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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

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.

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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 GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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

For the six months ended 31 December 2016

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 six months ended 31 December 2016, together with the unaudited comparative figures for the corresponding period in 2015 as follows:

		Six months ended 31 December		**Three months ended 31 December**	
		2016	2015	**2016**	2015
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*4*	**141,012**	128,936	**69,524**	67,232
Cost of services		**(120,973)**	(116,103)	**(60,486)**	(61,338)
Gross profit		**20,039**	12,833	**9,038**	5,894
Other income, other gains and losses and impairments	*5*	**(2,708)**	1,329	**(2,190)**	430
Selling and marketing expenses		**(1,945)**	(2,481)	**(1,056)**	(1,848)
Administrative expenses		**(18,570)**	(30,840)	**(8,460)**	(21,203)
Finance costs		**(486)**	(517)	**(259)**	(259)
Loss before taxation	*6*	**(3,670)**	(19,676)	**(2,927)**	(16,986)
Income tax (expenses)/credit	*7*	**(891)**	22	**(218)**	287
Loss for the period		**(4,561)**	(19,654)	**(3,145)**	(16,699)

	Notes	Six months ended 31 December 2016 (Unaudited) *HK$'000*	2015 (Unaudited) *HK$'000*	Three months ended 31 December 2016 (Unaudited) *HK$'000*	2015 (Unaudited) *HK$'000*
Other comprehensive loss					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translating foreign operations		**(149)**	(707)	**(134)**	(221)
Total comprehensive loss for the period		**(4,710)**	(20,361)	**(3,279)**	(16,920)
Loss for the period attributable to:					
Owners of the Company		**(4,492)**	(19,576)	**(3,133)**	(16,657)
Non-controlling interests		**(69)**	(78)	**(12)**	(42)
		(4,561)	(19,654)	**(3,145)**	(16,699)
Total comprehensive loss for the period attributable to:					
Owners of the Company		**(4,641)**	(20,283)	**(3,267)**	(16,878)
Non-controlling interests		**(69)**	(78)	**(12)**	(42)
		(4,710)	(20,361)	**(3,279)**	(16,920)
			(Restated)		(Restated)
Loss per share					
– Basic and diluted (HK cents)	*9*	**(0.25)**	(1.49)	**(0.17)**	(1.21)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	As at 31 December 2016 (Unaudited) HK$'000	As at 30 June 2016 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	10	**8,529**	11,983
Goodwill	11	**39,916**	43,679
Intangible assets		**1,172**	1,283
Restricted bank deposits		**3,322**	3,274
		52,939	60,219
Current assets			
Inventories		**103**	63
Trade receivables	12	**43,580**	44,288
Deposits, prepayments and other receivables		**15,647**	23,646
Financial assets at fair value through profit or loss		—	18,454
Loan receivable	13	**15,000**	–
Restricted bank deposits		**7,935**	3,867
Cash and cash equivalents		**46,735**	48,747
Tax recoverables		**419**	1,598
		129,419	140,663
Current liabilities			
Trade payables	14	**12,662**	12,285
Accruals, deposits received and other payables		**30,853**	42,147
Bank and other borrowings		**2,622**	4,278
Obligations under finance leases		**420**	330
Deferred revenue	15	**6,683**	8,052
Tax payables		**4,496**	4,682
		57,736	71,774
Net current assets		**71,683**	68,889
Total assets less current liabilities		**124,622**	129,108

	Notes	As at 31 December 2016 (Unaudited) HK$'000	As at 30 June 2016 (Audited) HK$'000
Non-current liabilities			
Obligations under finance leases		**809**	499
Deferred taxation		**709**	844
Bond	*16*	**9,391**	9,342
		10,909	10,685
Net assets		**113,713**	118,423
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	*17*	**1,800**	1,800
Reserves		**112,242**	116,883
Equity attributable to owners of the Company		**114,042**	118,683
Non-controlling interests		**(329)**	(260)
Total equity		**113,713**	118,423

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Other reserve *HK$'000* *(Note (a))*	Contribution surplus *HK$'000* *(Note (b))*	Foreign currency translation reserve *HK$'000*	Warrant reserve *HK$'000* *(Note (c))*	Option reserve *HK$'000* *(Note (d))*	Retained earnings *HK$'000*	Equity attributable to owners of the Company *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
As at 1 July 2016	1,800	108,514	1,000	21,400	(600)	–	6,459	(19,890)	118,683	(260)	118,423
Loss for the period	–	–	–	–	–	–	–	(4,492)	(4,492)	(69)	(4,561)
Exchange differences arising on translation foreign operations	–	–	–	–	(149)	–	–	–	(149)	–	(149)
Total comprehensive loss for the period	–	–	–	–	(149)	–	–	(4,492)	(4,641)	(69)	(4,710)
Release upon lapse and cancellation of share-based payment	–	–	–	–	–	–	(6,459)	6,459	–	–	–
As at 31 December 2016 (unaudited)	1,800	108,514	1,000	21,400	(749)	–	–	(17,923)	114,042	(329)	113,713

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (Note (a))	Contribution surplus HK$'000 (Note (b))	Foreign currency translation reserve HK$'000	Warrant reserve HK$'000 (Note (c))	Option reserve HK$'000 (Note (d))	Retained earnings HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
	Attributable to owners of the Company										
As at 1 July 2015	1,000	22,360	1,000	21,400	(23)	39,500	–	(8,498)	76,739	(99)	76,640
Loss for the period	–	–	–	–	–	–	–	(19,576)	(19,576)	(78)	(19,654)
Exchange differences arising on translating foreign operations	–	–	–	–	(707)	–	–	–	(707)	–	(707)
Total comprehensive loss for the period	–	–	–	–	(707)	–	–	(19,576)	(20,283)	(78)	(20,361)
Recognition of equity-settled share-based payments *(note 17)*	–	–	–	–	–	–	6,625	–	6,625	–	6,625
Issue of shares pursuant to an open offer	500	64,500	–	–	–	–	–	–	65,000	–	65,000
Share issue expenses *(note 15)*	–	(2,476)	–	–	–	–	–	–	(2,476)	–	(2,476)
As at 31 December 2015 (unaudited)	1,500	84,384	1,000	21,400	(730)	39,500	6,625	(28,074)	125,605	(177)	125,428

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. 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2016

	Six months ended 31 December	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash used in operating activities	**(16,996)**	(17,570)
Net cash generated from/(used in) investing activities	**16,389**	(52)
Net cash (used in)/generated from financing activities	**(1,256)**	61,638
Net (decrease)/increase in cash and cash equivalents	**(1,863)**	44,016
Cash and cash equivalents at the beginning of period	**48,747**	45,425
Effect of foreign exchange rate changes	**(149)**	(707)
Cash and cash equivalents at the end of period	**46,735**	88,734

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 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.

