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## **Progressive Path Group Holdings Limited**

### **進昇集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1581)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

### **FINANCIAL HIGHLIGHTS**

- Revenue was approximately HK\$299.2 million for the six months ended 30 September 2023, representing an increase of approximately 20.1% as compared with the six months ended 30 September 2022.
- Gross profit was approximately HK\$19.5 million for the six months ended 30 September 2023 as compared to approximately HK\$4.7 million for the six months ended 30 September 2022.
- Gross profit margin increased to approximately 6.5% for the six months ended 30 September 2023 from approximately 1.9% for the six months ended 30 September 2022.
- Profit attributable to owners of the Company was approximately HK\$3.0 million for the six months ended 30 September 2023 as compared to approximately HK\$1.0 million for the six months ended 30 September 2022.
- Earnings per share amounted to approximately HK0.73 cent for the six months ended 30 September 2023 as compared to earnings per share amounted to approximately HK0.44 cent for the six months ended 30 September 2022.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of Progressive Path Group Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2023 (the “**Period**”) together with the comparative figures for corresponding period ended 30 September 2022.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023*

	<i>Notes</i>	<b>Six months ended 30 September</b>	
		<b>2023</b>	2022
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
Revenue	4	<b>299,220</b>	249,154
Cost of sales		<b>(279,706)</b>	(244,437)
Gross profit		<b>19,514</b>	4,717
Other income	5	<b>1,991</b>	13,282
Administrative expenses		<b>(10,681)</b>	(11,833)
Provision for loss allowance on trade receivables, net		<b>(718)</b>	(643)
Reversal of loss allowance on contract assets, net		<b>101</b>	–
Finance costs	6	<b>(7,155)</b>	(4,615)
Profit before taxation	8	<b>3,052</b>	908
Income tax (expense) credit	7	<b>(30)</b>	120
Profit and total comprehensive income for the period		<b><u>3,022</u></b>	<u>1,028</u>
Profit (loss) and total comprehensive income (expense) for the period attributable to:			
– Owners of the Company		<b>3,023</b>	1,028
– Non-controlling interest		<b>(1)</b>	–
		<b><u>3,022</u></b>	<u>1,028</u>
 EARNINGS PER SHARE	 10		
– Basic and diluted		<b><u>0.73 HK cent</u></b>	<u>0.44 HK cent</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 SEPTEMBER 2023*

		As at <b>30 September 2023</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31 March 2023 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		<b>267,623</b>	280,280
Deposits paid for acquisition of property, plant and equipment		<b>1,339</b>	1,920
Pledged rental deposits		<b>799</b>	799
		<hr/> <b>269,761</b> <hr/>	<hr/> 282,999 <hr/>
Current assets			
Trade receivables	11	<b>205,132</b>	177,609
Contract assets		<b>47,827</b>	53,137
Deposits, prepayments and other receivables		<b>21,714</b>	21,215
Pledged bank deposits		<b>5,071</b>	4,846
Bank balances and cash		<b>15,688</b>	27,307
		<hr/> <b>295,432</b> <hr/>	<hr/> 284,114 <hr/>
Current liabilities			
Trade and other payables	12	<b>119,005</b>	111,700
Bank borrowings	13	<b>75,145</b>	77,647
Income tax payable		<b>107</b>	56
Lease liabilities		<b>65,971</b>	68,681
		<hr/> <b>260,228</b> <hr/>	<hr/> 258,084 <hr/>
Net current assets		<hr/> <b>35,204</b> <hr/>	<hr/> 26,030 <hr/>
Total assets less current liabilities		<hr/> <b>304,965</b> <hr/>	<hr/> 309,029 <hr/>

		<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		<b>59,647</b>	66,674
Deferred tax liabilities		<b>7,907</b>	7,966
		<u><b>67,554</b></u>	<u>74,640</u>
Net assets		<u><b>237,411</b></u>	<u>234,389</u>
Capital and reserves			
Share capital	14	<b>20,750</b>	20,750
Reserves		<b>216,678</b>	213,655
Equity attributable to owners of the Company		<b>237,428</b>	234,405
Non-controlling interest		<b>(17)</b>	(16)
Total equity		<u><b>237,411</b></u>	<u>234,389</u>

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

### 1. GENERAL INFORMATION

The Company is a limited company incorporated in the Cayman Islands under the Companies Law (Chapter 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 December 2016. Its immediate holding company and ultimate holding company is Profit Gold Global Limited, a limited company incorporated in the British Virgin Islands (the “**BVI**”). The address of the registered office and the principal place of business of the Company are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Unit 1108, 11/F., Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories, Hong Kong respectively.

