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PPS INTERNATIONAL (HOLDINGS) LIMITED

寶聯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8201)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2015

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 QUARTERLY RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 30 September 2015, together with the unaudited comparative figures for the corresponding period in 2014 as follows:

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

For the three months ended 30 September 2015

		Three months ended	
		30 September	
		2015	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	61,704	47,369
Cost of services		(55,293)	(39,947)
Gross profit		6,411	7,422
Other income and gains	4	899	72
Selling and marketing expenses		(631)	(202)
Administrative expenses		(9,111)	(4,099)
Finance costs	5	(258)	(53)
(Loss)/profit before taxation	6	(2,690)	3,140
Income tax expenses	7	(265)	(737)
(Loss)/profit for the period		(2,955)	2,403

		Three months ended	
		30 September	
		2015	2014
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
	Exchange differences arising on translating foreign operations	<u>(486)</u>	<u>–</u>
	Total comprehensive (loss)/income for the period	<u>(3,441)</u>	<u>2,403</u>
 (Loss)/profit for the period attributable to:			
	Owners of the Company	(2,919)	2,403
	Non-controlling interests	<u>(36)</u>	<u>–</u>
		<u>(2,955)</u>	<u>2,403</u>
 Total comprehensive (loss)/income for the period attributable to:			
	Owners of the Company	(3,405)	2,403
	Non-controlling interests	<u>(36)</u>	<u>–</u>
		<u>(3,441)</u>	<u>2,403</u>
 (restated)			
 (Loss)/earnings per share			
	– Basic and diluted (HK cents)	<u>9</u> <u>(0.029)</u>	<u>0.024</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 30 September 2015

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 activity of its principal subsidiaries is the provision of environmental cleaning services.

2. BASIS OF PREPARATION

The unaudited condensed consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively, "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the GEM Listing Rules. The principal accounting policies used in the first quarterly unaudited condensed consolidated results are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 30 June 2015.

The HKICPA has issued a number of new and revised HKFRSs. For those which are relevant to the Group's operations and effective for its accounting period beginning on 1 July 2015, the adoption has no significant changes on the Group's accounting policies, the presentation, the reported results and the financial position of the Group for the current or prior accounting periods.

The Group has not applied the new and revised HKFRSs which have been issued but are not yet effective. The Group is currently in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether they would have a material impact on the Group's results and financial position.

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

3. REVENUE

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 are as follows:

Environmental and Cleaning Provision of environmental and cleaning services in Hong Kong and Macau

AUTO Provision of auto beauty services in Hong Kong

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

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

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

	Three months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Service income from Environmental and Cleaning	60,065	47,369
Service income from AUTO	1,639	–
	61,704	47,369

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

4. OTHER INCOMES AND GAINS

	Three months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other incomes:		
Interest income	1	14
Sundry income	159	49
	<u>160</u>	<u>63</u>
Other gains:		
Gain on disposals of property, plant and equipment, net	739	9
	<u>739</u>	<u>9</u>
	<u>899</u>	<u>72</u>

5. FINANCE COSTS

	Three months ended 30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interests on:		
Bank borrowings wholly repayable within five years	3	18
Finance lease charges	58	35
Effective interest on bond	197	–
	<u>258</u>	<u>53</u>

6. (LOSS)/PROFIT BEFORE TAXATION

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

	Three months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	1,766	1,320
Loss on written off of property, plant and equipment	129	–
Amortisation of intangible assets	56	–
Cost of consumable goods	1,188	593
Staff costs including directors' emoluments:		
Salaries and wages	37,411	23,602
Long service payment	33	–
Allowances and others	67	34
Contributions to defined contribution retirement plans	1,383	878
	<u>38,894</u>	<u>24,514</u>
Minimum lease payments under operating leases	<u>1,807</u>	<u>571</u>

7. INCOME TAX EXPENSES

The income tax expenses for the three months ended 30 September 2015 and 2014 represent Hong Kong Profits Tax which is calculated at 16.5% on the estimated assessable profit of the Group.

	Three months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax		
– Current period provision	313	714
Deferred tax	<u>(48)</u>	<u>23</u>
Income tax expenses	<u>265</u>	<u>737</u>

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 30 September 2015 (three months ended 30 September 2014: HK\$Nil).