The Company had its primary listing on the GEM of 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.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the GEM Listing Rules.

The unaudited condensed consolidated financial statements should be read in conjunction with the 2016 annual financial statements. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2016.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's unaudited condensed consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

3. 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.

No analysis is disclosed since the Group has no financial instruments that are measured subsequent to initial recognition at fair value as at 31 December 2016.

	Level 1 (Audited) *HK$'000*	**Level 2 (Audited)** *HK$'000*	**Level 3 (Audited)** *HK$'000*	**Total (Audited)** *HK$'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

There were no transfers between level 1 and 2 for the six months ended 31 December 2016 and the year ended 30 June 2016.

4. SEGMENT INFORMATION

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

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

Environmental and Cleaning	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
Money Lending	Provision of money lending business in Hong Kong under the Money Lenders Ordinance in Hong Kong

Revenue

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

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

	Six months ended 31 December		**Three months ended 31 December**	
	2016	2015	**2016**	2015
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Service income from Environmental and Cleaning	**130,734**	125,022	**65,218**	64,958
Services income from AUTO	**3,122**	3,914	**1,396**	2,274
Services income from Management Services	**7,006**	–	**2,760**	–
Interest income from Money Lending	**150**	–	**150**	–
	141,012	128,936	**69,524**	67,232

Segment revenues and results

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

Six months ended 31 December 2016

	Environmental and Cleaning (Unaudited) *HK$'000*	AUTO (Unaudited) *HK$'000*	Management Services (Unaudited) *HK$'000*	Investments (Unaudited) *HK$'000*	Money Lending (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Revenue						
Revenue from external customers	**130,734**	**3,122**	**7,006**	**–**	**150**	**141,012**
Result						
Segment profit/(loss)	**6,021**	**(1,077)**	**(3,779)**	**380**	**25**	**1,570**
Other incomes, other gains and loss and impairments						**403**
Central administrative costs						**(5,243)**
Finance costs						**(400)**
Loss before taxation						**(3,670)**

Six months ended 31 December 2015

	Environmental and Cleaning (Unaudited) *HK$'000*	AUTO (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Revenue			
Revenue from external customers	125,022	3,914	128,936
Result			
Segment loss	(1,417)	(2,788)	(4,205)
Other incomes and gains			2
Central administrative costs			(15,078)
Finance costs			(395)
Loss before taxation			(19,676)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales during the period (six months ended 31 December 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 emoluments, impairment losses on deposits and other receivables, finance costs and other operating expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

As at 31 December 2016

	Environmental and Cleaning (Unaudited) *HK$'000*	AUTO (Unaudited) *HK$'000*	Management Services (Unaudited) *HK$'000*	Investments (Unaudited) *HK$'000*	Money Lending (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Assets						
Segment assets	**106,435**	**1,924**	**42,983**	**4,192**	**15,170**	**170,704**
Unallocated corporate assets						**11,654**
						182,358

	Environmental and Cleaning (Unaudited) *HK$'000*	AUTO (Unaudited) *HK$'000*	Management Services (Unaudited) *HK$'000*	Investments (Unaudited) *HK$'000*	Money Lending (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Liabilities						
Segment liabilities	**37,728**	**5,234**	**13,904**	**12**	**–**	**56,878**
Unallocated corporate liabilities						**11,767**
						68,645

As at 30 June 2016

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

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

- all assets are allocated to reportable segments other than corporate assets. Goodwill and intangible assets are allocated to reportable segments; and

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

5. OTHER INCOME, OTHER GAINS AND LOSSES AND IMPAIRMENTS

	Six months ended 31 December		Three months ended 31 December	
	2016	2015	**2016**	2015
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other incomes:				
Interest income	**39**	18	**12**	17
Sundry income	**496**	559	**455**	401
	535	577	**467**	418
Other gains:				
Gain on disposals of property, plant and equipment, net	**2**	752	**–**	12
Gain on disposals of subsidiaries	**29**	–	**3**	–
Realised gain on financial assets of FVTPL	**489**	–	**148**	–
	520	752	**151**	12
Other losses and impairments:				
Unrealised loss on financial assets at FVTPL	**–**	–	**955**	–
Impairment loss on goodwill *(Note 11)*	**(3,763)**	–	**(3,763)**	–
	(3,763)	–	**(2,808)**	–
	(2,708)	1,329	**(2,190)**	430

6. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Six months ended 31 December		Three months ended 31 December	
	2016	2015	**2016**	2015
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amortisation of intangible assets	**111**	113	**83**	56
Depreciation of property, plant and equipment	**1,869**	3,499	**924**	1,733
Cost of consumable goods	**1,152**	1,829	**801**	897
Gain on disposals of property, plant and equipment	**2**	752	**–**	13
Loss on written off of property, plant and equipment	**(10)**	(406)	**(5)**	(277)
Staff costs including Directors' emoluments:				
Salaries and wages	**79,141**	79,224	**38,430**	42,160
Long service payment	**153**	86	**153**	22
Allowances and others	**168**	91	**79**	23
Contributions to defined contribution retirement plans	**2,922**	3,030	**1,364**	1,658
Share-based payment expenses	**–**	6,625	**–**	6,625
	82,384	89,056	**40,026**	50,488
Minimum lease payments under operating leases	**4,161**	3,612	**2,371**	1,805

7. INCOME TAX (EXPENSES)/CREDIT

	Six months ended 31 December		Three months ended 31 December	
	2016	2015	**2016**	2015
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current tax:				
Hong Kong Profits Tax				
– Current year provision	**953**	211	**486**	–
Current tax:				
PRC-EIT				
– Current year provision	**45**	–	**(191)**	–
	998	211	**295**	–
Deferred tax	**(107)**	(233)	**(77)**	(287)
Income tax expenses/(credit)	**891**	(22)	**218**	(287)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits of the Hong Kong subsidiaries of the Group for the six months ended 31 December 2016 and 2015 and three months ended 31 December 2016. 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 three months ended 31 December 2015.

PRC Enterprise Income Tax ("EIT") is calculated at 25% of the estimated assessable profits of PRC subsidiaries of the Group for the six months ended 31 December 2016 and the three months ended 31 December 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 six months ended 31 December 2015 and the three months ended 31 December 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.

