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 2017

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 2017

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 2017, together with the unaudited comparative figures for the corresponding period in 2016 as follows:

		Six months ended 31 December		**Three months ended 31 December**	
		2017	2016	**2017**	2016
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations					
Revenue	3	**153,412**	130,884	**77,184**	65,368
Cost of services		**(130,083)**	(115,564)	**(65,221)**	(57,783)
Gross profit		**23,329**	15,320	**11,963**	7,585
Other income and gains	4	**170**	1,037	**123**	1,563
Selling and marketing expenses		**(1,146)**	(927)	**(551)**	(537)
Administrative expenses		**(25,368)**	(13,823)	**(17,494)**	(5,940)
Finance costs	5	**(2,833)**	(421)	**(1,903)**	(213)
(Loss)/profit before taxation	6	**(5,848)**	1,186	**(7,862)**	2,458
Income tax expenses	7	**(2,618)**	(819)	**(1,451)**	(381)
(Loss)/profit for the period from continuing operations		**(8,466)**	367	**(9,313)**	2,077
Discontinued operations					
Loss for the period from discontinued operations	9(c)	**–**	(4,928)	**–**	(5,222)
Loss for the period		**(8,466)**	(4,561)	**(9,313)**	(3,145)

	Notes	Six months ended 31 December **2017** **(Unaudited)** ***HK$'000***	Six months ended 31 December 2016 (Unaudited) *HK$'000*	Three months ended 31 December **2017** **(Unaudited)** ***HK$'000***	Three months ended 31 December 2016 (Unaudited) *HK$'000*
Other comprehensive income/(loss)					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translating foreign operations		**633**	(149)	**144**	(134)
Total comprehensive loss for the period		**(7,833)**	(4,710)	**(9,169)**	(3,279)
Profit/(loss) for the period attributable to:					
Owners of the Company		**(8,500)**	(4,492)	**(9,325)**	(3,133)
Non-controlling interests		**34**	(69)	**12**	(12)
		(8,466)	(4,561)	**(9,313)**	(3,145)
Total comprehensive income/(loss) for the period attributable to:					
Owners of the Company		**(7,867)**	(4,641)	**(9,181)**	(3,267)
Non-controlling interests		**34**	(69)	**12**	(12)
		(7,833)	(4,710)	**(9,169)**	(3,279)
			(restated)		(restated)
(Loss)/earnings per share					
From continuing and discontinuing operations – Basic and diluted *(HK cents)*	10	**(3.15)**	(2.23)	**(3.45)**	(1.56)
From continuing operations – Basic and diluted *(HK cents)*	10	**(3.15)**	0.19	**(3.45)**	1.03
From discontinued operations – Basic and diluted *(HK cents)*	10	**(3.15)**	(2.42)	**(3.45)**	(2.59)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	As at 31 December 2017 (Unaudited) HK$'000	As at 30 June 2017 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	11	**8,330**	9,505
Intangible assets		**1,117**	1,172
Goodwill	12	**2,932**	2,932
Restricted bank deposits		**8,462**	10,843
		20,841	24,452
Current assets			
Inventories		**321**	142
Trade receivables	13	**49,520**	49,841
Deposits, prepayments and other receivables		**5,317**	6,288
Loans and interest receivables	14	**100,000**	75,450
Restricted bank deposits		**4,755**	2,105
Cash and cash equivalents		**80,167**	52,932
		240,080	186,758
Current liabilities			
Trade payables	15	**16,500**	14,880
Accruals, deposits received and other payables		**35,001**	33,113
Obligations under finance leases		**389**	428
Convertible bonds	16	**45,448**	–
Current tax payable		**3,518**	752
		100,856	49,173
Net current assets		**139,224**	137,585
Total assets less current liabilities		**160,065**	162,037

	Notes	As at 31 December 2017 (Unaudited) *HK$'000*	As at 30 June 2017 (Audited) *HK$'000*
Non-current liabilities			
Obligations under finance leases		**420**	593
Deferred tax liabilities		**429**	577
Bond	17	**9,495**	9,442
		10,344	10,612
NET ASSETS		**149,721**	151,425
Capital and reserves			
Share capital		**2,700**	2,700
Reserves		**147,064**	148,802
Total equity attributable to owners of the Company		**149,764**	151,502
Non-controlling interests		**(43)**	(77)
TOTAL EQUITY		**149,721**	151,425

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

	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$'000*	**Convertible bonds equity reserve** *HK$'000* *(Note (c))*	**Accumulated losses** *HK$'000*	**Equity attributable to owners of the Company** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
As at 1 July 2017 (audited)	**2,700**	**154,500**	**1,000**	**21,400**	**(1,281)**	**–**	**(26,817)**	**151,502**	**(77)**	**151,425**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(8,500)**	**(8,500)**	**34**	**(8,466)**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**633**	**–**	**–**	**633**	**–**	**633**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**633**	**–**	**(8,500)**	**7,867**	**34**	**(7,833)**
Recognition of equity component of the convertible bonds	**–**	**–**	**–**	**–**	**–**	**6,129**	**–**	**6,129**	**–**	**6,129**
As at 31 December 2017 (unaudited)	**2,700**	**154,500**	**1,000**	**21,400**	**(648)**	**6,129**	**(35,317)**	**149,764**	**(43)**	**149,721**

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$'000*	Option reserve *HK$'000* *(Note (d))*	Accumulated losses *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 (audited)	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

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 equity component of the convertible bonds issued on 21 August 2017.

