

TARGET

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PPS INTERNATIONAL (HOLDINGS) LTD: JUST HOW LONG DID MANAGEMENT KEEP THE SECRET OF ITS KNOWN LOSSES ?

It is very evident that the loss of a material amount of the Hongkong Government's Grants, affording to PPS International (Holdings) Ltd (寶聯控股有限公司) (Code: 8201, The Growth Enterprise Market – The **GEM** – The Stock Exchange of Hongkong Ltd) was nothing short of disastrous to the Company's Management with regard to the Bottom Line in respect of the Financial Year, ended June 30, 2022.

The Hongkong Government, when, in the not-too-distant past, it made the determination that the situation had become very difficult to numerous corporate entities, throughout the 416 square miles that constitutes the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, presented to every corporate management, upon formal application, that which came to be known as the ESS Scheme (The **E**mployment **S**upport **S**cheme).

The HKSAR Government launched the 2022 Employment Support Scheme under the Anti-Epidemic Fund in order to provide wage subsidies to employers for three months (i.e. May, June and July 2022) so as to cause managements of corporate entities to retain their current employees, or even employ more staff, as seen fit, and/or when business revives.

PPS International (Holdings) Ltd was one of the many corporate entities that applied under the ESS Scheme, and obtained an HKSAR Government Grant, initially amounting to \$HK24,528,000.00.

This HKSAR Government Grant was made known, seminally, in the financials of the 2021 Financial Year, ended June 30, 2021.

However, come the end of 2022 Financial Year, HKSAR Government Grants, under the ESS Scheme, were, as far as Management of PPS International (Holdings) Ltd was concerned, reduced to only \$HK1,648,000.00.

Under the '**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**', found at Page 94 of the 2022 Annual Report of PPS International (Holdings) Ltd, one notes the following table to which this medium has taken the liberty of inserting certain statistics that have been presented in order to extrapolate factors, already ingrained in the table:

	For The Financial Year, Ended June 30		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	370,336	354,775	4.39
Gross Profit	34,358	32,295	6.39
Gross Profit Margin*	9.28 percent	9.10 percent	1.98
Profit Before Taxation	11,801	20,847	(43.39)
Profit For The Year	10,913	20,680	(47.23)
Net Profit Attributable To Shareholders Of The Company	10,677	19,192	(44.37)
Net Profit Margin*	2.88 percent	5.41 percent	(46.77)
Earnings Per Share	1.98 cents	3.55 cents	(44.23)

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

THE BUSINESS OF PPS INTERNATIONAL (HOLDINGS) LTD

The business of PPS International (Holdings) Ltd was presented at Page Five of the 2022 Annual Report of the Company as follows:

‘The Group is principally engaged in the provision of environmental services in Hong Kong and the PRC, which include the provision of cleaning and related services for: (i) public area and office cleaning services which involve cleaning of public areas, carpets, floors, toilets, changing rooms, lifts and escalators and emptying of garbage bins at commercial buildings and their tenants, residential complexes, shopping arcades, hotels and public transport facilities such as airport, ferries, ferry terminal, cargo and logistics centre and depots; (ii) overnight kitchen cleaning services mainly at private club and hotels; (iii) external wall and window cleaning services; (iv) stonefloor maintenance and restoration services; (v) pest control and fumigation services; (vi) waste management and disposal solutions which mainly involve collection, transportation and disposal of household waste, construction waste and trade waste and sales of recyclable waste such as paper, metal and plastic waste collected during our operations; (vii) housekeeping services where we provide housekeeping services to carry out professional daily housekeeping and cleaning services at local boutique hotels, hostels and serviced apartments; (viii) secure and confidential waste destruction for commercial clients; (ix) sanitation solution for yacht; (x) cleaning and waste management solution for renovated apartment; and, (xi) airline catering support services.’

At the following Page Six of the 2022 Annual Report of the Company, ‘**Revenue by Service Sector**’ was given as follows:

<i>Year ended</i>	<i>Year ended</i>
30 June 2022	30 June 2021
HK\$'000	% HK\$'000

Commercial	136,769	40.6	128,457	41.9
Residential	131,329	39.0	110,950	36.2
Hospitality	15,252	4.5	12,903	4.2
Transportation	34,281	10.2	37,297	12.1
Others	19,284	5.7	17,253	5.6
	336,915	100.0	306,860	100.0

While PPS International (Holdings) Ltd, also, had a division that was named in the 2022 Annual Report, '**Money Lending Business**', at Page 10, the following was stated:

'The Group's average gross loan balance decreased from approximately HK\$123.4 million as at 30 June 2021 to approximately HK\$104.2 million as at 30 June 2022 as set out in the below table. The decrease is mainly due to repayments of the loans from some borrowers in Hong Kong while no new loans were granted by the Group during the year.'

PPS International (Holdings) Ltd, also, has investments in equities and, at Page 12 of the 2022 Annual Report of the Company, under the heading, '**Investments in Financial Assets**', one learns:

'The Group's investment strategy is to review the investment portfolio continuously and make appropriate adjustments (by acquisition or disposal) according to the market situation, with an aim to generate reasonable returns. During the year ended 30 June 2022, the Group recorded net unrealised fair value loss amounting to approximately HK\$9,000 (2021: HK\$Nil) and net realised gain on disposals amounting to approximately HK\$30,000 (2021: net realised loss of approximately HK\$801,000) from the investments in the financial assets.'

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