ended 30 September 2013 (the “Quarterly 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 Quarterly Financial Statements has 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 accounting policies and basis of preparation adopted in the preparation of the Quarterly Financial Statements are consistent with those adopted in the annual financial statements for the year ended 30 June 2013.

The Quarterly Financial Statements has not been audited by the Company’s independent auditors.

#### 4. REVENUE, OTHER INCOME AND GAINS

	Three months ended	
	30 September	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Environmental services income	<u>51,207</u>	<u>45,200</u>

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

	Three months ended	
	30 September	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other income:		
Interest income	14	2
Sundry income	1	1
Others	–	1
	<u>15</u>	<u>4</u>

#### 5. PROFIT BEFORE TAXATION

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

	Three months ended	
	30 September	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation	1,191	1,182
Cost of consumable goods	685	748
Net loss on disposal of property, plant and equipment	21	–
Staff costs including directors' emoluments:		
Salaries and wages	24,029	25,812
Long service payment	22	11
Allowances and others	51	21
Contributions to defined contribution retirement plans	847	905
	<u>24,949</u>	<u>26,749</u>
Minimum lease payments under operating leases	<u>561</u>	<u>244</u>

## 6. INCOME TAX EXPENSES

The income tax expenses for the periods ended 30 September 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:

	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax:		
Hong Kong Profits Tax	<b>837</b>	863
Deferred tax:		
Current period charge	<b>156</b>	(149)
	<hr/>	<hr/>
Income tax expenses	<b>993</b>	<b>714</b>

## 7. DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 30 September 2013 (2012: HK\$Nil).

A dividend of HK2 cents per share for the year ended 30 June 2013, amounted to HK\$2,000,000, was approved by the shareholders of the Company at the Annual General Meeting held on 31 October 2013. The dividend is expected to be paid on or about Monday, 25 November 2013.

## 8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months ended 30 September 2013 is based on the earnings for the period attributable to the owners of the Company of approximately HK3.70 cents (2012: HK1.39 cents) and the weighted average number of 100,000,000 (2012: 75,000,000) shares.

There were no dilutive potential ordinary shares in existence during the three months ended 30 September 2013 and 2012 and therefore the diluted earnings per share amounts were the same as the basic earnings per share.

## 9. RESERVES

	Attributable to owners of the Company					
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(Note 1)</i>	Contribution surplus <i>HK\$'000</i> <i>(Note 2)</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
As at 1 July 2013	1,000	24,360	1,000	21,400	5,613	53,373
Profit and total comprehensive income for the period	—	—	—	—	3,697	3,697
<b>As at 30 September 2013 (unaudited)</b>	<b>1,000</b>	<b>24,360</b>	<b>1,000</b>	<b>21,400</b>	<b>9,310</b>	<b>57,070</b>
As at 1 July 2012	1,000	—	—	—	2,514	3,514
Profit and total comprehensive income for the period	—	—	—	—	1,042	1,042
As at 30 September 2012 (unaudited)	1,000	—	—	—	3,556	4,556

*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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

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

### **BUSINESS REVIEW**

Due to the increasing demand in the waste management and disposal services, the Group expanded its fleets by purchasing an additional specialized vehicle of an 24 tonnes hooklift truck. In an effect to improve our operation efficiency and reduce running costs, we have re-organized our collection routes by centralizing the collection points and sub-contracting lower revenue contracts out in hope to increase our overall revenue generated from our fleets.

On the tenants and one-off contracts, the Group continues to review our service scope and pricing with our customers on a periodic basis to promote our other environmental services and negotiate more favorable pricing. In addition, as competition increases in the housekeeping market not only for contracts but also for the demand of qualified room attendants, the Group would concentrate its resources on bringing in higher margin contracts rather than focusing on increasing the number of rooms served. By consolidating our resources, our service quality, reputation and profit margin may strengthen as the Hong Kong tourist industry and demand for housekeeping services grow.

The Group has started to promote its secure and confidential waste destruction services to our existing commercial clients. We believe by leveraging our relationship with existing customers, it may allow us to build up a client base with lower administration and marketing costs which may achieve a higher profit margin.

## **Service Contracts**

Contractor contracts are service contracts entered into mainly with property management companies, owners of various building premises, operators of hotels and public transportation facilities as well as government and academic institutions and are awarded to us through competitive tendering.

## **OUTLOOK**

Looking forward, the Group would consolidate our resources to focus on high value customers to bring in additional revenue by cross-selling new services to our existing customers. We believe this strategy not only may improve our revenue per customer but also increases our profit margin as we can leverage our existing manpower to perform services at location where we already have presence.

