THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in PPS International (Holdings) Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agents through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

Mr. Yu Shaoheng

PPS INTERNATIONAL (HOLDINGS) LIMITED
寶聯控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8201)

MANDATORY UNCONDITIONAL CASH OFFER BY AMASSE CAPITAL LIMITED FOR AND ON BEHALF OF MR. YU SHAOHENG TO ACQUIRE ALL THE ISSUED SHARES OF PPS INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY MR. YU SHAOHENG AND PARTIES ACTING IN CONCERT WITH HIM)

Financial adviser to the Offeror

AMASSE CAPITAL
寶 積 資 本

Independent Financial Adviser to the Independent Board Committee

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Capitalized terms used on this cover page shall have the same meanings as those defined in the Composite Document.

A letter from Amasse Capital containing, among other things, details of the terms of the Offer is set out on pages 6 to 15 of the Composite Document. A letter from the Board is set out on pages 16 to 21 of the Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance of the Offer is set out on pages 22 to 23 of the Composite Document. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the Offer is set out on pages 24 to 42 of the Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to the Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar by no later than 4:00 p.m. on Friday, 2 March 2018 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward the Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph headed "7. Overseas Shareholders" of Appendix I to the Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents or any registration or filing which may be required and the compliance with other necessary formalities or legal requirements and payment of any transfer or other taxes due by such Overseas Shareholder in respect of such jurisdiction. Each Overseas Shareholder is advised to seek professional advice on deciding whether or not to accept the Offer.

9 February 2018

CONTENTS

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate. Unless otherwise specified, all the time and date references contained in the Composite Document refer to Hong Kong time and dates.

Event	**Time & Date**
Despatch date of the Composite Document and the accompanying Form of Acceptance and the commencement of the Offer *(Note 1)*	Friday, 9 February 2018
Latest time and date for acceptance of the Offer (*Notes 2, 3 and 4*)	by 4:00 p.m. on Friday, 2 March 2018
Closing Date of the Offer *(Notes 3 and 4*)	Friday, 2 March 2018
Announcement of the results of the Offer as at the Closing Date to be posted on the website of the Stock Exchange *(Note 3)*	by 7:00 p.m. on Friday, 2 March 2018
Latest date for posting of remittances in respect of valid acceptances received under the Offer *(Note 5)*	4:00 p.m. on Tuesday, 13 March 2018

Notes:

(1) The Offer, which is unconditional, is made on the date of posting of the Composite Document, and is capable of being accepted on and from that date until the Closing Date.

(2) Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to the Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

(3) The Offer will initially remain open for acceptances until 4:00 p.m. on Friday, 2 March 2018 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offer, which announcement will state either the next Closing Date or a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

(4) Acceptance of the Offer shall be irrevocable and is not capable of being withdrawn, except in the circumstances as set out in the paragraph headed "5. Right of withdrawal" in Appendix I to the Composite Document.

(5) Remittances in respect of the cash consideration for the Offer Shares tendered under the Offer will be despatched to the accepting Independent Shareholder(s) by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

(6) The latest time and date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning", in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances. Instead the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

In the Composite Document, unless the context requires otherwise, the following expressions have the following meanings:

"acting in concert"	has the meaning ascribed to it in the Takeovers Code
"Amasse Capital"	Amasse Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"associate(s)"	has the meaning ascribed to it under the Takeovers Code
"Board"	the board of directors of the Company
"Bought and Sold Note A"	the bought and sold note dated 19 December 2017 and entered into between the Offeror and Vendor A for the sale and purchase of 42,789,750 Shares
"Bought and Sold Note B"	the bought and sold note dated 19 December 2017 and entered into between the Offeror and Vendor B for the sale and purchase of 26,730,000 Shares
"Bought and Sold Note C"	the bought and sold note dated 19 December 2017 and entered into between the Offeror and Vendor C for the sale and purchase of 26,725,500 Shares
"Bought and Sold Notes"	collectively, the Bought and Sold Note A, the Bought and Sold Note B and the Bought and Sold Note C
"Business Day(s)"	a day on which the Stock Exchange is open for the transaction of business
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Charge"	pursuant to the Facility Agreement, the 96,245,250 Shares acquired by the Offeror under the Bought and Sold Notes and the Offer Shares to be acquired under the Offer shall be deposited in the securities account and such securities account was charged in favor of the Lender

"Closing Date"	2 March 2018, the closing date of the Offer, which is 21 days after the date on which the Composite Document is posted, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror in accordance with the Takeovers Code
"Company"	PPS International (Holdings) Limited, a company incorporated in the Caymans Islands with limited liability, the issued Shares of which are listed on GEM
"Composite Document"	the composite offer and response document jointly issued by the Offeror and the Company to the Independent Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, terms and conditions of the Offer, procedures for acceptance of the Offer, letters from the Independent Board Committee and the Independent Financial Adviser, and the Form of Acceptance
"Concert Parties"	in relation to the Offeror, party(ies) acting in concert and presumed to be acting in concert with the Offeror, as determined in accordance with the Takeovers Code, including (i) Mr. Yu Weiye, the father of the Offeror, who owned 54,431,400 Shares as at the Latest Practicable Date; (ii) Vendor A; and (iii) the Lender
"controlling shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Convertible Bonds"	the zero coupon rate unsecured convertible bonds due on 20 August 2018 in the aggregate principal amount of HK$50,000,000 which could be convertible into a total of 83,333,333 Shares at the conversion price of HK$0.60 per conversion share issued by the Company on 21 August 2017, the entire principal amount of which remains outstanding as at the Latest Practicable Date
"Directors"	the directors of the Company from time to time
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Facility"	a loan facility of HK$40.0 million granted by the Lender to the Offeror in accordance with the terms of the Facility Agreement for financing the Offer

"Facility Agreement"	the loan facility agreement entered into between the Lender (as lender) and the Offeror (as borrower) dated 18 December 2017 in relation to the Facility
"Form of Acceptance"	the form of acceptance and transfer of the Offer Shares in respect of the Offer which accompanies the Composite Document
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Chui Chi Yun Robert and Mr. Kwong Tsz Ching Jack, established for the purpose of advising and giving a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer
"Independent Financial Adviser"	Messis Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee in respect of the Offer
"Independent Shareholders"	Shareholder(s) other than the Offeror or his Concert Parties
"Joint Announcement"	the joint announcement of the Company and the Offeror dated 28 December 2017 regarding the Offer
"Last Trading Day"	19 December 2017, being the last trading day prior to the publication of the Joint Announcement
"Latest Practicable Date"	7 February 2018, being the latest practicable date prior to the printing of the Composite Document for the purpose of ascertaining certain information contained herein

"Lender"	Mr. Lau Chi Yuen Joseph, being the lender of the Facility
"Loan"	the loans in an aggregate principal amount of HK$196,000,200 due from Vendor A to the Offeror with nil interest rate and repayable by Vendor A at any time as requested by the Offeror
"Offer"	the mandatory unconditional cash offer made by Amasse Capital for and on behalf of the Offeror for all the Offer Shares in accordance with the Takeovers Code
"Offer Period"	has the meaning ascribed to it under the Takeovers Code and commencing from 28 December 2017, being the date of publication of the Joint Announcement until the Closing Date or such other later date as revised or extended by the Offeror, with the consent of the Executive, in accordance with the Takeovers Code
"Offer Price"	the price at which the Offer is made, being HK$0.355 per Offer Share
"Offer Share(s)"	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror or his Concert Parties
"Offeror"	Mr. Yu Shaoheng, the chief executive officer of the Company and the executive Director
"Overseas Shareholders"	Independent Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
"PRC"	the People's Republic of China which, for the purpose of the Composite Document, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, being the agent to receive the Form of Acceptance under the Offer
"Relevant Period"	the period from 20 June 2017, being the date falling six months preceding the Last Trading Date, up to and including the Latest Practicable Date

"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	registered holder(s) of the Shares from time to time
"Stamp Office"	the Stamp Office of Hong Kong
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to it under the GEM Listing Rules
"substantial shareholder"	has the meaning ascribed to it under the GEM Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Vendor A"	Wui Wo Enterprise Limited, a company incorporated in the BVI with limited liability
"Vendor A Irrevocable Undertaking"	the irrevocable undertaking given by Vendor A to the Offeror and the Lender in respect of the Convertible Bonds held by it, details of which are set out in the section headed "2. The Irrevocable Undertaking" in the letter from Amasse Capital to the Composite Document
"Vendor B"	Wan Yeung Lau
"Vendor C"	Chung Kam Lau
"Vendors"	collectively, Vendor A, Vendor B and Vendor C
"%"	per cent

AMASSE CAPITAL
寶 積 資 本

9 February 2018

To the Independent Shareholders,

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER
BY AMASSE CAPITAL LIMITED FOR AND ON BEHALF OF
MR. YU SHAOHENG TO ACQUIRE ALL THE ISSUED SHARES OF
PPS INTERNATIONAL (HOLDINGS) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY MR. YU SHAOHENG
AND PARTIES ACTING IN CONCERT WITH HIM)**

1. INTRODUCTION

Reference is made to the Joint Announcement in relation to the Offer. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as defined in the Composite Document. As mentioned in the Joint Announcement, the Offeror (as purchaser) entered into the Bought and Sold Notes on 19 December 2017 to acquire an aggregate of 96,245,250 Shares, representing approximately 35.65% of the entire issued share capital of the Company as at the date of the Bought and Sold Notes, from the Vendors (as vendors), for an aggregate consideration of HK$34,167,063.75, equivalent to HK$0.355 per Share. The completion of the Bought and Sold Notes took place on 20 December 2017.

This letter sets out, among other things, the principal terms of the Offer, together with information on the Offeror and the Offeror's intentions regarding the Group. Further details of the terms of the Offer and procedures of acceptance and settlement are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance. Independent Shareholders are strongly advised to carefully consider the information contained in the section headed "Letter from the Board", "Letter from the Independent Board Committee", and "Letter from the Independent Financial Adviser" and the appendices as set out in the Composite Document before reaching a decision as to whether or not to accept the Offer.

2. THE IRREVOCABLE UNDERTAKING

Pursuant to the Vendor A Irrevocable Undertaking dated 18 December 2017, Vendor A has irrevocably undertaken to the Offeror and the Lender that from the date of the Vendor A Irrevocable Undertaking until the later of (a) the date falling the expiry of six (6) months from the closing date of the Offer; and (b) the date of the full repayment of the Facility by the Offeror, (i) it will not sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit the sale, transfer, charging or other disposition or creation or grant of any other encumbrance or option of or over all or any Convertible Bonds or interest in such Convertible Bonds, or accept any other offer in respect of all or any Convertible Bonds; (ii) exercise any conversion rights attaching to the Convertible Bonds or otherwise convert any part or the whole of the Convertible Bonds into conversion shares; and (iii) enter into any agreement or arrangement or incur any obligation to do all or any of the acts referred to in paragraph (i) above or which would restrict or impede or otherwise preclude Vendor A from complying with its obligations under the Vendor A Irrevocable Undertaking.

In light of the Vendor A Irrevocable Undertaking, no offer is made for the Convertible Bonds as all the outstanding Convertible Bonds are held by Vendor A.

3. MANDATORY UNCONDITIONAL CASH OFFER

Immediately prior to the completion of the Bought and Sold Notes, the Offeror and his Concert Parties owned in an aggregate of 97,221,150 Shares, representing approximately 36.01% of the entire issued share capital of the Company as at the Latest Practicable Date, and the Convertible Bonds. Immediately after completion of the Bought and Sold Notes and as at the Latest Practicable Date, the Offeror and his Concert Parties owned in an aggregate of 150,676,650 Shares, representing approximately 55.81% of the entire issued share capital of the Company, and the Convertible Bonds. Accordingly, the Offeror and his Concert Parties are required to make a mandatory unconditional cash offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and his Concert Parties) pursuant to Rule 26.1 of the Takeovers Code.

As at the Latest Practicable Date, the Company had 270,000,000 Shares in issue.

Save for the Convertible Bonds, the Company did not have any outstanding, options, warrants, derivatives and other securities that are convertible or exchangeable into the Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Amasse Capital is, for and on behalf of the Offeror, making the Offer to acquire all the Offer Shares on the following basis:

The Offer

For each Offer Share . . . . HK$0.355 in cash

The Offer Price of HK$0.355 for each Offer Share is the same as the purchase price per Share under each of the Bought and Sold Notes.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Shares to be acquired under the Offer shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including, without limitation, the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid on or after the date of despatch of the Composite Document.

Comparison of value

The Offer Price of HK$0.355 per Offer Share represents:

(a) a discount of approximately 1.39% to the closing price of HK$0.360 per Share quoted on the Stock Exchange on 19 December 2017, being the Last Trading Day;

(b) a discount of approximately 2.74% to the average closing price of approximately HK$0.365 per Share quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(c) a discount of approximately 10.35% to the average closing price of approximately HK$0.396 per Share quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

(d) a discount of approximately 9.59% to the average closing price of approximately HK$0.393 per Share quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

(e) the same as the closing price of HK$0.355 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(f) a discount of approximately 36.04% to the unaudited consolidated net assets attributable to owners of the Company per Share of approximately HK$0.555 as at 31 December 2017, calculated based on the Group's unaudited consolidated net assets attributable to owners of the Company of approximately HK$149,764,000 as at 31 December 2017 and 270,000,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share price

During the Relevant Period:

(i) the highest closing price of the Shares quoted on the Stock Exchange was HK$0.580 per Share on 20 June 2017; and

(ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK$0.275 per Share on 31 July 2017.

Value of the Offer

Assuming the Offer is accepted in full and on the basis that there is no change in the issued share capital of the Company up to the close of the Offer, a total of 119,323,350 issued Shares (representing the Shares not already held or to be acquired by the Offeror and his Concert Parties) will be subject to the Offer and the maximum cash consideration payable by the Offeror under the Offer would be HK$42,359,789.25 based on the Offer Price of HK$0.355 per Offer Share.

Financial resources available to the Offeror

The Offeror intends to finance and satisfy the consideration payable under the Offer with his own resources and the Facility. According to the Facility Agreement, an aggregate of 96,245,250 Shares acquired by the Offeror under the Bought and Sold Notes and the Offer Shares to be acquired shall be deposited into the securities account and such securities account was charged in favor of the Lender, a third party independent of the Offeror prior to the entering into the Facility Agreement, as collaterals for the Facility.

The Offeror does not intend that the payment of the interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company.

The Lender is an experienced investor in the financial market and has experience in money lending business in Hong Kong. The Lender confirmed that he is not a Shareholder and did not, directly or indirectly, own any securities of the Company during the period from 20 June 2017, being the six-month period immediately preceding the Last Trading Day and up to the Latest Practicable Date and he will not, directly or indirectly, own any securities of the Company during the Offer Period and for the 6 months after the close of the Offer.

Amasse Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer.

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Effect of accepting the Offer

Acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including, without limitation, the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid on or after the date of despatch of the Composite Document.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

Hong Kong stamp duty

Sellers' Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amounts payable to Independent Shareholders who accept the Offer. The Offeror will arrange for payment of sellers' ad valorem stamp duty on behalf of Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, his Concert Parties, the Company, Amasse Capital and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Payment

Payment in cash (rounding up to the nearest cent) in respect of acceptances of the Offer will be made as soon as possible but in any event within seven Business Days of the date on which the duly completed acceptances of the Offer are received. Relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

Dealing and interests in the Company's securities

Immediately prior to the completion of the Bought and Sold Notes, the Offeror and his Concert Parties owned in an aggregate of 97,221,150 Shares, representing approximately 36.01% of the entire issued shares capital of the Company as at the Latest Practicable Date, and the Convertible Bonds. Immediately after the completion of the Bought and Sold Notes and as at the Latest Practicable Date, the Offeror and his Concert Parties owned in an aggregate of 150,676,650 Shares, representing approximately 55.81% of the entire issued share capital of the Company, and the Convertible Bonds.

The Offeror confirmed that, as at the Latest Practicable Date, save for the 96,245,250 Shares acquired through the Bought and Sold Notes, none of the Offeror or his Concert Parties had dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

Shareholding structure of the Company

The following table sets out the shareholding structure of the Company (i) immediately prior to the completion of the Bought and Sold Notes; and (ii) immediately after the completion of the Bought and Sold Notes and as at the Latest Practicable Date:

	Immediately prior to the completion of the Bought and Sold Notes		**Immediately after the completion of the Bought and Sold Notes and as at the Latest Practicable Date**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
The Offeror and his Concert Parties				
The Offeror	–	–	96,245,250	35.65
Mr. Yu Weiye *(Note)*	54,431,400	20.16	54,431,400	20.16
Vendor A *(Note)*	42,789,750	15.85	–	–
Sub-total	*97,221,150*	*36.01*	*150,676,650*	*55.81*
Vendor B	26,730,000	9.90	–	–
Vendor C	26,725,500	9.90	–	–
Other public Shareholders	119,323,350	44.19	119,323,350	44.19
TOTAL	**270,000,000**	**100.00**	**270,000,000**	**100.00**

Note: Mr. Yu Weiye is the father of the Offeror and Vendor A is wholly owned by Mr. Yu Weiye.

4. INFORMATION OF THE GROUP

Your attention is drawn to the details of the information of the Group as set out under the section headed "5. Information of the Group" in the "Letter from the Board" to the Composite Document.

5. INFORMATION OF THE OFFEROR

Mr. Yu Shaoheng (余紹亨), aged 33, is the chief executive officer and the executive Director of the Company. He is currently the chairman of 陝西亨澤實業有限公司 (Shaanxi Hengze Industrial Corporation Limited*), which is principally engaged in investment in and development of energy, mining, environmental-preservation, real estate, and tourism businesses.

6. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror is the chief executive officer of the Company and the executive Director and immediately upon completion of the Bought and Sold Notes, the Offeror has become a controlling Shareholder.

Following the close of the Offer, it is the intention of the Offeror that the Group will continue its existing principal activities after the close of the Offer. However, the Offeror will conduct a detailed review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group with the aim of growing and expanding its business and strengthening its financial position.

Subject to the results of the review, the Offeror may explore other business opportunities for the Group and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Group. As at the Latest Practicable Date, no such investment or business opportunities had been identified nor had the Offeror entered into an agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group.

Save for the Offeror's intention regarding the Group as set out above and the board composition of the Company as set out below, the Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

7. BOARD COMPOSITION OF THE COMPANY

The Board is currently made up of four Directors, comprising two executive Directors, being Mr. Yu Shaoheng (Chief Executive Officer) and Mr. Yang Yifan, and two independent non-executive Directors, being Mr. Chui Chi Yun, Robert and Mr. Kwong Tsz Ching, Jack.

The Offeror intends to nominate Mr. Yeung Yat Chuen (“**Mr. Yeung**”) as new Executive Director to the Board with effect from the earliest time permitted under the Takeovers Code. Save for Mr. Yeung, there were no other new Directors intended to be appointed by the Offeror to the Board as at the Latest Practicable Date. Further announcement(s) will be made by the Company in compliance with the requirements of the GEM Listing Rules as and when there are changes in the composition of the Board.

Mr. Yeung, aged 35, is the chief financial officer of the Company and the director, company secretary or statutory representative of various members of the Group. He has worked in the financial industry for more than 10 years. He joined the Group in September 2014. Mr. Yeung graduated from the Hong Kong University of Science and Technology in 2005 with a Bachelor Degree in Mathematics.

Save as disclosed above, Mr. Yeung does not hold any other position with the Company and other members of the Group.

Mr. Yeung has not held any directorships in any other publicly listed companies in the last three years. Mr. Yeung is not connected to any Director, senior management, substantial shareholder or controlling shareholder of the Company. Mr. Yeung does not have any interests in the shares of the Company which is required to be disclosed under Part XV of the SFO.

Save as disclosed above, there is no information relating to Mr. Yeung that is required to be disclosed pursuant to Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Retirement of independent non-executive Director and non-compliance with Audit Committee and independent non-executive Directors requirements

As set out in the section headed “Re-election of the Directors” in the circular of the Company dated 1 November 2017 in relation to, among other things, resignation and appointment of the Directors, in accordance with Article 83(3) of the articles of association of the Company, Mr. Yu Xiufeng (“**Mr. Yu**”) was appointed to fill casual vacancy, he should hold office until the first general meeting of the Shareholders and be eligible for re-election. However, due to health issues, Mr. Yu did not offer himself for re-election as an independent non-executive Director at the annual general meeting of the Company dated 29 December 2017 and retired accordingly.

Following the retirement of Mr. Yu, the Company had two independent non-executive Directors and two Audit Committee members, the number of which falls below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules. The Board would make its best endeavours to identify an appropriate person to be appointed as independent non-executive Director, to fill the vacancy in the Audit Committee 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(s) will be made by the Company in compliance with the requirements of the GEM Listing Rules as and when there are changes in the composition of the Board.

8. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the Shares; or

(b) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The Offeror, Mr. Yeung, as the new Director to be appointed to the Board and the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

9. ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding further terms and conditions of the Offer, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to the Composite Document and the accompanying Form of Acceptance.

10. COMPULSORY ACQUISITION

The Offeror does not intend to exercise or apply any right which may be available to him to acquire compulsorily any Shares outstanding after the close of the Offer.

11. GENERAL

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of the members of the Company and in the case of joint Independent Shareholders, to such Independent Shareholders whose name appears first in the register of members of the Company. The Offeror, his Concert Parties, the Company, Amasse Capital and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

12. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to the Composite Document and the accompanying Form of Acceptance, which form part of the Composite Document. You are reminded to carefully read the "Letter from the Board", the recommendation of the Independent Board Committee, the advice and recommendation of the Independent Financial Adviser and other information about the Group, which are set out in the Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Amasse Capital Limited
Michael Lam
Managing Director

PPS INTERNATIONAL (HOLDINGS) LIMITED
寶 聯 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8201)

Executive Directors:
Mr. Yu Shaoheng *(Chief Executive Officer)*
Mr. Yang Yifan

Independent non-executive Directors:
Mr. Chui Chi Yun, Robert
Mr. Kwong Tsz Ching, Jack

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
24/F., SUP Tower
75–83 King's Road, North Point
Hong Kong

9 February 2018

To the Independent Shareholders,

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY AMASSE CAPITAL LIMITED FOR AND ON BEHALF OF MR. YU SHAOHENG TO ACQUIRE ALL THE ISSUED SHARES OF PPS INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY MR. YU SHAOHENG AND PARTIES ACTING IN CONCERT WITH HIM)

1. INTRODUCTION

Reference is made to the Joint Announcement pursuant to which the Offeror and the Company jointly announced on 28 December 2017 that Amasse Capital would, on behalf of the Offeror, make a mandatory unconditional cash offer to acquire all of the Shares other than those already owned or agreed to be acquired by the Offeror and his Concert Parties.

