

# TARGET

## Intelligence Report

VOLUME XXIV No. 195

THURSDAY

September 8, 2022

### **PROGRESSIVE PATH GROUP HOLDINGS LTD: IT APPEARS THAT THE DAYS OF ACIDIC VINEGAR HAVE BEEN RELEGATED TO THE DISTANT PAST**

#### **How Sweet It Is !**

On scanning the financials of Progressive Path Group Holdings Ltd (進昇集團控股有限公司) (Code: 1581, Main Board, The Stock Exchange of Hongkong Ltd) in respect of the Financial Year, ended March 31, 2022, there are some bullish news as well as there are some prospective, contentious matters.

The 2022 Annual Report of Progressive Path Group Holdings Ltd was published and disseminated in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on or about Tuesday, July 26, 2022.

At Page 52 of the 2022 Annual Report of the Company, the following '**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**' was published, the highlights of which are hereby presented, verbatim, to which this medium has taken the liberty of including its two-cents' worth of additions:

	For The Financial Year, Ended March 31		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	515,948	435,594	18.45
Gross Profit	33,639	21,917	53.48
Gross Profit Margin*	6.52 percent	5.03 percent	29.62
Profit Before Taxation	12,718	1,652	669.85
Profit And Total Comprehensive Income Attributable To Shareholders Of The Company	12,131	3,738	224.53
Earnings Per Share	1.17 Hongkong Cents	0.36 Hongkong Cents	225.00

\* These are **TARGET**'s calculations.

The above Year-On-Year statistics, by themselves, appear bullish enough, by and large, but on careful examination, taking into consideration other statistics, found at Pages 57 and 91-92 of the 2022 Annual Report, certain contentious matters come to bare.

At Page 57 of the 2022 Annual Report, it was stated that, in the 2021 Financial Year, Progressive Path Group Holdings Ltd received Hongkong Government Grants, aggregating \$HK13,009,000.00.

With regard to the 2022 Financial Year, the HKSAR Government Grants were reduced to \$HK1,280,000.00.

At Pages 91-92 of the 2022 Annual Report of the Company, under the subheading, '**OTHER INCOME**', a 'note', after the inclusion of 'Government grants', reads as follows:

- '(i) government grants in respect of the Employment Support Scheme from the Hong Kong Special Administrative Region Government (the "HKSAR Government") with amount of HK\$11,969,000 recognised during the year ended 31 March 2021 (2022: nil);*
- '(ii) government grants in respect of transport trades under Anti-epidemic Fund from the HKSAR Government to licensed motor vehicles registered owners with amount of HK\$1,040,000 (2022: nil) recognised during the year ended 31 March 2021; and*
- '(iii) government grants in respect of construction technologies adopted under the Construction Innovation and Technology Fund from the HKSAR Government with amount of HK\$1,280,000 (2021: nil) recognised.'*

Reverting to Page 52 of the 2022 Annual Report, it appears reasonable to suggest that, without the HKSAR Government grants, paid to Management of Progressive Path Group Holdings Ltd with regard to the 2021 Financial Year, the Financials, in respect of that Year's '**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**', the Bottom Line, with regard to the 2021 Financial Year, could not have been anywhere near to \$HK3,738,000.00.

That being stated, comparisons, in respect of the 2022 Financial Year to the 2021 Financial Year, must be looked at with askance.

In fact, the Bottom Line in respect of the 2021 Financial Year, without the inclusions of the HKSAR Government grants, might have resulted in the Company, having to record a Net Loss Attributable to Shareholders.

That is not quite the end of the above matters, however, because, at Page 53 of the 2022 Annual Report, under the heading, '**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**', it was shown that Management of Progressive Path Group Holdings Ltd had found it essential and expeditious, during the 2022 Financial Year, to increase '**Bank Borrowings**' by \$HK38,235,000.00, to \$HK78,837,000.00, compared to '**Bank Borrowings**' of \$HK40,602,000.00 in respect of the 2021 Financial Year.

Management, clearly, had made the determination that the Company had to boost bank borrowing by a little more than 94 percent, Year-On-Year.

### **The Business Of Progressive Path Group Holdings Ltd**

The business of Progressive Path Group Holdings Ltd was stated, in definitive terms, at Page Four of the 2022 Annual Report, as being '*principally engaged in (i) construction works; and (ii) the provision of construction machinery rental services. Our construction machinery rental services represent the rental of construction machines and construction vehicles to our customers, and the provision of machine operators and transportation services as part of our one-stop construction machinery rental services. Our construction works represent the construction projects undertaken by us, the nature of which are broadly classified as foundation and site formation works, and builder's work and general building works.*'

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