9. (LOSS)/EARNINGS PER SHARE

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

	Three months ended	
	30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/profit for the period attributable to owners of the Company for the purposes of basic (loss)/earnings per share and diluted (loss)/earnings per share	<u>(2,919)</u>	<u>2,403</u>
	<i>000</i>	<i>000</i> (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<u>10,000,000</u>	<u>10,000,000</u>

The weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share has been adjusted for the share subdivision made on 17 November 2014.

The outstanding 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 30 September 2015.

There were no dilutive potential ordinary shares in existence during the three months ended 30 September 2014 and therefore the diluted earnings per share are the same as the basic earnings per share.

10. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Equity attributable to owners of the Company	Non- controlling interests	Total equity
	Share capital	Share premium	Other reserve	Contribution surplus	Foreign currency translation reserve	Warrant reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000 (Note (a))	HK\$'000 (Note (b))	HK\$'000	HK\$'000 (Note (c))	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 July 2014	1,000	22,360	1,000	21,400	-	-	18,707	64,467	-	64,467
Profit for the period	-	-	-	-	-	-	2,403	2,403	-	2,403
Total comprehensive income for the period	-	-	-	-	-	-	2,403	2,403	-	2,403
As at 30 September 2014	1,000	22,360	1,000	21,400	-	-	21,110	66,870	-	66,870
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	-	-	-	-	-	-	(2,919)	(2,919)	(36)	(2,955)
Exchange differences arising on translating foreign operations	-	-	-	-	(486)	-	-	(486)	-	(486)
Total comprehensive loss for the period	-	-	-	-	(486)	-	(2,919)	(3,405)	(36)	(3,441)
As at 30 September 2015	1,000	22,360	1,000	21,400	(509)	39,500	(11,417)	73,334	(135)	73,199

Notes:

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

11. EVENTS AFTER THE REPORTING PERIOD

- (a) On 23 October 2015, the Company announced that the board of Directors proposes to implement a share consolidation (the “Share Consolidation”) to consolidate ten (10) existing issued and unissued share of HK\$0.0001 each in the share capital of the Company into one (1) consolidated shares of HK\$0.001 each. The completion of the Share Consolidation is subject to the approval of the Company’s shareholders in an extraordinary general meeting.

Details of the Share Consolidation are set out in the Company’s announcements dated 23 October 2015.

- (b) On 6 November 2015, the Company announced its proposal to raise not less than approximately HK\$65 million and not more than approximately HK\$78 million before expenses by way of an open offer by issuing not less than 5,000,000,000 offer shares and not more than 6,000,000,000 offer shares on the basis of one offer share for every two Shares held by the qualifying shareholders at a subscription price of HK\$0.013 per offer share (the “Open Offer”). The Open Offer is fully underwritten by Orient Securities Limited (the “Underwriter”) pursuant to the underwriting agreement dated 6 November 2015 (the “Underwriting Agreement”) entered into between the Company and the Underwriter subject to the terms and conditions set out in the Underwriting Agreement. The aggregate nominal value of the offer shares will be not less than HK\$500,000 and not more than HK\$600,000. The completion of the Open Offer is subject to the satisfaction of certain conditions as described under the section headed “Conditions of the Open Offer” of the Company’s announcement dated 6 November 2015.

The estimated net proceeds of the Open Offer will be approximately HK\$62.5 million assuming there is no change in the shareholding structure of the Company from the date of this announcement up to the record date. The Company intends to apply such net proceeds from the Open Offer as to (i) approximately HK\$28 million for the expansion of the cleaning and auto beauty services in the PRC region; (ii) approximately HK\$15.5 million for the expansion of the operation in Hong Kong including but not limited to expanding the contracting department so as to enhance the capability to obtain more high-value public tenders which the Company is lack of resources in the past, and also employing more cleaning staff in Hong Kong so as to provide more comprehensive services to the current and new customers; (iii) approximately HK\$9.5 million for the renewal and purchase of new machinery so as to improve the effectiveness of the services; and (iv) approximately HK\$9.5 million for the general working capital of the Company. The net price per offer share after deducting the related expenses of the Open Offer will be approximately HK\$0.0125. Details of the Open Offer were set out in the Company’s announcement dated 6 November 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Environmental and Cleaning Services

The Group is principally engaged in the provision of environmental services which include the provision of cleaning and related services for (i) public area and office cleaning services which involve cleaning of public areas, carpets, floors, toilets, changing rooms, lifts and escalators and emptying of garbage bins at commercial buildings 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; and (x) cleaning and waste management solution for renovated apartment.