(d) Option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for the equity-settled share-based payments. During the six months ended 31 December 2016, the balance of this reserve had been transferred to the accumulated losses upon lapse and cancellation of the share options.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2017

	Six months ended 31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash used in operating activities	**(21,610)**	(16,996)
Net cash (used in)/generated from investing activities	**(740)**	16,389
Net cash generated from/(used in) financing activities	**48,952**	(1,256)
Net increase/(decrease) in cash and cash equivalents	**26,602**	(1,863)
Cash and cash equivalents at the beginning of period	**52,932**	48,747
Effect of foreign exchange rate changes	**633**	(149)
Cash and cash equivalents at the end of period	**80,167**	46,735

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

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.

Key event

On 21 August 2017, the Group issued the zero coupon convertible bonds in the principal amount of HK$50,000,000 due on 20 August 2018. Details of which are set out in the note 17 to the unaudited condensed consolidated financial statements.

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 2017 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 2017.

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 2017. 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. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker, which are used to make strategic decisions including resources allocation and assessment of segment performance.

The segments are managed separately as each business offers different products and services and requires different business strategies. No operating segments identified by the chief operating decision-maker have been aggregated in arriving at the reportable segments of the Group. The following summary describes the operations in each of the Group's reportable segments:

Continuing operations

Environmental and cleaning	Provision of environmental and cleaning services in Hong Kong, Shanghai, Shenzhen, the People's Republic of China (the "PRC")
Money lending	Provision of money lending business in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
Investments	Investments in financial assets

Discontinued operations

Auto beauty	Provision of car beauty services in Hong Kong
Management services	Provision of property and car park management services in Shenzhen, the PRC

The chief operating decision maker assess the performance of the operating segments based on a measure of reportable segment results. This measurement basis excludes central administrative and other costs including directors' emolument, impairment loss on other receivables, other operating expenses and finance costs.

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**	
	2017	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
Service income from Environmental and Cleaning	**144,947**	130,734	**72,399**	65,218
Interest income from Money Lending	**8,465**	150	**4,785**	150
	153,412	130,884	**77,184**	65,368
Discontinued operations				
Services income from AUTO	**–**	3,122	**–**	1,396
Services income from Management Services	**–**	7,006	**–**	2,760
	–	10,128	**–**	4,156

Segment revenues and results

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

Six months ended 31 December 2017

	Continuing operations		
	Environmental and cleaning	**Money lending**	**Total**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
	HK$'000	***HK$'000***	***HK$'000***
Reportable segment revenue from external customers	**144,947**	**8,465**	**153,412**
Reportable segment profit	**5,641**	**7,552**	**13,193**
Unallocated corporate income/(expense)			
Other income and gains			**75**
Central administrative costs			**(16,301)**
Finance costs			**(2,815)**
Loss before taxation			**(5,848)**

Six months ended 31 December 2016

	Continuing operations			Discontinued operations		
	Environmental and cleaning	**Investments**	**Money lending**	**Auto beauty**	**Management services**	**Total**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue from external customers	130,734	–	150	3,122	7,006	141,012
Reportable segment profit/(loss)	6,021	380	25	(1,077)	(3,779)	1,570
Unallocated corporate income/(expense)						
Other income and other gains						403
Central administrative costs						(5,243)
Finance costs						(400)
Loss before taxation						(3,670)

Turnover reported above represents revenue generated from external customers. There were no inter-segment sales during the period (six months ended 31 December 2016: 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

	At at 31 December 2017			As at 30 June 2017			
	Environmental and cleaning	**Money lending**	**Total**	**Environmental and cleaning**	**Investments**	**Money lending**	**Total**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Audited)	(Audited)	(Audited)	(Audited)
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets							
Segment assets	**113,506**	**106,437**	**219,943**	102,805	172	76,586	179,563
Unallocated corporate assets			**40,978**				31,647
			260,921				211,210
Liabilities							
Segment liabilities	**51,190**	**1,884**	**53,074**	(47,577)	(6)	(609)	(48,192)
Unallocated corporate liabilities			**58,126**				(11,593)
			111,200				(59,785)

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 bonds.

