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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 2024

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$480.0 million for the six months ended 30 September 2024, representing an increase of approximately 60.4% as compared with the six months ended 30 September 2023.
- Gross profit was approximately HK\$34.1 million for the six months ended 30 September 2024 as compared to approximately HK\$19.5 million for the six months ended 30 September 2023.
- Gross profit margin increased to approximately 7.1% for the six months ended 30 September 2024 from approximately 6.5% for the six months ended 30 September 2023.
- Profit attributable to owners of the Company was approximately HK\$12.2 million for the six months ended 30 September 2024 as compared to approximately HK\$3.0 million for the six months ended 30 September 2023.
- Earnings per share amounted to approximately HK2.94 cent for the six months ended 30 September 2024 as compared to earnings per share amounted to approximately HK0.73 cent for the six months ended 30 September 2023.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2024.

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 2024 (the “**Period**”) together with the comparative figures for corresponding period ended 30 September 2023.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	<i>Notes</i>	Six months ended 30 September	
		2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	479,970	299,220
Cost of sales		(445,852)	(279,706)
		<hr/>	<hr/>
Gross profit		34,118	19,514
Other income	5	3,943	1,991
Administrative expenses		(11,607)	(10,681)
Provision for loss allowance on trade receivables, net		(3,956)	(718)
Provision for loss allowance on deposits and other receivables, net		(1,232)	–
(Provision for) reversal of loss allowance on contract assets, net		(11)	101
Finance costs	6	(6,183)	(7,155)
		<hr/>	<hr/>
Profit before taxation	8	15,072	3,052
Income tax expense	7	(2,890)	(30)
		<hr/>	<hr/>
Profit and total comprehensive income for the period		12,182	3,022
		<hr/> <hr/>	<hr/> <hr/>
Profit (loss) and total comprehensive income (expense) for the period attributable to:			
– Owners of the Company		12,183	3,023
– Non-controlling interest		(1)	(1)
		<hr/>	<hr/>
		12,182	3,022
		<hr/> <hr/>	<hr/> <hr/>
EARNINGS PER SHARE	10		
– Basic and diluted		2.94 HK cent	0.73 HK cent
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

		As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		207,120	233,264
Deposits paid for acquisition of property, plant and equipment		2,065	1,996
		209,185	235,260
Current assets			
Trade receivables	11	274,892	252,459
Contract assets		64,123	47,420
Deposits, prepayments and other receivables		33,001	27,842
Pledged rental deposits		639	799
Pledged bank deposits		–	5,027
Bank balances and cash		31,445	28,459
		404,100	362,006
Current liabilities			
Trade and other payables	12	177,968	144,492
Bank borrowings	13	72,611	74,788
Income tax payable		139	184
Lease liabilities		48,263	58,819
		298,981	278,283
Net current assets		105,119	83,723
Total assets less current liabilities		314,304	318,983

		As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		33,300	53,051
Deferred tax liabilities		12,210	9,320
		<u>45,510</u>	<u>62,371</u>
Net assets		<u>268,794</u>	<u>256,612</u>
Capital and reserves			
Share capital	14	20,750	20,750
Reserves		248,062	235,879
Equity attributable to owners of the Company		268,812	256,629
Non-controlling interest		(18)	(17)
Total equity		<u>268,794</u>	<u>256,612</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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 2024 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 D2 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 2024, 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 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the other new and 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 condensed 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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
– Construction works	330,662	157,192
Revenue from provision of machinery rental within the scope of HKFRS 16		
– Construction machinery rental	149,308	142,028
	479,970	299,220

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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Time of revenue recognition		
– Over time	330,662	157,192

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 2024 (unaudited)

	Construction works <i>HK\$'000</i>	Construction machinery rental <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
External revenue	330,662	149,308	479,970
Inter-segment revenue	–	67,023	67,023
Segment revenue	<u>330,662</u>	<u>216,331</u>	546,993
Eliminations			<u>(67,023)</u>
Group's revenue			<u>479,970</u>
Segment profit	<u>15,204</u>	<u>6,835</u>	22,039
Unallocated income			3,943
Unallocated corporate expenses			(4,727)
Unallocated finance costs			<u>(6,183)</u>
Profit before taxation			<u>15,072</u>

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
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>