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 31 December 2016 (six months ended 31 December 2015: HK$Nil).

9. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following:

	Six months ended 31 December		**Three months ended 31 December**	
	2016	2015	**2016**	2015
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loss				
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**(4,492)**	(19,576)	**(3,133)**	(16,657)
	'000	*'000*	***'000***	*'000*
		(Restated)		(Restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,800,000**	1,307,869	**1,800,000**	1,376,484

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the three months ended 31 December 2015 and the six months ended 31 December 2015 has been adjusted for the issuance of shares upon the open offer completed on 9 December 2015 and the share consolidation made on 15 March 2016.

The outstanding 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 three months ended 31 December 2015 and the six months ended 31 December 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 three months ended 31 December 2015 and 2016 and the six months ended 31 December 2015 and 2016.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2016, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK$1,239,000 (six months ended 31 December 2015: approximately HK$2,719,000). During the six months ended 31 December 2016, items of property, plant and equipment with carrying value of approximately HK$46,000 were disposed of (six months ended 31 December 2015: approximately HK$795,000).

11. GOODWILL

	AUTO	**Management Services**	**PPS Shanghai**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 July 2016 (Audited) and 31 December 2016 (Unaudited)	9,159	40,747	2,932	52,838
Accumulated impairment:				
As at 1 July 2016 (Audited)	9,159	–	–	9,159
Impairment for the period	–	3,763	–	3,763
As at 31 December 2016 (Unaudited)	9,159	3,763	–	12,922
Net carrying amount:				
As at 31 December 2016 (Unaudited)	–	36,984	2,932	39,916
As at 30 June 2016 (Audited)	–	40,747	2,932	43,679

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:

	As at 31 December 2016 (Unaudited) *HK$'000*	As at 30 June 2016 (Audited) *HK$'000*
– AUTO	**–**	–
– Management Services *(Note (a))*	**36,984**	40,747
– PPS Shanghai *(Note (b))*	**2,932**	2,932
	39,916	43,679

Notes:

(a) 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 and the post-tax discount rate of approximately 10.5% 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 (i) the expected revenue from existing and potential customers throughout the budget period; (ii) the expected compensations arise from the Guaranteed Profits; and (iii) the expected consideration to be received from the Buy-back.

After the review of the business performance of the Management Services CGU during the six months ended 31 December 2016, it is noted that the business performance of the Management Services CGU is at a decreasing trend and may not reach the Guaranteed Profits due to an unexpected decline in the renewal of the leasing contracts by the tenants who are attracted by the newly open shopping malls located around. Accordingly, the management considered that the Management Services CGU would not generate profits as originally estimated at the date of its acquisition in the cash flow projections and the goodwill allocated to the Management Services CGU is impaired by approximately HK$3,763,000 during the six months ended 31 December 2016.

The recoverable amount of the Management Services CGU has been referenced to the valuation report prepared by GC Appraisals Services Company 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.
Number of leasing contracts	The number of the leasing contracts to be renewed during the budget period is determined based on the past experience and renewal pattern of the existing tenants.
Compensations and Buy Back	According to the terms of the Logon Acquisition, among other things, (i) the vendor irrevocably and unconditionally warrants and guarantees to the Company that the Logon Group will reach the Guaranteed Profits during the Guaranteed Periods; (ii) the vendor is required to pay the Company the Compensations if there is any shortfall in the Guaranteed Profits during the Guaranteed Periods; and (iii) the Company has the right at its own discretion to sell the entire issued share capital of Logon Clean Energy Limited back to the vendor at a cash consideration of HK$30,900,000 after deducting any Compensations paid by the vendor if Logon Group does not reach the Guaranteed Profits in any two of the Guaranteed Periods (the "Buy Back"). Based on the latest review of the performance of the Logon Group, it is estimated that the Guaranteed Profits would not be reached during the first two financial periods ending 30 June 2017 and 2018 and the Company would receive the Compensations during the first two financial periods ending 30 June 2017 and 2018 and would execute the Buy Back at end of the financial period ending 30 June 2018.

(b) As at 30 June 2016, 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. As there have been no material adverse changes in the key assumptions used in the value-in-use calculation of the PPS Shanghai CGU since 30 June 2016 that would cause the carrying amount of the PPS Shanghai CGU to exceed its recoverable amount, the Group would test the goodwill allocated to the PPS Shanghai CGU annually for impairment, or when if there are any indications that the goodwill allocated to the PPS Shanghai CGU might be impaired.

12. TRADE RECEIVABLES

The following is an ageing analysis of trade receivables, presented based on the invoice date:

	As at 31 December 2016 (Unaudited) *HK$'000*	As at 30 June 2016 (Audited) *HK$'000*
0-30 days	**37,034**	34,140
31-60 days	**4,923**	9,088
61-90 days	**1,489**	292
Over 90 days	**134**	768
	43,580	44,288

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

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and ageing analysis of the receivables which requires the use of judgement and estimates. Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivable balances and any overdue balances on an ongoing basis and assessments are made by management on the collectability of overdue balances. As at 31 December 2016 and 30 June 2016, no allowances for bad and doubtful debts in respect of the trade receivables had been made.

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

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.

13. LOAN RECEIVABLE

	As at 31 December 2016 (Unaudited) ***HK$'000***	As at 30 June 2016 (Audited) *HK$'000*
Loan receivable	**15,000**	–
	15,000	–

The Group's loan receivable arises from the Group's money lending business in Hong Kong.

As at 31 December 2016, the loan receivable of approximately HK$15,000,000 represents a loan advanced to an independent third party borrower which is interest bearing at 20% per annum, secured by personal guarantees executed by two independent third party guarantors and repayable on the date falling on the expiry of six months after the date of drawdown of the loan.

The loan made available to the borrower depends on the Group management's assessment of the credit risk on the borrower and the guarantors by evaluation on their background check and repayment abilities.

As at 31 December 2016, the loan receivable is neither past due nor impaired, and is wholly repayable within one year. The credit quality of the loan receivable that is neither past due nor impaired has been assessed by reference to the historical information about the borrower's default rates. The existing borrower does not have defaults in the past.

14. TRADE PAYABLES

The following is an ageing analysis of trade payables:

	As at 31 December 2016 (Unaudited) ***HK$'000***	As at 30 June 2016 (Audited) *HK$'000*
0-30 days	**11,161**	11,697
31-60 days	**1,221**	519
61-90 days	**115**	–
Over 90 days	**165**	69
	12,662	12,285

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 31 December 2016 was an amount due to Niko Cleaning Services Limited ("Niko"), of approximately HK$794,000 (30 June 2016: 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 and 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.