The Company is an investment holding company while the principal subsidiaries of the Company are principally engaged in the construction works and provision of construction machinery rental.

The condensed consolidated interim financial information are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company and its subsidiaries (collectively referred to as the “**Group**”).

### 2. BASIS OF PREPARATION

The condensed consolidated interim financial information of the Group for the six months ended 30 September 2023 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2023, except as described below.

In the current interim period, the Group has applied, for its first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning 1 April 2023:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Return – Pillar Two Model Rules

The application of the amendments to HKFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in the consolidated interim financial information.

#### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on construction works and construction machinery rental. An analysis of the Group's revenue for the period is as follows:

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
– Construction works	157,192	75,178
Revenue from provision of machinery rental within the scope of HKFRS 16		
– Construction machinery rental	142,028	173,976
	<u>299,220</u>	<u>249,154</u>

Set out below is the disaggregation of the Group's revenue from contracts with customers by timing of recognition:

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Time of revenue recognition		
– Over time	157,192	75,178

Information reported to the directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- Construction works; and
- Construction machinery rental.

## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

*For the six months ended 30 September 2023 (unaudited)*

	Construction works <i>HK\$'000</i>	Construction machinery rental <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
External revenue	157,192	142,028	299,220
Inter-segment revenue	–	63,130	63,130
	<u>157,192</u>	<u>205,158</u>	
Segment revenue	<u>157,192</u>	<u>205,158</u>	362,350
Eliminations			<u>(63,130)</u>
Group's revenue			<u>299,220</u>
Segment profit	<u>6,443</u>	<u>6,210</u>	12,653
Unallocated income			1,991
Unallocated corporate expenses			(4,437)
Unallocated finance costs			<u>(7,155)</u>
Profit before taxation			<u>3,052</u>

*For the six months ended 30 September 2022 (unaudited)*

	Construction works <i>HK\$'000</i>	Construction machinery rental <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
External revenue	75,178	173,976	249,154
Inter-segment revenue	–	82,120	82,120
	<u>75,178</u>	<u>256,096</u>	
Segment revenue	<u>75,178</u>	<u>256,096</u>	331,274
Eliminations			<u>(82,120)</u>
Group's revenue			<u>249,154</u>
Segment profit (loss)	<u>512</u>	<u>(2,840)</u>	(2,328)
Unallocated income			13,282
Unallocated corporate expenses			(5,431)
Unallocated finance costs			<u>(4,615)</u>
Profit before taxation			<u>908</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, other income and finance costs. This is the measure reported to the chief operating decision maker with respect to the resource allocation and performance assessment.

Inter-segment sales are conducted with terms mutually agreed by both contract parties.

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

#### Segment assets

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Construction works	161,594	171,836
Construction machinery rental	<u>367,225</u>	<u>347,226</u>
Total segment assets	528,819	519,062
Corporate and other assets	<u>36,374</u>	<u>48,051</u>
Total assets	<u><u>565,193</u></u>	<u><u>567,113</u></u>

#### Segment liabilities

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Construction works	122,260	113,881
Construction machinery rental	<u>120,096</u>	<u>131,162</u>
Total segment liabilities	242,356	245,043
Corporate and other liabilities	<u>85,426</u>	<u>87,681</u>
Total liabilities	<u><u>327,782</u></u>	<u><u>332,724</u></u>

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments, other than pledged deposits, deposits and prepayments for life insurances, certain other receivables and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segment; and
- All liabilities are allocated to operating segments, other than certain other payables, bank borrowings, income tax payable and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