The purpose of the Composite Document is to provide you with, among other things: (i) information relating to the Group, the Offeror and the Offer; (ii) a letter from Amasse Capital containing, among other things, details of the Offer; (iii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Offer; and (iv) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in relation to the Offer.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee of the Company, comprising all the independent non-executive Directors, namely Mr. Chui Chi Yun, Robert and Mr. Kwong Tsz Ching, Jack, has been established by the Board to make recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance of the Offer.

In addition, Messie Capital Limited, with the approval of the Independent Board Committee, has been appointed as the Independent Financial Adviser, to advise the Independent Board Committee as to the fairness and reasonableness of the Offer and as to acceptance of the Offer.

3. THE IRREVOCABLE UNDERTAKING

Pursuant to the Vendor A Irrevocable Undertaking dated 18 December 2017, Vendor A has irrevocably undertaken to the Offeror and the Lender that from the date of the Vendor A Irrevocable Undertaking until the later of (a) the date falling the expiry of six (6) months from the closing date of the Offer; and (b) the date of the full repayment of the Facility by the Offeror, (i) it will not sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit the sale, transfer, charging or other disposition or creation or grant of any other encumbrance or option of or over all or any Convertible Bonds or interest in such Convertible Bonds, or accept any other offer in respect of all or any Convertible Bonds; (ii) exercise any conversion rights attaching to the Convertible Bonds or otherwise convert any part or the whole of the Convertible Bonds into conversion shares; and (iii) enter into any agreement or arrangement or incur any obligation to do all or any of the acts referred to in paragraph (i) above or which would restrict or impede or otherwise preclude Vendor A from complying with its obligations under the Vendor A Irrevocable Undertaking.

In light of the Vendor A Irrevocable Undertaking, no offer is made for the Convertible Bonds as all the outstanding Convertible Bonds are held by Vendor A.

4. MANDATORY UNCONDITIONAL CASH OFFER

Immediately prior to the completion of the Bought and Sold Notes, the Offeror and his Concert Parties owned in an aggregate of 97,221,150 Shares, representing approximately 36.01% of the entire issued share capital of the Company as at the Latest Practicable Date, and the Convertible Bonds. Immediately after completion of the Bought and Sold Notes and as at the Latest Practicable Date, the Offeror and his Concert Parties owned in an aggregate of

150,676,650 Shares, representing approximately 55.81% of the entire issued share capital of the Company, and the Convertible Bonds. Accordingly, the Offeror and his Concert Parties are required to make a mandatory unconditional cash offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and his Concert Parties) pursuant to Rule 26.1 of the Takeovers Code.

As at the Latest Practicable Date, the Company had 270,000,000 Shares in issue.

Save for the Convertible Bonds, the Company did not have any outstanding options, warrants, derivatives or other securities that are convertible or exchangeable into the Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Amasse Capital is, for and on behalf of the Offeror, making the Offer to acquire all the Offer Shares on the following basis:

The Offer

For each Offer Share . . . . **HK$0.355 in cash**

The Offer Price of HK$0.355 for each Offer Share is the same as the purchase price per Share under each of the Bought and Sold Notes.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Shares to be acquired under the Offer shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including, without limitation, the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid on or after the date of despatch of the Composite Document.

Effect of accepting the Offer

Acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including, without limitation, the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid on or after the date of despatch of the Composite Document.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

Shareholding structure of the Company

The following table sets out the shareholding structure of the Company (i) immediately prior to the completion of the Bought and Sold Notes; and (ii) immediately after the completion of the Bought and Sold Notes and as at the Latest Practicable Date:

	Immediately prior to the completion of the Bought and Sold Notes		**Immediately after the completion of the Bought and Sold Notes and as at the Latest Practicable Date**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
The Offeror and his Concert Parties				
The Offeror	–	–	96,245,250	35.65
Mr. Yu Weiye *(Note)*	54,431,400	20.16	54,431,400	20.16
Vendor A *(Note)*	42,789,750	15.85	–	–
Sub-total	*97,221,150*	*36.01*	*150,676,650*	*55.81*
Vendor B	26,730,000	9.90	–	–
Vendor C	26,725,500	9.90	–	–
Other public Shareholders	119,323,350	44.19	119,323,350	44.19
TOTAL	**270,000,000**	**100.00**	**270,000,000**	**100.00**

Note: Mr. Yu Weiye is the father of the Offeror and Vendor A is wholly owned by Mr. Yu Weiye.

5. INFORMATION OF THE GROUP

The Group is principally engaged in the provision of (i) environmental cleaning services and office cleaning services; and (ii) money lending services.

Further information of the Group has been set out in "Appendix II – Financial information of the Group" and "Appendix III – General information of the Group" to the Composite Document.

6. INFORMATION OF THE OFFEROR

Your attention is drawn to the section headed "5. Information of the Offeror" in the "Letter from Amasse Capital" and "Appendix IV – General information of the Offeror" to the Composite Document.

7. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed "6. Intention of the Offeror in relation to the Group" in the "Letter from Amasse Capital" to the Composite Document. The Board is pleased with the Offeror's intention in respect of the Group that the Offeror has no intention to (i) discontinue the employment of any employees of the Group (save for his intention regarding the Board composition of the Company in the section headed "7. Board composition of the Company" in the "Letter from Amasse Capital"); or (ii) redeploy the assets of the Group other than those in its ordinary and usual course of business.

8. TAXATION ADVICE

Your attention is drawn to the paragraph headed "3. Mandatory Unconditional Cash Offer – Taxation advice" in the "Letter from Amasse Capital" to the Composite Document.

Independent Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offer.

None of the Offeror, his Concert Parties, the Company, Amasse Capital and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. BOARD COMPOSITION OF THE COMPANY

Your attention is drawn to the section headed "7. Board Composition of the Company" in the "Letter from Amasse Capital" to the Composite Document.

10. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the Shares; or

(b) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The Offeror, Mr. Yeung, as the new Director to be appointed to the Board and the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

11. RECOMMENDATION AND ADDITIONAL INFORMATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" on pages 22 to 23 of the Composite Document, which sets out its recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer and (ii) the "Letter from the Independent Financial Adviser" on pages 24 to 42 of the Composite Document, which sets out its advice and recommendation to the Independent Board Committee in relation to the Offer and the principal factors considered by it in arriving at its recommendation.

You are also advised to read the "Letter from Amasse Capital" on pages 6 to 15 of the Composite Document, the further terms of the Offer and procedures of acceptance and settlement set out in Appendix I of the Composite Document and the accompanying Form of Acceptance in respect of the terms and acceptance and settlement procedures of the Offer.

Yours faithfully,
By order of the Board of
PPS International (Holdings) Limited
Yu Shaoheng
Chief Executive Officer and Executive Director

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8201)

9 February 2018

To the Independent Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY AMASSE CAPITAL LIMITED FOR AND ON BEHALF OF MR. YU SHAOHENG TO ACQUIRE ALL THE ISSUED SHARES OF PPS INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY MR. YU SHAOHENG AND PARTIES ACTING IN CONCERT WITH HIM)

We refer to the composite offer and response document dated 9 February 2018 issued jointly by the Offeror and the Company (the "**Composite Document**") of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to make a recommendation to you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof.

Messis Capital has been appointed, with our approval, as the Independent Financial Adviser to advise us in respect of the Offer and its terms and conditions. Your attention is drawn to the "Letter from the Independent Financial Adviser" set out on pages 24 to 42 of the Composite Document which contains the details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation in respect of the Offer.

We draw your attention to the "Letter from Amasse Capital" set out on pages 6 to 15 of the Composite Document which contains, *inter alia*, information about the Offer, the "Letter from the Board" set out on pages 16 to 21 of the Composite Document and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and acceptance and settlement procedures for the Offer.

RECOMMENDATION

Taking into account the terms of the Offer and the independent advice from the Independent Financial Adviser, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, accordingly, we recommend the Independent Shareholders to accept the Offer.

Independent Shareholders are recommended to read the full text of the "Letter from Independent Financial Adviser" in the Composite Document. Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms and conditions of the Offer.

Yours faithfully,
The Independent Board Committee
PPS International (Holdings) Limited
Mr. Chui Chi Yun Robert **Mr. Kwong Tsz Ching Jack**
Independent non-executive Directors

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee for inclusion in the Composite Document.

MESSIS 大有融資

9 February 2018

To: The Independent Board Committee of PPS International (Holdings) Limited

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY AMASSE CAPITAL LIMITED FOR AND ON BEHALF OF MR. YU SHAOHENG TO ACQUIRE ALL THE ISSUED SHARES OF PPS INTERNATIONAL (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY MR. YU SHAOHENG AND PARTIES ACTING IN CONCERT WITH HIM)

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 9 February 2018, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

As mentioned in the Joint Announcement, the Offeror (as purchaser) entered into the Bought and Sold Notes to acquire an aggregate of 96,245,250 Shares, representing approximately 35.65% of the entire issued share capital of the Company as at the date of the Bought and Sold Notes, from the Vendors (as vendor), for an aggregate consideration of HK$34,167,063.75, equivalent to HK$0.355 per Share. The completion of the Bought and Sold Notes took place on 20 December 2017.

Immediately prior to the completion of the Bought and Sold Notes, the Offeror and his Concert Parties owned in an aggregate of 97,221,150 Shares, representing approximately 36.01% of the entire issued share capital of the Company immediately prior to the completion of the Bought and Sold Notes, and the Convertible Bonds. Immediately after completion of the Bought and Sold Notes and as at the Latest Practicable Date, the Offeror and his Concert Parties owned in an aggregate of 150,676,650 Shares, representing approximately 55.81% of the entire issued share capital of the Company, and the Convertible Bonds. Accordingly, the Offeror and his

Concert Parties are required to make a mandatory unconditional cash offer to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and his Concert Parties) pursuant to Rule 26.1 of the Takeovers Code.

As at the Latest Practicable Date, the Company had 270,000,000 Shares in issue and save for the Convertible Bonds, the Company did not have any outstanding options, warrants, derivatives or other securities that are convertible or exchangeable into the Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

THE INDEPENDENT BOARD COMMITTEE

In accordance with Rule 2.1 of the Takeovers Code, the Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and whether the Independent Shareholders should accept the Offer.

We, Messis Capital Limited, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in relation to the Offer. Our appointment has been approved by the Independent Board Committee. Our role as the independent financial adviser is to give our recommendation to the Independent Board Committee as to (i) whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Offer should be accepted.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company, the Vendors or the Offeror, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them and accordingly, are considered suitable to give independent advice to the Independent Board Committee in respect of the Offer. In the last two years, we have not acted as the financial advisor nor the independent financial adviser to the Company, the Independent Board Committee and the Independent Shareholders of the Company. Apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, the Vendors or the Offeror, their respective controlling shareholders or any other party acting or presumed to be acting, in concert with any of them that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 17.96 of the GEM Listing Rules and Rule 2 of the Takeovers Code to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Composite Document and the information and representations provide to us by the Directors and the management of the Company. We have reviewed, *inter* *alia*, the Composite Document, the annual reports of the Company for the year ended 30 June 2017 ("**Annual Report 2017**") and the year ended 30 June 2016 ("**Annual Report 2016**"), the interim report of the Company for the six months ended 31 December 2017 ("**Interim Report 2018**"). We have also (i) conducted verbal discussions with the management of the Company regarding the businesses and future outlook of the Group; and (ii) researched and considered market data which we deemed relevant in arriving at our recommendation. We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, were true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion and expectation made by the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors. We believe that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

The Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than those relating to the Offeror and his Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Offer, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

1. Financial information of the Group and outlook

(a) Historical financial information of the Group

The Group principally engages in the provision of environmental and cleaning services in Hong Kong and the PRC and the provision of money lending services. Set out below are the financial results of the Group extracted from the Interim Report 2018, the Annual Report 2017 and the Annual Report 2016:

Table 1: Consolidated income statement of the Group (from continuing operations as extracted from the consolidated statement of profit or loss from the Annual Report 2017 and the Annual Report 2016 and the unaudited condensed consolidated statement of profit or loss from the Interim Report 2018)

	For the six months ended 31 December		For the year ended 30 June		
	2017	**2016**	**2017**	**2016**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited) (re-presented)	(audited)	(audited) (re-presented)	(audited)
Revenue	153,412	130,884	270,224	256,521	202,192
Gross profit	23,329	15,320	30,122	19,703	23,704
(Loss) profit for the period/year	(8,466)	367	(15,606)	(46,486)	(27,249)

Table 2: Segment revenue of the Group (including discontinued operations)

	For the six months ended 31 December		For the year ended 30 June		
	2017	**2016**	**2017**	**2016**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Environmental and cleaning services	144,947	130,734	266,396	256,521	200,604
Money lending	8,465	150	3,828	–	–
Auto beauty services (discontinued)	–	3,122	3,122	8,339	1,588
Property and carpark management services (discontinued)	–	7,006	8,658	4,578	–
	153,412	141,012	282,004	269,438	202,192

Table 3: Consolidated statement of financial position of the Group

	As at 31 December	As at 30 June	
	2017	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)
Non-current assets	20,841	24,452	60,219
Current assets	240,080	186,758	140,663
Non-current liabilities	10,344	10,612	10,685
Current liabilities	100,856	49,173	71,774
Net current assets	139,224	137,585	68,889
Net assets attributable to owners of the Company	149,764	151,502	118,683

*Financial year ended 30 June 2016 ("**FY2016**") versus financial year ended 30 June 2015 ("**FY2015**")*

According to the Annual Report 2016, the principal source of revenue of the Group was derived from environmental and cleaning services which amounted to approximately HK$256.5 million.

As set out in the Table 1 above, the revenue of the Group increased from approximately HK$202.2 million for FY2015 to approximately HK$256.5 million for FY2016, representing an increase of approximately 26.9%. As mentioned in the Annual Report 2016, the increase in revenue in FY2016 was mainly as a result of additional contracts secured and regular price increment for the tenanted services contracts of the environmental and cleaning services. As shown in Table 2 above, for FY2016, auto beauty services and management services also contributed revenue of approximately HK$12.9 million aggregately.

Gross profit of the Group decreased from approximately HK$23.7 million in FY2015 to approximately HK$19.7 million in FY2016. The Group's loss for the year increased significantly by approximately HK$19.3 million from approximately HK$27.2 million for FY2015 to approximately HK$46.5 million in FY2016. The gross profit margin also decreased to approximately 7.7% in FY2016 from 11.7% in FY2015. As stated in the Annual Report 2016, the decrease in gross profit margin of the Group for FY2016 was mainly due to the deterioration in the gross profit margin from the environmental and cleaning services business in Hong Kong by approximately 3.7% to approximately 7.6% from 11.3% in FY2015. While the increase in net loss was primarily attributable to decrease in the gross profit margin and increase in the selling and marketing expenses, administrative expenses, impairment loss and other losses.

As set out in the Table 3 above, as at 30 June 2016, the Group recorded net current assets and net assets attributable to owners of the Company of approximately HK$68.9 million and HK$118.7 million respectively.

*Financial year ended 30 June 2017 ("**FY2017**") versus FY2016*

According to the Annual Report 2017, the principal source of revenue of the Group was derived from environmental and cleaning services, which contributed to over 95% of the total revenue from continuing operations of the Group.

As set out in the Table 1 above, the revenue of the Group increased from approximately HK$256.5 million for FY2016 to approximately HK$270.2 million for FY2017, representing an increase of approximately 5.3%. This was mainly due to the increase in revenue of the Group's environmental and cleaning services of approximately HK$9.9 million in FY2017 and the new money lending business of approximately HK$3.8 million. As stated in the Annual Report 2017, the increase in revenue in environmental and cleaning services was mainly due to (i) the commencement of several new service contracts in the transportation and residential sector and regular price increment in the tenanted services contracts in Hong Kong; and (ii) the increase in revenue contributed from environmental and cleaning services in the PRC which only started in late FY2016. However, as stated in the Annual Report 2017, due to factors such as fierce competition and unsatisfactory results, the Group had discontinued the auto beauty services and the property and car park management services in FY2017.

Gross profit of the Group increased from approximately HK$19.7 million in FY2016 to approximately HK$30.1 million in FY2017. Gross profit margin increased from approximately 7.7% in FY2016 to approximately 11.1% in FY2017. According to the Annual Report 2017, this was as a result of the Group's effort in transferring most of the increased labour costs to the customers upon renewal of and securing the services contracts, implemented more efficient working flows and stringent cost control procedures to reduce significant direct labour and manpower services costs and early terminated some loss making service contracts.

The Group's net loss for the year reduced by approximately HK$30.9 million from approximately HK$46.5 million for FY2016 to approximately HK$15.6 million in FY2017. This was mainly as a result of the decrease in administrative expenses of approximately HK$26.1 million in FY2017. As stated in the Annual Report 2017, the decrease in administrative expenses was mainly due to (i) the decrease in the legal and professional fees by approximately HK$16.9 million for the professional advisory services for the Group's operations, business developments and the legal issues in FY2017; (ii) a one-off nature share-payment expenses of approximately HK$6.6 million being recognised in FY2016; and (iii) the implementation of the tight costs control procedures in 2017.

The Group only recorded slight increase in revenue during the three years ended 30 June 2017. The Group was also loss making for all of the three years ended 30 June 2017. The gross profit margin of the Group experienced large fluctuation during the three years ended 30 June 2017, ranging from approximately 7.7% to 11.7%. The gross profit margin decreased to approximately 7.7% in FY2016 from 11.7% for FY2015 and increased to approximately 11.1% in FY2017. As mentioned in the Annual Report 2016, the decrease in gross profit margin for FY2016 was due to increased direct labour and manpower services costs as a result of intensifying labour market competition in the environmental and cleaning services business. Though as stated in Annual Report 2017 that the Group implemented more efficient working flows and stringent cost control procedures to reduce significant direct labour and manpower services costs which saw the gross profit margin stabilised at

11.1% in FY2017, the cost controls might be difficult to maintain due to the pressure in increasing labour cost. It is uncertain if the Group would be able to enhance such measures to further stabilise its gross profit margin. Notably, in FY2017, loss for the year of the Group still stood at HK$15.6 million. For more details, please refer to the paragraph headed "*1(b). Prospect and outlook of the Group*" below.

As set out in the Table 3 above, as at 30 June 2017, the Group recorded net current assets and net assets attributable to owners of the Company of approximately HK$137.6 million and HK$151.5 million respectively.

*The six months ended 31 December 2017 ("**2018 Interim**") versus the six months ended 31 December 2016 ("**2017 Interim**")*

As set out in the Table 1 above, the revenue of the Group increased from approximately HK$130.9 million for 2017 Interim to approximately HK$153.4 million for 2018 Interim, representing an increase of approximately HK$22.5 million or 17.2%. Referring to Table 2 above, this was mainly due to the increase in revenue of the Group's environmental and cleaning services of approximately HK$14.2 million in 2018 Interim and the increase in revenue from the money lending business of approximately HK$8.3 million. In respect of the auto beauty services and the property and car park management services, as stated in the Annual Report 2017, due to factors such as fierce competition and unsatisfactory results, the Group had discontinued such services later during FY2017. As advised by the Company, the increase in revenue in environmental and cleaning services was mainly due to (i) 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) the increase in revenue contributed from the environmental and cleaning services in the PRC which only started in late FY2016; and (iii) the increase in revenue contribution from the money lending business.

As shown in Table 1, the gross profit of the Group increased from approximately HK$15.3 million in 2017 Interim to approximately HK$23.3 million in 2018 Interim. Gross profit margin increased from approximately 11.7% in 2017 Interim to approximately 15.2% in 2018 Interim. As discussed with the management of the Company, this was mainly as a result of the net effect of (i) lower gross profit margin of the environmental and cleaning services in 2018 Interim; and (ii) the income contribution from the money lending segment.

From Table 1 above, the Group recorded profit for the period of approximately HK$0.4 million for 2017 Interim but a loss for the period of approximately HK$8.5 million for 2018 Interim. As advised by the management of the Company, such increase in net loss was mainly due to the net effect of (i) additional expenses of approximately HK$11 million incurred for the development of the new 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, which were ceased to be developed by the Group in December 2017 in view of the unsatisfactory development progress, in particular the difficulties encountered on obtaining the relevant licences and/or approvals; (ii) the effective interest expense of approximately HK$2.4 million on the zero-coupon convertible bonds issued by the Group in August 2017; and (iii) additional profit of approximately HK$6.3 million from the money lending business which was newly commenced in December 2016.

Setting aside the aforementioned additional expenses of approximately HK$11 million, and without considering the tax effect, if any, the Group would have recorded a net profit of approximately HK$2.5 million for 2018 Interim, which was a slight improvement as compared with the profit for the period of approximately HK$0.4 million for 2017 Interim. The slight improvement in net profit was mainly due to the increase in profit from the money lending business of approximately HK$6.3 million partly netted off by the decrease in gross profit margin of the environmental and cleaning business. Considering the environmental and cleaning business is still the Group's major business which accounted for approximately 95% of the Group's revenue in 2018 Interim and the decrease in gross profit margin of such business, it is uncertain if the Group could maintain the overall profitability.

As set out in the Table 3 above, as at 31 December 2017, the Group recorded net current assets and net assets attributable to owners of the Company of approximately HK$139.2 million and HK$149.8 million respectively.

(b) Prospect and outlook of the Group

The Group is principally engaged in the provision of environmental and cleaning services in Hong Kong and the PRC and the provision of money lending services. According to the Annual Report 2017, revenue for FY2017 from environmental and cleaning services in Hong Kong amounted to approximately HK$258.1 million, which accounted for over 95% of total revenue from continuing operations of the Group. Environmental and cleaning services in Hong Kong is labour intensive and account for large portion of the costs of such services. The table below sets out the average salaries of cleaners in Hong Kong:

Table 4: Average monthly salaries of cleaners in pest control and cleaning services in Hong Kong

Year	**Month**	**Cleaner (lavatory)** *HK$*	**Cleaner (general)** *HK$*
2016	Sep	9,216	8,565
	Dec	9,356	8,690
2017	Mar	9,419	8,698
	Jun	9,770	8,951
	Sep	9,845	9,043

Source: Census and Statistics Department of Hong Kong SAR

Table 5: Statutory Minimum Wage (SMW) in Hong Kong

Effective date	**SMW rate** *(HK$/hour)*
May 2011	28
May 2013	30
May 2015	32.5
May 2017	34.5

Source: Labour Department of Hong Kong SAR

As shown in Table 4 above, the average monthly salaries of cleaners in Hong Kong had demonstrated an increasing trend. The average monthly salaries of lavatory cleaners had increased from HK$9,216 in September 2016 to HK$9,845 in September 2017, representing an increase of approximately 6.8%. The average monthly salaries of general cleaners had increased from HK$8,565 in September 2016 to HK$9,043 in September 2017, representing an increase of approximately 5.6%. For additional information, as shown in Table 5 above, the

SMW increased from $32.5/hour in May 2015 to $34.5/hour in May 2017, representing an increase of approximately 6.2%.