## **FINANCIAL REVIEW**

### **Revenue**

For the three months ended 30 September 2013, the Group reported a revenue of approximately HK\$51.2 million (2012: approximately HK\$45.2 million), representing an increase of approximately 13.3% mainly due to adjustment of prices for some contracts to cope with increased service costs and statutory minimum wages.

### **Gross Profit**

The gross profit of the Group for the three months ended 30 September 2013 increased by approximately 16.2% to approximately HK\$8.3 million (2012: approximately HK\$7.1 million) representing a gross profit margin of approximately 16.2% (2012: 15.8%).

### **Net Profit**

The Group's unaudited net profit attributable to owners of the Company for the three months ended 30 September 2013 increased by 254.8% to approximately HK\$3.7 million (2012: approximately HK\$1.0 million, after deduction of listing expenses amounted to approximately HK\$2.4 million). If without the listing expenses, the unaudited net profit attributable to owners of the Company for the three months ended 30 September 2013 would represent an increase of 7.3% from that of the three months ended 30 September 2012.

## **USE OF PROCEEDS**

The Company was listed on the Stock Exchange on 17 June 2013 and raised net proceeds of approximately HK\$15.2 million. The future plans as stated in the Prospectus were derived from the Group's reasonable estimation of the future market conditions based on the information available at the time of preparing the Prospectus. As of the date of this announcement, we have utilized HK\$0.8 million to expand waste management and disposal team. As at 30 September 2013, the unused proceeds were deposited in licensed banks in Hong Kong.

## **DIVIDEND**

The Board does not recommend the payment of any dividend for the three months ended 30 September 2013.

## **PURCHASE, SALE OR REDEMPTION OF THE SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the three months ended 30 September 2013.

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

Save as disclosed below, as at 30 September 2013, none of the Directors and the chief executive and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within of the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

Name of Director	Name of the company in which interest is held	Capacity	Total number of ordinary shares	Long/short position	Percentage of total issued share capital in the Company
Mr. Fan Shek Cheong, Allan	The Company	Interest of a controlled corporation ( <i>Note 1</i> )	52,500,000	Long	52.5%
Ms. Fan Sheung Ting, Maria	The Company	Interest of a controlled corporation ( <i>Note 2</i> )	17,500,000	Long	17.5%
Mr. Wong Yin Jun, Samuel	The Company	Family interest ( <i>Note 3</i> )	17,500,000	Long	17.5%

### Notes:

1. Mr. Fan Shek Cheong, Allan beneficially owns 100% equity interest in Viva Future Group Limited that acquired the shares in the Company. Therefore, Mr. Fan Shek Cheong, Allan is deemed to be interested in 52,500,000 shares held by Viva Future Group Limited.
2. Ms. Fan Sheung Ting, Maria beneficially owns 100% equity interest in Renowned Ventures Limited that acquired the shares in the Company. Therefore, Ms. Fan Sheung Ting, Maria is deemed to be interested in 17,500,000 shares held by Renowned Ventures Limited.
3. Mr. Wong Yin Jun, Samuel is the spouse of Ms. Fan Sheung Ting, Maria. Accordingly, he is deemed to be interested in the shares owned/held by Ms. Fan Sheung Ting, Maria (by herself and through Renowned Ventures Limited) by virtue of the SFO.

## SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 30 September 2013, no person other than certain Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Name of Shareholder	Name of the company in which interest is held	Capacity	Total number of ordinary shares	Long/short position	Percentage of total issued share capital in the Company
Viva Future Group Limited	The Company	Beneficial owner (Note 1)	52,500,000	Long	52.5%
Renowned Ventures Limited	The Company	Beneficial owner (Note 2)	17,500,000	Long	17.5%

### Notes:

1. Viva Future Group Limited is 100% owned by Mr. Fan Shek Cheong, Allan.
2. Renowned Ventures Limited is 100% owned by Ms. Fan Sheung Ting, Maria.

## COMPLIANCE ADVISER'S INTEREST IN THE COMPANY

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

## COMPETING INTERESTS

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

## REVIEW BY THE AUDIT COMMITTEE

The audit committee consists of three members, namely Mr. Yu Tat Kong, Petrus (chairman of the audit committee), Mr. Ho King Man, Kenneth and Mr. Tong Kin Ping, Patrick, all being independent non-executive Directors.

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

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

HKSAR, 7 November 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.*

*This announcement will remain on the “Latest Company Announcements” page of the internet website operated by the Stock Exchange for the purpose of the GEM at [www.hkgem.com](http://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](http://www.hkpps.com.hk).*