In measuring the Group's segment assets and liabilities, property, plant and equipment and lease liabilities of approximately HK\$267,623,000 and HK\$125,618,000 (31 March 2023: HK\$280,280,000 and HK\$135,355,000) respectively were allocated to construction works and construction machinery rental segments. However, the relevant gain on disposal of property, plant and equipment and interest on lease liabilities of approximately HK\$268,000 (2022: HK\$3,000) and HK\$4,341,000 (2022: HK\$3,268,000) respectively were not included in the measurement of segment results for the six months ended 30 September 2023. Should the gain on disposal of property, plant and equipment and interest on lease liabilities be included in the measurement of segment results, the segment profit of construction works and construction machinery rental for the six months ended 30 September 2023 would be approximately HK\$5,163,000 (2022: segment loss of approximately HK\$493,000) and HK\$3,417,000 (2022: segment loss of approximately HK\$5,100,000) respectively.

## 5. OTHER INCOME

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Gain on disposal of property, plant and equipment	268	3
Insurance claims	602	214
Rental income	180	–
Auxiliary and other service income	935	3,625
Government grants	–	9,437
Others	6	3
	<u>1,991</u>	<u>13,282</u>

## 6. FINANCE COSTS

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
– bank borrowings	2,814	1,347
– lease liabilities	4,341	3,268
	<u>7,155</u>	<u>4,615</u>

**7. INCOME TAX (EXPENSE) CREDIT**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Current tax:		
– Hong Kong Profits Tax	<b>(89)</b>	<b>(93)</b>
Deferred taxation	<u><b>59</b></u>	<u><b>213</b></u>
Income tax (expense) credit	<u><b>(30)</b></u>	<u><b>120</b></u>

**8. PROFIT BEFORE TAXATION**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit before taxation for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	<u><b>52,299</b></u>	<u><b>46,638</b></u>

**9. DIVIDEND**

No dividend was paid or proposed during the six months ended 30 September 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.



## 11. TRADE RECEIVABLES

The following is an analysis of trade receivables at the end of each reporting period:

	At <b>30 September</b> <b>2023</b> <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
Trade receivables	<b>237,726</b>	209,485
Less: loss allowance on trade receivables	<b>(32,594)</b>	(31,876)
	<b>205,132</b>	177,609

The following is an ageing analysis of trade receivables net of loss allowance presented based on the invoice date, which approximates the respective revenue recognition date, at the end of the reporting period:

	At <b>30 September</b> <b>2023</b> <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
Within 30 days	<b>39,049</b>	38,453
31 to 60 days	<b>45,521</b>	24,481
61 to 90 days	<b>22,201</b>	14,687
91 to 180 days	<b>37,297</b>	43,860
181 to 365 days	<b>40,283</b>	45,477
Over 365 days	<b>20,781</b>	10,651
	<b>205,132</b>	177,609

## 12. TRADE AND OTHER PAYABLES

	At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
Trade payables	52,919	49,830
Other payables	29,369	28,917
Consideration payables for acquisition of property, plant and equipment	18,428	13,463
Accruals	18,289	19,490
	<u>119,005</u>	<u>111,700</u>

The following is an ageing analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
Within 30 days	9,857	22,587
31 to 60 days	14,234	4,889
61 to 90 days	5,124	2,841
91 to 365 days	16,756	10,622
Over 365 days	6,948	8,891
	<u>52,919</u>	<u>49,830</u>

### 13. BANK BORROWINGS

	At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
Secured	61,650	63,182
Unsecured	13,495	14,465
	<u>75,145</u>	<u>77,647</u>

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
Within one year	55,062	53,900
After one year but within two years	7,171	7,648
After two years but within five years	12,489	15,352
After five years	423	747
	<u>75,145</u>	<u>77,647</u>
Carrying amount of bank borrowings that is not repayable within one year from the end of the reporting period but contains a repayment on demand clause (shown under current liabilities)	20,083	23,747
Carrying amount repayable within one year	<u>55,062</u>	<u>53,900</u>
Amount shown under current liabilities	<u>75,145</u>	<u>77,647</u>

### 14. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.05 each		
<i>Authorised</i>		
At 31 March 2023 (audited) and 30 September 2023 (unaudited)	2,000,000,000	100,000
<i>Issued and fully paid</i>		
At 31 March 2023 (audited) and 30 September 2023 (unaudited)	415,000,000	20,750

## **BUSINESS AND FINANCIAL REVIEW**

The Company and its subsidiaries (collectively, the “**Group**”) is principally engaged in (i) construction works and (ii) the provision of construction machinery rental services. Our construction works represent the construction projects undertaken in foundation and site formation works. 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.