Despite the Group's gross profit margin improved in FY2017 as compared with FY2016, the gross profit margin for FY2017 was slightly lower than that of FY2015. As stated in the Annual Report 2017, the Group faces higher labour turnover rate in the environmental services industry as more labour 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 labour costs, the Group strived to transfer most of the increased labour costs to the customers and implement more efficient working flows and stringent cost control procedures. Notwithstanding that the Group had implemented stringent cost control procedures and transferred most of the increased labour costs to customers, the relatively high rate of increase in labour costs might affect the effectiveness of the Group's cost control procedures and the ability to transfer such costs to customers. It is uncertain if the Group would be able to enhance such measures to further stabilise its gross profit margin and in turn achieve a turnaround, where the loss for the year from continuing operations of the Group currently stood at HK$15.6 million in FY2017.

Moreover, the Group only started the environment and cleaning services business in the PRC in FY2016 and the money lending business in FY2017 and together aggregately accounted for less than 5% of the Group's total revenue from continuing operations, it is uncertain if the Group would be able to enhance its performance through the aforesaid businesses.

2. Principal terms of the Offer

(a) The Offer

Amasse Capital is, for an on behalf of the Offeror, making the Offer to acquire all the Offer Shares on the following basis:

For each Offer Share . . . . **HK$0.355 in cash**

The Offer Price of HK$0.355 for each Offer Share is the same as the purchase price per Share under each of the Bought and Sold Notes. The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Shares to be acquired under the Offer shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including, without limitation, the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid on or after the date of despatch of the Composite Document.

The Offer Price of HK$0.355 per Offer Share represents:

(i) a discount of approximately 1.39% to the closing price of HK$0.360 per Share quoted on the Stock Exchange on 19 December 2017, being the Last Trading Day;

(ii) a discount of approximately 2.74% to the average closing price of approximately HK$0.365 per Share quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;

(iii) a discount of approximately 10.35% to the average closing price of approximately HK$0.396 per Share quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

(iv) a discount of approximately 9.59% to the average closing price of approximately HK$0.393 per Share quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

(v) a premium/discount of nil to the closing price of HK$0.355 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(vi) a discount of approximately 36.7% to the audited consolidated net assets attributable to owners of the Company per Share of approximately HK$0.561 as at 30 June 2017, calculated based on the Group's audited consolidated net assets attributable to owners of the Company of HK$151,502,000 as at 30 June 2017 and 270,000,000 adjusted Shares *(note)* in issue as at 30 June 2017; and

(vii) a discount of approximately 36.0% to the unaudited consolidated net assets attributable to owners of the Company per Share of approximately HK$0.555 as at 31 December 2017, calculated based on the Group's unaudited consolidated net assets attributable to owners of the Company of HK$149,764,000 as at 31 December 2017 and 270,000,000 Shares in issue as at the Latest Practicable Date.

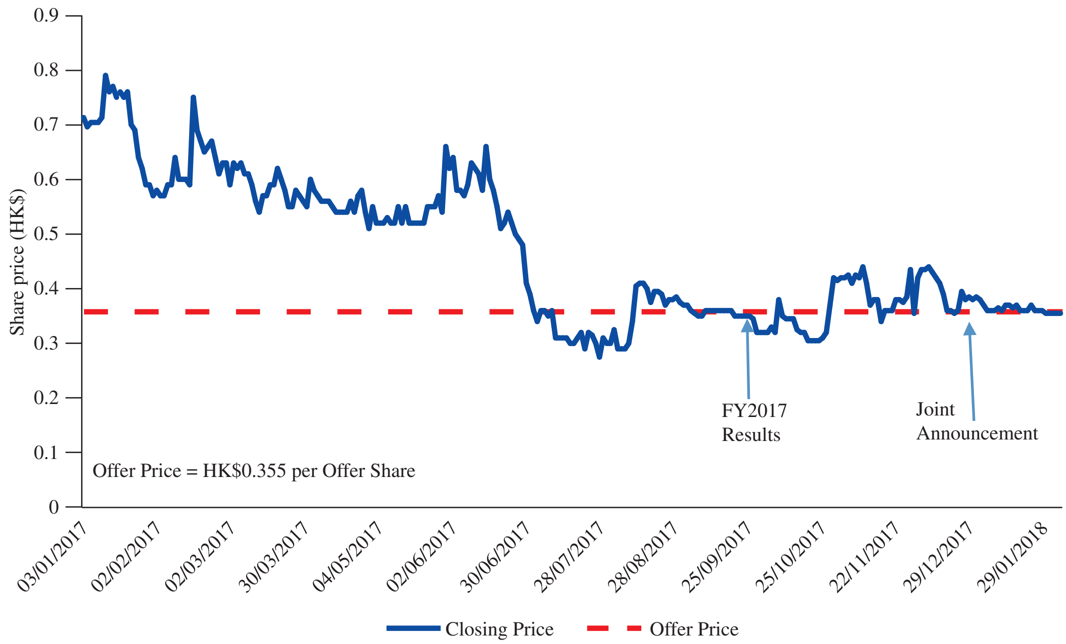
Further terms and conditions of the Offer, including the procedures for acceptance, are set out in Appendix I of the Composite Document.

Note: On 27 July 2017, the Company implemented share consolidation by consolidating every ten (10) issued and unissued Shares of HK$0.001 each in the share capital of the Company into one (1) Consolidated Share of HK$0.01 each in the share capital of the Company. The number of adjusted Shares in issue of 270,000,000 as at 30 June 2017 is adjusted based on the number of issued Shares as at 30 June 2017 of 2,700,000,000 divided by ten (10).

3. Historical Share price performance

Set out below is a chart showing the daily closing prices of the Shares as quoted on the Stock Exchange during the period from 3 January 2017 up to and including the Latest Practicable Date which we consider to be reasonably long enough to illustrate the relationship between the historical trend of the closing price of the Share and the Offer (the "**Review Period**"):

Comparison of the Offer Price to daily closing prices of the Shares during the Review Period



Source: website of the Stock Exchange (http://www.hkex.com.hk)

Prior to the Joint Announcement issued by the Offeror and the Company dated 28 December 2017 (the "**Pre Joint Announcement Period**"), the lowest closing price of the Share was HK$0.275 per Share recorded on 31 July 2017 while the highest closing price of the Share was HK$0.79 per Share recorded on 11 January 2017. The average daily closing price of the Shares during the Review Period before the release of the Joint Announcement is HK$0.478 per Share. The Offer Price of HK$0.355 per Share represents (i) a premium of approximately 29.1% to the lowest closing price during the Review Period before the release of the Joint Announcement; (ii) a discount of approximately 55.1% to the highest closing price during the Review Period before the release of the Joint Announcement; and (iii) a discount of approximately 25.7% to the average daily closing price during the Review Period before the release of the Joint Announcement.

Upon release of the Joint Announcement (the "**Post Joint Announcement Period**"), the Share price ranged from HK$0.355 per Share on 1 February 2018 to HK$0.395 per Share on 29 December 2017, which equals to and represents a premium of approximately 11.3% from the Offer Price of HK$0.355, respectively. We noted that such Share price range is closely aligned with the Offer Price. Moreover, the Offer Price represents a slight discount of approximately 4% of the average share price for the three months immediately prior to and including the Last Trading Day, being the period after the publication of the results for FY2017 on 26 September 2017. It is noted that the Offeror intends to continue with the Group's existing principal business and no corporate actions or plans in relation to the future development of the Group have been materialised as at the Latest Practicable Date. Accordingly, we consider the Offer Price appropriately reflects the fundamentals of the Group.

4. Liquidity of the Shares

The table below sets out the trading volume of the Shares during the Review Period:

	Total monthly trading volume of the Shares *(Thousand Shares)*	**Number of trading days**	**Average daily trading volume of the Shares** *(Approximate thousand Shares)*	**Percentage of average daily trading volume to total number of Shares in issue** *(Note)*
2017				
January	5,070	19	266.9	0.099%
February	6,343	20	317.2	0.117%
March	2,107	23	91.6	0.034%
April	1,269	17	74.7	0.028%
May	825	20	41.2	0.015%
June	6,751	22	306.9	0.114%
July	3,886	21	185.0	0.069%
August	4,364	22	198.3	0.073%
September	1,631	21	77.7	0.029%
October	2,011	20	100.6	0.037%
November	5,789	22	263.2	0.097%
December	6,303	14	450.2	0.167%
2018				
January	4,940	22	224.5	0.083%
February (Up to the Latest Practicable Date)	1,562	5	312.4	0.116%

Source: website of the Stock Exchange (http://www.hkex.com.hk)

Note: On 27 July 2017, the Company implemented share consolidation by consolidating every ten (10) issued and unissued Shares of HK$0.001 each in the share capital of the Company into one (1) Consolidated Share of HK$0.01 each in the share capital of the Company. All the figures above are adjusted figures based on the number of issued Shares as at the Latest Practicable Date. At the Latest Practicable Date, the total number of Shares in issue is 270,000,000.

As illustrated in the table above, the average daily trading volume of the Shares during the Review Period ranged from approximately 41,200 Shares to approximately 450,200 Shares, representing approximately 0.015% to approximately 0.167% of the total number of the Shares in issue as at the Latest Practicable Date.

We note that the historical daily trading volume of the Shares is relatively thin during the Review Period. The average daily trading volumes for the Pre Joint Announcement Period and the Post Joint Announcement Period were approximately 187,000 Shares and 284,800 Shares, respectively. We believe that such increase in trading volume of the Shares was likely due to the market reaction to the possible Offer.

Given the generally thin historical average daily trading volume of the Shares, it is uncertain that the overall liquidity of the Shares could be maintained and that there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. We, therefore, consider that the Offer provides the Independent Shareholders with an assured exit if they wish to realise their investments in the Shares.

5. Selected companies analysis

The Group is mainly engaged in the provision of environmental and cleaning services in Hong Kong. In assessing the fairness and reasonableness of the Offer Price, we attempted to compare the price-to-earnings ratio ("**P/E Ratio**"), the enterprise value multiple, the price-to-cash-flow ratio ("**P/CF Ratio**"), dividend yield and price-to-book ratio ("**P/B Ratio**"), which are the commonly used valuation methods in valuing a company, to other listed companies on the Stock Exchange.

We have identified four companies which are (i) principally engaged in the provision of environmental and cleaning services in Hong Kong of which contributed over 80% of total revenue of the respective company in their respective latest audited financial year; and (ii) have their shares listed on the Stock Exchange.

However, since the Group had been in poor financial performance which recorded net losses since FY2015 for three consecutive years while all of the aforementioned selected companies are profit-making, the financial performance of the Group renders such companies not appropriate for P/E Ratio comparison purpose. With respect to the enterprise value multiple, which is calculated by enterprise value/EBITDA, since the EBITDA of the Company for FY2017 was negative, even adjusted for one-off expenses, such valuation method is not applicable. Moreover, the Company also recorded a net operating cash outflow for FY2017, which renders the P/CF Ratio not applicable as well. As for the dividend yield method, since the Company had not paid out dividends since 2014, we consider such method would also be inappropriate.

Moreover, as the Group suffers from net losses continuously, while the selected companies are profit-making, we consider that there is material difference in profitability, being a major business fundamental, between the Group and the selected companies and the market may give different valuation to the selected companies and the Company as reflected by their respective share price. We consider such difference in profitability could be evidenced by the significant difference in market capitalisation between the Company and the selected companies. As at the Latest Practicable Date, the market capitalisation of the selected companies ranged from approximately HK$244 million to HK$315 million, which differ significantly from the implied market capitalisation of the Company of approximately HK$96 million based on the Offer Price of HK$0.355 per Share. In addition, the implied market capitalisation based on the average share price of the Company during the Post Joint Announcement Period of HK$0.366 per Share amounted to approximately HK$99 million, which closely aligns with the implied market capitalisation based on the Offer Price of approximately HK$96 million. We consider such difference in market valuation as reflected by market capitalisation between the Company and the selected companies would result in P/B Ratio analysis being inappropriate. Based on the above, we consider that there is no approximate companies for P/E Ratio and P/B ratio analysis and the enterprise value multiple, P/CF Ratio and the dividend yield method are not applicable.

6. Information on the Offeror and the intention of the Offeror in relation to the Group

(a) Information of the Offeror

Mr. Yu Shaoheng (余紹亨), aged 33, is the chief executive officer and the executive Director of the Company. He is currently the chairman of 陝西亨澤實業有限公司 (Shaanxi Hengze Industrial Corporation Limited*), which is principally engaged in investment in and development of energy, mining, environmental-preservation, real estate, and tourism businesses.

(b) Intention of the Offeror

The Offeror is the chief executive officer and the executive Director of the Company and immediately upon completion of the Bought and Sold Notes, the Offeror has become a controlling shareholder of the Company.

Following the close of the Offer, it is the intention of the Offeror that the Group will continue with its existing principal activities after the close of the Offer. However, the Offeror will conduct a detailed review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group with the aim of growing and expanding its business and strengthening its financial position.

Subject to the results of the review, the Offeror may explore other business opportunities for the Group and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Group. As at the Latest Practicable Date, no such investment or business opportunities had been identified nor had the Offeror entered into an agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group.

Save for the Offeror's intention regarding the Group as set out in the sections headed "6. Intention of the Offeror in Relation to the Group" and "7. Board Composition of the Company" in the "Letter from Amasse Capital", the Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

(c) Regarding the Board composition

The Board is currently made up of four Directors, comprising two executive Directors, being Mr. Yu Shaoheng (Chief Executive Officer) and Mr. Yang Yifan, and two independent non-executive Directors, being Mr. Chui Chi Yun, Robert and Mr. Kwong Tsz Ching, Jack.

The Offeror intends to nominate Mr. Yeung as new Executive Director to the Board with effect from the earliest time permitted under the Takeovers Code. Save for Mr. Yeung, there were no other new Directors intended to be appointed by the Offeror to the Board as at the Latest Practicable Date. Further announcement(s) will be made by the Company in compliance with the requirements of the GEM Listing Rules as and when there are changes in the composition of the Board.

Since the Offeror does not intend to introduce any major changes to the existing operation and business of the Company or re-deploy the employees and all the existing Directors will remain unchanged, and Mr. Yeung had already joined the Company since September 2014 and is currently the chief financial officer of the Company, the Directors expect the operation of the Group will not be materially affected in the immediate future by the new joining to the Board of Mr. Yeung.

In view of above, we consider that there is no material change to the Board and the proposed changes of the Board would not bring any material impact on the existing business of the Group and its future development. Moreover, the Offeror will continue the Group's existing business and there is no concrete plan for other business development as discussed above. As discussed under the paragraph headed "1. Financial information of the Group and outlook" above, the Group has been loss making for three consecutive years since FY2015 with only slight improvement for 2018 Interim even after setting aside the one-off additional expenses incurred during such period. Therefore, we consider there might not be material change to the current business operation and accordingly, the Group might not be able to demonstrate any material improvement to its existing financial performance, which cast uncertainty to future profitability. Shareholders should form their own judgment as to the commercial attractiveness of the effect of the new management on the Group.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons for the Offer, in particular that:

(i) The fact that the Group had been loss-making since FY2015 as analysed in the paragraph headed "*1(a). Historical financial information of the Group*" above;

(ii) the uncertainty of the outlook of the Group's business given the challenges specially high labour turnover rate and the increasing labour costs as mentioned in the paragraph headed "*1(b). Prospect and outlook of the Group*" above;

(iii) the Offer Price closely aligns with the prevailing closing price and reflects the fundamentals of the Group as analysed in the paragraph headed "*3. Historical Share price performance*" above;

(iv) the historical trading volume of the Shares was generally thin during the Review Period. The Offer provides the Independent Shareholders with an assured exit if they wish to realise their investments in the Shares; and

(v) there is no material change to the Board and the Offeror does not intend to introduce any major changes to the existing operation and business of the Group and the Group might not be able to demonstrate any material improvement to its existing financial performance, which cast uncertainty to future profitability,

we are of the opinion that the terms of the Offer and the Offer Price are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer. In view of the volatility of market conditions, those Independent Shareholders who intend to accept the Offer are reminded that they should closely monitor the market price and the liquidity of the Shares during the Offer Period and should consider selling their Shares in the open market, rather than accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer.

In addition, the Independent Shareholders who wish to realise their investments in the Company in the open market should also consider and monitor the trading volume of the Shares during the Offer Period as, having taken into account the thin historical trading volume of the

Shares on the Stock Exchange as discussed in the paragraph headed "*4. Liquidity of the Shares*" of this letter, they may experience difficulty in disposing of their Shares in the open market without creating downward pressure on the price of the Shares.

As each individual Independent Shareholder would have different investment objectives and/ or circumstances, we would recommend the Independent Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Offer as set out in the Composite Document, its appendices and the accompany Form of Acceptance.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Thomas Lai	**Wallace Cheung**
Chief Executive Officer	*Director*

Note: Mr. Thomas Lai is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Messis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 24 years of experience in corporate finance industry.

Mr. Wallace Cheung is a licensed person registered with the SFC and a responsible officer of Messis Capital Limited to carry out type 6 (advising on corporate finance) regulatory activity under the SFO and has over 7 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE

(a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.

(c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/ registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.

(d) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/ or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/ they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Amasse Capital or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

(f) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or

(iii) certified by the Registrar or the Stock Exchange.

(g) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(h) No acknowledgement of receipt of any Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT OF THE OFFER

(a) Provided that a valid Form of Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar before the close of the Offer, a cheque for the amount (rounding up to the nearest cent) due to each of the Independent Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Shares tendered by it/him/her under the Offer will be despatched to such Independent Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven Business Days following the date of receipt by the Registrar of all relevant documents which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

(b) Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) In order to be valid for the Offer, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive.

(b) The Offeror reserves the right to revise the terms of the Offer after the despatch of the Composite Document until such day as he may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

(c) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date or the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to the Independent Shareholders who have not accepted the Offer, and an announcement will be released. The revised Offer will be kept open for at least 14 days thereafter.

(d) If the Closing Date of the Offer is extended, any reference in the Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

4. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised, extended, or has expired.

The announcement will state the total number of Shares:

(i) for which acceptances of the Offer have been received;

(ii) held, controlled or directed by the Offeror or his Concert Parties before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by the Offeror and/or his Concert Parties.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Offeror and his Concert Parties have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this Appendix, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive, shall be included.

(b) As required under the Takeovers Code, all announcements in relation to the Offer must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules, where appropriate.

5. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the subparagraph (b) below;

(b) In the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed "4. Announcements" above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s) at their own risks.

6. STAMP DUTY

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Independent Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the cash amount payable to the Independent Shareholders who accept the Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptance, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), and would be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Offer.

7. OVERSEAS SHAREHOLDERS

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

8. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

9. TAXATION ADVICE

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, his Concert Parties, the Company, Amasse Capital and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

10. GENERAL

(a) All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Amasse Capital and any of their respective directors nor the Registrar or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.

(c) The accidental omission to despatch the Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Amasse Capital or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

(f) By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights accruing or attaching to them, including, without limitation, the right to receive all dividends and distributions (as applicable) which may be recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of the Composite Document.

(g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.

(h) Reference to the Offer in the Composite Document and in the Form of Acceptance shall include any extension or revision thereof.

(i) The English text of the Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

1. FINANCIAL SUMMARY

Set out below is a summary of the financial information of the Group for the three financial years ended 30 June 2015, 2016 and 2017 and the six months ended 31 December 2016 and 2017, which is extracted from the annual reports of the Company for the two financial years ended 30 June 2016 and 2017 and the interim report for the six months ended 31 December 2017.

	For the six months ended 31 December		For the financial year ended 30 June		
	2017	2016	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited) (re-presented) *(Note)*	(audited)	(audited) (re-presented) *(Note)*	(audited)
Continuing Operations					
Revenue	153,412	130,884	282,004	269,438	202,192
(Loss)/profit before taxation	(5,848)	1,186	(13,752)	(46,940)	(25,863)
Income tax (expenses)/credit	(2,618)	(819)	(1,854)	454	(1,386)
(Loss)/profit for the year/period from continuing operations	(8,466)	367	(15,606)	(46,486)	(27,249)
Discontinued operations					
(Loss)/profit for the year/period from discontinued operations	–	(4,928)	2,118	(4,719)	–
(Loss)/profit for the year/period attributable to:					
Owners of the Company	(8,500)	(4,492)	(13,386)	(51,058)	(27,205)
Non-controlling interests	34	(69)	(102)	(147)	(44)
	(8,466)	(4,561)	(13,488)	(51,205)	(27,249)
		(restated) *(note)*		(restated) *(note)*	
(Loss)/profit per Share from continuing and discontinued operations *(HK cents)*					
Basic	(3.15)	(2.23)	(5.91)	(32.52)	(2.19)
Diluted	(3.15)	(2.23)	(5.91)	(32.52)	(2.19)
Dividend per Share	–	–	–	–	–

Note: The figures disclosed hereby have been re-presented as a result of the operations discontinued during the financial year ended 30 June 2016 and as a result of the rights issue completed on 13 February 2017 and the share consolidation completed on 27 July 2017.

The auditors of the Company, Hodgson Impey Cheng Limited (for the year ended 30 June 2015 and 2016) and Baker Tilly Hong Kong Limited (for the year ended 30 June 2017), did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the respective financial statements of the Group for the three years ended 30 June 2015, 2016 and 2017, and the Group did not have any items which were exceptional because of size, nature or incidence for each of the years ended 30 June 2015, 2016 and 2017 and the six months ended 31 December 2017.

