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PPS INTERNATIONAL (HOLDINGS) LIMITED

寶聯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8201)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

References are made to the annual results announcement (the “**2022 Annual Results Announcement**”) and the annual report (the “**2022 Annual Report**”) of the Company for the year ended 30 June 2022 published on 28 September 2022. Capitalised terms used in this announcement shall have the same meanings as those defined in the 2022 Annual Report, unless the context requires otherwise.

In addition to the information provided in the 2022 Annual Results Announcement and the 2022 Annual Report, the Board wishes to provide further information in relation to the money lending business of the Group as follows.

BUSINESS MODELS OF MONEY LENDING BUSINESSES

The Group through its wholly owned subsidiaries conducts the money lending business in Hong Kong and the People’s Republic of China (the “**PRC**”) with the aim of increasing the return of capital of the Group and to generate revenue for the shareholders of the Company.

The Group mainly targets to provide terms loans, loan facilities and mortgage loans to individual customers and corporate customers located in Hong Kong and the PRC which are mainly introduced by the management of the Group and the existing borrowers. In determining the terms of the loans granted by the Group to the existing borrowers and potential borrowers, the Group has taken into accounts the loan amount, the financial capabilities and the reputation of borrowers and/or guarantors, the securities provided by borrowers and/or guarantors, history of the repayment of loan and/or interests, the businesses in which borrowers and/or guarantors principally engage and similar offers of loans provided by competitors.

The Group finance its money lending businesses by using its internal resources.

SIZE AND DIVERSITY OF BORROWERS

As at 30 June 2022, there were total 8 outstanding loans with an aggregate principal amount of approximately HK\$104.2 million granted by the Group between 2019 and 2022, out of which (i) approximately HK\$50.2 million were granted to 2 corporate borrowers located in Hong Kong with personal guarantees and/or corporate guarantees; (ii) approximately HK\$31.3 million were granted to 3 individual borrowers located in Hong Kong with personal guarantees and/or mortgage charge on the properties owned by the borrower; (iii) approximately HK\$22.7 million were granted to 3 individual borrowers located in the PRC without securities.

Set out below is the summary of the 8 outstanding loans as at 30 June 2022:

Name of borrower	Identity	Location	Contract date	Due date	Outstanding principal amount HK\$'000	% to total outstanding principal amount	Interest rates per annum	Collaterals/ guarantees	Note
Borrower A	Corporate	Hong Kong	31 May 2019	7 November 2022	28,000	26.9%	22.0%	Personal and corporate guarantees	
Borrower B	Individual	PRC	31 May 2022	30 May 2025	11,713	11.2%	7.0%	Nil	1
Borrower C	Individual	Hong Kong	29 June 2022	16 April 2023	6,500	6.3%	11.4%	Mortgage charge over the properties owned by the borrower	
Borrower E	Individual	PRC	2 June 2022	1 June 2025	5,856	5.6%	7.0%	Nil	1
Borrower F	Individual	PRC	13 August 2020	12 August 2023	5,083	4.9%	6.0%	Nil	1
Borrower G	Individual	Hong Kong	13 September 2019	12 March 2020	22,000	21.1%	20.0%	Personal guarantees	2
Borrower H	Corporate	Hong Kong	10 July 2019	11 November 2019	22,200	21.3%	20.0%	Personal guarantees	2 & 3
Borrower I	Individual	Hong Kong	30 July 2021	5 August 2022	2,809	2.7%	24.0%	Personal guarantees	4
					104,161				

Note 1: Having taken into consideration the below factors, the Group specifically agreed to grant relatively lower interest rates for these PRC loans:

- (i) assisting these borrowers in maintaining their businesses during the temporary downturn in the PRC economy due to the outbreak of COVID-19 and the Sino-US tension in the past 2 years; and
- (ii) similar loan offers provided by competitors.

Note 2: During the time of initial accepting and every renewing these loans, the Group was satisfied with the creditworthiness of these borrowers and these guarantors by reviewing (i) their personal assets portfolio with related supporting documents; (ii) personal credit report; (iii) public search by their name and identification documents of any existing legal disputes from the respective courts' records and their background and public reputation from online websites; and (iv) payment history of their monthly loan interest in the past.

However, the economy in Hong Kong and the PRC have been challenging for all businesses with the prolonged social unrest in Hong Kong, the prolonged Sino-US trade tensions and the worldwide spreading of COVID-19. Amid such negative factors, these borrowers and guarantors have been severely affected and are in financial difficulties, and therefore have defaulted on repayment of their loans and interests on schedules. Under the Group's ECL policy, a full impairment loss on their loans and interest receivables has been made.

Nevertheless, the Group has taken legal proceedings against these borrowers and these guarantors to collect the loans. As at the date of this announcement, the legal proceedings are still in progress.

Note 3: As at the date of this announcement, the Company successfully obtained default judgement orders from the High Court of The HKSAR pursuant to which the borrower and the guarantors are ordered to repay the outstanding loan principal amount and related interest and recovery costs incurred. The Company is (i) still taking demanding actions; (ii) trying to contact the borrower and the guarantors; and (iii) considering applying for winding-up of the borrower and the guarantors.

Note 4: This borrower fully repaid the loan in November 2022.

The additional information set out above does not affect other information contained in the 2022 Annual Results Announcement and the 2022 Annual Report.

By order of the Board
PPS International (Holdings) Limited
Yu Shaoheng

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 1 December 2022

As at the date of this announcement, the Board of the Company comprises two executive Directors, Mr. Yu Shaoheng and Mr. Lai Tin Ming and three independent non-executive Directors, Mr. Kwong Tsz Ching, Jack, Mr. Meng Enhai and Mr. Wang Cui.