The Group recorded revenue of approximately HK\$299.2 million for the six months ended 30 September 2023 (the “**Period**”), representing an increase of approximately 20.1% from approximately HK\$249.2 million for the six months ended 30 September 2022. Net profit was increased from approximately HK\$1.0 million for the six months ended 30 September 2022 to approximately HK\$3.0 million for the Period, was mainly attributable of the revenue growth as more new construction works projects were engaged and effective cost control during the Period.

After several difficult years due to COVID-19, Hong Kong is finally starting to go out of the woods, and the construction industry will play an important role in driving our city’s renewed development. While the global economic environment remains challenging, the 2023–24 Budget (the “**Budget**”) of the Government of the Hong Kong Special Administrative Region (the “**HKSAR Government**”) clearly indicates that the government’s focus on long-term investment to uplift the construction industry to drive major real estate, infrastructure and land development projects. Industry-specific challenges such as the shortage of labour and skills, environmental issues and the impact of inflation. To mitigate those challenges, the Group remains committed to implement cost control measures across different projects and services.

Looking ahead, with the HKSAR Government reiterated its commitment to infrastructure in the Budget and announced the average annual capital works expenditure will exceed HK\$100 billion from 2024 to 2028. The Group will continue to keep abreast of market developments and act prudently in evaluating potential business opportunities to drive the continuous business development, as to increase the return to our shareholders.

## Revenue

During the Period, the Group generated revenue from construction works and construction machinery rental. Set out below is the breakdown of revenue of the Group during the six months ended 30 September 2023 and 2022.

	Six months ended 30 September	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Construction works	157,192	75,178
Construction machinery rental	142,028	173,976
	<u>299,220</u>	<u>249,154</u>

### *Revenue from construction works*

During the Period, the revenue derived from our construction works amounted to approximately HK\$157.2 million (six months ended 30 September 2022: HK\$75.2 million), accounting for approximately 52.5% (six months ended 30 September 2022: 30.2%) of our total revenue, and contributed by fourteen projects (six months ended 30 September 2022: nine projects). Such increase in revenue was mainly resulted from more new projects and contracts from existing projects were awarded during the Period. The revenue from construction works were mainly contributed from projects in three-runway system, Kai Tak Sports Park and Central Kowloon Route during the Period.

As at 30 September 2023, there were fifteen projects on hand with total outstanding contract sum amounting to approximately HK\$230.4 million. Nine projects are expected to be completed in the year ending 31 March 2024, six projects are expected to be completed in the year ending 31 March 2025 and none of them is expected to have any material interruption.

Below set out a list of projects during the Period:

<b>Site Location/Project</b>	<b>Type of Works</b>	<b>Status</b>
Anderson Road Quarry Site	Foundation and site formation works	Work in progress
Kai Tai Sports Park	Foundation and site formation works	Work in progress
Hong Kong International Airport		
– Automatic people mover (APM) and baggage handling system (BHS)	Foundation and site formation works	Work in progress
– North Runway Modification Works – Airfield Pavement Works (Asphalt Pavement)	Builder’s work and general building works	Work in progress
– North Runway Modification Works – Airfield Pavement Works (CASB and CABC and Subgrade Preparation)	Builder’s work and general building works	Work in progress
– North Runway Modification Works – Eastern Vehicular Tunnel	Foundation and site formation works	Work in progress
Kai Tak Development Area		
– NKIL No. 6591	Foundation and site formation works	Work in progress
– NKIL No. 6554	Builder’s work and general building works	Work in progress
– NKIL No. 6577	Builder’s work and general building works	Work in progress
Central Kowloon Route	Foundation and site formation works	Work in progress
– Kai Tak West Section		
Tung Chung Area 100	Foundation and site formation works	Work in progress
District open space, sports centre cum public vehicle park at Sze Mei Street	Foundation and site formation works	Work in progress
Fire Station-cum-ambulance depot at Tseung Kwan O	Foundation and site formation works	Work in progress
AIA Urban Campus Redevelopment	Foundation and site formation works	Work in progress
Tung Chung Line Extension	Foundation and site formation works	Work in progress