2. FINANCIAL STATEMENTS OF THE GROUP

(A) Audited Consolidated Financial Statements for the year ended 30 June 2017

The following is the full text of the audited consolidated financial statements of the Group for the year ended 30 June 2017 extracted from the annual report of the Company for the year ended 30 June 2017:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2017
(Expressed in Hong Kong dollars)

	Notes	**2017** *HK$'000*	**2016** *HK$'000* (re-presented)
Continuing operations			
Revenue	3	270,224	256,521
Cost of services		(240,102)	(236,818)
Gross profit		30,122	19,703
Other income, other gains and losses and impairments	4	(5,653)	(943)
Selling and marketing expenses		(2,259)	(3,681)
Administrative expenses		(35,119)	(61,182)
Finance costs		(843)	(837)
Loss before taxation	5	(13,752)	(46,940)
Income tax (expenses)/credit	6	(1,854)	454
Loss for the year from continuing operations		(15,606)	(46,486)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	7	2,118	(4,719)
Loss for the year		(13,488)	(51,205)

	Notes	2017 *HK$'000*	2016 *HK$'000* (re-presented)
Attributable to:			
– owners of the Company		(13,386)	(51,058)
– non-controlling interests		(102)	(147)
		(13,488)	(51,205)
(Loss)/earnings per share	10		
		HK cents	*HK cents* (Restated)
From continuing and discontinued operations			
– Basic and diluted		(5.91)	(32.52)
From continuing operations			
– Basic and diluted		(6.87)	(29.60)
From discontinued operations			
– Basic and diluted		0.96	(2.92)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

(Expressed in Hong Kong dollars)

	Notes	2017 HK$'000	2016 HK$'000
Loss for the year		(13,488)	(51,205)
Other comprehensive income/(loss), net of nil tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences:			
– on translation of financial statements of foreign operations		203	(577)
– release upon disposal of discontinued operations	7	(884)	–
Total comprehensive loss for the year		(14,169)	(51,782)
Attributable to:			
– owners of the Company		(14,067)	(51,635)
– non-controlling interests		(102)	(147)
		(14,169)	(51,782)
Total comprehensive loss attributable to owners of the Company arises from:			
– continuing operations		(15,812)	(47,475)
– discontinued operations		1,745	(4,160)
		(14,067)	(51,635)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

(Expressed in Hong Kong dollars)

	Notes	**2017** *HK$'000*	**2016** *HK$'000*
Non-current assets			
Property, plant and equipment	11	9,505	11,983
Intangible assets	12	1,172	1,283
Goodwill	13	2,932	43,679
Restricted bank deposits	18	10,843	3,274
		24,452	60,219
Current assets			
Inventories		142	63
Trade receivables	14	49,841	44,288
Deposits, prepayments and other receivables	15	6,288	23,646
Loans and interest receivables	16	75,450	–
Financial assets at fair value through profit or loss	17	–	18,454
Restricted bank deposits	18	2,105	3,867
Cash and cash equivalents	18	52,932	48,747
Current tax recoverable		–	1,598
		186,758	140,663
Current liabilities			
Trade payables	19	14,880	12,285
Accruals, deposits received and other payables	20	33,113	42,147
Borrowings	21	–	4,278
Obligations under finance leases	22	428	330
Deferred revenue	23	–	8,052
Current tax payable		752	4,682
		49,173	71,774
Net current assets		137,585	68,889
Total assets less current liabilities		162,037	129,108

	Notes	2017 HK$'000	2016 HK$'000
Non-current liabilities			
Obligations under finance leases	22	593	499
Deferred tax liabilities	25(b)	577	844
Bond	24	9,442	9,342
		10,612	10,685
NET ASSETS		151,425	118,423
Capital and reserves	28		
Share capital	28(a)	2,700	1,800
Reserves		148,802	116,883
Total equity attributable to owners of the Company		151,502	118,683
Non-controlling interests		(77)	(260)
TOTAL EQUITY		151,425	118,423

Approved and authorised for issue by the board of directors on 26 September 2017 and are signed on behalf by:

Ye Jingyuan
Director

Yu Shaoheng
Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

(Expressed in Hong Kong dollars)

		Attributable to owners of the Company										
	Notes	Share capital HK$'000	Share premium HK$'000 (note 28(b)(i))	Other reserve HK$'000 (note 28(b)(ii))	Contribution surplus HK$'000 (note 28(b)(iii))	Exchange reserve HK$'000 (note 28(b)(iv))	Warrant reserve HK$'000 (note 28(b)(v))	Share option reserve HK$'000 (note 28(b)(vi))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2015		1,000	22,360	1,000	21,400	(23)	39,500	–	(8,498)	76,739	(99)	76,640
Changes in equity for 2016:												
Loss for the year		–	–	–	–	–	–	–	(51,058)	(51,058)	(147)	(51,205)
Exchange differences on translation of financial statements of foreign operations		–	–	–	–	(577)	–	–	–	(577)	–	(577)
Total comprehensive loss for the year		–	–	–	–	(577)	–	–	(51,058)	(51,635)	(147)	(51,782)
Issue of shares pursuant to open offer	28(a)(ii)	500	64,500	–	–	–	–	–	–	65,000	–	65,000
Transaction costs for open offer	28(a)(ii)	–	(2,733)	–	–	–	–	–	–	(2,733)	–	(2,733)
Issue of shares pursuant to share placing	28(a)(iv)	300	25,200	–	–	–	–	–	–	25,500	–	25,500
Transaction costs for share placing	28(a)(iv)	–	(813)	–	–	–	–	–	–	(813)	–	(813)
Equity-settled share-based transactions	27	–	–	–	–	–	–	6,625	–	6,625	–	6,625
Release upon lapse of share options	27	–	–	–	–	–	–	(166)	166	–	–	–
Release upon expiry of warrants		–	–	–	–	–	(39,500)	–	39,500	–	–	–
Non-controlling interest arising on acquisition of subsidiaries	30(c)	–	–	–	–	–	–	–	–	–	(14)	(14)
		800	86,154	–	–	(577)	(39,500)	6,459	(11,392)	41,944	(161)	41,783
At 30 June 2016		1,800	108,514	1,000	21,400	(600)	–	6,459	(19,890)	118,683	(260)	118,423

		Attributable to owners of the Company									
	Notes	Share capital *HK$'000*	Share premium *HK$'000* *(note 28(b)(i))*	Other reserve *HK$'000* *(note 28(b)(ii))*	Contribution surplus *HK$'000* *(note 28(b)(iii))*	Exchange reserve *HK$'000* *(note 28(b)(iv))*	Share option reserve *HK$'000* *(note 28(b)(vi))*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 July 2016		1,800	108,514	1,000	21,400	(600)	6,459	(19,890)	118,683	(260)	118,423
Changes in equity for 2017:											
Loss for the year		–	–	–	–	–	–	(13,386)	(13,386)	(102)	(13,488)
Exchange differences:											
– on translation of financial statements of foreign operations		–	–	–	–	203	–	–	203	–	203
– release upon disposal of discontinued operations	7(f)	–	–	–	–	(884)	–	–	(884)	–	(884)
Total comprehensive loss for the year		–	–	–	–	(681)	–	(13,386)	(14,067)	(102)	(14,169)
Issue of shares pursuant to rights issue	28(a)(v)	900	47,700	–	–	–	–	–	48,600	–	48,600
Transaction costs for rights issue	28(a)(v)	–	(1,714)	–	–	–	–	–	(1,714)	–	(1,714)
De-recognition of non-controlling interest upon disposal of discontinued operations	7(e)	–	–	–	–	–	–	–	–	285	285
Release upon lapse and cancellation of share options	27	–	–	–	–	–	(6,459)	6,459	–	–	–
		900	45,986	–	–	(681)	(6,459)	(6,927)	32,819	183	33,002
At 30 June 2017		2,700	154,500	1,000	21,400	(1,281)	–	(26,817)	151,502	(77)	151,425

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

(Expressed in Hong Kong dollars)

	Notes	2017 HK$'000	2016 HK$'000 (re-presented)
Operating activities			
Loss before taxation:			
– From continuing operations		(13,752)	(46,940)
– From discontinued operations		(5,055)	(4,522)
Adjustments for:			
– Interest income from money lending		(3,828)	–
– Net realised and unrealised (gains)/losses on financial assets at fair value through profit or loss		(489)	1,444
– Bank interest income		(74)	(35)
– (Loss)/gain on disposal of property, plant and equipment		13	(752)
– Finance costs		940	912
– Equity-settled share-based payment expenses		–	6,625
– Amortisation of intangible assets		111	243
– Depreciation of property, plant and equipment		3,580	6,338
– Impairment losses on deposits and other receivables		6,366	1,000
– Impairment losses on goodwill		3,763	629
– Impairment losses on intangible assets		–	838
– Write-off of property, plant and equipment		13	436

	Notes	2017 HK$'000	2016 HK$'000 (Re-presented)
Operating loss before working capital changes		(8,412)	(33,784)
(Increase)/decrease in inventories		(79)	4
(Increase)/decrease in trade receivables		(5,807)	2,184
Decrease/(increase) in deposits, prepayments and other receivables		7,159	(8,319)
Increase in loans receivable		(75,000)	–
Decrease/(increase) in financial assets at fair value through profit or loss		18,943	(19,898)
Increase in trade payables		2,654	4,366
(Decrease)/increase in accruals, deposits received and other payables		(3,728)	8,150
Decrease in deferred revenue		(1,793)	(1,063)
Net cash used in operation		(66,063)	(48,360)
Interest received from money lending		3,378	–
Hong Kong Profits Tax refunded/(paid), net		225	(3,713)
Net cash used in operating activities		(62,460)	(52,073)
Investing activities			
Interest received		74	35
(Increase)/decrease in restricted bank deposits		(5,807)	581
Payment for purchase of property, plant and equipment		(4,946)	(3,442)
Payment for purchase of intangible assets		–	(969)
Proceeds from disposal of property, plant and equipment		12	1,482
Net cash inflow from disposal of discontinued operations	7(g)	30,813	–
Net cash inflow from disposal of a subsidiary not classified as discontinued operations	31(d)	2,783	–
Net cash outflow from acquisition of subsidiaries	30(c)	–	(31,955)
Net cash generated from/(used in) investing activities		22,929	(34,268)

	Notes	2017 HK$'000	2016 HK$'000 (Re-presented)
Financing activities			
Proceeds from issue of shares pursuant to open offer	28(a)(ii)	–	65,000
Proceeds from issue of shares pursuant to share placing	28(a)(iv)	–	25,500
Proceeds from issue of shares pursuant to rights issue	28(a)(v)	48,600	–
Transaction costs for open offer	28(a)(ii)	–	(813)
Transaction costs for share placing	28(a)(iv)	–	(2,733)
Transaction costs for rights issue	28(a)(v)	(1,714)	–
Proceeds from borrowings		–	4,278
Proceeds from obligations under finance leases		708	982
Repayment of borrowings		(2,610)	(263)
Capital element of finance lease rentals paid		(516)	(978)
Interest element of finance lease rentals paid		(43)	(43)
Interest paid		(797)	(777)
Net cash generated from financing activities		43,628	90,153
Net increase in cash and cash equivalents		4,097	3,812
Cash and cash equivalents at beginning of the year		48,747	45,425
Effect of foreign exchange rate changes		88	(490)
Cash and cash equivalents at end of the year		52,932	48,747

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. COMPANY INFORMATION

PPS International (Holdings) Limited (the "Company") is an exempted company with limited liability incorporated and domiciled in the Cayman Islands on 31 May 2012 in the Cayman Islands and its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 June 2013.

The Company has its registered office and principal place of business at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and 24/F., SUP Tower, 75–83 King's Road, North Point, Hong Kong, respectively.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 35.

The consolidated financial statements for the year ended 30 June 2017 comprise the Company and its subsidiaries (together, the "Group").

The consolidated financial statements are presented in thousands of units of Hong Kong dollars ("HK$'000") unless otherwise stated. Hong Kong dollars ("HK$") is the Company's functional currency and the Group's presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2.3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

A summary of the significant accounting policies adopted by the Group is set out below.

2.2 Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that except that the financial instruments classified as financial assets at fair value through profit or loss are stated at fair value (see note 2.7).

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 38.

2.3 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 39).

2.4 Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2.11(ii)).

2.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12, Income taxes, and HKAS 19, Employee benefits, respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with HKFRS 2, Share-based payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5, Non-current assets held for sale and discontinued operations, are measured in accordance with that standard.

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held interest in the acquire; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured at the acquisition date.

When (ii) is greater than (i), then its excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

2.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost established at the date of acquisition of the business (see note 2.5) less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2.11(ii)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2.7 Financial assets at fair value through profit or loss

Investments in equity securities held-for-trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

2.8 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2.11(ii)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Furniture and fixtures	2 to 7 years
Equipment and machinery	2 to 7 years
Motor vehicles	4 years
Computer equipment	3 to 4 years
Leasehold improvement	Over the term of lease

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2.9 Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2.11(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the estimated useful lives. The following intangible assets with finite useful lives are amortised from the date when they are available for use and their estimated useful lives are as follows:

Customer relationship	5 years
Contract backlog	3 years

Both the period and method of amortisation are reviewed annually.

Intangible assets, including money lender license, are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2.10 Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2.8. Impairment losses are accounted for in accordance with the accounting policy as set out in note 2.11(ii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

2.11 Impairment of assets

(i) Impairment of financial assets

Investments in financial assets that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor or borrower;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

– it becoming probable that the debtor or borrower will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor or borrower;

– observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (1) adverse changes in the payment status of borrowers in the portfolio; and

  (2) national or local economic conditions that correlate with defaults on the assets in the portfolio.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables, loans receivable and interest receivables whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against these financial assets directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets;

– goodwill; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash- generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measureable) or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2.12 Inventories

Inventories, which represent consumable goods, are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.13 Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2.11(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

2.14 Loans receivable

Loans receivable are loans granted to customers in the ordinary course of business. If collection of loans receivable is expected in one year or less, they are classified as current assets, or if not, they are presented as non-current assets.

Loans receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (see note 2.11(i)).

2.15 Interest receivables

Interest receivables are interests derived from loans granted to borrowers in the ordinary course of business. If collection of interest receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Interest receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (see note 2.11(i)).

2.16 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

2.17 Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

2.19 Deferred revenue

Deferred revenue represents contractual billings/amount due in excess of recognised revenue resulting from services yet to be rendered or in respect of the unexpired terms of the relevant contracts/arrangements, or for which the applicable revenue recognition criteria are not yet satisfied. Revenue is recognised and deferred revenue is released to profit or loss when the relevant services are rendered or on a time proportion basis over the terms of the relevant contracts/arrangements, or when the applicable revenue recognition criteria are satisfied.

2.20 Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group operates a mandatory provident fund scheme in Hong Kong and defined contribution government pension schemes in the People's Republic of China (the "PRC").

Contributions to mandatory provident fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in profit or loss as incurred.

The employees in the PRC are members of the retirement benefit scheme organised by the government in the PRC. The Group is required to contribute, based on a certain percentage of payroll, to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. Contributions to this retirement benefit scheme are recognised as an expense in profit or loss as incurred except to the extent that they are included in the cost of inventories at the end of the reporting period.

(ii) Long service payments payable on cessation of employment

The Group's net obligation in respect of the long service payment payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group.

Past service cost is recognised immediately to the extent that the benefits have already been vested.

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity.

The Company operates a share option scheme under which the Group receives services or goods from its directors, employees and other eligible participants as consideration for share options of the Company. The fair value is measured at grant date using the Trinomial Option Pricing model, taking into account the terms and conditions upon which the options were granted.

The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to accumulated losses).

2.21 Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilitie's, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2.22 Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2.22(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non- occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Provision of environmental cleaning and car beauty services

Service income received or receivable from customers when the environment cleaning service contracts or car beauty packages, which relates to routine environmental and cleaning services and auto beauty services, are entered into, which is recognised on a straight-line basis over the term of the service contract as the work is performed. Receipts in respect of service income for which the relevant services have not been rendered are deferred and recognised as deferred revenue in the consolidated statement of financial position.

(ii) Provision of property management services

Revenue from the provision of property management services are recognised when the services have been rendered to customers. Receipts in respect of the building management income for which the relevant services have not been rendered are deferred and recognised as deferred revenue in the consolidated statement of financial position.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method. When a loan and interest receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(iv) Dividend income

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2.24 Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of foreign operations are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2.25 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantive period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

2.26 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2.27 Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control of the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.28 Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents the services supplied to customers from the provision of environmental and cleaning services and interest income earned from the money lending business, as follows:

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Service income from environmental and cleaning	266,396	256,521
Interest income from money lending	3,828	–
	270,224	256,521

(b) Segment reporting

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 and Shanghai, 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.

Segment assets mainly exclude corporate assets, property, plant and equipment and cash and cash equivalents that are managed on a central basis. Goodwill and intangible assets are allocated to reportable segments.

Segment liabilities mainly exclude corporate liabilities and bond.

(i) Segment results, assets and liabilities

	2017							
	Continuing operations			Discontinued operations				
	Environmental and cleaning	Investments	Money lending	Auto beauty	Management services	Sub-total	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue from external customers	266,396	–	3,828	3,122	8,658	282,004	–	282,004
Reportable segment profit	6,926	354	3,349	1,950	173	12,752	–	12,752
Unallocated corporate income/(expense)								
Other income, other gains and losses and impairments								(6,353)
Central administrative costs								(17,227)
Finance costs								(801)
Loss before taxation								(11,629)
Other segment information								
Amortisation of intangible assets	111	–	–	–	–	111	–	111
Depreciation of property, plant and equipment	3,070	–	–	124	208	3,402	178	3,580
Impairment losses on goodwill	–	–	–	–	3,763	3,763	–	3,763
Impairment losses on deposits and other receivables	–	–	–	–	–	–	6,366	6,366
Net realised and unrealised gains on financial assets at fair value through profit or loss	–	489	–	–	–	489	–	489
Loss/(gain) on disposal of property, plant and equipment	15	–	–	(2)	–	13	–	13
Write-off of property, plant and equipment	13	–	–	–	–	13	–	13

	2016						
	Continuing operations		Discontinued operations				
	Environmental and cleaning	Investments	Auto beauty	Management services	Sub-total	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue from external customers	256,521	–	8,339	4,578	269,438	–	269,438
Reportable segment profit/(loss)	(5,402)	(1,512)	(6,014)	1,492	(11,436)	–	(11,436)
Unallocated corporate income/(expense)							
Other income, other gains and losses and impairments							(993)
Central administrative costs							(38,241)
Finance costs							(792)
Loss before taxation							(51,462)
Other segment information							
Amortisation of intangible assets	19	–	224	–	243	–	243
Depreciation of property, plant and equipment	4,444	–	447	94	4,985	1,353	6,338
Impairment losses on goodwill	–	–	629	–	629	–	629
Impairment losses on intangible assets	–	–	838	–	838	–	838
Impairment losses on deposits and other receivables	–	–	–	–	–	1,000	1,000
Net realised and unrealised loss on financial assets at fair value through profit or loss	–	1,444	–	–	1,444	–	1,444
Gain on disposal of property, plant and equipment	752	–	–	–	752	–	752
Write-off of property, plant and equipment	32	–	404	–	436	–	436

	2017						2016				
	Continuing operations			Discontinued operations			Continuing operations		Discontinued operations		
	Environmental and cleaning	Investments	Money lending	Auto beauty	Management services	Total	Environmental and cleaning	Investments	Auto beauty	Management services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets											
Segment assets	102,805	172	76,586	–	–	179,563	94,915	18,553	1,607	48,510	163,585
Unallocated corporate assets						31,647					37,297
						211,210					200,882
Liabilities											
Segment liabilities	(47,577)	(6)	(609)	–	–	(48,192)	(42,972)	(12)	(6,262)	(16,250)	(65,496)
Unallocated corporate liabilities						(11,593)					(16,963)
						(59,785)					(82,459)
Other segment information											
Additions to segment non-current assets	1,585	–	–	83	5	1,673	2,387	–	1,031	24	3,442

(ii) Geographical information and major customers

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and goodwill ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the assets, in case of property, plant and equipment, and the location of the operation to which they are allocated, in case of intangible assets and goodwill.

	Revenue from external customers		Specified non-current assets	
	2017	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	265,002	263,818	10,139	11,965
The PRC	17,002	5,620	3,359	44,980
	282,004	269,438	13,498	56,945

Revenue from major customers, each of whom accounted for 10% or more of the total revenue, is set out below:

	2017	**2016**
	HK$'000	*HK$'000*
Customer A	47,528	43,259
Customer B	30,864	28,991
Customer C	N/A#	31,085

\# The corresponding revenue did not contribute 10% or more of the total revenue.

4. OTHER INCOME, OTHER GAINS AND LOSSES AND IMPAIRMENTS

	2017	2016
	HK$'000	*HK$'000*
		(re-presented)
Other income		
Continuing operations		
Bank interest income	63	34
Dividend income	–	40
Sundry income	157	675
	220	749
Other gains		
Continuing operations		
Gain on disposal of property, plant and equipment	4	752
Other losses and impairments		
Continuing operations		
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	489	(1,444)
Impairment losses on deposits and other receivables	(6,366)	(1,000)
	(5,877)	(2,444)
	(5,653)	(943)

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	2017	2016
	HK$'000	*HK$'000*
		(re-presented)
Continuing operations		
Interest on borrowings	–	2
Effective interest on bond *(note 24)*	800	792
Finance charges on obligations under finance leases	43	43
	843	837

(b) Staff costs (including directors' emoluments *(note 8)*)

	2017	2016
	HK$'000	*HK$'000*
		(re-presented)
Continuing operations		
Salaries, wages and other benefits	162,930	159,420
Contributions to defined contribution retirement plan	5,809	6,061
Provision for long service payments	492	95
Equity-settled share-based payment expenses	–	6,625
	169,231	172,201

(c) Other items

	2017	2016
	HK$'000	*HK$'000*
		(re-presented)
Continuing operations		
Auditor's remuneration		
– current year	600	600
– prior years under-provision	90	–
Amortisation of intangible assets	111	243
Cost of inventories sold	3,403	4,384
Depreciation of property, plant and equipment	393	541
– assets under finance leases	2,855	5,256
– other assets owned by the Group		
Operating lease charges: minimum lease payments	4,364	3,127
Write off of property, plant and equipment	13	436

6. INCOME TAX RELATING TO CONTINUING OPERATIONS

(a) Taxation in the consolidated statement of profit or loss represents

	2017	2016
	HK$'000	*HK$'000*
		(re-presented)
Current tax – Hong Kong Profits Tax		
Provision for the year	2,125	–
Over-provision in respect of prior years	–	(29)
	2,125	(29)
Current tax – PRC Enterprise Income Tax ("EIT")		
Over-provision in respect of prior years	(4)	–
Deferred tax credit *(note 25(a))*		
Origination and reversal of temporary differences	(267)	(425)
Income tax expenses/(credit)	1,854	(454)

The provision for Hong Kong Profits Tax for 2017 is calculated at 16.5% of the estimated assessable profits of each individual Hong Kong subsidiaries for the year. No provision for Hong Kong Profits Tax has been made for 2016 as the Hong Kong subsidiaries had estimated tax losses for the year.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the respective tax jurisdictions.