4. OTHER INCOME AND GAINS

	Six months ended 31 December		Three months ended 31 December	
	2017	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other incomes:				
Continuing operations				
Interest income	**9**	23	**5**	2
Sundry income	**161**	496	**118**	455
	170	519	**123**	457
Other gains:				
Continuing operations				
Gain on disposals of subsidiaries	**–**	29	**–**	3
Realised gain on financial assets of FVTPL	**–**	489	**–**	148
Unrealised fair gain on financial assets at FVTPL	**–**	–	**–**	955
	–	518	**–**	1,106
	170	1,037	**123**	1,563

5. FINANCE COSTS

	Six months ended 31 December		Three months ended 31 December	
	2017	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
Effective interest on the bond *(Note 17)*	**403**	400	**202**	201
Effective interest on the Convertible bonds *(Note 16)*	**2,412**	–	**1,694**	–
Finance charges on obligations under finance leases	**18**	21	**7**	12
	2,833	421	**1,903**	213

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	Six months ended 31 December		Three months ended 31 December	
	2017	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
Amortisation of intangible assets	**56**	111	**28**	83
Depreciation of property, plant and equipment	**1,658**	1,589	**796**	811
Cost of consumable goods	**2,094**	1,152	**1,117**	809
Staff costs including Directors' emoluments:				
Salaries and wages	**82,724**	78,211	**41,918**	39,157
Long service payment	**73**	153	**–**	153
Allowances and others	**2,047**	1,466	**1,043**	584
Contributions to defined contribution retirement plans	**2,796**	2,882	**1,434**	1,377
	87,640	82,712	**44,395**	41,271
Minimum lease payments under operating leases	**4,177**	1,851	**2,714**	898

7. INCOME TAX EXPENSES RELATING TO CONTINUING OPERATIONS

	Six months ended 31 December		Three months ended 31 December	
	2017	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current tax:				
Hong Kong Profits Tax				
– Current period provision	**2,766**	953	**1,505**	486
Current tax:				
PRC-EIT				
– Current period provision/(reversal)	**–**	(27)	**–**	(28)
	2,766	926	**1,505**	458
Deferred tax	**(148)**	(107)	**(54)**	(77)
Income tax expenses	**2,618**	819	**1,451**	381

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.

PRC Enterprise Income Tax ("EIT") is calculated at 25% of the estimated assessable profits of PRC subsidiaries of the Group. 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 2017 and 31 December 2016 and the three months ended 31 December 2017 and 31 December 2016.

Under the PRC tax law, profits of the Group's subsidiaries in the PRC (the "PRC subsidiaries") derived since 1 January 2008 is subject to withholding income tax at rates of 5% or 10% upon the distribution of such profits to foreign investors or companies incorporated in Hong Kong or for other foreign investors, respectively.

At 31 December 2017 and 30 June 2017, no deferred tax liabilities have been recognised in respect of tax that would be payable on the unremitted profits of the PRC subsidiaries derived since 1 January 2008 as the directors of the Company is in a position to control the dividend policies of the PRC subsidiaries and no distribution of such profits is expected to be declared from the PRC subsidiaries in the foreseeable future.

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 31 December 2017 (six months ended 31 December 2016: HK$Nil).

9. LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS

(a) Disposal of Elite Car Services Limited

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 (the "AUTO Disposal"). Elite Car Services Limited, through its subsidiaries, is principally engaged in the provision of auto beauty services in Hong Kong.

(b) Disposal of Logon Clean Energy Group Limited

On 3 March 2017, the Company entered into a sale and purchase agreement with an independent third party purchaser, pursuant to which the Company agreed to sell and the purchaser agreed to acquire the entire issued share capital of Logon Clean Energy Group Limited at a cash consideration of HK$32,000,000 (the "Logon Disposal"). Logon Clean Energy Group Limited, through its subsidiaries, is principally engaged in the provision of property and car park management services in Shenzhen, the PRC.

(c) **The results from the discontinued operations included in for the period are set out as below:**

	Six months ended 31 December		**Three months ended 31 December**	
	2017	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**–**	10,128	**–**	4,156
Cost of services	**–**	(5,409)	**–**	(2,703)
Gross profit	**–**	4,719	**–**	1,453
Other income and gains and impairment	**–**	(3,745)	**–**	(3,752)
Selling and marketing expenses	**–**	(1,018)	**–**	(521)
Administrative expenses	**–**	(4,747)	**–**	(2,517)
Finance costs	**–**	(65)	**–**	(48)
Loss before taxation	**–**	(4,856)	**–**	(5,385)
Income tax expenses	**–**	(72)	**–**	163
Loss for the period	**–**	(4,928)	**–**	(5,222)
Loss for the period attributable to:				
Owners of the Company	**–**	(4,880)	**–**	(5,203)
Non-controlling interests	**–**	(48)	**–**	(19)
	–	(4,928)	**–**	(5,222)

(d) **The assets and liabilities disposed of at the completion dates are set out as below:**

	AUTO Disposal	**Logon Disposal**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	384	706	1,090
Goodwill	–	36,984	36,984
Trade and other receivables	1,073	2,904	3,977
Cash and cash equivalents	467	720	1,187
Current tax recoverable	–	–	–
Trade and other payables	(245)	(5,141)	(5,386)
Deferred income	(4,989)	(1,270)	(6,259)
Current tax payable	–	(4,504)	(4,504)
Other borrowings	–	(1,668)	(1,668)
Non-controlling interests	285	–	285
Net assets/(liabilities) disposed of	(3,025)	28,731	25,706

(e) **Gain on disposals of subsidiaries is calculated as below:**

	Note	AUTO Disposal HK$'000	Logon Disposal HK$'000	Total HK$'000
Consideration settled in cash and cash equivalents		–*	32,000	32,000
Cumulative exchange gain reclassified from equity to profit or loss upon disposal of subsidiaries		–	884	884
		–	32,884	32,884
Less: Net assets/(liabilities) disposed of	8(d)	(3,025)	28,731	25,706
Gain on disposal		3,025	4,153	7,178

* The sale consideration is HK$1.