### ***Revenue from construction machinery rental***

During the Period, the revenue derived from our construction machinery rental amounted to approximately HK\$142.0 million (six months ended 30 September 2022: HK\$174.0 million), accounting for approximately 47.5% (six months ended 30 September 2022: 69.8%) of our total revenue. The decrease in revenue derived from construction machinery rental of the Group was mainly due to the decrease in demand for construction machinery rental as the completion of the community isolation facility and peak period of Tung Chung New Town Extension was over.

## **Gross Profit and Gross Profit Margin**

The Group's total gross profit increased by approximately HK\$14.8 million, from approximately HK\$4.7 million for the six months ended 30 September 2022 to approximately HK\$19.5 million for the Period while our gross profit margin increased from approximately 1.9% for the six months ended 30 September 2022 to approximately 6.5% for the Period.

The increase in gross profit and gross profit margin was mainly attributable to the increase in revenue and effective cost control during the Period.

## **Other Income**

The Group's other income decreased from approximately HK\$13.3 million during the six months ended 30 September 2022 to approximately HK\$2.0 million during the Period. Such decrease was mainly due to the recognition of non-recurring government grants of approximately HK\$9.4 million from 2022 Employment Support Scheme under the Anti-epidemic Fund launched by the HKSAR Government during the six months ended 30 September 2022, while no such government grants funded during the Period.

## **Administrative Expenses**

The administrative expenses of the Group for the Period amounted to approximately HK\$10.7 million, representing a decrease of approximately 9.7% as compared to approximately HK\$11.8 million for the six months ended 30 September 2022. Such decrease was mainly due to decrease in professional services fee and cost control over the staff welfare during the Period.

## **Finance Costs**

The finance costs of the Group for the Period amounted to approximately HK\$7.2 million, representing an increase of approximately 55.0% as compared to approximately HK\$4.6 million for the six months ended 30 September 2022. Such increase was mainly due to the increase in interest rate of the interest-bearing liabilities during the Period.

## **Net Profit**

Net profit increased by approximately HK\$2.0 million to approximately HK\$3.0 million for the Period as compared to approximately HK\$1.0 million for the six months ended 30 September 2022. The increase in net profit was mainly attributable to the increase in both revenue and gross profit during the Period.

## **Liquidity, Financial Resources and Capital Structure**

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings and cash inflows from operating activities.

As at 30 September 2023, the Group had bank balances of approximately HK\$15.7 million (31 March 2023: HK\$27.3 million). The interest-bearing liabilities of the Group as at 30 September 2023 was approximately HK\$200.8 million (31 March 2023: HK\$213.0 million). The gearing ratio is calculated based on the amount of total interest-bearing liabilities divided by total equity. The gearing ratio of the Group as at 30 September 2023 was approximately 84.6% (31 March 2023: 90.9%), representing a decrease of approximately 6.3%.

## **Interim Dividend**

The board (the “**Board**”) of directors of the Company (the “**Directors**”) has resolved not to declare any interim dividend for the Period.

## **Prospects**

The construction industry is one of the most important pillars to Hong Kong’s economy. The productivity of the construction industry is continued to be crucial to Hong Kong’s economic growth, long term development and to improve the livelihood of people. With the HKSAR Government announced major plans in the Budget to continue investing in major real estate, infrastructure, and land development projects, such as Northern Metropolis and Kau Yi Chau Artificial Islands, indicating strong growth and a positive outlook for the construction sector in Hong Kong. Although the construction sector is still closely connected with challenges such as the shortage of labour and skills, environmental issues and inflation, the Group has continued to enhance our fleet of machinery to strengthen the market position in order to improve the production efficiencies and capture more opportunity in the future. Based on the Group’s competitive advantages, the Board of Directors is confident in the Group’s future development.