No provision for PRC EIT has been made for 2017 (2016: HK$Nil) as the PRC subsidiaries had estimated tax losses for the year.

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 30 June 2017 and 2016, 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.

(b) Reconciliation between tax expenses/(credit) and accounting loss at applicable tax rates

	2017	**2016**
	HK$'000	*HK$'000*
		(re-presented)
Loss before taxation from continuing operations	(13,752)	(46,940)
Notional tax credit on loss before taxation, calculated at Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	(2,269)	(7,745)
Tax effect of non-deductible expenses	4,462	7,751
Tax effect of non-taxable income	(303)	(445)
Tax effect of unused tax losses not recognised	251	14
Tax effect of temporary differences not recognised	(239)	–
Over-provision in respect of prior years	(4)	(29)
Effect of different tax rates of subsidiaries	(44)	–
Income tax expenses/(credit)	1,854	(454)

7. PROFIT/(LOSS) FOR THE YEAR 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 (the "E-Car Purchaser"), pursuant to which Go Million agreed to sell and the E-Car 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 and its subsidiaries (together, "Elite Group") are 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 (the "Logon Purchaser"), pursuant to which the Company agreed to sell and the Logon

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 and its subsidiaries (together, "Logon Group") are principally engaged in the provision of property and car park management services in Shenzhen, the PRC.

(c) Results of discontinued operations

	2017	**2016**
	HK$'000	*HK$'000*
Revenue	11,780	12,917
Other revenue	25	9
Expenses	(16,860)	(17,448)
(Loss)/profit before taxation	(5,055)	(4,522)
Income tax expense	(5)	(197)
Loss from operating activities, net of tax	(5,060)	(4,719)
Gain on disposals of discontinued operations, net of nil tax *(note 7(f))*	7,178	–
Profit/(loss) for the year from discontinued operations	2,118	(4,719)
Attributable to:		
– owners of the Company	2,166	(4,581)
– non-controlling interests	(48)	(138)
	2,118	(4,719)

(d) Cash flows from discontinued operations

	2017	**2016**
	HK$'000	*HK$'000*
Operating activities	1,187	(3,898)
Investing activities	(83)	583
Financing activities	(2,554)	4,278
Effect of foreign exchange rate changes on cash and cash equivalents	(48)	(51)
	(1,498)	912

(e) The assets and liabilities disposed at completion dates

	Elite Group	Logon Group	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
Trade and other payables	(245)	(5,141)	(5,386)
Deferred revenue	(4,989)	(1,270)	(6,259)
Current tax payable	–	(4,504)	(4,504)
Borrowings	–	(1,668)	(1,668)
Net (liabilities)/assets	(3,310)	28,731	25,421
Non-controlling interests	285	–	285
Net (liabilities)/assets disposed of	(3,025)	28,731	25,706

(f) Gain on disposal of discontinued operations

	Elite Group	Logon Group	Total
	HK$'000	*HK$'000*	*HK$'000*
Consideration received	–*	32,000	32,000
Net liabilities/(assets) disposed of	3,025	(28,731)	(25,706)
Cumulative exchange loss reclassified from equity to profit or loss upon disposal of subsidiaries	–	884	884
Gain on disposal	3,025	4,153	7,178

* The sale consideration is HK$1.

The gains on disposals from Elite Group and Logon Group are included in the profit/(loss) for the year from discontinued operations (note 7(c)).

(g) Net cash flow on disposal of discontinued operations

	Elite Group	Logon Group	Total
	HK$'000	*HK$'000*	*HK$'000*
Consideration settled in cash	–*	32,000	32,000
Cash and cash equivalents disposed of	(467)	(720)	(1,187)
Net cash (outflow)/inflow	(467)	31,280	30,813

* The sale consideration is HK$1.

8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance, Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the GEM Listing Rules are as follows:

		Fees		Salaries, allowance and benefits in kind		Equity-settled share-based payment expenses		Discretionary bonuses		Contributions to defined contribution retirement plan		Total	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Present directors													
Executive directors													
Mr. Ye Jingyuan	1	1,617	18	–	–	–	–	195	–	–	–	1,812	18
Ms. Mui Fong	2	406	–	–	–	–	–	18	–	–	–	424	–
Mr. Yu Shaoheng	3	406	–	–	–	–	–	18	–	–	–	424	–
Independent non-executive directors													
Mr. Chui Yin Yun, Robert	4	120	120	–	–	–	–	–	–	–	–	120	120
Mr. Kwong Tsz Ching, Jack	5	120	22	–	–	–	–	–	–	–	–	120	22
Mr. Yu Xiufeng	6	65	–	–	–	–	–	–	–	–	–	65	–
Former directors													
Executive directors													
Mr. Cao Zhiwen	7	–	179	–	–	–	–	–	–	–	–	–	179
Mr. Chan Wai Kit	8	31	1,004	1	16	–	663	–	200	2	19	34	1,902
Ms. Ding Pingying	9	127	20	–	–	–	–	–	–	–	–	127	20
Ms. Wang Jun	10	78	229	–	–	–	663	–	60	–	–	78	952
Ms. Wong Chi Yan	11	201	823	1	16	–	663	–	160	2	19	204	1,681
Mr. Tse Man Yiu	12	306	–	8	–	–	–	–	–	9	–	323	–
Mr. Zhang Xiaozheng	13	–	209	–	–	–	663	–	60	–	–	–	932
Non-executive directors													
Ms. Li Qingchen	14	–	219	–	–	–	663	–	–	–	–	–	882
Mr. Xu Xiaoping	15	3	249	–	–	–	663	–	–	–	–	3	912
Independent non-executive directors													
Mr. Chan Chi Tong, Kenny	16	–	71	–	–	–	–	–	–	–	–	–	71
Mr. Chen Kwok Wang	17	–	89	–	–	–	–	–	–	–	–	–	89
Mr. Chow Chun Hin, Leslie	18	–	71	–	–	–	–	–	–	–	–	–	71
Mr. Huang Ke	19	52	40	–	–	–	–	–	–	–	–	52	40
		3,532	3,363	10	32	–	3,978	231	480	13	38	3,786	7,891

Notes:

1. Mr. Ye Jingyuan was appointed on 20 June 2016.

2. Ms. Mui Fong was appointed on 28 October 2016.

3. Mr. Yu Shaoheng was appointed on 28 October 2016.

4. Mr. Chui Chi Yun, Robert was appointed on 16 June 2015.

5. Mr. Kwong Tsz Ching, Jack was appointed on 25 April 2016.

6. Mr. Yu Xiufeng was appointed on 16 December 2016.

7. Mr. Cao Zhiwen was appointed on 7 August 2014 and resigned on 19 October 2015.

8. Mr. Chan Wai Kit was appointed on 16 June 2015 and resigned on 11 July 2016.

9. Ms. Ding Pingying was appointed on 1 June 2016 and resigned on 11 January 2017.

10. Ms. Wang Jun was appointed on 12 November 2015 and resigned on 19 September 2016.

11. Ms. Wong Chi Yan was appointed on 16 June 2015 and resigned on 18 July 2016.

12. Mr. Tse Man Yiu was appointed on 4 July 2016 and resigned on 11 January 2017.

13. Mr. Zhang Xiaozheng was appointed on 19 October 2015 and resigned on 18 May 2016.

14. Ms. Li Qingchen was appointed on 12 November 2015 and resigned on 20 June 2016.

15. Mr. Xu Xiaoping was appointed on 22 October 2015 and resigned on 4 July 2016.

16. Mr. Chan Chi Tong, Kenny was appointed on 26 September 2014 and retired on 30 December 2015.

17. Mr. Chen Kwok Wang was appointed on 19 November 2014 and retired on 30 December 2015.

18. Mr. Chow Chun Hin, Leslie was appointed on 23 September 2015 and resigned on 25 April 2016.

19. Mr. Huang Ke was appointed on 1 March 2016 and resigned on 5 December 2016.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2016: two) is a director whose emolument is disclosed in note 8. The aggregate of the emoluments in respect of the other four (2016: three) individuals are as follows:

	2017 *HK$'000*	**2016** *HK$'000*
Salaries, wages and other benefits	2,896	2,125
Discretionary bonuses	392	317
Contributions to defined contribution retirement plan	51	55
Equity-settled share-based payment expenses	–	1,325
	3,339	3,822

The emoluments of the other four (2016: three) individuals with the highest emoluments are within the following band:

	2017 *Number of individuals*	**2016** *Number of individuals*
HK$Nil–HK$1,000,000	3	–
HK$1,000,001–HK$1,500,000	1	2
HK$1,500,001–HK$2,000,000	–	1

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year, calculated as follows:

(i) (Loss)/profit attributable to owners of the Company

	Continuing operations		**Discontinued operations**		**Total**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(Loss)/profit attributable to owners of the Company	(15,552)	(46,477)	2,166	(4,581)	(13,386)	(51,058)

(ii) Weighted average number of ordinary shares

	2017	**2016**
	'000	*'000*
		(restated)
Issued ordinary shares at beginning of the year	1,800,000	10,000,000
Effect of rights issue in 2017 *(note 28(a)(v))*	466,632	271,197
Effect of open offer in 2016 *(note 28(a)(ii))*	–	1,857,923
Effect of share consolidation in 2016 *(note 28(a)(iii))*	–	(10,672,131)
Effect of share placing in 2016 *(note 28(a)(v))*	–	113,115
Effect of share consolidation on 27 July 2017 *(note 37)*	(2,039,969)	(1,413,094)
Weighted average number of ordinary shares	226,663	157,010

The weighted average number of ordinary shares for 2017 has been adjusted retrospectively for the share consolidation which became effective on 27 July 2017.

The weighted average number of ordinary shares for 2016 has been adjusted retrospectively for the rights issue which was completed on 16 February 2017 and the share consolidation which became effective on 27 July 2017.

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share for the years ended 30 June 2017 and 2016 is the same as the basic (loss)/earnings per share as the assumed exercise of the share options and share warrants outstanding during the years ended 30 June 2017 and 2016 has anti-dilutive effect.

11. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$'000	Equipment and machinery HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Leasehold improvement HK$'000	Total HK$'000
Cost						
At 1 July 2015	2,367	13,806	24,074	14	2,012	42,273
Additions	267	1,159	984	78	954	3,442
Acquired on acquisition of subsidiaries *(note 30)*	109	912	16	22	–	1,059
Written off	(57)	(231)	–	–	(931)	(1,219)
Disposals	–	(859)	(2,571)	–	–	(3,430)
Exchange realignment	(21)	(39)	(7)	(5)	–	(72)
At 30 June 2016 and 1 July 2016	2,665	14,748	22,496	109	2,035	42,053
Additions	340	728	704	126	3,048	4,946
Written off	(11)	(76)	–	(30)	–	(117)
Disposals	(2)	(32)	–	–	–	(34)
Disposal of subsidiaries	(181)	(807)	(5,604)	(63)	(712)	(7,367)
Exchange realignment	(4)	(28)	(1)	–	–	(33)
At 30 June 2017	2,807	14,533	17,595	142	4,371	39,448
Accumulated depreciation						
At 1 July 2015	1,254	9,906	16,036	1	61	27,258
Charge for the year	258	1,002	4,104	24	950	6,338
Written off	(43)	(168)	–	–	(572)	(783)
Eliminated on disposals	–	(427)	(2,273)	–	–	(2,700)
Exchange realignment	(19)	(14)	(7)	(3)	–	(43)
At 30 June 2016 and 1 July 2016	1,450	10,299	17,860	22	439	30,070
Charge for the year	430	1,096	1,301	36	717	3,580
Written off	(11)	(63)	–	(30)	–	(104)
Eliminated on disposals	(2)	(7)	–	–	–	(9)
Eliminated on disposal of subsidiaries	(89)	(212)	(2,914)	(11)	(361)	(3,587)
Exchange realignment	(5)	(2)	–	–	–	(7)
At 30 June 2017	1,773	11,111	16,247	17	795	29,943
Carrying amount						
At 30 June 2017	1,034	3,422	1,348	125	3,576	9,505
At 30 June 2016	1,215	4,449	4,636	87	1,596	11,983

During the year ended 30 June 2017, additions to motor vehicles financed by new finance leases were approximately HK$704,000 (2016: HK$984,000). At 30 June 2017, the carrying amount of the Group's motor vehicles held under finance leases was approximately HK$1,187,000 (2016: HK$1,454,000).

12. INTANGIBLE ASSETS

	Customer relationship *HK$'000* *(note (a))*	Contract backlog *HK$'000* *(note (b))*	Money lender license *HK$'000* *(note (c))*	Total *HK$'000*
Cost				
At 1 July 2015	1,118	–	–	1,118
Additions	–	–	969	969
Acquired on acquisition of subsidiaries *(note 30)*	–	333	–	333
At 30 June 2016 and 1 July 2016	1,118	333	969	2,420
Disposal of subsidiaries	(1,118)	–	–	(1,118)
At 30 June 2017	–	333	969	1,302
Accumulated amortisation and impairment				
At 1 July 2015	56	–	–	56
Charge for the year	224	19	–	243
Impairment loss *(note (a))*	838	–	–	838
At 30 June 2016 and 1 July 2016	1,118	19	–	1,137
Charge for the year	–	111	–	111
Eliminated on disposal of subsidiaries	(1,118)	–	–	(1,118)
At 30 June 2017	–	130	–	130
Carrying amount				
At 30 June 2017	–	203	969	1,172
At 30 June 2016	–	314	969	1,283

The amortisation charge for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.

Notes:

(a) Customer relationship has been allocated to the cash-generating unit ("CGU"), Auto beauty, for impairment testing purposes. Details of impairment test was disclosed in note 13.

(b) Contract backlog has been allocated to the CGU, Environmental and cleaning – PRC, for impairment testing purposes. Details of impairment test was disclosed in note 13.

(c) The money lender license entitles the Group to undertake the money lender's business using the money lender license for 1 year from the date of acquisition and to renew annually with insignificant cost. The money lender license is therefore considered having indefinite economic useful life.

13. GOODWILL

	Auto beauty	Management services	Environmental and cleaning	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 July 2015	9,159	–	–	9,159
Arising on acquisition of subsidiaries *(note 30)*	–	40,747	2,932	43,679
At 30 June 2016 and 1 July 2016	9,159	40,747	2,932	52,838
Disposal of subsidiaries	(9,159)	(40,747)	–	(49,906)
At 30 June 2017	–	–	2,932	2,932
Accumulated impairment				
At 1 July 2015	8,530	–	–	8,530
Impairment loss *(note (b))*	629	–	–	629
At 30 June 2016 and 1 July 2016	9,159	–	–	9,159
Impairment loss *(note (b))*	–	3,763	–	3,763
Eliminated on disposal of subsidiaries	(9,159)	(3,763)	–	(12,922)
At 30 June 2017	–	–	–	–
Carrying amount				
At 30 June 2017	–	–	2,932	2,932
At 30 June 2016	–	40,747	2,932	43,679

Impairment test for CGUs containing goodwill

Goodwill is allocated to the Group's CGUs identified according to country of operation and operating segment as follows:

	2017	2016
	HK$'000	*HK$'000*
Auto beauty – Hong Kong *(note (a))*	–	–
Management services – PRC *(note (b))*	–	40,747
Environmental and cleaning – PRC *(note (c))*	2,932	2,932
	2,932	43,679

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

(a) The recoverable amount at 30 June 2016 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 four-year period, and the post-tax discount rate of approximately 20% that reflects current market assessment of the time value of money and the risks specific to the CGU.

Cash flow projections during the budget period are based on the expected revenue from existing and potential customers throughout the budget period. The cash flows beyond that four-year period have been extrapolated using a steady 2.8% per annum growth rate. The growth rate does not exceed the long term average growth rate for the market.

The recoverable amount of the CGU has been referenced to the valuation report prepared by Norton Appraisals Limited, an independent professional valuer.

The key assumptions used in the value-in-use calculations for the CGU at 30 June 2016 are as follows:

Budgeted market share	The values assigned to the assumption reflect past experience, except for the growth factor, which is consistent with the directors' estimation of the revenue from existing and potential customers. The directors believe that planned revenue growth per year for the next four years is reasonably achievable.
Number of auto beauty centres	In order to maintain successive business operations of the CGU, the directors believe that there is no particular difficulty in renewal of the rental agreements of existing auto beauty centers operated by the CGU.

The auto beauty business operation did not turnout as previously expected and the CGU has suffered segment loss continuously from its operation since acquisition, mainly because the Group received notices on early terminations from the owners of several auto beauty centres during the year ended 30 June 2015 and acted upon the requests from the owners. Accordingly, the management considered that revenue generated from the CGU would be affected and the CGU would not generate profit from its operations in the cash flow projections to reflect the current status. Thus, the goodwill allocated to the CGU was partially impaired by HK$8,530,000 and further impaired by HK$629,000 during the year ended 30 June 2015 and 2016 respectively. As such, full impairment loss has been recognised and the carrying amount of the goodwill became HK$Nil as at 30 June 2016.

(b) After the review of the business performance of the CGU during the six months ended 31 December 2016, it is noted that the business performance of the CGU is at a decreasing trend and may not reach the Guaranteed Profits (as defined in note 30(a)) 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. Accordingly, the management considered that the CGU would not generate profits as originally estimated at the date of acquisition in the cash flow projections. As such, the management applied an impairment testing in accordance with HKAS 34, Interim financial reporting, at 31 December 2016 and the goodwill allocated to the CGU is impaired by approximately HK$3,763,000. No further impairment loss was recognised prior to the disposal of Logon Group, the CGU to which it belongs on 3 March 2017.

The recoverable amount of the CGU at 31 December 2016 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 two-year period (30 June 2016: five-year period) period, and the post-tax discount rate of approximately 10.5% (30 June 2016: 21%) that reflects current market assessment of the time value of money and the risks specific to the CGU.

Cash flow projections during the budget period are based on (i) the expected revenue from existing and potential customers throughout the budget period; (ii) the expected compensations arose from the Guaranteed Profits; and (iii) the expected consideration to be received from the Buy Back (as defined below) (30 June 2016: the expected revenue from existing and potential customers throughout the budget period only). The cash flows at 31 December 2016 beyond that two-year period have not been extrapolated as the management has considered the Buy Back (30 June 2016: the cash flows beyond that five-year period have been extrapolated using a steady 2.8% per annum growth rate. The growth rate does not exceed the long term average growth rate for the market).

The recoverable amount of the CGU at 31 December 2016 has been referenced to the valuation report prepared by GC Appraisals Services Company Limited (30 June 2016: Norton Appraisals Limited), an independent professional valuer.

The key assumptions used in the value-in-use calculations for the CGU at 31 December 2016 are as follows:

Budgeted market share	The values assigned to the assumption reflect past experience, except for the growth factor, which is consistent with the directors' estimation of the revenue from existing and potential tenants. The directors believe that planned revenue growth per year for the next two years (30 June 2016: five years) is reasonably achievable.
Number of leasing contracts	The number of the leasing contracts to be renewed during the budget period is determined based on the past experience and renewal pattern of the existing tenants.
Compensations and Buy Back*	According to the terms of the Logon Acquisition (as defined in note 30(a)), among other things, (i) the vendor irrevocably and unconditionally warrants and guarantees to the Company that the Logon Group will reach the Guaranteed Profits; (ii) the vendor is required to pay the Company the Compensations (as defined in note 30(a)) if there is any shortfall in the Guaranteed Profits; and (iii) the Company has the right at its own discretion to sell the entire issued share capital of Logon Clean Energy Group 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 (the "Buy Back"). Based on the latest review of the performance of the Logon Group conducted at 31 December 2016, it is estimated that the Guaranteed Profits would not be reached during the first two financial periods ending 30 June 2017 and 2018 and the Company would receive the Compensations during the first two financial years ending 30 June 2017 and 2018 and execute the Buy Back at end of the year ending 30 June 2018.

* This assumption is applied in the value-in-use calculations for the CGU at 31 December 2016 only.

(c) The recoverable amount of the 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% (2016: 17%) that reflects current market assessment of the time value of money and the risks specific to the CGU. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

Cash flow projections during the budget period are based on the expected revenue from existing and potential customers throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 3.0% (2016: 2.8%) per annum growth rate. The growth rate does not exceed the long term average growth rate for the market.

The recoverable amount of the CGU has been referenced to the valuation report prepared by Norton Appraisals Limited, an independent professional valuer.

The key assumptions used in the value-in-use calculations for the CGU are as follows:

Budgeted market share	The values assigned to the assumption reflect past experience, except for the growth factor, which is consistent with the directors' estimation of the revenue from existing and potential customers. The Directors believe that planned revenue growth per year for the next five years is reasonably achievable.
Number of service contracts	In order to maintain successive business operations of the CGU, the directors believe that there is no particular difficulty in renewal of the service contracts of the existing customers in the CGU.

The directors of the Company believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the CGU to exceed its recoverable amount.

14. TRADE RECEIVABLES

	2017 *HK$'000*	**2016** *HK$'000*
Trade receivables, net of allowance of doubtful debts of HK$Nil (2016: HK$Nil)	49,841	44,288

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date, is as follows:

	2017 *HK$'000*	**2016** *HK$'000*
0–30 days	40,314	34,140
31–60 days	7,304	9,088
61–90 days	2,032	292
Over 90 days	191	768
	49,841	44,288

Trade receivables are normally due on presentation of billing. Further details on the Group's credit policy are set out in note 29(a).

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2.11(ii)). No impairment losses were recognised on trade receivables for the years ended 30 June 2017 and 2016.

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2017	**2016**
	HK$'000	*HK$'000*
0–30 days past due	40,314	34,140
31–60 days past due	7,304	9,088
61–90 days past due	2,032	292
Over 90 days past due	191	768
	49,841	44,288

Receivables that were past due but not impaired relate to a number of independent customers that have a good trading record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit risk and the balances are still considered fully recoverable.

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2017	**2016**
	HK$'000	*HK$'000*
Deposits *(note (a))*	11,862	18,549
Prepayments	1,612	2,374
Other receivables	180	3,723
	13,654	24,646
Less: impairment loss *(note (b))*	(7,366)	(1,000)
	6,288	23,646

The amount of the Group's deposits, prepayments and other receivables that are expected to be recovered or recognised as expenses after more than one year is HK$1,183,000 (2016: HK$1,184,000). All of the remaining balances are expected to be recovered or recognised as expenses within one year.