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 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Construction works	292,982	199,689
Construction machinery rental	<u>265,974</u>	<u>344,319</u>
Total segment assets	558,956	544,008
Corporate and other assets	<u>54,329</u>	<u>53,258</u>
Total assets	<u><u>613,285</u></u>	<u><u>597,266</u></u>

Segment liabilities

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Construction works	199,195	134,469
Construction machinery rental	<u>58,440</u>	<u>119,871</u>
Total segment liabilities	257,635	254,340
Corporate and other liabilities	<u>86,856</u>	<u>86,314</u>
Total liabilities	<u><u>344,491</u></u>	<u><u>340,654</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\$207,120,000 and HK\$81,563,000 (31 March 2024: HK\$233,264,000 and HK\$111,870,000) 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\$5,000 (2023: HK\$268,000) and HK\$3,675,000 (2023: HK\$4,341,000) respectively were not included in the measurement of segment results for the six months ended 30 September 2024. 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 2024 would be approximately HK\$13,033,000 (2023: HK\$5,163,000) and HK\$5,336,000 (2023: HK\$3,417,000) respectively.

5. OTHER INCOME

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Auxiliary and other service income	2,745	935
Interest income from life insurance	343	107
Government grant	164	–
Bank interest income	22	–
Insurance claims	27	495
Rental income	637	180
Gain on disposal of property, plant and equipment	5	268
Others	–	6
	3,943	1,991
	3,943	1,991

6. FINANCE COSTS

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
– bank borrowings	2,508	2,814
– lease liabilities	3,675	4,341
	6,183	7,155
	6,183	7,155

7. INCOME TAX EXPENSE

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
– Hong Kong Profits Tax	–	89
Deferred taxation	<u>2,890</u>	<u>(59)</u>
Income tax expense	<u><u>2,890</u></u>	<u><u>30</u></u>

8. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	<u><u>49,638</u></u>	<u><u>52,299</u></u>

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following:

	For the six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share, representing profit for the period attributable to owners of the Company	<u><u>12,183</u></u>	<u><u>3,023</u></u>
	For the six months ended 30 September	
	2024	2023
	<i>'000</i>	<i>'000</i>
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u><u>415,000</u></u>	<u><u>415,000</u></u>

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 September 2024 and 2023.

11. TRADE RECEIVABLES

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

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Trade receivables	312,286	285,897
Less: loss allowance on trade receivables	<u>(37,394)</u>	<u>(33,438)</u>
	<u>274,892</u>	<u>252,459</u>

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 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Within 30 days	66,295	78,635
31 to 60 days	58,302	30,262
61 to 90 days	25,260	24,722
91 to 180 days	38,834	35,968
181 to 365 days	41,317	53,633
Over 365 days	<u>44,884</u>	<u>29,239</u>
	<u>274,892</u>	<u>252,459</u>

12. TRADE AND OTHER PAYABLES

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Trade payables	94,610	84,803
Other payables	37,691	24,037
Consideration payables for acquisition of property, plant and equipment	27,225	12,551
Accruals	18,442	23,101
	<u>177,968</u>	<u>144,492</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 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Within 30 days	33,284	37,074
31 to 60 days	14,829	22,451
61 to 90 days	14,674	2,640
91 to 365 days	26,999	16,004
Over 365 days	4,824	6,634
	<u>94,610</u>	<u>84,803</u>

13. BANK BORROWINGS

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Secured	60,623	61,958
Unsecured	11,988	12,830
	<u>72,611</u>	<u>74,788</u>

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

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Within one year	56,481	54,975
After one year but within two years	7,374	7,323
After two years but within five years	7,823	11,030
After five years	933	1,460
	<u>72,611</u>	<u>74,788</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)
Carrying amount repayable within one year

	16,130	19,813
	<u>56,481</u>	<u>54,975</u>

Amount shown under current liabilities

	72,611	74,788
	<u>72,611</u>	<u>74,788</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 2024 (audited) and 30 September 2024 (unaudited)	2,000,000,000	100,000
	<u>2,000,000,000</u>	<u>100,000</u>
<i>Issued and fully paid</i>		
At 31 March 2024 (audited) and 30 September 2024 (unaudited)	415,000,000	20,750
	<u>415,000,000</u>	<u>20,750</u>

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\$480.0 million for the six months ended 30 September 2024 (the “**Period**”), representing an increase of approximately 60.4% from approximately HK\$299.2 million for the six months ended 30 September 2023. Net profit was increased from approximately HK\$3.0 million for the six months ended 30 September 2023 to approximately HK\$12.2 million for the Period, was mainly attributable of the revenue growth as more revenue derived from construction works, particularly those construction works projects related to the three-runway system (“**3RS**”) during the Period.