Auto Beauty Services

On 31 March 2015, the Group completed the acquisition of the entire issued share capital of Elite Car Services Limited (the “Acquisition”). Elite Car Services Limited, through its subsidiaries, is principally engaged in auto beauty services for private cars under its own brand names “Champion Auto Club” and “E-Car” in Hong Kong. As at 30 September 2015, there were a total of 7 auto beauty centers located at car parking facilities and ground floor shops. The auto beauty services offered by Champion Auto Club and “E-Car” included 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.

BUSINESS REVIEW

Environmental and Cleaning Services

The Group was successful in renewing a number of environmental services contracts including the provision of cleaning and restocking bathroom and seat amenities for one of the largest airline operators in Hong Kong in which the customer was satisfied with our service quality and invited us to tender for its other environmental contracts. The Group also secured a toilet cleaning service contract at the airport terminal of Hong Kong.

Compared to the first quarterly results of 2014, the Group's revenue from the environmental and cleaning services increased by approximately 26.8% mainly due to additional contracts secured and regular price increment for our tenanted services contracts. The Group has taken a more proactive approach to gain additional market share in the environmental and cleaning services industry. We have increased our contracting and operational staff with a view to further enhancing our tendering capabilities for the government related contracts which the Group had less exposure in the past. Given the relative large contract size of the government projects, we believe it is in the best interest of the Group to expand into this sector. We have also achieved certain promising results as the Group has secured one toilet cleaning contract in the airport terminal of Hong Kong and successfully renewal the cleaning and restocking bathroom and seat amenities for one of the largest airline operators in Hong Kong.

Auto Beauty Services

During the three months ended 30 September 2015, Champion Auto Club and E-Car contributed revenue of approximately HK\$1.6 million to the Group's total revenue. Due to early termination by landlords of parking lots leases where we operated auto beauty centres, the total number of auto beauty centres operated at car parking facilities by Champion Auto Club and E-Car reduced from 8 auto beauty centres at the acquisition date on 31 March 2015 to 5 auto beauty centres as at 30 September 2015. The Group was successfully in bidding a new car park facility in Causeway Bay where we achieved modern success in our first month of operation. To deal with the more complex procedures of our coating services, the Group also opened two ground floor shops. As of 30 September 2015, the Group operates 5 car parking facilities and 2 ground floor shops. Together with the fierce competition from other competitors, Champion Auto Club still has not achieved any positive results since the date of completion of our acquisition.

OUTLOOK

Environmental and Cleaning Services

The Group is successful in securing a new major environmental services contract in the first quarter of 2015 providing toilet cleaning services at the airport terminal of Hong Kong. We believe this is significant breakthrough for the Group as (i) it is the first time we provide such toilet cleaning services for the airport; (ii) demonstrate our ability to compete with other major contractors (iii) able to showcase the Company's service quality to travelers around the world. The Group was successful in bidding a cleaning and restocking bathroom and seat amenities for one of the largest airline operators in Hong Kong in the third quarter of 2015. After the end of the six months contract period, the Group not only was successful in renewing this contract but was able to double the contract size for this contract. We have also commenced a new environmental services contract for one of the major public bus operators in Hong Kong for the three months ended 30 September 2015. These new services contracts will further strengthen our existing environmental services portfolio particularly in the transportation sector which includes (i) the provision of environmental services at the airport of Hong Kong; (ii) the provision of public bus and depot cleaning services for one of the major public bus operators in Hong Kong. Along with the other major contracts secured, we have demonstrated our ability to provide large scale environmental services and strengthen our reputation as one of the largest environmental services provider in Hong Kong. We would continue to enhance quality of services by providing training to our front line staff. Labor market competition has intensified with the upward adjustment of Statutory Minimum Wage ("SMW") in Hong Kong effective from May 2015. Based on the Group's experience, the upward adjustment of SMW will lead to 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. To offset the increase in labour costs, the Group is striving to transfer most of the increased labour 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.

Looking forward, we would strengthen our marketing effort in hope to expand our market shares in Government sector 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 continue to streamline our waste management and disposal services by redeploying our waste collection fleet to higher margin customers. To lower the cost of room attendants for the hospitality sector, we shall conduct additional training and seminars. Our success in the commercial sector shall allow the Group to build up reference for the provision of environmental services for the premium commercial buildings.

To further enhance our revenue stream, we would also use our best endeavour to expand our geographical coverage from Hong Kong to the PRC region. The Group is actively searching for opportunities where we can to introduce our accumulated environmental services experience and quality to the PRC market.