(a) Deposits

The Group has tendered for certain environmental services contracts and deposited sums of approximately HK$835,000 (2016: HK$768,000) as tender deposits at 30 June 2017. The tender deposits are interest-free and repayable at the end of the tender.

The Group has deposited sums of approximately HK$Nil (2016: HK$15,000,000) as refundable deposits for possible acquisitions of equity interest in other companies at 30 June 2017. The refundable deposits are interest-free, unsecured and refundable upon completion or termination of the acquisitions according to the agreed terms.

(b) Impairment loss

On 3 July 2015, the Company entered into a memorandum of understanding ("MOU") with two independent third parties regarding a proposed acquisition of the entire interest in a PRC entity. Pursuant to the MOU the Company has paid refundable deposit of HK$10,000,000 to the two independent third parties. The refundable deposit was unsecured, interest-free and refundable upon completion or termination of the acquisition according to the agreed terms. The MOU was eventually lapsed and the directors endeavour to retrieve the refundable deposit. However, after putting all efforts the Company has only received a partial refund totalling HK$3,634,000 from the independent third parties during the year ended 30 June 2017. Having considered the aging of the balance and the Group's continuous reminder of the refund, the directors were of the opinion that there was a material uncertainty over the recovery of the remaining deposit. Consequently, a full impairment loss of the remaining deposit of HK$6,366,000 was recognised.

During the year ended 30 June 2016, the Group recognised an impairment loss on a deposit of HK$1,000,000 for the purchase of a trademark from a vendor. Having considered that the trademark has not been delivered to the Group in accordance with the agreed terms and the amount of HK$1,000,000 has not been refunded to the Group from the vendor despite the Group's continuous reminders of the refund, the directors were of the opinion that there was a material uncertainty over the recovery of the deposit. Consequently, a full impairment loss of HK$1,000,000 was recognised.

16. LOANS AND INTEREST RECEIVABLES

The Group's loans receivable and interest receivables arise from the money lending business of providing loans in Hong Kong. The Group seeks to maintain strict control over its outstanding loans receivable to minimise credit risk. Overdue balances are reviewed regularly by management.

	2017			**2016**		
	Loan portion	**Interest portion**	**Total**	**Loan portion**	**Interest portion**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Secured loans by personal guarantees	75,000	450	75,450	–	–	–

Loans receivable are interest-bearing at rates ranging from 18.0% to 21.6% per annum and repayable on maturity date under the terms in contractual agreements or on demand in writing by the Group. All loans and interest receivables at 30 June 2017 are due within 1 year.

(a) Ageing analysis

Ageing analysis is prepared based on contractual due date:

	2017			**2016**		
	Loan portion	**Interest portion**	**Total**	**Loan portion**	**Interest portion**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Neither past due nor impaired	75,000	–	75,000	–	–	–
Less than 1 month past due	–	450	450	–	–	–
	75,000	450	75,450	–	–	–

The credit quality of loans receivable that are neither past due nor impaired has been assessed by reference to historical information about counterparty default rates. The existing counterparties do not have defaults in the past.

In respect of interest receivables which have been past due, the amounts mainly represent occasional delay in repayment and they were fully settled subsequent to the end of the reporting period. Accordingly, the management is of the opinion that no impairment allowance on these balances is necessary.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	**2016**
	HK$'000	*HK$'000*
Listed equity securities at fair value in Hong Kong	–	18,454

The fair values of listed equity securities are determined based on the quoted market closing price available on the Stock Exchange at the end of the reporting period.

18. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	2017	**2016**
	HK$'000	*HK$'000*
Deposits with banks	12,948	7,141
Cash at bank and on hand	52,932	48,747
	65,880	55,888
Restricted bank deposits *(note)*	(12,948)	(7,141)
Cash and cash equivalents in the consolidated statement of financial position	52,932	48,747

Note: The restricted bank deposits represent cash held at banks as security for due performance under several environmental service contracts. The restricted bank deposits of approximately HK$10,843,000 (2016: HK$3,274,000) that relate to environmental service contacts with expiry date over one year after the end of the reporting period are presented as non-current liabilities.

19. TRADE PAYABLES

	2017	**2016**
	HK$'000	*HK$'000*
Trade payables	14,880	12,285

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2017	**2016**
	HK$'000	*HK$'000*
0–30 days	14,212	11,697
31–60 days	461	519
61–90 days	83	–
Over 90 days	124	69
	14,880	12,285

Included in the Group's trade payables at 30 June 2017 was an amount due to Niko Cleaning Services Limited ("Niko") of approximately HK$914,000 (2016: HK$794,000).

Niko is owned as to 60% by Mr. Fan Shek Cheong Allan ("Mr. Fan") and 40% by Ms. Fan Sheung Ting, Maria ("Ms. Fan"). Mr. Fan 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.

20. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	2017	**2016**
	HK$'000	*HK$'000*
Provision for long service payment	4,119	4,045
Provision for untaken leave	2,670	2,273
Provision for claims	4,285	3,716
Accrued salaries	12,302	11,992
Other accruals	5,175	13,298
Deposits received	448	453
Other payables	4,114	6,370
	33,113	42,147

21. BORROWINGS

At 30 June 2016, the loan of HK$4,278,000 was wholly repayable within 1 year without repayment on demand clause. It was unsecured and interest-bearing at 7.8% per annum.

22. OBLIGATIONS UNDER FINANCE LEASES

At 30 June 2017, the Group had obligations under finance leases repayable as follows:

	2017		**2016**	
	Present value of the minimum lease payments	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	428	457	330	357
After 1 year but within 2 years	297	312	292	307
After 2 years but within 5 years	296	303	207	212
	1,021	1,072	829	876
Less: total future interest expenses		(51)		(47)
Present value of lease obligations		1,021		829

23. DEFERRED REVENUE

	2017	2016
	HK$'000	*HK$'000*
Car beauty package	–	5,236
Car beauty membership	–	730
Management services	–	2,086
	–	8,052

Deferred revenue represents cash received or receivables from the sale of packages and membership of car beauty services and provision of management services in advance of services being rendered. All of the balances are classified as current liabilities in the consolidated statement of financial position.

24. BOND

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 movement of the unlisted corporate bond is set out as below:

	2017	2016
	HK$'000	*HK$'000*
At beginning of the year	9,342	9,250
Effective interest expense	800	792
Interest paid	(700)	(700)
At end of the year	9,442	9,342

The effective interest rate of the unlisted corporate bond is 8.52% (2016: 8.52%) per annum.

25. DEFERRED TAX BALANCES

(a) Deferred tax liabilities recognised

The component of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowance in excess of the related depreciation *HK$'000*	Fair value adjustment on intangible assets *HK$'000*	Total *HK$'000*
At 1 July 2015	1,185	176	1,361
Additions through business combination *(note 30)*	–	83	83
Credited to profit or loss from continuing operations *(note 6(a))*	(420)	(5)	(425)
Credited to profit or loss from discontinued operations	–	(175)	(175)
At 30 June 2016 and 1 July 2016	765	79	844
Credited to profit or loss from continuing operations *(note 6(a))*	(239)	(28)	(267)
At 30 June 2017	526	51	577

(b) Deferred tax assets/liabilities not recognised

At 30 June 2017, the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$1,386,000 (2016: HK$9,216,000) as it is not probable that future taxable profits, against which the assets can be utilised, will be available in any relevant tax jurisdiction or entity. Of the total tax losses, approximately HK$1,386,000 (2016: HK$376,000) will expire within 5 years and the remaining tax losses of approximately HK$Nil (2016: HK$8,840,000) have no expiry date under the current tax legislation.

26. DEFINED CONTRIBUTION RETIREMENT PLANS

The Group operates the Mandatory Provident Fund Scheme ("MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance (the "Ordinance"). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, certain subsidiaries of the Group and the eligible employees are each required to make monthly mandatory contributions to the plan at 5% of the employees' relevant income subject to a cap of monthly relevant income of HK$30,000. Contributions to the scheme vest immediately.

The Group's subsidiaries in the PRC also participate in defined contribution retirement schemes covering its full-time PRC employees. The schemes are administered by the relevant government authorities in the PRC. The Group and the PRC employees are required to make contributions based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC and the relevant government authorities undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group's subsidiaries in the PRC.

The total expense recognised in the consolidated statement of profit or loss of approximately HK$6,013,000 (2016: HK$6,237,000) for the year ended 30 June 2017 represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

At 30 June 2017 and 2016, certain employees of the Group had completed the required number of years of service under the Ordinance and are eligible for long service payments on termination of their employment. The Group is only liable to make such payments when the termination meets the required circumstances specified in the Ordinance and the employees' entitlement is not covered by the aforesaid MPF scheme. At 30 June 2017, the Group's contributions to the MPF scheme and the accrued interest thereon do not exceed the potential liabilities should the required circumstances specified in the Ordinance be met. Consequently, provision for long service payment of HK$4,119,000 (2016: HK$4,045,000) is resulted and included in accruals as disclosed in note 20.

27. EQUITY SETTLED SHARE-BASED TRANSACTIONS

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 of directors to the grantee which the board of directors 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 of directors.

The maximum number of shares of the Company in respect of which the share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares in issue at the date of the annual general meeting of the Company on 5 December 2016 at which the Company passed an ordinary resolution to refresh the maximum number of the shares which may be issued upon exercise of all the share options to be granted under the Share Option Scheme.

The maximum number of the shares in respect of which share options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company in issue shall not exceed 30% (or such higher percentage as may be allowed under the GEM Listing Rules) of the total number of the shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the share options granted to each Eligible Person (including both exercised and outstanding options under the Share Option Scheme) in any twelve-month period must not exceed 1% of the issued share capital of the Company. Where any further grant of the share options to an Eligible Person would result in excess of such limit shall be subject to the approval of the shareholders at general meeting with such Eligible Person and his associates abstaining from voting.

(a) The terms and conditions of the grants that existed and the movements during the years ended 30 June 2017 and 2016 are as follows:

2017

Category of participants	Date of grant of share options	Period during which options are exercisable	Contractual life of share options	Exercise price *HK$*	Outstanding at the beginning of the year	Cancelled during the year	Lapsed during the year	Outstanding at the end of the year	Exercisable at the end of the year
Former directors									
Mr. Chan Wai Kit	11/12/2015	14/12/2015–10/12/2025	10 years	0.23	10,000,000	–	(10,000,000)	–	–
Ms. Wong Chi Yan	11/12/2015	14/12/2015–10/12/2025	10 years	0.23	10,000,000	–	(10,000,000)	–	–
Mr. Zhang Xiaozheng	11/12/2015	14/12/2015–10/12/2025	10 years	0.23	10,000,000	–	(10,000,000)	–	–
Ms. Wang Jun	11/12/2015	14/12/2015–10/12/2025	10 years	0.23	10,000,000	–	(10,000,000)	–	–
Ms. Li Qingchen	11/12/2015	14/12/2015–10/12/2025	10 years	0.23	10,000,000	–	(10,000,000)	–	–
Mr. Xu Xiaoping	11/12/2015	14/12/2015–10/12/2025	10 years	0.23	10,000,000	–	(10,000,000)	–	–
Employees									
In aggregate	11/12/2015	16/12/2015–10/12/2025	10 years	0.23	37,500,000	(37,500,000)	–	–	–
Total					97,500,000	(37,500,000)	(60,000,000)	–	–
Weighted average exercise price					0.23	0.23	0.23	N/A	N/A

Category of participants	Date of grant of share options	Period during which options are exercisable	Contractual life of share options	Exercise price	2016 Outstanding at the beginning of the year	Granted during the year	Cancelled during the year	Lapsed during the year	Adjustment due to share consolidation	Outstanding at the end of the year	Exercisable at the end of the year
				HK$ *(note)*					*(note)*		
Former directors											
Mr. Chan Wai Kit	11/12/2015	14/12/2015–10/12/2025	10 years	0.23	–	100,000,000	–	–	(90,000,000)	10,000,000	10,000,000
Ms. Wong Chi Yan	11/12/2015	14/12/2015–10/12/2025	10 years	0.23	–	100,000,000	–	–	(90,000,000)	10,000,000	10,000,000
Mr. Zhang Xiaozheng	11/12/2015	14/12/2015–10/12/2025	10 years	0.23	–	100,000,000	–	–	(90,000,000)	10,000,000	10,000,000
Ms. Wang Jun	11/12/2015	14/12/2015–10/12/2025	10 years	0.23	–	100,000,000	–	–	(90,000,000)	10,000,000	10,000,000
Ms. Li Qingchen	11/12/2015	14/12/2015–10/12/2025	10 years	0.23	–	100,000,000	–	–	(90,000,000)	10,000,000	10,000,000
Mr. Xu Xiaoping	11/12/2015	14/12/2015–10/12/2025	10 years	0.23	–	100,000,000	–	–	(90,000,000)	10,000,000	10,000,000
Employees											
In aggregate	11/12/2015	16/12/2015–10/12/2025	10 years	0.23	–	400,000,000	–	(25,000,000)	(337,500,000)	37,500,000	37,500,000
Total					–	1,000,000,000	–	(25,000,000)	(877,500,000)	97,500,000	97,500,000
Weighted average exercise price					N/A	0.23	N/A	0.23	0.23	0.23	0.23

Note: The exercise price and the number of share options were adjusted subsequent to the completion of share consolidation on 15 March 2016.

The options outstanding at 30 June 2016 had a weighted average remaining contractual life of 9.45 years.

(b) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted on 11 December 2015 is measured based on Trinomial Option Pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

The significant assumptions made in deriving the fair value of the share options granted on 11 December 2015 are as follows:

Fair value at measurement date	HK$0.066
Share price (adjusted)	HK$0.23
Exercise price (adjusted)	HK$0.23
Expected volatility (expressed as weighted average volatility used in the modelling under Trinomial Option Pricing model)	73.59%
Option life (expressed as weighted average life used in the modelling under Trinomial Option Pricing model)	10.0 years
Expected dividends	Nil
Risk-free interest rate	0.27%

28. CAPITAL AND RESERVES

(a) Share capital

(i) Authorised and issued share capital

	Number of shares	Amount
	'000	*HK$'000*
Authorised:		
Ordinary shares		
At 1 July 2015 of HK$0.0001 each	1,000,000,000	100,000
Share consolidation *(note (iii))*	(900,000,000)	–
At 30 June 2016, 1 July 2016 and 30 June 2017 of HK$0.001 each	100,000,000	100,000
Issued and fully paid:		
Ordinary shares		
At 1 July 2015 of HK$0.0001 each	10,000,000	1,000
Issue of shares pursuant to open offer *(note (ii))*	5,000,000	500
Share consolidation *(note (iii))*	(13,500,000)	–
Issue of shares pursuant to share placing *(note (iv))*	300,000	300
At 30 June 2016 and 1 July 2016 of HK$0.001 each	1,800,000	1,800
Issue of shares pursuant to rights issue *(note (v))*	900,000	900
At 30 June 2017 of HK$0.001 each	2,700,000	2,700

(ii) Issue of shares pursuant to open offer in 2016

On 9 December 2015, the Company issued 5,000,000,000 ordinary shares of HK$0.0001 each at a subscription price of HK$0.013 per ordinary share on the basis of one new share for every two existing shares held (the "Open Offer"), resulting in net proceeds of approximately HK$62,267,000.

(iii) Share consolidation in 2016

By an ordinary resolution passed at the extraordinary general meeting held on 14 March 2016, every 10 issued and unissued ordinary shares of HK$0.0001 each were consolidated into 1 new ordinary share of HK$0.001 each (the "2016 Share Consolidation"). Following the 2016 Share Consolidation which has become effective on 15 March 2016, the authorised share capital of the Company was HK$100,000,000 divided into 100,000,000,000 ordinary shares of HK$0.001 each, of which 1,500,000,000 ordinary shares were in issue and fully paid.

(iv) Issue of shares pursuant to share placing in 2016

On 8 June 2016, the Company issued 300,000,000 ordinary shares of HK$0.001 each pursuant to a placing under general mandate at a price of HK$0.085 per ordinary share, resulting in net proceeds of approximately HK$24,687,000.

(v) Issue of shares pursuant to rights issue in 2017

On 16 February 2017, the Company issued 900,000,000 ordinary shares of HK$0.001 each at a subscription price of HK$0.054 per ordinary share on the basis of one new share for every two existing shares held (the "Rights Issue"), resulting in net proceeds of approximately HK$46,886,000.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law, Chapter 22 of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall in the ordinary course of business.

(ii) Other reserve

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 in preparation of the listing of the Company's shares on the GEM of the Stock Exchange on 17 June 2013.

(iii) Contribution surplus

The amount represents the amounts due to shareholders capitalised before the listing of the Company's shares on the GEM of the Stock Exchange.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with accounting policy set out in note 2.24.

(v) Warrant reserve

The amount represents the net proceeds received from the issue of 2,000,000,000 unlisted warrants at the subscription price of HK$0.02 per warrant (the "Share Warrant") by the Company on 20 December 2014. 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 accumulated losses. No Share Warrants were exercised up to the expiry date, i.e. 28 January 2016. Accordingly, the balance was released to the accumulated losses on that date.

(vi) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to the eligible participants of the Share Option Scheme recognised in accordance with the accounting policy adopted for share-based payments in note 2.20(iii).

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments as to the capital structure in light of changes in economic conditions.

The capital structure of the Group mainly consists of net debt, which include borrowings, bond and obligations under finance leases, and equity attributable to owners of the Company. The Group considers the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of a gearing ratio. The ratio is expressed by as a percentage of total debts over the total equity. The Group's overall strategy remains unchanged during the years ended 30 June 2017 and 2016.

The gearing ratios at 30 June 2017 and 2016 were as follows:

	2017	**2016**
	HK$'000	*HK$'000*
Total debts	10,463	14,449
Total equity	151,502	118,683
Gearing ratio	6.9%	12.2%

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

(d) Distributability of reserves

At 30 June 2017, the aggregate amounts of reserves available for distribution to owners of the Company was HK$120,061,000 (2016: HK$86,700,000).

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, loans and interest receivables, financial assets at fair value through profit or loss and cash and cash equivalents. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are usually due on presentation of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group had a certain concentration of credit risk as 19% (2016: 22%) and 53% (2016: 60%) of the total trade receivables was due from the largest customer and the five largest customers respectively. Management does not expect any significant losses from trade debtors that have not been provided for other than impairment loss on bad and doubtful debt as set out in note 14. Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 14.

For loans and interest receivables, the Group manages and analyses the credit risk for each of the new and existing borrowers before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the borrower based on the borrower's financial position, past experience and other factors. For loans principal exceeding a predetermined amount, the Group holds collateral against these loans and interest receivables in the form of guarantee executed by the guarantor. Individual risk limits are set based on the value of collaterals provided by borrowers, if required, and internal or external ratings in accordance with limits set by the directors. The credit quality classification of loans and interest receivables at 30 June 2017 using the Group's credit rating system is set out in the table below:

	HK$'000
Performing	75,450
Doubtful	–
Loss	–
	75,450

The Group considers the loans and interest receivables as doubtful if the repayment of principal and/or of interest has been overdue and principal, accrued interest and/or future interest may not be fully secured by the collaterals. The Group considers the loans and interest receivables as loss if the repayment of principal and/or of interest has been overdue for more than 12 months and the collection of principal and/or of interest in full is improbable.

The Group estimates and recognises impairment losses for the loans and interest receivables considered as "doubtful" and "loss", taking into account of the fair values of collaterals which are inadequate to cover the loans and interest receivables. The amount of doubtful and loss of loans and interest receivables were HK$Nil at 30 June 2017.

The Group performs collective assessment of the loans receivable considered as "performing" by grouping together all its receivables with similar credit risk characteristics. The impairment review is carried out on all those loans and interest receivables based on the historical impairment rates. Since the historical impairment rate is zero during the current year, the management therefore considers that the collective impairment loss is HK$Nil at 30 June 2017.

The amount of provision for impairment is monitored by the management on a quarterly basis.

At 30 June 2017, the Group had significant concentration of credit risk as the loans and interest receivables totaling HK$75,450,000 were due from 3 borrowers. The directors consider that the credit risk arising from the loans receivable is significantly mitigated by the collaterals held, if required.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from loans and interest receivables are set out in note 16.

Substantially all the Group's cash and cash equivalents are deposited in financial institutions in Hong Kong and the PRC. The credit risk on liquid funds is limited as the majority of counterparties are financial institutions with high credit ratings assigned by international credit rating agencies and stated-controlled financial institutions with good reputations.

The Group's investments which are classified as financial assets at fair value through profit or loss together with certain deposits, are placed with securities brokers, which management believes it is of high credit quality.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which is based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2017					2016					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less the 2 years	More than 2 years but less than 5 years	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	14,880	14,880	14,880	–	–	12,285	12,285	12,285	–	–	–
Accruals, deposits received and other payables	33,113	33,113	33,113	–	–	42,147	42,147	42,147	–	–	–
Borrowings	–	–	–	–	–	4,278	4,278	4,278	–	–	–
Obligations under finance leases	1,021	1,072	457	312	303	829	876	357	307	212	–
Bond	9,442	13,092	700	700	11,692	9,342	13,792	700	700	2,100	10,292
	58,456	62,157	49,150	1,012	11,995	68,881	73,378	59,767	1,007	2,312	10,292

(c) Interest rate risk

The Group's interest rate risk arises primarily from loans receivable, borrowings and bond. Borrowings issued at fixed rate and variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk respectively. The Group's interest rate profile as monitored by management is set out below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's net deposits/(borrowings) at the end of the reporting period.

	2017		2016	
	Effective interest rate		Effective interest rate	
	%	*HK$'000*	*%*	*HK$'000*
Fixed rate deposits/(borrowings)				
Restricted bank deposits	0.4%	12,948	0.6%	7,141
Loans receivable	19.6%	75,000	N/A	–
Borrowings	N/A	–	7.8%	(4,278)
Bond	8.5%	(9,442)	8.5%	(9,342)
Obligations under finance leases	1.7%	(1,021)	2.8%	(829)
		77,485		(7,308)
Variable rate deposits				
Bank deposits and cash at bank	0.1%	52,932	0.1%	48,747
Total net deposits		130,417		41,439

(ii) Sensitivity analysis

At 30 June 2017, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have no significant impact to the Group's loss after tax and accumulated losses.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2016.