15. DEFERRED REVENUE

	As at 31 December 2016 (Unaudited) ***HK$'000***	As at 30 June 2016 (Audited) *HK$'000*
Car beauty package	**4,480**	5,236
Car beauty membership	**510**	730
Management Services	**1,693**	2,086
	6,683	8,052
Analysed for reporting purpose as:		
Current liabilities	**6,683**	8,052
Non-current liabilities	**–**	–
	6,683	8,052

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

16. BOND

	As at 31 December 2016 (Unaudited) HK$'000	As at 30 June 2016 (Audited) HK$'000
Unlisted corporate bond	**9,391**	9,342

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
Amortised cost as at 30 June 2016 (Audited)	9,342
Interest charged	749
Interest included in other payables	(700)
Amortised cost as at 31 December 2016 (Unaudited)	9,391

17. SHARE CAPITAL

	Number of shares	**Nominal value**
		HK$
Authorised:		
Ordinary shares of HK$0.001 each		
As at 1 July 2016 (Audited) and 31 December 2016 (Unaudited)	100,000,000,000	100,000,000
Issued and fully paid:		
Ordinary shares of HK$0.001 each		
As at 1 July 2016 (Audited) and 31 December 2016 (Unaudited)	1,800,000,000	1,800,000

18. 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:

	As at 31 December 2016 (Unaudited)	As at 30 June 2016 (Audited)
	HK$'000	*HK$'000*
Within one year	**2,579**	5,759
Within two to five years	**810**	1,693
	3,389	7,452

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

19. 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 of directors 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 of directors, 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 5 December 2016 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 period 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 01.07.2016 *(Note 1)*	Granted during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 31.12.2016
Directors								
Mr. Chan Wai Kit *(Note 3)*	11.12.2015	14.12.2015 – 10.12.2025	0.23	10,000,000	–	–	(10,000,000)	–
Ms. Wong Chi Yan *(Note 4)*	11.12.2015	14.12.2015 – 10.12.2025	0.23	10,000,000	–	–	(10,000,000)	–
Mr. Zhang Xiaozheng *(Note 5)*	11.12.2015	14.12.2015 – 10.12.2025	0.23	10,000,000	–	–	(10,000,000)	–
Ms. Wang Jun *(Note 6)*	11.12.2015	14.12.2015 – 10.12.2025	0.23	10,000,000	–	–	(10,000,000)	–
Ms. Li Qingchen *(Note 7)*	11.12.2015	14.12.2015 – 10.12.2025	0.23	10,000,000	–	–	(10,000,000)	–
Mr. Xu Xiaoping *(Note 8)*	11.12.2015	14.12.2015 – 10.12.2025	0.23	10,000,000	–	–	(10,000,000)	–
Sub-total				60,000,000	–	–	(60,000,000)	–
Employees								
In aggregate	11.12.2015	16.12.2015 – 10.12.2025	0.23	37,500,000	–	(37,500,000)	–	–
Total				97,500,000	–	(37,500,000)	(60,000,000)	–

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 31 December 2016, the total number of shares of the Company available for issue under the Share Option Scheme was 180,000,000 shares, representing approximately 10% and 10% of the Shares in issue as at 31 December 2016 and 9 February 2017, being the date of this Interim report, respectively.

20. CONTINGENT LIABILITIES

(a) Performance bond

	As at 31 December 2016 (Unaudited) *HK$'000*	As at 30 June 2016 (Audited) *HK$'000*
Guarantees on performance bonds in respect of environmental service contracts	**11,245**	13,269

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

As at 31 December 2016, fixed deposits of approximately HK$11,257,000 (30 June 2016: approximately HK$7,141,000) were pledged to banks as security for (i) bank facilities of approximately HK$13,894,000 (30 June 2016: HK$13,000,000) 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 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 environmental service contracts.

(b) Litigations – Employees personal injuries

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 11April 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.

21. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following material transactions with its related parties during the reporting periods.

a) The total emoluments payable to key management personnel during the six months ended 31 December 2016 and 31 December 2015 and the three months ended 31 December 2016 and 31 December 2015 were approximately HK$4,279,000, HK$5,882,000, HK$2,295,000 and HK$5,401,000 respectively.

b) During the six months ended 31 December 2016 and 31 December 2015 and the three months ended 31 December 2016 and 31 December 2015, the Group had also subcontracted certain environmental and cleaning contract to Niko at subcontracting fee charges of approximately HK$2,382,000, HK$2,382,000, HK$1,191,000 and HK$1,191,000 respectively.

22. EVENTS AFTER THE REPORTING PERIOD

(i) On 11 January 2017, Go Million Limited ("Go Million"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party purchaser, pursuant to which Go Million agreed to sell and the purchaser agreed to acquire the entire issued share capital of Elite Car Services Limited at a cash consideration of HK$1. Elite Car Services Limited together with its subsidiaries is principally engaged in the provision of auto beauty services in Hong Kong. After this disposal, the Group is no longer engaged in the provision of auto beauty services in Hong Kong.

(ii) On 21 December 2016, the Company announced its proposal to raise not less than HK$48,600,000 and not more than HK$49,612,500 before expenses by way of a rights issue by issuing not less than 900,000,000 rights shares and not more than 918,750,000 rights shares on the basis of one rights share for every two Shares held by the qualifying shareholders at a subscription price of HK$0.054 per rights share (the "Rights Issue"). 324,070,500 rights shares are undertaken by Wui Wo Enterprise Limited and Mr. Yu Weiye ("Mr. Yu"), the controlling shareholder of the Company under the GEM Listing Rules, pursuant to the undertakings dated 21 December 2016 (the "Undertakings") entered into between the Company with each of Wui Wo Enterprise Limited and Mr. Yu subject to the terms and conditions set out in the Undertakings. Under the Rights Issue, not less than 575,929,500 rights shares and not more than 594,679,500 rights shares are underwritten by Lamtex Securities Limited (the "Underwriter") pursuant to the underwriting agreement dated 21 December 2016 (the "Underwriting Agreement") entered into between the Company and the Underwriter subject to the terms and conditions set out in the Underwriting Agreement.