During this year, property prices in Hong Kong declined, which inevitably impacted economic sentiment, particularly in the private property market. However, the Group still achieved revenue growth for the period. In the construction sector, demand remained for various projects in Hong Kong, especially within the public sector, including but not limited to the implementation of the Northern Metropolis Development Strategy, the Development of Lok Ma Chau Loop, the 3RS construction projects at Hong Kong International Airport, the Central Kowloon Route, and the Tung Chung New Town Extension development and railway projects. As mentioned in the 2024–25 Budget (the “**Budget**”) of the Government of the Hong Kong Special Administrative Region (the “**HKSAR Government**”) that capital works expenditure is expected to reach its peak in the next three years. In the medium range forecast, the capital works expenditure is expected to average around \$90 billion per annum, representing an increase of about 17% over the average annual expenditure over the past five years. This demonstrates the HKSAR Government’s continued commitment to allocating resources for capital works expenditure.

The Group will remain attentive to market developments and adopt a prudent approach in assessing potential business opportunities to drive ongoing growth and enhance returns for 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 2024 and 2023.

	Six months ended 30 September	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Construction works	330,662	157,192
Construction machinery rental	149,308	142,028
	<u>479,970</u>	<u>299,220</u>

Revenue from construction works

During the Period, the revenue derived from our construction works amounted to approximately HK\$330.7 million (six months ended 30 September 2023: HK\$157.2 million), accounting for approximately 68.9% (six months ended 30 September 2023: 52.5%) of our total revenue, and contributed by thirteen projects (six months ended 30 September 2023: fourteen projects). Such substantial increase in revenue from construction works was mainly resulted from revenue derived from those construction works projects related to the 3RS. The revenue from construction works were mainly contributed from projects in 3RS and Kai Tak Sports Park during the Period.

As at 30 September 2024, there were thirteen projects on hand with total outstanding contract sum amounting to approximately HK\$184.8 million. Seven projects are expected to be completed in the year ending 31 March 2025, five projects are expected to be completed in the year ending 31 March 2026, one project is expected to be completed in the year ending 31 March 2027 and none of them is expected to have any material interruption.

Below set out a list of projects during the Period:

Site Location/Project	Type of Works	Status
Anderson Road Quarry Site		
– Development of Anderson Road Quarry Site	Foundation and site formation works	Work in progress
– Subsidized Sale Flats Development	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	Completed
– NKIL No. 6554	Builder’s work and general building works	Completed
– NKIL No. 6577	Builder’s work and general building works	Completed
Central Kowloon Route		
– Kai Tak West Section	Foundation and site formation works	Work in progress
Tung Chung Area 100	Foundation and site formation works	Completed
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	Builder’s work and general building works	Work in progress
AIA Urban Campus Redevelopment	Foundation and site formation works	Completed

Site Location/Project	Type of Works	Status
Tung Chung Line Extension		
– Tung Chung West Station and Tunnels	Foundation and site formation works	Work in progress
– Tung Chung East Station and associated enabling works for track diversions	Foundation and site formation works	Work in progress
Public Housing Development at Pik Wan Road	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\$149.3 million (six months ended 30 September 2023: HK\$142.0 million), accounting for approximately 31.1% (six months ended 30 September 2023: 47.5%) of our total revenue. The increase in revenue derived from construction machinery rental of the Group was mainly due to the increase in demand for construction machinery rental on the 3RS.

Gross Profit and Gross Profit Margin

The Group's total gross profit increased by approximately HK\$14.6 million, from approximately HK\$19.5 million for the six months ended 30 September 2023 to approximately HK\$34.1 million for the Period while our gross profit margin increased from approximately 6.5% for the six months ended 30 September 2023 to approximately 7.1% 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 increased from approximately HK\$2.0 million during the six months ended 30 September 2023 to approximately HK\$3.9 million during the Period. Such increase was mainly due to the increase in other non-operating income, such as maintenance and other service income during the Period.