(d) Currency risk

The Group's business activities and its assets and liabilities were denominated in HK$ and Renminbi ("RMB"). The management considers the Group is not exposed to significant foreign currency risk as most sales, income, purchases and expenses are denominated in the functional currency of the operations to which they relate. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(e) Categories of financial instruments

	2017	2016
	HK$'000	*HK$'000*
Financial assets		
Financial assets at fair value through profit or loss	–	18,454
Loans and receivables:		
– Trade receivables	49,841	44,288
– Deposits and other receivables	4,676	21,272
– Loans and interest receivables	75,450	–
– Restricted bank deposits	12,948	7,141
– Cash and cash equivalents	52,932	48,747
	195,847	139,902
Financial liabilities		
Financial liabilities measured at amortised cost		
– Trade payables	14,880	12,285
– Accruals and other payables	33,113	42,147
– Borrowings	–	4,278
– Bond	9,442	9,342
– Obligations under finance leases	1,021	829
	58,456	68,881

(f) Fair value measurement

(i) Financial instruments measured at fair value

Fair value hierarchy

The carrying amount of the Group's financial instruments measured at fair value at the end of the reporting period on a recurring basis shall be categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

	2017				2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets								
Financial assets at fair value through profit or loss	–	–	–	–	18,454	–	–	18,454

During the years ended 30 June 2017 and 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

(ii) Financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 30 June 2017 and 2016.

30. BUSINESS COMBINATIONS

(a) Acquisition of Logon Group

On 11 April 2016, the Company acquired the entire equity interest in Logon Group from an independent third party (the "Logon Vendor") at a cash consideration of HK$30,900,000 (the "Logon Acquisition"). Logon Group is principally engaged in the provision of property and car park management services in Shenzhen, the PRC.

The Logon Vendor irrevocably and unconditionally warrants and guarantees to the Company that the audited consolidated net profit before tax of Logon Group for the period from the date of completion of acquisition to 30 June 2017, the financial year ending 30 June 2018 and the financial year ending 30 June 2019 shall be no less than RMB4,000,000, RMB5,000,000 and RMB6,000,000 respectively (the "Guaranteed Profits"). In case that there is a shortfall in the Guaranteed Profits, the Vendor shall compensate the Company an amount of cash (the "Compensation") based on the agreed calculations.

The Company shall also have the right at its own discretion to sell the entire equity interest in Logon Group back to the Logon Vendor (the "Buy-back") at the consideration of HK$30,900,000 after deducting any compensations that may arise from the Guaranteed Profits.

Details of the terms of the acquisition agreement were disclosed in the Company's announcement dated 11 April 2016.

At 30 June 2016, the management assessed that the possibility of shortfall in the Guaranteed Profits is remote and consequently, the fair values of contingent consideration asset and the Buy-back option are HK$Nil.

(b) Acquisition of Shanghai PPS Sheng Mao Environmental Services Limited

On 9 May 2016, the Group, through PPS Environmental Services Limited, a wholly-owned subsidiary, acquired 51% equity interest in Shanghai PPS Sheng Mao Environmental Services Limited ("PPS Shanghai") from independent third parties at a cash consideration of RMB2,685,000 (equivalent to approximately HK$3,167,000). PPS Shanghai is principally engaged in the provision of environmental and cleaning services in Shanghai, the PRC.

(c) The fair value of the identifiable assets and liabilities acquired and goodwill arose at the respective date of the acquisitions are as follows:

		2016	
	Logon Group	**PPS Shanghai**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	1,037	22	1,059
Intangible assets	–	333	333
Trade receivables	55	671	726
Deposits, prepayments and other receivables	4,459	–	4,459
Cash and cash equivalents	1,640	472	2,112
Trade payables	–	(70)	(70)
Accruals, deposits received and other payables	(10,143)	(1,124)	(11,267)
Deferred revenue	(2,478)	–	(2,478)
Current tax payable	(4,417)	–	(4,417)
Deferred tax liabilities	–	(83)	(83)
Net identifiable (liabilities assumed)/assets acquired	(9,847)	221	(9,626)
Non-controlling interests#	–	14	14
Net identifiable (liabilities)/assets attributable to owners of the Company	(9,847)	235	(9,612)
Goodwill arising on business combinations	40,747	2,932	43,679
Total consideration	30,900	3,167	34,067

The non-controlling interests are measured at the non-controlling interests' proportionate share of fair value of the identifiable net assets of the acquired subsidiaries.

(d) Net cash outflow arising on acquisition

		2016	
	Logon Group	**PPS Shanghai**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Consideration paid in cash	30,900	3,167	34,067
Cash and cash equivalents acquired	(1,640)	(472)	(2,112)
Net cash outflow	29,260	2,695	31,955

(e) The goodwill arising on the acquisition of Logon Group is attributable to the acquired customer services agreement and economics of scale expected from combining the operations of the Group and Logon Group.

The goodwill arising on the acquisition of PPS Shanghai is attributable to the business network and experience of the existing management of PPS Shanghai and several signed binding managerial and cleaning services contracts with customers at the date of acquisition.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

(f) Acquisition-related costs of approximately HK$1,275,000 and HK$493,000 for acquisitions of Logon Group and PPS Shanghai respectively have been recognised as "administrative expenses" in the consolidated statement of profit or loss for the year ended 30 June 2016.

(g) Impact of acquisitions

Included in the revenue for the year ended 30 June 2016 were approximately HK$4,578,000 and HK$1,042,000 attributable to the additional business generated by Logon Group and PPS Shanghai respectively. Loss for the year ended 30 June 2016 included profit of HK$1,492,000 and loss of HK$86,000 contributed by Logon Group and PPS Shanghai respectively.

Had these business combinations been taken place on 1 July 2015, the directors of the Company estimated that the consolidated revenue and the consolidated loss for the year ended 30 June 2016 would have been approximately HK$288,382,000 and HK$48,277,000 respectively. This pro-forma information was for illustrative purposes only and was not necessarily an indication of revenue and result of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 July 2015.

31. DISPOSAL OF A SUBSIDIARY NOT CLASSIFIED AS DISCONTINUED OPERATIONS

(a) On 21 September 2016, the Group disposed of the entire equity interest in Champion Luck Investment Limited for a cash consideration of approximately HK$2,783,000.

(b) The assets disposed at completion date

	HK$'000
Property, plant and equipment	2,690
Deposits, prepayments and other receivables	93
Net assets disposed of	2,783

(c) Gain on disposal of a subsidiary

	HK$'000
Consideration received	2,783
Net assets disposed of	(2,783)
Gain on disposal	–

(d) Net cash flow on disposal of a subsidiary

	HK$'000
Consideration settled in cash	2,783
Cash and cash equivalents disposed of	–
Net cash inflow	2,783

32. OPERATING LEASE COMMITMENTS

At 30 June 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017 *HK$'000*	2016 *HK$'000*
Within 1 year	6,305	5,759
After 1 year but within 5 years	7,202	1,693
	13,507	7,452

The Group is the lessee in respect of its office premises, warehouse and staff quarters (2016: office premises, auto beauty centres, warehouse and staff quarters) held under operating leases. The leases run for an initial period of 1 to 3 years (2016: 1 to 3 years), with an option to renew the leases when all terms are renegotiated. None of the leases includes contingent rentals.

33. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and senior management, is as follows:

	2017 *HK$'000*	2016 *HK$'000*
Directors		
Fees	3,532	3,363
Salaries, allowance and benefits in kind	10	32
Equity-settled share-based payment expenses	–	3,978
Discretionary bonuses	231	480
Contributions to defined contribution retirement plan	13	38
	3,786	7,891
Senior management		
Salaries, allowance and benefits in kind	3,322	2,301
Equity-settled share-based payment expenses	–	994
Contributions to defined contribution retirement plan	15	54
	3,337	3,349
	7,123	11,240

(b) Other related party transactions

Except as disclosed elsewhere in the notes to these consolidated financial statements, the Group entered into the following material related party transactions during the year:

	2017 *HK$'000*	2016 *HK$'000*
Subcontracting charges to a related company	3,720	4,764

The related company is Niko in which the transaction with Niko falls under the definition of "continuing connected transaction" in Chapter 20 of the GEM Listing Rules with a detailed disclosure of the relationship in note 19. The continuing connected transactions amounted to HK$5,091,000 (2016: HK$4,764,000) for the year ended 30 June 2017.

(c) Balances with related parties are disclosed in note 19 and the Company's statement of financial position in note 34(a).

34. FINANCIAL INFORMATION OF THE COMPANY

(a) Statement of financial position

	2017	**2016**
	HK$'000	*HK$'000*
Non-current assets		
Property, plant and equipment	33	41
Investments in subsidiaries	–	30,900
	33	30,941
Current assets		
Deposits and prepayments	1,937	15,236
Amounts due from subsidiaries	157,139	66,951
Cash and cash equivalents	1,421	15,665
	160,497	97,852
Current liabilities		
Accruals	1,716	7,484
Amounts due to subsidiaries	26,611	19,161
	28,327	26,645
Net current assets	132,170	71,207
Total assets less current liabilities	132,203	102,148
Non-current liabilities		
Bond	9,442	9,342
NET ASSETS	122,761	92,806
Capital and reserves		
Share capital	2,700	1,800
Reserves	120,061	91,006
TOTAL EQUITY	122,761	92,806

(b) Movements in components of equity

Details of the changes in the Company's individual components of equity during the year are as follows:

	Notes	Share capital HK$'000	Share premium HK$'000 (note 28(b)(i))	Warrant reserve HK$'000 (note 28(b)(v))	Share option reserve HK$'000 (note 28(b)(vi))	Accumulated losses HK$'000	Total HK$'000
At 1 July 2015		1,000	22,360	39,500	–	(23,285)	39,575
Loss and total comprehensive loss for the year		–	–	–	–	(33,723)	(33,723)
Issue of shares pursuant to open offer	28(a)(ii)	500	64,500	–	–	–	65,000
Transaction costs for open offer	28(a)(ii)	–	(2,733)	–	–	–	(2,733)
Issue of shares pursuant to share placing	28(a)(iv)	300	25,200	–	–	–	25,500
Transaction costs for share placing	28(a)(iv)	–	(813)	–	–	–	(813)
Equity-settled share-based transactions	27	–	–	–	4,306	(4,306)	–
Release upon expiry of warrants		–	–	(39,500)	–	39,500	–
At 30 June 2016		1,800	108,514	–	4,306	(21,814)	92,806
At 1 July 2016		1,800	108,514	–	4,306	(21,814)	92,806
Loss and total comprehensive loss for the year		–	–	–	–	(16,931)	(16,931)
Issue of shares pursuant to rights issue	28(a)(v)	900	47,700	–	–	–	48,600
Transaction costs for rights issue	28(a)(v)	–	(1,714)	–	–	–	(1,714)
Release upon lapse and cancellation of share options	27	–	–	–	(4,306)	4,306	–
		900	45,986	–	(4,306)	(12,625)	29,955
At 30 June 2017		2,700	154,500	–	–	(34,439)	122,761

35. SUBSIDIARIES' INFORMATION

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of operations	Particulars of issued and paid up capital	2017 Proportion of effective ownership interest		2016 Proportion of effective ownership interest		Principal activity
			Direct	Indirect	Direct	Indirect	
Incorporated in the British Virgin Islands:							
Sliver Marker Limited	Hong Kong	US$1	100%	–	100%	–	Investment holding
Logon Clean Energy Group Limited *(note 1)*	Hong Kong	US$50,000	100%	–	100%	–	Investment holding
Bransfield Assets Limited	Hong Kong	US$3 and HK$100,000,001	–	100%	–	100%	Investment holding
Union (BVI) Holdings Limited *(note 2)*	Hong Kong	US$1	100%	–	–	–	Investment holding
Incorporated in Hong Kong:							
Pollution & Protection Services Limited	Hong Kong	HK$18,557,800	–	100%	–	100%	Provision of environment and cleaning services
E-Car Auto Services Limited *(note 1)*	Hong Kong	HK$10,000	–	–	–	1%	Provision of auto beauty services
Champion Auto Club Limited *(note 1)*	Hong Kong	HK$2	–	–	–	100%	Provision of car beauty services
Champion Auto (Hong Kong) Limited *(note 1)*	Hong Kong	HK$100	–	–	–	85%	Provision of car beauty services
Profit Management Limited	Hong Kong	HK$100	–	100%	–	100%	Provision of money lending services
Union Finance Limited *(note 2)*	Hong Kong	HK$10,000	–	100%	–	–	Provision of money lending services
Union International Securities Limited *(note 2)*	Hong Kong	HK$20,000,000	–	100%	–	–	Not yet commenced business
Union International Asset Management Limited *(note2)*	Hong Kong	HK$2,000,000	–	100%	–	–	Not yet commenced business
Incorporated in the PRC:							
PPS Shanghai	The PRC	RMB10,000,000	–	51%	–	51%	Provision of environmental and cleaning services
Shenzhen Kai Chuang Yiwu Small Commodities Market Management Limited *(note 1)*	The PRC	RMB50,000,000	–	–	–	100%	Provision of property and car park management services

Notes:

1. Disposed during the year ended 30 June 2017.

2. Incorporate during the year ended 30 June 2017.

36. CONTINGENT LIABILITIES

(a) Performance bonds

	2017	**2016**
	HK$'000	*HK$'000*
Guarantees on performance bonds in respect of environmental service contracts	12,920	13,269

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

At 30 June 2017, fixed deposits of approximately HK$12,948,000 (2016: HK$7,141,000) were pledged to banks as security for (i) bank facilities of approximately HK$12,920,000 (2016: HK$13,000,000) granted to the Group; and (ii) bankers' guarantees on performance bonds issued.

The effective period of performance bond is based on the service period and the contract terms as specified in these environmental 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 – Injury compensations

During the years ended 30 June 2017 and 2016, 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. All potential claims made by these employees and third party claimants not covered by insurance have been accounted for in the balance of "provision for claims" under accruals, deposits received and other payables (see note 20) in the consolidated statement of financial positon.

(c) Litigations – Shareholder complaints

Reference is made to the Company's announcements dated 9 December 2015, 24 December 2015, 30 December 2015, 4 February 2016, 16 February 2016, 1 March 2016, 12 April 2016, 10 May 2016 and 20 May 2016 (the "Announcements") relating to the updates on the legal proceedings in the Cayman Islands. Unless stated otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

On 11 April 2016 Cayman time, the Cayman Court has made the following orders:

(i) The Petition for the winding up of the Company be struck out as an abuse of the process;

(ii) The Petitioner shall pay the Company's costs of the Petition, such costs to be taxed, if not agreed, on the standard basis in respect of costs incurred up to 5 February 2016 and on the indemnity basis in respect of costs incurred thereafter.

The Cayman Court has also made an Injunction Order on 11 April 2016 Cayman time on, among others, the following terms:

(i) The Petitioner, be restrained, by himself, his servants or agents or otherwise disposing of or dealing with his shares in the Company, whether registered in his own name or held in name of a CCASS Participant or any other nominee, and whether by means of sale, gift, mortgage, charge, loan, or otherwise howsoever, pending the payment of the full amount due to the Company under the Order for Costs.

(ii) The injunction contained in Paragraph 1 of the Injunction Order shall cease to have any effect in the event that the Petitioner has paid the sum of US$675,000 (or such lesser amount as may be agreed with the Company) into Court pending taxation of the Company's bill of costs.

(iii) The Petitioner shall have liberty to apply to vary or discharge the Injunction Order upon giving not less than 48 hours prior notice to the Company's attorneys.

On 9 May 2016 and 20 May 2016, the Company has successfully obtained an injunction order from the High Court of Hong Kong on an ex parte basis against Mr. Zhao Han, among others, that he must not remove from Hong Kong, dispose of or deal with or diminish the value of any of his assets which are within Hong Kong, up to the value of US$675,000 (equivalents to HK$5,265,000). Such prohibition includes the shares in the Company held by Mr. Zhao Han in his name or through licensed securities dealers.

The Company is currently seeking legal advice and will take steps to recover the costs of the proceedings. During the years ended 30 June 2017 and 2016 and up to the date of approval of these consolidated financial statements, the Company has yet to determine the appropriate steps and the actual recovery of the costs of the proceedings may not be probable.

37. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed below, the Group does not have other significant events after the reporting period.

(a) By an ordinary resolution passed at the extraordinary general meeting held on 26 July 2017, every 10 issued and unissued ordinary shares of HK$0.001 each were consolidated into one new ordinary share of HK$0.01 each. Following the share consolidation which has become effective on 27 July 2017, the Company's authorised share capital was HK$100,000,000 divided into 10,000,000,000 ordinary shares of HK$0.01 each, of which 270,000,000 ordinary shares were in issued and fully paid.

(b) Subscription of convertible bonds

Pursuant to the subscription agreement and supplemental extension letter dated 15 June 2017 and 16 August 2017 respectively, Wui Wo Enterprise Limited, a company which is wholly-owned by Mr. Yu Weiye, a controlling shareholder of the Company (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 made on 27 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 would be satisfied by cash. The Subscription was approved by the shareholders at the extraordinary general meeting of the Company held on 26 July 2017 and completion of the Subscription took place on 21 August 2017 with the net proceeds of approximately HK$49.2 million received.

38. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. The principal accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

(a) Impairment loss on intangible assets

The carrying amounts of intangible assets that are not yet available for use are reviewed annually in order to assess whether the recoverable amounts have declined below the carrying amounts. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, the expected cash flows generated by the intangible assets are discounted to their present value, which requires significant judgement relating to the level of future cleaning service and interest revenue and the amount of service costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of cleaning service and interest revenue and the amount of service costs, and discount rate.

(b) Impairment loss on goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Details of the impairment loss calculation are set out in note 13.

(c) Impairment loss on loans and interest receivables and trade and other receivables

Impairment loss on loans receivable and interest receivables and trade and other receivables is assessed and provided based on management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by the management when assessing the credit worthiness and past collection history of each individual borrower/customer. Any increase or decrease in the impairment losses for bad and doubtful debt would affect the consolidated statements of comprehensive income in future years.

(d) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for tax losses not yet used and temporary deduction differences. As those deferred tax assets can only be recognised to the extent that it is probable that future profit will be available against which the unused tax credit can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

39. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2017

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2017 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

Amendments to HKAS 7	Statement of cash flows: Disclosure initiative[1]
Amendments to HKAS 12	Income taxes: Recognition of deferred tax assets for unrealised losses[1]
Amendments to HKFRS 2	Share-based payment: Classification and measurement of share-based payment transactions[2]
HKFRS 9	Financial instruments[2]
HKFRS 15 and amendments to HKFRS 15	Revenue from contracts with customers and clarifications to HKFRS 15[2]
HKFRS 16	Leases[3]
Annual improvements to HKFRSs 2014–2016 cycle	HKFRS 12 Disclosure of interests in other entities – Clarification of the scope of the standard[1]
HK(IFRIC)-Int22	Foreign currency transactions and advance consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("FVTPL") and (3) fair value through other comprehensive income ("FVTOCI") as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated as FVPTL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). A more detailed analysis is required to determine the extent of the impact.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables, loans and interest receivables, and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting HKFRS 15 on its consolidated financial statements. Based on the preliminary assessment, the Group has identified the following areas which are likely to be effected:

(a) Timing of revenue recognition

The Group's revenue recognition policies are disclosed in note 2.23. Currently, revenue arising from the provision of services is recognised over time, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identified 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; and

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, it is possible that the point in time when revenue is recognised may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

(c) Sales with a right of return

Currently when the customers are allowed to return the products, the Group estimates the level of returns and makes and adjustment against revenue and cost of sales.

The Group expects that the adoption of HKFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

HKFRS 16, Leases

As disclosed in note 2.10, currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their right and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease. As disclosed in note 32, at 30 June 2017 the Group's future minimum lease payments under non-cancellable operating leases amounted to HK$13,217,000, a significant portion of which is payable between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

40. COMPARATIVE FIGURES

As a result of the share consolidation which were completed on 27 July 2017 (see note 37), the (loss)/earnings per share for the years ended 30 June 2017 and 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 re-presented as a result of the operations discontinued during the year.

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

(B) UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

The following is the full text of the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2017 extracted from the interim report of the Company for the six months ended 31 December 2017:

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

For the six months ended 31 December 2017

		Six months ended 31 December		Three months ended 31 December	
		2017	**2016**	**2017**	**2016**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
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 HK$'000 (unaudited)	Six months ended 31 December 2016 HK$'000 (unaudited)	Three months ended 31 December 2017 HK$'000 (unaudited)	Three months ended 31 December 2016 HK$'000 (unaudited)
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 HK$'000 (unaudited)	As at 30 June 2017 HK$'000 (audited)
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

	Note	As at 31 December 2017 HK$'000 (unaudited)	As at 30 June 2017 HK$'000 (audited)
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	Share premium	Other reserve	Contribution surplus	Foreign currency translation reserve	Convertible bonds equity reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	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 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	Share premium	Other reserve	Contribution surplus	Foreign currency translation reserve	Option reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000* *(Note (a))*	*HK$'000* *(Note (b))*	*HK$'000*	*HK$'000* *(Note (d))*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
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**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
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**
	HK$'000 (unaudited)	*HK$'000* (unaudited)	*HK$'000* (unaudited)
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**
	HK$'000 (unaudited)	*HK$'000* (unaudited)	*HK$'000* (unaudited)	*HK$'000* (unaudited)	*HK$'000* (unaudited)	*HK$'000* (unaudited)
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
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	(audited)	(audited)
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**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
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**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
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**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
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
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
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**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
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 *HK$'000*	Logon Disposal *HK$'000*	Total *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	**2016**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(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*	*'000*	*'000*
		(restated)		(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	**As at 30 June 2017**
	HK$'000	*HK$'000*
	(unaudited)	(audited)
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 *HK$'000* (unaudited)	As at 30 June 2017 *HK$'000* (audited)
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 *HK$'000* (unaudited)	As at 30 June 2017 *HK$'000* (audited)
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 *HK$'000* (unaudited)	As at 30 June 2017 *HK$'000* (audited)
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 *HK$'000* (unaudited)	**As at 30 June 2017** *HK$'000* (audited)
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	As at 30 June 2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
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 6 February 2018, being the date of this Interim report, respectively.

21. CONTINGENT LIABILITIES

(a) Performance bond

	As at 31 December 2017 *HK$'000* (unaudited)	**As at 30 June 2017** *HK$'000* (audited)
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.