Auto Beauty Services

The Group would use its best endeavour to improve the performance of Champion Auto Club and E-Car including but not limited to enhancing the variety and quality of services provided, improving the geographical coverage and also enhancing the business strategy in sales and marketing. The Group will utilise the existing customer network from our environmental services and cleaning services and perform some cross selling and promotion to improve the sales of Champion Auto Club and E-Car. In addition, we would also place more marketing effort with a view to enhancing our brand recognition in Hong Kong. We will also focus on high value customers who are more willing to spend on their luxury cars in order to generate more revenue. In the long run, we will strive to open more auto beauty centres at the prime locations in Hong Kong. We are seeking potential strategic partners who have the capability and experience in providing cleaning and auto beauty services in the People's Republic of China ("PRC") with a view to expanding our geographical coverage.

FINANCIAL REVIEW

Revenue

For the three months ended 30 September 2015, the Group reported a revenue of approximately HK\$61.7 million (three months ended 30 September 2014: approximately HK\$47.4 million), representing an increase of approximately 30.3% mainly due to (i) increase in the revenue from the environmental and cleaning services by approximately HK\$12.7 million to HK\$60.1 million (three months ended 30 September 2014: approximately HK\$47.4 million) as a result of regular price increment for own tenanted services contracts and successful bid of services contracts for one of the largest airline carriers, commercial complexes and transportation services providers in Hong Kong; and (ii) contribution of the revenue of approximately HK\$1.6 million from the newly acquired auto beauty services business in April 2015.

Cost of Services, Gross Profit and Gross Profit Margin

The Group's cost of services increased by approximately 38.4% to approximately HK\$55.3 million (three months ended 30 September 2014: approximately HK\$39.9 million) for the three months ended 30 September 2015. Our cost of services primarily comprised direct wages, direct overhead expenses, consumables and sub-contracting fees. The increase in the cost of services was mainly due to (i) increase in staff costs and direct overheads by approximately HK\$14.8 million incurred from the environmental and cleaning services business as a result of successful bid of additional service contracts during the period; and (ii) additional direct labor costs and direct overheads of approximately HK\$0.5 million incurred from the auto beauty services business.

The gross profit of the Group for the three months ended 30 September 2015 decreased by approximately HK\$1.0 million to approximately 6.4 million (three months ended 30 September 2014: approximately HK\$7.4 million) was mainly due to the net effect of (i) decrease in the gross profit by approximately HK\$2.1 million generated from the environmental and cleaning business; and (ii) additional gross profit of approximately HK\$1.1 million generated from the auto beauty services business.

The gross profit margin of the Group for the three months ended 30 September 2015 decreased by approximately 5.3% to approximately 10.4% (three months ended 30 September 2014: approximately 15.7%).

The decrease in the gross profit and gross profit margin of the Group for the period was mainly due to the decrease in the gross profit margin from the environmental and cleaning business for the three months ended 30 September 2015 by approximately 6.8% to approximately 8.8% (three months ended 30 September 2014: approximately 15.7%) as a result of (i) the inflation in direct labor and manpower services costs as a result of the upward adjustment of SMW in Hong Kong effective from May 2015 and the intensifying labor market competition in the environmental and cleaning services business; and (ii) lower profit margin of some newly secured service contracts with a view to gain additional market share in the environmental and cleaning services business.

Administrative Expenses

The Group's administrative expenses increased by approximately HK\$5.0 million to approximately HK\$9.1 million (three months ended 30 September 2014: approximately HK\$4.1 million) for the three months ended 30 September 2015. The increase was mainly due to (i) increase in legal and professional fees by approximately HK\$0.4 million mainly incurred as a result of the expansion of the Group's businesses and initial set up costs for the Group's subsidiaries in PRC; (ii) additional administrative expenses incurred from the auto beauty services business amounting to approximately HK\$2.3 million; and (iii) increase in staff costs for directors and administrative staff of approximately HK\$1.3 million as a result of the increase in the number and salaries and allowances of directors and administrative staff for further development of the existing businesses and the auto beauty businesses and future potential development of businesses in PRC.

(Loss)/Profit Attributable to Owners of the Company

The Group incurred a net loss attributable to owners of the Company of approximately HK\$2.9 million for the three months ended 30 September 2015 as compared to the net profit attributable to owners of the Company of approximately HK\$2.4 million for the three months ended 30 September 2014. The deterioration from the net profit for the three months ended 30 September 2014 to the net loss for the three months ended 30 September 2015 was primarily attributable to decrease in gross profit and increase in administrative expenses with the factors as described above.

DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 30 September 2015 (three months ended 30 September 2014: HK\$Nil).

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

Executive Directors

- Mr. Zhong Xiaozheng – appointed on 19 October 2015 for a director fee of HK\$360,000 per annum
- Ms. Wang Jun – appointed on 12 November 2015 for a director fee of HK\$360,000 per annum
- Mr. Cao Zhiwen – resigned on 19 October 2015

Non-executive Directors

- Mr. Xu Xiaoping – appointed on 22 October 2015 for a director fee of HK\$360,000 per annum
- Ms. Li Qingchen – appointed on 12 November 2015 for a director fee of HK\$360,000 per annum

Independent Non-Executive Director

- Mr. Chow Chun Hin Leslie – appointed on 23 September 2015 for a director fee of HK\$120,000 per annum

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

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

As at 30 September 2015, 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.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 30 September 2015, no person other than certain Directors or chief executive of the Company had any interests or short positions in the shares and underlying shares 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 members 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. Zhao Han	The Company	Beneficial owner (<i>Note 1</i>)	1,200,000,000	Long	12.00%
China New Energy Power Group Limited	The Company	Interest in controlled corporation (<i>Note 2</i>)	490,000,000	Long	4.90%
	The Company	Interest in controlled corporation (<i>Note 2</i>)	211,000,000	Long	2.11%
Quantum China Asset Management Limited	The Company	Beneficial owner	700,000,000	Long	7.00%
Wang Ying	The Company	Beneficial owner	969,472,040	Long	9.69%

Notes:

- Ms. Gao Lili is the spouse of Mr. Zhao Han, Ms. Gao Lili is deemed to be interested in 12% interests in the share capital of the Company under the SFO.
- China New Energy Power Limited directly holds 100% interest in Source Peak Limited. China New Energy Power Limited is deemed to be interested in 4.90% interests in the share capital of the Company which are beneficially owned by Source Peak Limited under SFO.

China New Energy Power Limited indirectly holds 100% interest in Legito Company Limited. China New Energy Power Limited is deemed to be interested in 2.11% interests in the share capital of the Company which are beneficially owned by Legito Company Limited under SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the reporting period, 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.

COMPLIANCE ADVISER'S INTEREST IN THE COMPANY

As at 30 September 2015, as notified by the Company's compliance adviser, Cinda International Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 6 June 2013, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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 three months ended 30 September 2015.

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.

SHARE OPTION

(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. No share options have been granted pursuant to the share option scheme since its adoption.

(2) Share Warrants

On 20 December 2014, the Company issued 2,000,000,000 unlisted 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\$0.166 per share 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 warrant has been exercised up to the date of this announcement.

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 for the three months ended 30 September 2015, except for the deviation of Code as follow:

- (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 and chief executive officer of the Company were performed by the executive director, Mr. Chan Wai Kit. The Company considered that the combination of the roles of chairman and chief executive officer could effectively formulate and implement the strategies of the Company. The company considered that under the supervision of its Board and its independent non-executive Directors, a balancing mechanism existed so that the interests of the Shareholders were adequately and fairly represented. The Company considered that there was no imminent need to change the arrangement.

- (ii) A.4.1 of the Code 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.

REVIEW BY THE AUDIT COMMITTEE

The audit committee consists of four members, namely Mr. Chui Chi Yun, Robert, (chairman of the audit committee), Mr. Chen Kwok Wang, Mr. Chen Chi Tong, Kenny and Mr. Chow Chun Hin, Leslie, 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 and financial reporting matters and the above unaudited condensed consolidated results of the Group for the three months ended 30 September 2015; and is of the opinion that the preparation of such results complied with the applicable accounting standards and that adequate disclosures have been made.

By order of the Board
PPS International (Holdings) Limited
Chan Wai Kit
Chairman and Executive Director

Hong Kong, 13 November 2015

As at the date of this announcement, the Board of the Company comprises four executive Directors, Mr. Chan Wai Kit, Mr. Zhang Xiaozheng, Ms. Wong Chi Yan and Ms. Wang Jun, two non-executive Directors, Mr. Xu Xiaoping and Ms. Li Qingchen, and four independent non-executive Directors, Mr. Chui Chi Yun, Robert, Mr. Chan Chi Tong, Kenny, Mr. Chen Kwok Wang and Mr. Chow Chun Hin Leslie.