The gain on disposals from the AUTO Disposal and the Logon Disposal is included in the loss for the period from discontinued operations for the year ended 30 June 2017.

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the following:

	Six months ended 31 December		**Three months ended 31 December**	
	2017 (Unaudited) *HK$'000*	2016 (Unaudited) *HK$'000*	**2017 (Unaudited) *HK$'000***	2016 (Unaudited) *HK$'000*
(Loss)/earnings				
(Loss)/profit for the period attributable to owners of the Company from the continuing operations for the purposes of basic and diluted (loss)/earnings per share	**(8,500)**	388	**(9,325)**	2,069
Loss for the period attributable owners of the Company from the discontinued operations for the purposes of basic and diluted loss per share	**–**	(4,880)	**–**	(5,202)
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**(8,500)**	(4,492)	**(9,325)**	(3,133)
	'000	*'000* (Restated)	***'000***	*'000* (Restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**270,000**	201,226	**270,000**	201,226

The weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share for the six months ended 31 December 2016 and the three months ended 30 September 2016 has been adjusted retrospectively for the issuance of shares upon the rights issue made on 13 February 2017 and the share consolidation made on 27 July 2017.

The outstanding share options are not included in the calculation of the diluted (loss)/earnings per share as they have anti-dilutive effect on the basic (loss)/earnings per share for the six months ended 31 December 2016 and the three months ended 30 September 2016.

The outstanding convertible bonds 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 six months ended 31 December 2017 and the three months ended 30 September 2017.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2017, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK$583,000 (six months ended 31 December 2016: approximately HK$1,239,000). During the six months ended 31 December 2017, items of property, plant and equipment with carrying value of approximately 162,000 were disposed of (six months ended 31 December 2016: approximately HK$46,000).

12. GOODWILL

Impairment Tests for CGUs Containing Goodwill

	PPS Shanghai *HK$'000*
Carrying amount	
As at 1 July 2017 (Audited) and 31 December 2017 (Unaudited)	**2,932**

Note: As at 30 June 2017, 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 2017 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.

13. TRADE RECEIVABLES

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

	As at 31 December 2017 (Unaudited) *HK$'000*	As at 30 June 2017 (Audited) *HK$'000*
0–30 days	**38,086**	40,314
31–60 days	**8,269**	7,304
61–90 days	**1,581**	2,032
Over 90 days	**1,584**	191
	49,520	49,841

Generally no credit period is granted to the Group's customers. Service fee from Environmental and Cleaning 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 2017 and 30 June 2017, 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.

14. LOAN RECEIVABLES

	As at 31 December 2017 (Unaudited) *HK$'000*	As at 30 June 2017 (Audited) *HK$'000*
Loan receivables	**100,000**	75,000

The Group's loans receivables arise from the money lending business of providing loans in Hong Kong.

Loan receivables are interest-bearing at rates ranging from 18% to 22% per annum and repayable on maturity date under the terms in contractual agreements or on demand in writing by the Group. All loan receivables at 31 December 2017 and 30 June 2017 are due within 1 year.

The Group seeks to maintain strict control over its outstanding loan receivables to minimise credit risk. The loan made available to the borrowers depends on the Group management's assessment of the credit risk on the borrowers and the guarantors by evaluation on their background check and repayment abilities.

As at 31 December 2017 and 30 June 2017, the loan receivables are neither past due nor impaired. The credit quality of the loan receivables that is neither past due nor impaired have been assessed by reference to the historical information about the borrowers' default rates. The existing borrowers do not have defaults in the past.

15. TRADE PAYABLES

The following is an ageing analysis of trade payables:

	As at 31 December 2017 (Unaudited) ***HK$'000***	As at 30 June 2017 (Audited) *HK$'000*
0–30 days	**15,372**	14,212
31–60 days	**911**	461
61–90 days	**86**	83
Over 90 days	**131**	124
	16,500	14,880

16. CONVERTIBLE BONDS

	As at 31 December 2017 (Unaudited) ***HK$'000***	As at 30 June 2017 (Audited) *HK$'000*
Convertible bonds	**45,448**	–

Pursuant to the subscription agreement and the supplemental extension letter dated 15 June 2017 and 16 August 2017 respectively, Wui Wo Enterprise Limited (the "Subscriber") has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the zero coupon convertible bonds in the principal amount of HK$50,000,000 (the "Convertible Bonds"), which entitle the Subscriber to convert the Convertible Bonds into a maximum of 83,333,333 conversion shares at the conversion price of HK$0.6 per conversion share (as adjusted by the share consolidation completed on 26 July 2017) during 1 year commencing from the date of the completion of the subscription of the Convertible Bonds (the "Subscription"). The principal amount of the Convertible Bonds of HK$50,000,000 payable by the Subscriber is satisfied by cash. The Subscription was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 26 July 2017 and completion of the Subscription took place on 21 August 2017 (the "Issue Date") with the net proceeds of approximately HK$49,164,000 received.