## **Pledge of Assets**

As at 30 September 2023, certain of the Group’s bank borrowings and lease liabilities were secured by the property, plant and equipment with an aggregate net carrying value of approximately HK\$170.6 million (31 March 2023: HK\$169.5 million), deposits and prepayments for life insurances with an aggregate carrying value of approximately HK\$14.7 million (31 March 2023: HK\$14.6 million) and deposits with an aggregate carrying value of approximately HK\$5.9 million (31 March 2023: HK\$5.6 million).

## **Foreign Exchange Risk**

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars (“HK\$”). The Directors are of the view that the Group’s risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the Period.

## **Employees and Remuneration Policy**

As at 30 September 2023, the Group employed 508 staff (30 September 2022: 465). Total staff costs including directors’ emoluments for the Period, amounted to approximately HK\$101.8 million (six months ended 30 September 2022: HK\$98.4 million). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group’s salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

During the Period, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

## **Capital Commitments**

As at 30 September 2023, the Group had no material capital commitments (31 March 2023: nil).

## **Contingent Liabilities**

As at 30 September 2023, none of the subsidiaries of the Group was involved in any legal claims (31 March 2023: one of the subsidiaries of the Group was involved in an ongoing personal injury claim). The Directors considered that the possibility of any outflow in settling the legal claims was remote as these claims were well covered by insurance and subcontractors’ indemnity. Accordingly, no provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case.

## **Material Acquisitions and Disposals**

During the Period, the Group did not have any material acquisitions and disposals.

## **Significant Investment**

During the Period, the Group has no significant investment held.

## **Future Plans for Material Investments or Capital Assets**

The Group did not have any plans for material investments and capital assets during the Period.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

The Company strives to attain and maintain a high standard of corporate governance as it believes that effective corporate governance practices are fundamental to enhancing shareholders' value and safeguarding interests of shareholders and other stakeholders. Accordingly, the Board attributes a high priority to identifying and implementing appropriate corporate governance practices to ensure transparency, accountability and effective internal controls.

### **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). During the Period, the Company has complied with the code provisions under the CG Code, except for the deviation from code provisions C.2.1 of the CG Code as explained below. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of the business of the Group. According to code provision C.2.1 of the CG Code, the role of the chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual. Throughout the Period and up to the date of this announcement, the role of the chairman of the Company is performed by Mr. Wu Wing Hang but the office of the chief executive officer of the Company is vacated. The daily operation and management of the Company is monitored by the executive Directors as well as the senior management. The Board is of the view that although there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Company.

### **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. In response to a specific enquiry by the Company, all Directors have confirmed, that they have complied with the required standards as set out in the Model Code during the Period and up to the date of this announcement.

## **SHARE OPTION SCHEME**

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 15 November 2016. The principal terms of the Share Option Scheme is summarised in Appendix IV to the prospectus of the Company dated 28 November 2016. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 15 November 2016.

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S SECURITIES**

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”), with its terms of reference established in compliance with the Listing Rules, comprises three independent non-executive Directors, namely Mr. Lee Man Tai (the chairman of the Audit Committee), Mr. Wong Yiu Kit Ernest and Mr. Leung Ka Fai.

The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim financial information for the Period. The Audit Committee was satisfied that the unaudited condensed consolidated interim financial information were prepared in accordance with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.ppggh.com.hk](http://www.ppggh.com.hk). The interim report of the Company for the six months ended 30 September 2023 containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

## **APPRECIATION**

The Board would like to express its sincere thanks to the management of the Group and all the staff for their hard work and commitment, as well as its shareholders, business partners and other professional parties for their continuous support.

By order of the Board  
**Progressive Path Group Holdings Limited**  
**Wu Wing Hang**  
*Chairman and Executive Director*

Hong Kong, 29 November 2023

*As at the date of this announcement, the executive directors are Mr. Wu Wing Hang and Mr. Chan Tak Ming; and the independent non-executive directors are Mr. Wong Yiu Kit Ernest, Mr. Lee Man Tai and Mr. Leung Ka Fai.*