The Company will receive gross proceeds of approximately HK$48,600,000 from the Rights Issue. The estimated net proceeds of the Rights Issue will be approximately HK$47,000,000. The Company intends to apply net proceeds from the Rights Issue in the following manner:

– approximately HK$25,500,000 will be utilized for the set up of the head office in Shenzhen and the expansion of the cleaning business in the PRC region, it is expected that the setting up of the head office will be finished by June 2017;

– approximately HK$15,000,000 will be utilized for the expansion of money lending services in order to bring in additional income to the Group, the Company is actively negotiating with some potential borrowers; and

– the remaining balance of approximately HK$6,500,000 will be utilized as the pledged bank deposits as banks' guarantees on the performance bonds issued for due performance of any new environmental service contracts, expected to be awarded and the working capital of the Group.

Details of the Rights Issue are set out in the Company's announcement dated 21 December 2016 and the Company's prospectus dated 20 January 2017. The results of the Rights Issue will be announced by the Company on 15 February 2017.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation. The changes included the reclassification of certain expenses previously classified under cost of services to the selling and marketing expenses and the administrative expenses. The new classification of the accounting items was considered to provide a more appropriate presentation of the Group's results.

BUSINESS OVERVIEW

Environmental and Cleaning Services

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) stonefloor maintenance and restoration services; (v) pest control and fumigation services; (vi) waste management and disposal solutions which mainly involve collection, transportation and disposal of household waste, construction waste and trade waste and sales of recyclable waste such as paper, metal and plastic waste collected during our operations; (vii) housekeeping services where we provide housekeeping services to carry out professional daily housekeeping and cleaning services at local boutique hotels, hostels and serviced apartments; (viii) secure and confidential waste destruction for commercial clients; (ix) sanitation solution for yacht; and (x) cleaning and waste management solution for renovated apartment.

Environmental and Cleaning Services in Shanghai, the PRC

On 9 May 2016, the Group completed the acquisition of the 51% equity interest in Shanghai Sheng Mao Cleaning Services Company Limited (the company name was changed to Shanghai PPS Sheng Mao Cleaning Services Company Limited after our acquisition, hereinafter referred to as “PPS Shanghai”).

Auto Beauty Services

As part of the environmental and cleaning services business, the Group had engaged in auto beauty services for private cars under its own brand name “E-Car” (formerly known as “Champion Auto Club”) in Hong Kong. The auto beauty services offered by E-Car includes auto-body cleaning service, premium waxing service, carpet and sofa steaming treatment, auto compartment cleaning and vacuuming service, coating service and unrivalled air-purifying service.

Property and Car Park Management Services

On 11 April 2016, the Company completed the acquisition of the entire issued share capital of Logon Clean Energy Limited (the “Logon Acquisition”). Logon Clean Energy Limited, through its subsidiaries, (collectively referred to as the “Logon Group”) is principally engaged in the provision of property and car park management services in Shenzhen, the PRC.

Investments in Financial Assets

During the period, the Group has invested in financial assets classified as the financial assets at fair value through profit or loss which composed of only the shares of companies listed on the Stock Exchange.

Money Lending Business

The Group has tried to seek for other investment opportunities in order to broaden the income source. In December 2016, the Group commenced its money lending business through Profit Management Limited, an indirect wholly-owned subsidiary of the Company, which was granted a money lenders licence by the licensing court in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

BUSINESS REVIEW

Environmental and Cleaning Services in Hong Kong

Compared to the revenue of approximately HK$125.0 million for the six months ended 31 December 2015, the Group's revenue from the environmental and cleaning services in Hong Kong slightly increased by approximately HK$2.6 million to approximately HK$127.6 million for the six months ended 31 December 2016 mainly due to the net effect of (i) additional contracts secured in the transportation sector and commencement of several new service contracts in the commercial and residential sector; (ii) regular price increment for our tenanted services contracts; and (iii) expiry of several service contracts in the commercial and residential sector

The Group has taken a more proactive approach to gain additional market share in the environmental and cleaning services industry in Hong Kong and also achieved net profit of approximately HK$5.4 million (six months ended 31 December 2015: net loss of approximately HK$1.4 million) for the six months ended 31 December 2016.

Environmental and Cleaning Services in Shanghai, the PRC

During the six months ended 31 December 2016, PPS Shanghai contributed revenue of approximately HK$3.2 million to the Group's total revenue. As certain selling and marketing expenses and office renovation expenses were incurred by PPS Shanghai to promote its services and set up the office, PPS Shanghai still has not recorded positive results during the period.

Auto Beauty Services

During the six months ended 31 December 2016, E-Car contributed revenue of approximately HK$3.1 million to the Group's total revenue. With the fierce competition from other competitors, E-Car still has not achieved positive results since the date of completion of our acquisition. In view of the unsatisfactory financial performance of E-Car and the time cost of the management of the Group devoted into the operations of E-Car, the Group disposed of the entire interests in E-Car on 11 January 2017 which would allow the Group to exist the auto beauty services business and focus on the profit making environmental and cleaning business and money lending business.

Property and Car Park Management Services

According to the terms of the Logon Acquisition, amongst other things, (i) certain key management personnel employed by the Logon Group prior to the Logon Acquisition has been retained as the key management personnel of the Logon Group (the "Retained Management") for a period from the date of the Logon Acquisition to 30 June 2019; (ii) the vendor irrevocably and unconditionally warrants and guarantees to the Company that the audited consolidated net profit before tax of the Logon Group for the period from the date of the Logon Acquisition to 30 June 2017 and two years ending 30 June 2018 and 2019 (the "Guaranteed Periods") will reach certain amounts of profit before tax (the "Guaranteed Profits"); (iii) the vendor is required to compensate the Company the amounts (the "Compensations"), being the difference between the Guaranteed Profits and the actual profits before tax of Logon Group or the sum of the Guaranteed Profits and the actual net loss before tax of Logon Group if there is any shortfall in the Guaranteed Profits; and (iv) the Company has the right at its own discretion to sell the entire issued share capital of Logon Clean Energy Limited back to the vendor at a cash consideration of HK$30,900,000 after deducting any Compensations paid by the vendor if Logon Group does not reach the Guaranteed Profits in any two of the Guaranteed Periods (the "Buy Back").

During the six months ended 31 December 2016, the Logon Group contributed revenue of approximately HK$7.0 million to the Group's total revenue and loss before tax of approximately HK$0.02 million to the Group's total profit before tax. It is noted that the financial performance of the Logon Group has been at a decreasing trend since October 2016 due to an unexpected decline in the renewal of the leasing contracts by the tenants who are attracted by the newly opened shopping malls located around the shopping malls managed by Logon Group.