The net proceeds from the issuance of the convertible bonds on the Issue Date of HK$49,164,000 had been split into the liability component and the equity component. As at the issue Date, the fair value of the liability component is approximately HK$43,035,000 and the equity component is approximately HK$6,129,000, net of the transaction cost of approximately HK$836,000 being allocated proportionally to the liability component and the equity component. The fair value of the liability component was calculated using market interest rates for similar non-convertible bonds by an independent firm of professionally qualified valuer, Norton Appraisals Holdings Limited. The liability component is subsequently stated at amortised cost at the effective interest rate of 14.2% per annum until extinguished on conversion or maturity of the Convertible Bonds. The residual amount is assigned as the equity component and included in the shareholders' equity heading "Convertible bonds equity reserve".

As at 31 December 2017, no Convertible Bonds had been converted.

The movement of the liability component of the Convertible Bonds during the period is set out as below :

	HK$'000
Liability component as at the Issue Date	43,035
Imputed interest charged during the period	2,413
Liability component as at 31 December 2017 (Unaudited)	45,448

17. BOND

	As at 31 December 2017 (Unaudited)	As at 30 June 2017 (Audited)
	HK$'000	*HK$'000*
Unlisted corporate bond	**9,495**	9,442

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 2017 (Audited)	9,442
Interest charged	403
Interest included in other payables	(350)
Amortised cost as at 31 December 2017 (Unaudited)	9,495

18. SHARE CAPITAL

Authorised and issued share capital

	Number of shares *'000*	**Amount** *HK$'000*
Authorised:		
Ordinary shares		
At 1 July 2017 of HK$0.001 each (Audited)	100,000,000	100,000
Share consolidation *(Note)*	(90,000,000)	–
At 31 December 2017 of HK$0.01 each (Unaudited)	10,000,000	100,000
Issued and fully paid:		
Ordinary shares		
At 1 July 2017 of HK$0.001 each (Audited)	2,700,000	2,700
Share consolidation *(Note)*	(2,430,000)	–
At 31 December 2017 of HK$0.01 each (Unaudited)	270,000	2,700

Note: On 26 July 2017, the Company completed a 10-for-1 share consolidation (the "Share Consolidation"), every 10 issued and unissued shares of HK$0.001 each were consolidated into 1 consolidated share of HK$0.01 each. At the completion of the Share Consolidation, the authorised share capital of the Company are HK$100,000,000 divided into 10,000,000,000 consolidated shares of HK$0.01 each, of which 270,000,000 consolidated shares are in issue. Details of the Share Consolidation are set out in the Company's circular dated 10 July 2017 and the Company's notice of extraordinary general meeting dated 10 July 2017 and the Company's announcements dated 20 June 2017 and 26 July 2017.

19. 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 2017 (Unaudited) ***HK$'000***	As at 30 June 2017 (Audited) *HK$'000*
Within one year	**3,491**	6,305
Within two to five years	**507**	7,202
	3,998	13,507

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 with an option to renew the leases wholly all terms are renegotiated. None of these leases include contingent rentals.

20. 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 29 December 2017 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.

As at 31 December 2017, the total number of shares of the Company available for issue under the Share Option Scheme was 27,000,000 shares, representing approximately 10% and 10% of the Shares in issue as at 31 December 2017 and 5 February 2018, being the date of this announcement, respectively.

21. CONTINGENT LIABILITIES

(a) Performance bond

	As at 31 December 2017 (Unaudited) *HK$'000*	As at 30 June 2017 (Audited) *HK$'000*
Guarantees on performance bonds in respect of environmental service contracts	**13,185**	12,920

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

As at 31 December 2017, fixed deposits of approximately HK$13,217,000 (30 June 2017: approximately HK$12,948,000) were pledged to banks as security for (i) bank facilities of approximately HK$13,185,000 (30 June 2017: HK$12,920,000) granted to the Group; and (ii) bankers' guarantees on performance bonds issued.

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

(b) Litigations – 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.

22. 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 2017 and 31 December 2016 and the three months ended 31 December 2017 and 31 December 2016 were approximately HK$2,765,000, HK$4,279,000, HK$1,382,000 and HK$2,295,000 respectively.

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

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 is the father-in-law of Mr. Wong Yin Jun, Samuel ("Mr. Wong"), who is a key management personnel of the Group until 17 April 2017. Ms. Fan is the daughter of Mr. Fan and lawful wife of Mr. Wong. Therefore, Niko is a related party of the Group until 17 April 2017.

23. COMPARATIVE FIGURES

As a result of the rights issue completed on 13 February 2017 and the share consolidation completed on 27 July 2017, the (loss)/earnings per share for the six months ended 31 December 2016 and the three months ended 31 December 2016 has been retrospectively adjusted.

Certain comparative figures, including figures in the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and related notes have been represented as a result of the operations discontinued during the period.