3. MATERIAL CHANGE

As at the Latest Practicable Date, save as disclosed below, the Directors confirmed that there was no material change in the financial or trading position or outlook of the Group since 30 June 2017, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date:

1. as disclosed in the Company's interim report for the six months ended 31 December 2017, the Group recorded a net loss for the six months ended 31 December 2017 of approximately HK$8.5 million, representing an increase of approximately HK$3.9 million as compared with the net loss in the corresponding period in 2016 of approximately HK$4.6 million. Such increase in net loss was mainly due to the net effect of (i) additional expenses of approximately HK$11 million incurred for the development of the new 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, which were ceased to be developed by the Group in December 2017 in view of the unsatisfactory development progress, in particular the difficulties encountered on obtaining the relevant licences and/or approvals; (ii) the effective interest expense of approximately HK$2.4 million on the zero-coupon convertible bonds issued by the Group in August 2017; (iii) additional profit of approximately HK$6.3 million from the money lending business which was newly commenced in December 2016; and (iv) the discontinuation of the auto beauty services and the property and car park management services, which were disposed in January 2017 and March 2017, respectively. Such discontinued operations resulted in a loss of approximately HK$4.9 million during the six months ended 31 December 2016.

2. Wui Wo Enterprise Limited, a company wholly-owned by Mr. Yu Weiye (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 made on 27 July 2017) during a one year period commencing from the date of the completion of the subscription of the Convertible Bonds (the "**Subscription**"). The issue of the Convertible Bonds was satisfied in cash. The Subscription was approved by the Shareholders at the extraordinary general meeting of the Company held on 26 July 2017 and completion of the Subscription took place on 21 August 2017 with the net proceeds of approximately HK$49.2 million received. Details of the Subscription can be referred to the announcement and the circular of the Company dated 15 June 2017 and 21 July 2017, respectively.

4. INDEBTEDNESS

At the close of business on 31 December 2017, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Composite Document, the details of the Group's indebtedness is as follows:

Borrowings

	As at 31 December 2017
	HK$'000
Current liabilities	
Obligations under financial leases (Secured)	389
Convertible bonds	45,448
	45,837
Non-current liabilities	
Obligations under financial leases (Secured)	420
Bond (Unsecured and unguaranteed)	9,495
	9,915
Total borrowings	55,752

Contingent liabilities

(i) Performance bond

As at 31 December 2017, the Group had bankers' guarantees of approximately HK$13,185,000 on performance bonds issued for due performance under several environmental service contracts.

As at 31 December 2017, the Group had fixed deposits of approximately HK$13,217,000 which were pledged to banks as security for (i) bank facilities of approximately HK$13,185,000 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 several environmental service contracts. The performance bonds may be claimed by customers if services rendered by the Group fail to meet the standards as specified in these environment service contracts.

(ii) Litigations

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 did not have any significant contingent liabilities arising from these litigations as all potential claims made by these employees and third party claimants had been accounted for in the consolidated financial statements of the Group and covered by insurance protection.

Disclaimer

Apart from intra-group liabilities between the Company and its subsidiaries or between subsidiaries of the Group and normal trade payables in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, mortgages, charges or debentures, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills and payables), acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 December 2017.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than those relating to the Offeror and his Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Offeror), have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares and, in respect of equity derivatives, underlying shares in, and debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, or which were required, pursuant to the Takeovers Code to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity and nature of interests	Number of Shares or underlying Shares	Approximate percentage of the Company's issued share capital as at the Latest Practicable Date
The Offeror	Beneficial owner	96,245,250	35.65%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company or their respective associates had any interests or short positions in the shares or, in respect of equity derivatives, underlying shares in, or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 have taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, or which were required, pursuant to the Takeovers Code to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, save for the Offeror, there was no other Directors who had shareholdings in the Company, therefore, no such Directors had indicated the intention to accept or reject the Offer.

(b) Substantial Shareholders

As at the Latest Practicable Date, the interests and short positions of the Shareholders in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and the Takeovers Code and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO were as follows:

Long positions of substantial Shareholders

Name of substantial shareholders	Capacity and nature of interests	Number of Shares	Number of underlying Shares held under equity derivatives	Approximate percentage of the Company's issued share capital as at the Latest Practicable Date *(%)*
The Offeror	Beneficial owner	96,245,250	–	35.65%
Mr. Yu Weiye	Beneficial owner	54,431,400	–	20.16%
(Note 1)	Interest in controlled corporation	–	83,333,333 *(Note 2)*	30.86%
Vendor A	Beneficial owner	–	83,333,333 *(Note 2)*	30.86%
Ms. Mui Fong	Interest of spouse *(Note 3)*	54,431,400	83,333,333	51.02%

Notes:

1. Mr. Yu Weiye has interest in 137,764,733 Shares, of which 54,431,400 Shares are beneficially owned by him and 83,333,333 underlying Shares are to be issued upon full conversion of the Convertible Bonds issued by the Company to Vendor A.

2. These interests represent Mr. Yu Weiye's beneficial interests in the underlying Shares to be issued upon full conversion of the Convertible Bonds.

3. Ms. Mui Fong is the wife of Mr. Yu Weiye.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, no person had any interests or short position in the Shares and underlying Shares which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and the Takeovers Code and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO.

(c) Other Interests

As at the Latest Practicable Date, save as disclosed in sections 2(a) to (b) above:

(a) the Directors did not have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;

(b) none of the subsidiaries of the Company, any of the pension fund of the Group and any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeover Codes (excluding exempt principal traders), owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of Shares;

(c) save for the Bought and Sold Notes, the Vendor A Irrevocable Undertaking and the Charge, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeover Codes between any person and the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeover Codes;

(d) no Shares or any convertible securities, warrants, options or derivatives in respect of Shares were managed on a discretionary basis by fund managers connected with the Company; and

(e) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares.

3. DEALINGS DISCLOSURE

During the Relevant Period, save for the 96,245,250 Shares acquired through the Bought and Sold Notes by the Offeror (being an executive Director), none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.

During the Offer Period and ending on the Latest Practicable Date:

(i) no subsidiary of the Company, nor any pension fund of the Group nor any adviser to the Company as specified in class (2) of the definition of associate, had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;

(ii) no person who had an arrangement of the kind referred to Note 8 to Rule 22 of the Takeover Codes with the Company nor any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code, had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares; and

(iii) no fund manager connected with the Company, who manages funds on a discretionary basis, had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.

4. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

Authorised:	*HK$*
10,000,000,000 Shares of HK$0.01 each	100,000,000.00
Issued and fully paid up:	
270,000,000 Shares of HK$0.01 each	2,700,000.00

All of the Shares currently in issue rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and capital. The Shares are listed on the GEM and none of the securities of the Company are listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

Since 30 June 2017 (being the date on which its latest published audited accounts were prepared) and up to and including the Latest Practicable Date, no Shares have been issued by the Company.

As at the Latest Practicable Date, the total outstanding Convertible Bonds were in the aggregate principal amount of HK$50,000,000 held by Vendor A and would confer rights to the holder to convert approximately 83,333,333 new Shares at the conversion price of HK$0.60 per Share.

As at the Latest Practicable Date, save for the Convertible Bonds, the Company had no outstanding options, warrants, derivatives or convertible securities in respect of the Shares which were issued by the Company.

5. DIRECTORS' SERVICE CONTRACTS

Details of the service contract of a Director are set out below:

Name of Director	Title	Commencement date of service contract	Expiry date of service contract	Fixed remuneration under service contract	Variable remuneration under service contract
Mr. Yang Yifan	Executive director	28 November 2017	Continuous contract and either party may terminate the contract by giving one month's notice	HK$33,000 per month	Discretionary year end bonus at the discretion of the Company

Save as disclosed above, as at the Latest Practicable Date, the Company or any of its subsidiaries or associates had not entered into service contracts with the Directors (i) which (including both continuous and fixed term contracts) has been entered into or amended within 6 months prior to the commencement of the Offer Period; (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by the members of the Group within the two years immediately preceding the date of commencement of the Offer Period and up to the Latest Practicable Date:

(a) as stated in the announcement of the Company dated 2 March 2016, the memorandum of undertaking dated 2 March 2016 entered into between Sharp Team Global Limited, a wholly owned subsidiary of the Company, and China Eastern Clean Energy Investment Corporation in relation to the proposed acquisition of 營口同方能源技術有限公司 (Yingkou Tongfang Energy Technology Co., Limited*);

(b) as stated in the announcement of the Company dated 7 March 2016, the equity transfer agreement dated 7 March 2016 entered into among PPS Environmental Services Limited, a wholly owned subsidiary of the Company, 路懿 (Lu Yi*) and 顏滬玲 (Yan Huling*) in relation to the acquisition of 51% equity interest in 上海寶聯盛懋保潔服務有限公司 (Shanghai PPS Sheng Mao Cleaning Services Company Limited*) (formerly known as 上海盛懋保潔服務有限公司 (Shanghai Sheng Mao Cleaning Services Company Limited*)) at the total consideration of RMB2,500,000;

(c) as stated in the announcement of the Company dated 7 March 2016, the capital injection agreement dated 7 March 2016 entered into between PPS Environmental Services Limited, a wholly owned subsidiary of the Company, and 路懿 (Lu Yi*) in relation to the increase in registered capital of 上海寶聯盛懋保潔服務有限公司 (Shanghai PPS Sheng Mao Cleaning Services Company Limited*) (formerly known as 上海盛懋保潔服務有限公司 (Shanghai Sheng Mao Cleaning Services Company Limited*)) from RMB1,000,000 to RMB10,000,000 and the capital injection of an aggregate amount of RMB9,000,000 to 上海寶聯盛懋保潔服務有限公司 (Shanghai PPS Sheng Mao Cleaning Services Company Limited*) (formerly known as 上海盛懋保潔服務有限公司 (Shanghai Sheng Mao Cleaning Services Company Limited*));

(d) as stated in the announcement of the Company dated 7 March 2016, the shareholders agreement dated 7 March 2016 entered into between PPS Environmental Services Limited, a wholly owned subsidiary of the Company, and 路懿 (Lu Yi*) in relation to regulating the rights amongst PPS Environmental Services Limited and 路懿 (Lu Yi*) in 上海寶聯盛懋保潔服務有限公司 Shanghai PPS Sheng Mao Cleaning Services Company Limited*) (formerly known as 上海盛懋保潔服務有限公司 (Shanghai Sheng Mao Cleaning Services Company Limited*));

(e) as stated in the announcement of the Company dated 11 April 2016, the agreement for sale and purchase dated 11 April 2016 entered into among the Company, Sky Hero Holdings Limited and Ms. Ding Pingying in relation to the acquisition of the entire issued share capital of Logon Clean Energy Group Limited at the consideration of HK$30,900,000;

(f) as stated in the announcement of the Company dated 21 May 2016, the placing agreement dated 21 May 2016 entered into between the Company and a placing agent, pursuant to which the Company agreed to place, through the placing agent, on a best effort basis, a maximum of 300,000,000 new Shares to not less than six placees at a price of HK$0.085 per Share;

(g) as stated in the announcement of the Company dated 8 June 2016, the acquisition agreement dated 8 June 2016 entered into among Opulent Wise Global Limited, a wholly owned subsidiary of the Company, China Eastern Clean Energy Investment Corporation, Mr. Chu Haitao and Mr. Chu Haidong in relation to the proposed acquisition of 40% equity interest of China Eastern Clean Energy Corporation at the consideration of HK$81,000,000, which was terminated on 16 August 2016, details of the termination were set out in the announcement of the Company dated 16 August 2016;

(h) as stated in the announcement of the Company dated 12 December 2016, the loan agreement dated 12 December 2016, entered into between Profit Management Limited as lender and China Force Enterprises Inc. as borrower, in relation to the provision of financial assistance of HK$15,000,000 for a term of 6 months;

(i) as stated in the announcement of the Company dated 12 December 2016, the subscription agreement dated 12 December 2016 entered into among the Company as subscriber, Billionton Technology Group Limited and Mr. Wu Shangjun, in relation to the subscription of 222,222,222 shares of Billionton Technology Group Limited, representing approximately 11.11% of the existing share capital of Billionton Technology Group Limited at the total consideration of HK$15,000,000, which was terminated on 3 January 2017, details of the termination were set out in the announcement of the Company dated 3 January 2017;

(j) as stated in the announcement of the Company dated 12 January 2017, the loan agreement dated 12 January 2017, entered into between Profit Management Limited as lender and China Force Enterprises Inc. as borrower, in relation to the provision of financial assistance of HK$10,000,000 for a term of 6 months;

(k) as stated in the announcement of the Company dated 21 December 2016, the underwriting agreement dated 21 December 2016 entered into between the Company and the Lamtex Securities Limited in relation to the underwriting arrangement in respect of the rights issue of 900,000,000 Shares on the basis of one rights share for every two existing Shares in issue held on the record date at the Subscription Price of HK$0.054 per rights share (total gross proceeds of HK$48,600,000);

(l) as stated in the announcement of the Company dated 20 March 2017, the loan agreement dated 20 March 2017 entered into between Profit Management Limited as lender and Guang Yu Properties Limited as borrower in relation to the grant of the 12-month loan of HK$30,000,000;

(m) as stated in the announcement of the Company dated 20 March 2017, the guarantee dated 20 March 2017 executed by Mr. Chen Xiao Liang in favour of the lender as security for the loan under item (l) above;

(n) as stated in the announcements of the Company dated 15 June 2017, 8 August 2017, 16 August 2017 and 21 August 2017 and the circular of the Company dated 21 July 2017, the conditional subscription agreement dated 15 June 2017 entered into between the Company and Vendor A in relation to the subscription for convertible bonds in a principal amount of HK$50,000,000;

(o) as stated in the announcement of the Company dated 28 June 2017, the loan agreement dated 28 June 2017 entered into between Union Finance Limited as lender and Mr. Li Zhong (李忠) as borrower in relation to the grant of 12-month loan of HK$20,000,000;

(p) as stated in the announcement of the Company dated 28 June 2017, the guarantee dated 28 June 2017 executed by Ms. Dong Xiao Min in favour of the lender as security for the loan under item (o) above;

(q) as stated in the announcement of the Company dated 16 August 2017, the letter dated 16 August 2017 between the Company and Vendor A in relation to the extension of the completion date to 21 August 2017 in respect of the subscription agreement under item (n) above;

(r) as stated in the announcement of the Company dated 12 December 2017, the loan agreement dated 12 December 2017 entered into between Union Finance Limited as lender and China Force Enterprises Inc., as borrower in relation to the grant of 12-month loan of HK$25,000,000;

(s) as stated in the announcement of the Company dated 12 December 2017, the guarantee dated 12 December 2017 executed by Ms. Shen Jing (沈靜) in favour of the lender as security for the loan under item (r) above;

(t) as stated in the announcement of the Company dated 12 December 2017, the guarantee dated 12 December 2017 executed by Mr. Wen Jialong (溫家瓏) in favour of the lender as security for the loan under item (r) above;

(u) as stated in the announcement of the Company dated 3 March 2017, the agreement for sale and purchase dated 3 March 2017 entered into between the Company and Amazing Glory Development Limited in relation to the disposal of the entire issued share capital and sale loan of Logon Clean Energy Group Limited at the consideration of HK$32,000,000; and

(v) as stated in the announcement of the Company dated 8 November 2017, the loan facility agreement dated 8 November 2017 entered into between Union Finance and Asian Champion Industrial Limited in relation to the grant of the loan facility in an amount of HK$25,000,000 for a period of 12 months which bears at a rate of 22% per annum.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has been engaged by the Company and who has been named in the Composite Document or who has given their opinion or advice, which is contained in the Composite Document:

Name	Qualification
Messis Capital	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Messis Capital has given and has not withdrawn its written consent to the issue of the Composite Document with the inclusion of the text of its letter, advice and/or references to its name, in the form and context in which they appear herein.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the website of the SFC (http://www.sfc.hk); (ii) the website of the Company (http://www.hkpps.com.hk/); and (iii) at the principal place of business of the Company at 24/F., SUP Tower, 75–83 King's Road, North Point, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays), from the date of the Composite Document up to and including the Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the two years ended 30 June 2017;

(c) the interim report of the Company for the six months ended 31 December 2017;

(d) the letter from the Board, the text of which is set out on pages 16 to 21 of the Composite Document;

(e) the letter from the Independent Board Committee, the text of which is set out on pages 22 to 23 of the Composite Document;

(f) the letter from the Independent Financial Adviser, the text of which is set out on pages 24 to 42 of the Composite Document;

(g) the service contract referred to under the paragraph headed "Directors' Service Contracts" in this Appendix;

(h) the material contracts as referred to in the section headed "Material Contracts" in this appendix; and

(i) the written consent as referred to in the section headed "Qualification and Consent of Expert" in this appendix.

10. MISCELLANEOUS

(a) As at the Latest Practicable Date, none of the existing Directors had been or would be given any benefit as compensation for loss of office or otherwise in connection with the Offer.

(b) As at the Latest Practicable Date, save for the Bought and Sold Notes, the Vendor A Irrevocable Undertaking and the Facility Agreement (including the Share Charge), there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(c) As at the Latest Practicable Date, save for the Bought and Sold Notes, the Vendor A Irrevocable Undertaking and the Facility Agreement (including the Share Change), there was no material contract entered into by the Offeror in which any Director has a material personal interest.

(d) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its head office and principal place of business in Hong Kong is 24/F., SUP Tower, 75–83 King's Road, North Point, Hong Kong.

(e) The Hong Kong branch share registrar and transfer office of the Company is Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(f) The principal place of business of the Independent Financial Adviser is Room 1606, 16/F, Tower 2 Admiralty Centre, 18 Harcourt Road, Hong Kong.

(g) The English language text of the Composite Document and the Form of Acceptance shall prevail over the Chinese language text.

1. RESPONSIBILITY STATEMENT

The Offeror accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

2. DISCLOSURE OF INTERESTS

Interests of the Offeror and his Concert Parties in the Company

As at the Latest Practicable Date, the Offeror and his Concert Parties owned in an aggregate of 150,676,650 Shares, representing approximately 55.81% of the entire issued share capital of the Company, and the Convertible Bonds.

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and his Concert Parties were as follows:

Name of Offeror/ Concert Parties	Capacity and nature of interests	Number of Shares	Number of underlying Shares held under equity derivatives	Approximate percentage of the Company's issued share capital as at the Latest Practicable Date *(%)*
The Offeror	Beneficial owner	96,245,250 (L)	–	35.65%
Mr. Yu Weiye *(Note 2)*	Beneficial owner	54,431,400 (L)	–	20.16%
	Interest in controlled corporation	–	83,333,333 (L) *(Note 3)*	30.86%
Vendor A	Beneficial owner	–	83,333,333 (L) *(Note 3)*	30.86%

Notes:

1. The letter "L" denotes a long position in the Shares and the underlying Shares held under equity derivatives.

2. Mr. Yu Weiye has interest in 137,764,733 Shares, of which 54,431,400 Shares are beneficially owned by him and 83,333,333 underlying Shares are to be issued upon full conversion of the Convertible Bonds issued by the Company to Vendor A.

3. These interests represent Mr. Yu Weiye's beneficial interests in the underlying Shares to be issued upon full conversion of the Convertible Bonds.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror and his Concert Parties had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

As at the Latest Practicable Date:

(i) save for as disclosed in the paragraph headed "2. Disclosure of Interests" in this appendix IV and 96,245,250 Shares acquired through the Bought and Sold Notes, none of the Offeror or his Concert Parties (i) owned or controlled any Shares or any, convertible securities, warrants, options or derivatives in respect of Shares; or (ii) had dealt for value in any Shares, or any convertible securities, warrants, options or derivatives in respect of Shares during the Relevant Period;

(ii) save for the Charge, there was no agreement, arrangement or understanding that the securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;

(iii) no person/party had irrevocably committed himself/herself/itself to accept or reject the Offer;

(iv) save for the Bought and Sold Notes, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, his Concert Parties and any person, or between any other associate of the Offeror and any other person);

(v) neither the Offeror nor his Concert Parties, had borrowed or lent any Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(vi) no benefit (other than statutory or pre-existing contractual compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

(vii) save for the Bought and Sold Notes, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror and his Concert Parties and any Director, recent Director, Shareholders or recent Shareholders which had any connection with or dependence on the Offer; and

(viii) there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not seek to invoke a pre-condition or a condition to the Offer.

4. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its letter and advice which are contained in the Composite Document:

Name	Qualification
Amasse Capital	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Amasse Capital has given and has not withdrawn its written consent to the issue of the Composite Document with the inclusion of the text of its letter, advice and/or references to its name, in the form and context in which they appear herein.

5. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Date; and (c) the Latest Practicable Date.

Date	Closing price per Share *(HK$)*
30 June 2017	0.480
31 July 2017	0.275
31 August 2017	0.375
29 September 2017	0.320
31 October 2017	0.370
30 November 2017	0.435
19 December 2017 (Last Trading Date)	0.360
29 December 2017	0.395
31 January 2018	0.360
7 February 2018 (Latest Practicable Date)	0.355

During the Relevant Period:

(i) the highest closing price of the Shares as quoted on the Stock Exchange was HK$0.580 per Share on 20 June 2017; and

(ii) the lowest closing price of the Share as quoted on the Stock Exchange was HK$0.275 per Share on 31 July 2017.

6. MISCELLANEOUS

(a) The correspondence address of the Offeror is Flat D, 8/F, Block 3, Meridian Hill, 81 Broadcast Drive, Kowloon Tong, Kowloon, Hong Kong.

(b) The principal members of the Offeror's concert parties include the Offeror, Mr. Yu Weiye and Vendor A.

(c) The directors of Vendor A are the Offeror and Shiu Chak Fu and Vendor A is wholly-owned by Mr. Yu Weiye.

(d) The main business address of Vendor A and the correspondence address of Mr. Yu Weiye are 11/F., AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.

(e) The main business address of Amasse Capital is situated at Room 1201, 12th Floor, Prosperous Buidling, 48–52 Des Voeux Road Central, Hong Kong.

(f) In case of inconsistency, the English text of the Composite Document and the Form of Acceptance shall prevail over the Chinese text.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the website of the SFC (http://www.sfc.hk); (ii) the website of the Company (http://www.hkpps.com.hk/); and (iii) at the principal place of business of the Company at 24/F., SUP Tower, 75–83 King's Road, North Point, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays), from the date of the Composite Document up to and including the Closing Date:

(a) the letter from Amasse Capital, the text of which is set out on pages 6 to 15 of the Composite Document;

(b) the written consent as referred to in the section headed "Qualification and Consent of Expert" in this appendix;

(c) the Bought and Sold Notes;

(d) the Vendor A Irrevocable Undertaking;

(e) the Facility Agreement; and

(f) this Composite Document.