Investments in Financial Assets

The Group's investment strategy is to review the investment portfolio continuously and make appropriate adjustments (by acquisition or disposal) according to the market situation, with an aim to generate reasonable returns. During the six months ended 31 December 2016, the Group determined to fully dispose of all investments on hand when their net market prices were favorable to their investment costs resulting in the net realised gain of HK$0.5 million.

Information on the performance of the Group's financial assets at fair value through profit or loss during the six months ended 31 December 2016 is set out as below:

Name of stock (Stock code)	**Realised gain/(loss) on disposal for the six months ended 31 December 2016** *(HK$'000)*
Mega Medical Technology Limited (876)	2,686
Prosten Technology Holdings Limited (8026)	(2,538)
CK Hutchison Holdings Limited (1)	213
Hong Kong Exchanges and Clearing Limited (388)	128

Money2 Lending Business

In December 2016, the Group granted a loan in the principal amount of HK$15 million to an independent third party borrower with interest bearing at 20% per annum and the Money Lending Business became one of the sources for the Group's profit for the six months ended 31 December 2016. The interest income from the loan for the six months ended 31 December 2016 amounted to approximately HK$0.2 million.

OUTLOOK

Environmental and Cleaning Services in Hong Kong

The Group was successful in renewing and securing a number of new material representative environmental services contracts. We believe that these contracts shall be used as the backbone to support our Group's business growth. We have secured several new contracts in the transportation sector in which the Group provides 24 hours environmental and cleaning services. As such, we have demonstrated our ability to provide large scale environmental services, and we have also strengthen our reputation as one of the largest environmental services provider in Hong Kong. We would continue to enhance the quality of services by providing training to our front line staff.

Labor market competition has intensified with the implementation of the Statutory Minimum Wage (the "SMW") in Hong Kong. The SMW is set to be reviewed in May 2017. The Group is facing higher labor turnover rate in the environmental services industry as more labor tend to work in other less laborious industries such as the security guard service industry under the same SMW rate. To offset the increase in labor costs, the Group is striving to transfer most of the increased labor costs to our customers. The Group is closely monitoring the labor turnover rate and regularly reviews our remuneration package in order to maintain sufficient labor force and cope with the changing environment.

Looking forward, we would strengthen our marketing effort in hope to expand our market shares in the commercial and transportation sectors and continue to consolidate our resources to focus on high value customers to bring in additional revenue by cross-selling other cleaning and waste management services to our existing customers. We believe this strategy may not only improve our revenue per customer but also increase our profit margin as we could leverage our existing manpower to perform services at location where we already have presence. We would explore other new environmental and cleaning services to expand our service scope to enable customers to use the Group as a onestop cleaning contractor. We would continue to streamline our operations in order to simplify and improve our operation efficiency. We believe that our success in the transportation sector will further build up the confidence for new clients to select our cleaning services in the coming future.

Environmental and Cleaning Services in Shanghai, the PRC

Together with the extensive business network and operating experience possessed by the existing management of PPS Shanghai, the additional capital injection made by the Group and the management and operating skills provided by our Group, PPS Shanghai is expanding as expected. PPS Shanghai has secured several new services contracts since the completion of the acquisition. PPS Shanghai will implement the same quality control and training program as the same in Hong Kong. It is expected that the quality of service provided by PPS Shanghai will further be improved. The management of PPS Shanghai will also refine its marketing strategies in order to attract more new customers to utilize our cleaning services in Shanghai, PRC. Through the acquisition of PPS Shanghai, it is believed that the Group would accelerate its expansion of the environmental and cleaning services into the PRC.

Auto Beauty Services

With the fierce competition, E-Car still has not achieved positive results since the date of completion of the acquisition. Having considered the unsatisfactory performance of the business of E-Car, on 11 January 2017, the Group entered into a sale and purchase agreement with an independent third party purchaser, pursuant to which Go Million agreed to sell and the purchaser agreed to acquire the entire issued share capital of Elite Car Services Limited at a cash consideration of HK$1. Elite Car Services Limited together with its subsidiaries is principally engaged in the provision of auto beauty services in Hong Kong. After this disposal, the Group is no longer engaged in the business of provision of auto beauty services in Hong Kong.

Property and Car Park Management Services

It is noted that the financial performance of the Logon Group has been at a decreasing trend since October 2016 due to an unexpected decline in the renewal of the leasing contracts by the tenants who are attracted by the newly opened shopping malls located around the shopping malls managed by Logon Group. As the property and car park management service has not been performing as expected and its contribution is minimal, the management of the Group is considering to dispose of this business if and when opportunities arise which are in the interest of the Group and shareholders as a whole. It is believed that the potential disposal of the property and car park management services business will not have significant adverse effect on the business of the Group. Meanwhile, the management of the Group and the Retained Management would closely work together to improve the financial performance of the Logon Group by formulating appropriate sales and marketing activities to attract high value tenants and exploring possible cost saving policies.

Investments in Financial Assets

A cautious and prudent approach is continued to be the key direction of our investment strategies that only companies listed on the Stock Exchange with valuable prospects would be considered and invested by the Group in the future.

Money Lending Business

The Group continues to adopt the money lending policy and procedure manual which provide guidelines on handling and monitoring of money lending procedures according to the Money Lenders Ordinance. A cautious and prudent approach is the key direction of our money lending strategies that only borrowers with sound financial abilities would be considered and approved by the Group in the future.

FINANCIAL REVIEW

Revenue

For the six months ended 31 December 2016, the Group reported a total revenue of approximately HK$141.0 million (six months ended 31 December 2015: approximately HK$128.9 million), representing an increase of approximately 9.4% mainly due to (i) increase in the revenue from the environmental and cleaning services business in Hong Kong by approximately HK$2.6 million to approximately HK$127.6 million for the six months ended 31 December 2016 (six months ended 31 December 2015: approximately HK$125.0 million) as a result of regular price increment for own tenanted services contracts and successful bid and renewal of a number of significant services contracts for commercial complexes and transportation services in Hong Kong; (ii) contribution of the revenue of approximately HK$3.2 million from the newly acquired environmental and cleaning services business in Shanghai, the PRC in May 2016; and (iii) contribution of the additional revenue of approximately HK$7.0 million from the newly acquired property and car park management services business in Shenzhen, the PRC in April 2016.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 31 December 2016 increased by approximately HK$7.2 million to approximately HK$20.0 million (six months ended 31 December 2015: approximately HK$12.8 million) was mainly due to (i) increase in the gross profit by approximately HK$5.5 million generated from the environmental and cleaning services business in Hong Kong; (ii) additional gross profit of approximately HK$0.7 million from the newly acquired environmental and cleaning services business in Shanghai, the PRC in May 2016; and (iii) additional gross profit of approximately HK$1.6 million from the newly acquired property and car park management services business in Shenzhen, the PRC in April 2016.