Administrative Expenses

The administrative expenses of the Group for the Period amounted to approximately HK\$11.6 million, representing an increase of approximately HK\$0.9 million as compared to approximately HK\$10.7 million for the six months ended 30 September 2023. Such increase was mainly due to increase in professional services fee and staff related expenses during the Period.

Finance Costs

The finance costs of the Group for the Period amounted to approximately HK\$6.2 million, representing a decrease of approximately 13.6% as compared to approximately HK\$7.2 million for the six months ended 30 September 2023. Such decrease was mainly due to the decrease in amount of the interest-bearing liabilities during the Period.

Net Profit

Net profit increased by approximately HK\$9.2 million to approximately HK\$12.2 million for the Period as compared to approximately HK\$3.0 million for the six months ended 30 September 2023. The increase in net profit was mainly attributable to the increase in revenue 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 2024, the Group had bank balances of approximately HK\$31.4 million (31 March 2024: HK\$28.5 million). The interest-bearing liabilities of the Group as at 30 September 2024 was approximately HK\$154.2 million (31 March 2024: HK\$186.7 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 2024 was approximately 57.4% (31 March 2024: 72.7%), representing a decrease of approximately 15.3%.

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

With the major facilities of Kai Tak Sports Park expected to be completed in phases by the end of 2024, and the 3RS project set to come into operation by the end of November 2024, these two significant infrastructure projects in Hong Kong over the past few years are anticipated to influence the construction market. The Group expects a short-term decline in the market due to these developments. However, the HKSAR Government continues to view the construction industry as one of the most important drivers of Hong Kong’s economy. As outlined in the Chief Executive’s 2024 Policy Address, the HKSAR Government considers the Northern Metropolis to be the new engine of Hong Kong’s economic growth and will expedite the implementation of economic and housing-related projects in this area. Furthermore, the HKSAR Government is actively pursuing the Major Transport Infrastructure Development Blueprint for Hong Kong and increasing housing supply through initiatives like Light Public Housing. These future projects indicate strong growth and a positive outlook for the construction sector in Hong Kong.

The Group has equipped itself with a variety of machinery to meet market demands and plans to upgrade its fleet at the right time to improve production efficiency and seize future opportunities.

Hong Kong's construction industry faces several significant challenges, including an aging workforce, rising construction costs, and a decline in demand and prices in the private residential market. Additionally, site safety remains a critical issue, along with growing concerns over environmental sustainability.

Given the uncertainties ahead for the construction industry, the Group will leverage its resources and competitive advantages to maximize returns. The Directors remains confident in the Group's future development, adopting a cautious and prudent approach.

Pledge of Assets

As at 30 September 2024, 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\$136.7 million (31 March 2024: HK\$169.4 million), deposits and prepayments for life insurances with an aggregate carrying value of approximately HK\$22.8 million (31 March 2024: HK\$19.6 million) and pledged deposits with an aggregate carrying value of approximately HK\$0.6 million (31 March 2024: HK\$5.8 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 2024, the Group employed 467 staff (30 September 2023: 508). Total staff costs including directors' emoluments for the Period, amounted to approximately HK\$123.9 million (six months ended 30 September 2023: HK\$101.8 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 2024, the Group had no material capital commitments (31 March 2024: nil).

Contingent Liabilities

As at 30 September 2024, two subsidiaries of the Group were involved in two ongoing employees' compensation claims (31 March 2024: none of the subsidiaries of the Group was involved in an ongoing employees' compensation and 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 C1 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 C3 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.

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Lee Man Tai, an independent non-executive director of the Company, has resigned as an independent non-executive director of Yunhong Guixin Group Holdings Limited, a company listed on the GEM of the Stock Exchange (Stock Code: 8349) with effect from 18 November 2024.

Save as disclosed in this announcement, the Directors are not aware of any change in the information of Directors and chief executives of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at the date of this announcement.

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 Ms. Tong Sze Sze Cecilia.

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 and the Company’s website at www.ppgh.com.hk. The interim report of the Company for the six months ended 30 September 2024 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, 28 November 2024

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 Ms. Tong Sze Sze Cecilia.