Certain comparative figures have been re-classified to conform to the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Continuing Operations

Environmental and Cleaning Services

The Group is principally engaged in the provision of environmental services in Hong Kong, Shenzhen and Shanghai, the PRC, which include the provision of cleaning and related services for (i) public area and office cleaning services which involve cleaning of public areas, carpets, floors, toilets, changing rooms, lifts and escalators and emptying of garbage bins at commercial buildings and their tenants, residential complexes, shopping arcades, hotels and public transport facilities such as airport, ferries, ferry terminal, cargo and logistics centre and depots; (ii) overnight kitchen cleaning services mainly at private club and hotels; (iii) external wall and window cleaning services; (iv) stone floor maintenance and restoration services; (v) pest control and fumigation services; (vi) waste management and disposal solutions which mainly involve collection, transportation and disposal of household waste, construction waste and trade waste and sales of recyclable waste such as paper, metal and plastic waste collected during our operations; (vii) housekeeping services where 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; (x) cleaning and waste management solution for renovated apartment; and (xi) airline catering support services.

Investments in Financial Assets

During the six months ended 31 December 2016, the Group 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.

During the six months ended 31 December 2017, the Group did not invest in any financial assets.

Money Lending Business

In December 2016, the Group commenced its money lending business under the money lenders licences granted by the licensing court in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Discontinued Operations

Auto Beauty Services

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 during the period from 10 March 2015 to 11 January 2017. 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. The auto beauty services were disposed by the Company on 11 January 2017.

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. The Logon Group was disposed by the Company on 3 March 2017.

BUSINESS REVIEW

Continuing Operations

Environmental and Cleaning Services in Hong Kong

Compared to the revenue of approximately HK$127.6 million for the six months ended 31 December 2016, the Group's revenue from the environmental and cleaning services in Hong Kong increased by approximately HK$7.4 million to approximately HK$135.0 million for the six months ended 31 December 2017 mainly due to the net effect of (i) commencement of several new service contracts in the transportation 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$5.9 million (six months ended 31 December 2016: approximately HK$5.4 million) for the six months ended 31 December 2017.

Environmental and Cleaning Services in Shanghai, the PRC

During the six months ended 31 December 2017, the environmental and cleaning services in Shanghai, the PRC (the "Shanghai Operations") contributed revenue of approximately HK$9.4 million (six months ended 31 December 2016: HK$3.2 million) to the Group's total revenue. As several new service contracts were secured by the Shanghai operations recorded, a net operating profit of approximately HK$0.3 million (six months ended 31 December 2016: a net operating loss of approximately HK$0.2 million) for the six months ended 31 December 2017.

Environmental and Cleaning Services in Shenzhen, the PRC

During the six months ended 31 December 2017, the Group started commencing its environmental and cleaning services business in Shenzhen, the PRC (the "Shenzhen Operations"). As the Shenzhen Operations was still at the early development stage, it contributed revenue of approximately HK$0.6 million and recorded a net operating loss of approximately HK$1.9 million.

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 2017, the Group did not invest in any financial assets.

During the six months ended 31 December 2016, the Group recorded a net fair value gain of approximately HK$0.5 million from the investments in financial assets.

Money Lending Business

During the six months ended 31 December 2017, the Group granted several loans in the aggregate principal amount of HK$100 million to independent third party borrowers with interest bearing at rates ranging form 18% to 22% per annum. The Money Lending Business became one of the sources for the Group's profit for the six months ended 31 December 2017. The interest income and the operating profit from the money lending business for the six months ended 31 December 2017 amounted to approximately HK$8.5 million (six months ended 31 December 2016: approximately HK$0.2 million) and approximately HK$6.3 million (six months ended 31 December 2016: approximately HK$25,000) respectively.

Discontinued Operations

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

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").

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. On 3 March 2017, the Company entered into a sale and purchase agreement with an independent third party purchaser, pursuant to which the Company agreed to sell and the purchaser agreed to acquire the entire issued share capital of Logon Clean Energy Group Limited at a cash consideration of HK$32,000,000. Logon Clean Energy Group Limited together with its subsidiaries is principally engaged in the provision of property and car park management services in Shenzhen, PRC. After this disposal, the Group is no longer engaged in the business of provision of property and car park management services in Shenzhen, PRC.

Financial Services

As disclosed in the Company's announcement dated 5 June 2017, the Group started to develop the businesses of provision of financial regulated activities under the Securities and Futures Ordinance and provision of forex brokerage services in New Zealand. The development of such businesses incurred additional expenses of approximately HK$11 million during the six months ended 31 December 2017 but was ceased in December 2017 due to the unsatisfactory development progress, in particular the difficulties encountered on obtaining the relevant licences and/or approvals.

OUTLOOK

Environmental and Cleaning Services in Hong Kong

The Group was successful in renewing and securing a number of new material 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 Group is also 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 ad implement more efficient working flows and stringent cost control procedures. 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, transportation and residential 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 one stop 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 the PRC

Together with the extensive business network and operating experience possessed by the existing management of the Shanghai Operations, the additional capital injection made by the Group and the management and operating skills provided by our Group, the Shanghai Operations is expanding as expected. The Shanghai Operations has secured several new services contracts since the completion of the acquisition. The Shanghai Operations 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 the Shanghai Operations will further be improved. The management of the Shanghai Operations will also refine its marketing strategies in order to attract more new customers to utilize our cleaning services in Shanghai, PRC. Through the operating experience of the Shanghai Operations, the Shenzhen Operations is expected to be another source of income in this financial year.