The gross profit margin of the Group for the six months ended 31 December 2016 increased by approximately 4.2% to approximately 14.2% (six months ended 31 December 2015: approximately 10.0%).

The increase in gross profit margin of the Group for the period was mainly due to the improvement in the gross profit margin from the environmental and cleaning services business in Hong Kong by approximately 4.2% to approximately 11.3% (six months ended 31 December 2015: approximately 7.1%) for the six months ended 31 December 2016 as a result of (i) the reduction in direct labor and manpower services costs as a result of the implementation of more efficient working flows procedures as well as stringent cost control procedures by the Group; and (ii) early termination of some loss making service contracts during the period.

Impairment Loss on Goodwill

At 31 December 2016, before impairment testing, goodwill of approximately HK$40.7 million was allocated to the cash generating unit of the newly acquired property and car park management services business ("Management Services CGU"). After the review of the business performance of the Management Services CGU during the six months ended 31 December 2016, it is noted that the business performance of the Management Services CGU is at a decreasing trend and may not reach the Guaranteed Profits due to an unexpected decline in the renewal of the leasing contracts by the tenants who are attracted by the newly open shopping malls located around the shopping malls managed by the Management Services CGU. Accordingly, the management considered that the Management Services CGU would not generate profits as originally estimated at the date of its acquisition in the cash flow projections and the goodwill allocated to the Management Services CGU is impaired by approximately HK$3.8 million during the six months ended 31 December 2016.The impairment test has been referenced to the valuation report prepared by GC Appraisals Services Company Limited, an independent professional valuer.

Selling and Marketing Expenses, Administrative Expenses and Other Losses

The Group's selling and marketing expenses, administrative expenses and other losses decreased by approximately HK$12.8 million to approximately HK$20.5 million (six months ended 31 December 2015: approximately HK$33.3 million) for the six months ended 31 December 2016. The decrease was mainly due to the net effect of (i) decrease in the selling and marketing expenses and administrative expenses, including but not limited to entertainment, advertising and promotion expenses, legal and professional fees and office expenses, as a result of the implementation of the tight costs control procedures during the period; (ii) recognition of the share-based payment expenses of approximately HK$6.6 million related to the grant of share options to eligible employees of the Group on 11 December 2015 which is one-off and non-cash in nature; and (iii) additional general selling marketing expenses and administrative expenses of approximately HK$2.7 million incurred by the newly acquired environmental and cleaning business in Shanghai, the PRC in May 2016 and the newly acquired property and car park management services business in Shenzhen, the PRC in April 2016.

Liquidity, Financial Resources And Capital Structure

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

During the six months ended 31 December 2016, the Group had financed its operations and capital requirements through operating cash flows and net proceeds from the equity financing.

As at 31 December 2016, the Group had cash and cash equivalents of approximately HK$46.7 million (30 June 2016: approximately HK$48.7 million).

As at 31 December 2016, the Group had net current assets of approximately HK$71.6 million (30 June 2016: approximately HK$68.9 million) and current ratio of approximately 2.2 (30 June 2016: approximately 2.0) which remain healthy.

As at 31 December 2016, the total debt of the Group were approximately HK$13.2 million (30 June 2016: approximately HK$14.4 million) which include other borrowing of approximately HK$2.6 (30 June 2016: approximately HK$4.3 million), obligations under finance leases of approximately HK$1.2 million (30 June 2016: approximately HK$0.8 million) and unlisted corporate bond of approximately HK$9.4 million (30 June 2016: approximately HK$9.3 million). The gearing ratio of the Group (calculated by dividing total debt by total equity) as at 31 December 2016 was approximately 11.6% (30 June 2016: approximately 12.2%), which remains healthy and stable.

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

Charges on the Group's Assets

As at 31 December 2016, the Group had obligations under finance leases of approximately HK$1.2 million (30 June 2016: approximately HK$0.8 million), of which approximately HK$0.4 million (30 June 2016: approximately HK$0.3 million) was repayable within one year. Such obligations under finance leases were secured by the relevant motor vehicles.

As at 31 December 2016, the Group had bank deposits of approximately HK$11.3 million (30 June 2016: approximately HK$7.1 million) pledged to banks as security for due performance under environmental service contracts and banking facilities granted to the Group.

Foreign Exchange Exposure

The Group's business transactions are mainly denominated in Hong Kong dollars and Renminbi. The management of the Group closely monitors the foreign exchange exposure of the Group and will consider hedging significant foreign currency exposure should the need arises.

Contingent Liabilities

Save as disclosed in the note 20 to the unaudited condensed consolidated financial statements, the Group had no other material contingent liabilities as at 31 December 2016 and 30 June 2016.

Information on Employees

The Group had 1,236 employees as at 31 December 2016. The Group's remuneration practices are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of a good relationship with the employees by providing competitive remuneration package to the employees including salaries, allowances, insurance, discretionary bonus, and training for human resources upskilling. Total staff costs and related expenses (including Directors' remuneration) for the six months ended 31 December 2016 decreased by approximately 7.5% to approximately HK$82.3 million over that for the same period of previous year.

On 11 December 2015, the Group granted the Share Options to the eligible employees within the Group under the Share Option Scheme to motivate and compensate their contributions to the Group. Details of the grant of the Share Options are set out in the Company's announcement dated 11 December 2015. The movements in the Share Options granted under the Share Option Scheme during the period are set out in the note 19 to the unaudited condensed consolidated financial statements.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

There were neither significant investments held by the Group as at 31 December 2016 nor material acquisitions or disposals of subsidiaries made by the Group during the six months ended 31 December 2016.

The Company intends to apply net proceeds of approximately HK$25.5 million from the Rights Issue for the set up of the head office in Shenzhen and the expansion of the cleaning business in the PRC region, it is expected that the setting up of the head office in Shenzhen will be completed by June 2017.

In the future, the Group continues to strengthen its existing core businesses of the environmental and cleaning services business and the money lending business. Apart from this, the Group is also interested in the development of the professional financial services business and is exploring ways to enter into this business segment, including but not limited to making investments in such business and/or establishing such business through the Group's internal resources. The Group will also explore other businesses that have promising outlooks and prospects.

Communication with Shareholders

The Board communicates with the shareholders through the annual general meetings and special general meetings. In compliance with the requirements of GEM Listing Rules, the Company issued regular reports, announcements, circulars and notice of general meetings. Shareholders can get the latest information of the Company through these publications of the Company from the Company's corporate website (www.ppsintholdings.com) and the GEM website (www.hkgem.com).

Shareholders may send their enquiries and concerns to the Board by addressing them to the Board or the company secretary of the Company by mail at 24/F, SUP Tower, 75-83 King's Road, North Point, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the relevant executive officer of the Company.

DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 31 December 2016 (six months ended 31 December 2015: Nil).

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

Executive Directors

Mr. Yu Shaoheng	–	appointed on 28 October 2016 for a director fee of HK$600,000 per annum
Ms. Mui Fong	–	appointed on 28 October 2016 for a director fee of HK$600,000 per annum
Mr. Tse Man Yiu	–	resigned on 11 January 2017
Ms. Ding Pingying	–	resigned on 11 January 2017

Independent Non-Executive Director

Mr. Xiufeng	–	appointed on 16 December 2016 for a director fee of HK$120,000 per annum
Mr. Huang Ke	–	retired on 5 December 2016

All newly appointed executive Directors and independent non-executive Director are 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.

SHARE OPTIONS

(1) Share Option Scheme

The Share Option Scheme was adopted and approved by shareholders of the Company on 28 May 2013 and shall be valid and effective for a period of ten years commencing from the date of adoption. The summary of the Share Option Scheme and the movements in the share option granted under the Share Option Scheme during the period are set out in the note 19 to the unaudited condensed consolidated financial statements.

(2) Share Warrants

On 20 December 2014, the Company issued 2,000,000,000 unlisted warrants (the "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 Warrants have been exercised up to the date of this report and the expiry date. The Warrants expired on 28 January 2016.

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

Save as disclosed below, as at 31 December 2016, 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 GEM Listing Rules.

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
Ms. Mui Fong	The Company	Interests of spouse *(Note 1)*	648,141,000	Long	36.01%

Note:

1. Mr. Yu Weiye beneficially owned 648,141,000 shares of the Company, of which 269,165,000 shares of the Company were owned by Wui Wo Enterprise Limited, a company wholly owned by Mr. Yu Weiye. Ms Mui Fong is the wife of Mr. Yu Weiye and deemed to be interested in 648,141,000 shares of the Company held by Mr. Yu Weiye in accordance with the SFO.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2016, 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
Mr. Yu Weiye	The Company	Beneficial owner *(Note 1)*	378,976,000	Long	21.05%
	The Company	Interested in controlled corporation *(Note 1)*	269,165,000	Long	14.95%
Zhao Han	The Company	Beneficial owner *(Note 2)*	120,000,000	Long	6.07%
Gao Lili	The Company	Interests of spouse *(Note 2)*	120,000,000	Long	6.07%
Lamtex Securities Limited	The Company	Other *(Note 3)*	575,929,500	Long	32.0%
Chung Kam Lau	The Company	Beneficial owner	113,410,000	Long	6.3%

Notes:

1. Mr. Yu Weiye beneficially owned 648,141,000 shares of the Company, of which 269,165,000 shares of the Company were owned by Wui Wo Enterprise Limited, a company wholly owned by Mr. Yu Weiye. Ms Mui Fong is the wife of Mr. Yu Weiye and deemed to be interested in 648,141,000 shares of the Company held by Mr. Yu Weiye in accordance with the SFO.

2. Ms. Gao Lili is the spouse of Mr. Zhao Han. Ms. Gao Lili is deemed to be interested in 6.07% interests in the share capital of the Company under the SFO.

3. The 575,929,500 Shares represent that the number of the Shares that Lamtex Securities Limited has agreed to underwrite pursuant to the Underwriting Agreement.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this announcement, none of the Directors and their respective associates including spouses and children under 18 years of age was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the reporting period.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

During the reporting period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any noncompliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors during the six months ended 31 December 2016.

COMPETING INTERESTS

During the reporting period and up to date of this report, 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.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the shareholders.

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 and the GEM Listing Rules for the six months ended 31 December 2016 and up to the date of this report, except for the deviations of the following Codes and GEM Listing Rules.

(i) Under the Code provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the period under review, the roles of chairman of the Board and chief executive officer of the Company were performed by the same executive Directors. Following the resignation of Mr. Chan Wai Kit as an executive Director, the chairman of the Board and the chief executive officer of the Company on 11 July 2016 and up to the date of this report, no chairman of the Board is appointed by the Company and the chief executive officer of the Company is performed by the executive Director, Mr. Ye Jingyuan. The Company considered that under the supervision of its Board and its independent non-executive Directors, a balancing mechanism existed so that the interests of the Shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement.

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

(iii) Under the Code provision F1.1 and the Rule 5.14 of the GEM Listing Rules, the Company is required to appoint a qualified individual as its company secretary to discharge the functions of company secretary of the Company. Following the resignation of Ms. Wong Chi Yan ("Ms. Wong") as the company secretary of the Company on 18 July 2016, the Company did not appointed the company secretary of the Company in accordance with the Code provision F1.1 and the Rule 5.14 of the GEM Listing Rules up to 3 October 2016. On 3 October 2016, Mr. Chan Woon Wing, a certified public accountant was appointed by the Board as the company secretary of the Company in accordance with the Code provision F1.1 and the Rule 5.14 of the GEM Listing Rules.

REVIEW BY THE AUDIT COMMITTEE

The audit committee consists of three members, namely Mr. Chui Chi Yun, Robert, (chairman of the audit committee), Mr. Kwong Tsz Ching, Jack and Mr. Yu Xiufeng, all being independent non-executive Directors.

The audit committee has reviewed with the management of the Group the financial and accounting policies and practices adopted by the Group, its internal controls, risks management and financial reporting matters and the above unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2016; and is of the opinion that the preparation of the unaudited condensed consolidated financial statements complied with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 9 February 2017

As at the date of this announcement, the Board comprises three executive Directors, Mr. Ye Jingyuan, Mr. Yu Shaoheng and Ms. Mui Fong, and three independent non-executive Directors, Mr. Chui Chi Yun Robert, Mr. Kwong Tsz Ching, Jack and Mr. Yu Xiufeng.