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

Continuing Operations

Revenue

For the six months ended 31 December 2017, the Group reported a total revenue of approximately HK$153.4 million (six months ended 31 December 2016: approximately HK$130.9 million), representing an increase of approximately 17.2% mainly due to (i) increase in the revenue from the environmental and cleaning services business in Hong Kong by approximately HK$7.4 million to approximately HK$135.0 million for the six months ended 31 December 2017 (six months ended 31 December 2016: approximately HK$127.6 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 additional revenue of approximately HK$6.2 million from the environmental and cleaning services business in Shanghai, the PRC as a result of several new services contracts secured during the period; and (iii) contribution of the additional interest income of approximately HK$8.3 million from the newly established money lending business.

Gross Profit

The gross profit of the Group for the six months ended 31 December 2017 increased by approximately HK$8.0 million to approximately HK$23.3 million (six months ended 31 December 2016: approximately HK$15.3 million) was mainly due to (i) increase in the gross profit by approximately HK$8.5 million generated from the newly established money lending business.

Selling and Marketing Expenses and Administrative Expenses

The Group's selling and marketing expenses and administrative expenses increased by approximately HK$11.8 million to approximately HK$26.5 million (six months ended 31 December 2016: approximately HK$14.8 million) for six months ended 31 December 2017. The increase was mainly due to increase in the administrative and operating expenses of approximately HK$10.9 million for the development of the businesses of provision of financial regulated activities under the Securities and Futures Ordinance and provision of forex brokerage service in New Zealand.

Finance Costs

The finance costs of the Group for the six months ended 31 December 2017 increased by approximately HK$2.4 million to approximately HK$2.8 million (six months ended 31 December 2016: approximately HK$0.4 million) was mainly due to recognition of the interest expense of approximately HK$2.4 million on the convertible bonds issued in August 2017.

MANDATORY UNCONDITIONAL CASH OFFER

Reference is made to the Company's joint announcements dated 28 December 2017 and 18 January 2018 (the "Joint Announcements") in connection with the mandatory unconditional cash offer by Mr. Yu Shaoheng, the chief executive officer and the executive director of the Company, (the "Offeror") to acquire all the issued Shares. Unless stated otherwise, capitalized terms used herein shall have the same meanings as those defined in the Joint Announcements.

The Offeror and the Vendors entered into the Bought and Sold Notes on 19 December 2017 in respect of the transfer of 96,245,250 Shares, representing approximately 35.65% of the total issued Shares, from the Vendors to the Offeror.

Upon the completion of the Bought and Sold Notes on 19 December 2017, the number of Shares held by the Offeror and parties acting in concert with it, directly and indirectly, had increased from 97,221,150 Shares to 150,676,650 Shares, representing an increase from approximately 36.01% to approximately 55.81% of the total issued share capital of the Company. Accordingly, the Offeror is required to make an unconditional mandatory cash offer to acquire all issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) at the Share Offer Price of HK$0.355 per Offer Share pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code respectively.

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise and make recommendation to the Independent Shareholders in respect of the Offer. An independent financial adviser has been appointed to advise the Independent Board Committee in respect of the Offer, in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

The Composite Document setting out, among others, (i) further details of the Offer; (ii) the recommendation from the Independent Board Committee; (iii) the letter from the Independent Financial Adviser in respect of the Offer; and (iv) the relevant form(s) of acceptance, will be despatched to the Independent Shareholders on or before 9 February 2018 as the Executive has approved pursuant to Rule 8.2 of the Takeovers Code.

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 2017, the Group had financed its operations and capital requirements through operating cash flows and net proceeds from the debt financing.

As at 31 December 2017, the Group had cash and cash equivalents of approximately HK$80.2 million (30 June 2017: approximately HK$52.9 million). The increase is mainly attributable from the issuance of the Convertible Bonds in August 2017.

As at 31 December 2017, the Group had net current assets of approximately HK$139.2 million (30 June 2017: approximately HK$137.6 million) and current ratio of approximately 2.3 times (30 June 2017: approximately 3.8 times) which remain healthy.

As at 31 December 2017, the total debt of the Group were approximately HK$55.7 million (30 June 2017: approximately HK$10.4 million) which include obligations under finance leases of approximately HK$0.8 million (30 June 2017: approximately HK$1.0 million), unlisted corporate bond of approximately HK$9.5 million (30 June 2017: approximately HK$9.4 million) and the convertible bonds of approximately HK$45.4. The gearing ratio of the Group (calculated by dividing total debt by total equity) as at 31 December 2017 was approximately 37.2%, representing an increase by 30.3% from 6.9% as at 30 June 2017. The significant increase was mainly due to the issue of the Convertible Bonds of which the net proceeds was intended mainly for use in the development of the businesses of provision of financial regulated activities under the Securities and Futures Ordinance and provision of forex brokerage services in New Zealand as disclosed in the Company's announcement dated 5 June 2017. The development of such businesses was ceased in December 2017 due to the unsatisfactory development progress, in particular the difficulties encountered on obtaining the relevant licences and/or approvals. As a result, the management of the Group believes that the net proceeds received from the Convertible Bonds are no longer used for their intended use and is considering that the Convertible Bonds are to be fully redeemed by the Group on or before the maturity date. In view of the significant amount of cash held by the Group and a healthy current ratio of 2.3 times of the Group as at 31 December 2017, redemption of the Convertible Bonds is not expected to cause financial stress or other liquidity problems to the Group.

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 2017, the Group had obligations under finance leases of approximately HK$0.8 million (30 June 2017: approximately HK$1.0 million), of which approximately HK$0.4 million (30 June 2017: approximately HK$0.4 million) was repayable within one year. Such obligations under finance leases were secured by the relevant motor vehicles.

As at 31 December 2017, the Group had bank deposits of approximately HK$13.2 million (30 June 2017: approximately HK$12.9 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 21 to the unaudited condensed consolidated financial statements, the Group had no other material contingent liabilities as at 31 December 2017 and 30 June 2017.

Information on Employees

The Group had 1,452 employees as at the end of the Year. 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 2017 increased by approximately 5.9% to approximately HK$87.6 million over that for the same period in previous year. The increased was mainly due to the net effect of (i) additional staff costs incurred by the environmental and cleaning businesses in the PRC.

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 2017 nor material acquisitions or disposals of subsidiaries made by the Group during the six months ended 31 December 2017.

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 2017 (six months ended 31 December 2016: Nil).

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

Executive Directors

Mr. Yang Yifan – appointed on 28 November 2017 for a director fee of HK$396,000 per annum

Ms. Mui Fong – resigned on 28 November 2017

Mr. Ye Jingyuan – resigned on 28 November 2017

Independent Non-Executive Director

Mr. Yu Xiufeng – retired on 29 December 2017

The newly appointed executive Director is 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 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 is set out in the note 20 to the unaudited condensed consolidated financial statements.

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 2017, 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
Mr. Yu Shaoheng	The Company	Beneficial owner *(Note)*	96,245,250	Long	35.65%

Note: Mr. Yu Shaoheng is the son of Mr. Yu Weiye and the step-son of Ms. Mui Fong.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2017, 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	Number of underlying shares interest under the Convertible Bonds	Long/short position	Percentage of total issued share capital in the Company
Mr. Yu Weiye	The Company	Beneficial owner *(Note 1)*	54,431,000	–	Long	20.16%
	The Company	Interested in controlled corporation *(Note 1)*	–	83,333,333	Long	30.86%
Ms. Mui Fong	The Company	Interests of spouse *(Note 2)*	54,431,000	83,333,333	Long	51.02%

Notes:

1. Mr. Yu Weiye ("Mr. Yu") beneficially owns 54,431,000 shares (the "Shares") of the Company and the entire issued share capital of Wui Wo Enterprise Limited ("Wui Wo"). Therefore, Mr. Yu is also deemed to be interested in 83,333,333 underlying Shares which may be issued upon the exercise of the conversion rights attaching to the convertible bonds issued by the Company to Wui Wo in the principal amount of HK$50,000,000 (at the conversion price of HK$0.60 per conversion share). Accordingly, Mr. Yu is deemed to be interested in 137,764,733 Shares in accordance with the Securities and Futures Ordinance.

2. Ms. Mui Fong ("Ms. Mui") is the wife of Mr. Yu. Ms. Mi is deemed to be interested in 137,764,733 Shares owned by Mr. Yu in accordance with the Securities and Futures Ordinance.

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 non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors during the six months ended 31 December 2017.

COMPETING INTERESTS

During the reporting 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.

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 announcement, 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 Director. 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) Following the retirement of Mr. Yu Xiufeng ("Mr. Yu") as the independent non-executive Director (the "INED") of the Company at the annual general meeting held on 29 December 2017, the Company has two INEDs and two audit committee members, the number of which falls below the minimum number required under Rules 5.05(1), 5.05(2), 5.05A and 5.28 of the GEM Listing Rules. The Board would make its best endeavours to identify an appropriate person to be appointed as INEDs to fill the vacancy in the audit committee of the Company within three months from the date of Mr. Yu's retirement pursuant to Rules 5.06 and 5.33 of the GEM Listing Rules. Further announcement will be made by the Company in relation to such appointment as and when appropriate.

REVIEW BY THE AUDIT COMMITTEE

The audit committee consists of two members, namely Mr. Chui Chi Yun, Robert, (chairman of the audit committee) and Mr. Kwong Tsz Ching, Jack, 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 2017; 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
Yu Shaoheng
Chief Executive Officer and Executive Director

Hong Kong, 5 February 2018

As at the date of this announcement, the Board of the Company comprises two executive Directors, Mr. Yu Shaoheng and Mr. Yang Yifan and two independent non-executive Directors, Mr. Chui Chi Yun, Robert and Mr. Kwong Tsz Ching, Jack.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM 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.

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