



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

2020
INTERIM
REPORT





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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Wing Hang (*Chairman*)
Mr. Chan Tak Ming

Independent Non-executive Directors

Mr. Wong Yiu Kit Ernest
Mr. Lee Man Tai
Mr. Leung Ka Fai

AUDIT COMMITTEE

Mr. Lee Man Tai (*Chairman*)
Mr. Wong Yiu Kit Ernest
Mr. Leung Ka Fai

NOMINATION COMMITTEE

Mr. Leung Ka Fai (*Chairman*)
Mr. Wu Wing Hang
Mr. Wong Yiu Kit Ernest

REMUNERATION COMMITTEE

Mr. Wong Yiu Kit Ernest (*Chairman*)
Mr. Wu Wing Hang
Mr. Lee Man Tai

COMPANY SECRETARY

Ms. Lee Ying Ying

AUTHORISED REPRESENTATIVES

Mr. Wu Wing Hang
Ms. Lee Ying Ying

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Tuen Mun Central Square
No. 22 Hoi Wing Road
Tuen Mun
New Territories
Hong Kong

REGISTERED OFFICE

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTER AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

SHINEWING (HK) CPA Limited
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33 Hysan Avenue
Causeway Bay
Hong Kong

COMPANY'S WEBSITE

www.ppggh.com.hk

STOCK CODE

1581

Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”) of Progressive Path Group Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively refer to as the “Group”) for the six months ended 30 September 2020 (the “Period”) together with the unaudited comparatives figures for the corresponding period ended 30 September 2019.

BUSINESS AND FINANCIAL REVIEW

The Group is a Hong Kong-based subcontractor engaged in (i) construction works; (ii) the provision of construction machinery rental; and (iii) trading of construction machinery. The construction works provided by us mainly include foundation and site formation works, and builder’s work and general building works. The construction machinery rental represents the rental of construction machines and construction vehicles to our customers, and the provision of machine operators and transportation services. The Group is also engaged in trading of new construction machinery which are mainly foundation machinery.

The overall performance was greatly improved and continued to rebound from the bottom due to certain new foundation projects commenced during the Period and the improvement of the construction machinery rental business as a result of the enhancement of the fleet of machinery.

Notwithstanding the above, the outbreak of new coronavirus disease 2019 (“COVID-19”) since early 2020 has paralyzed economic activities worldwide including Hong Kong. As a result, the Hong Kong Special Administrative Region (the “HKSAR”) government has announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic. As such, the Group has received non-recurring government grants in respect of COVID-19-related subsidies during the Period as disclosed in the relevant notes.

Going forward, the Group still remains prudently optimistic about the prospects of the foundation industry in Hong Kong. The Group will continue to exercise due care in pursuing its core business by undertaking new construction projects and rental arrangements of construction machinery in Hong Kong.



Management Discussion and Analysis (Continued)

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 2020 and 2019.

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Construction works	94,995	33,089
Construction machinery rental	108,644	91,356
	203,639	124,445

Revenue from construction works

During the Period, the revenue derived from our construction works amounted to approximately HK\$95.0 million (six months ended 30 September 2019: HK\$33.1 million), accounting for approximately 46.6% (six months ended 30 September 2019: 26.6%) of our total revenue, and contributed by seven projects (six months ended 30 September 2019: eight projects). Such substantial increase in revenue was largely resulted from the revenue in construction works contributed by the construction projects in Anderson Road Quarry Site and Temporary Quarantine Facilities at Penny's Bay. Meanwhile, the Group had one new awarded project and seven contracts from existing projects with contract sum amounting to approximately HK\$237.5 million during the Period.

As at 30 September 2020, there were eight projects on hand with total outstanding contract sum amounting to approximately HK\$205.1 million. Six projects are expected to be completed in the year ending 31 March 2021, two projects are expected to be completed in the year ending 31 March 2022 and none of them is expected to have any material interruption.

Management Discussion and Analysis (Continued)

Revenue from construction works (Continued)

Below set out a list of projects during the Period:

Site Location/Project	Type of Works	Status
Tuen Mun	Builder's work and general building works	Completed
Anderson Road Quarry Site	Foundation and site formation works	Work in progress
HK-ZH-Macau Bridge Hong Kong Boundary Crossing Facilities – Vehicle Clearance Plazas and Ancillary Buildings and Facilities	Foundation and site formation works	Work in progress
Yau Tong	Foundation and site formation works	Work in progress
Tuen Mun – Chek Lap Kok Link – Northern Connection Sub-sea Tunnel Section	Foundation and site formation works	Work in progress
West Kowloon Drainage Improvement – Inter-reservoirs Transfer Scheme	Foundation and site formation works	Work in progress
Ap Lei Chau Inland Lot No.136	Foundation and site formation works	Work in progress
Kai Tai Sports Park	Foundation and site formation works	Work in progress
Temporary Quarantine Facilities at Penny's Bay (Phase IIIA)	Foundation and site formation works	Work in progress



Management Discussion and Analysis (Continued)

Revenue from construction machinery rental

During the Period, the revenue derived from our construction machinery rental amounted to approximately HK\$108.6 million (six months ended 30 September 2019: HK\$91.4 million), accounting for approximately 53.4% (six months ended 30 September 2019: 73.4%) of our total revenue. The increase in revenue derived from construction machinery rental of the Group was the result of the increasing demand for the construction machinery on infrastructure and reclamation projects in Hong Kong, mainly from Three-runway system at Chek Lap Kok Airport and Tung Chung New Town Extension.

Revenue from trading of construction machinery

For the Period, there were no revenue derived from our trading of construction machinery business (six months ended 30 September 2019: nil), and thus did not contributed to our total revenue (six months ended 30 September 2019: nil). No revenue from trading of construction machinery as the Group has not identified any potential customers.

Gross Profit and Gross Profit Margin

The Group's total gross profit decreased by approximately HK\$1.4 million, or approximately 11.0%, from approximately HK\$13.1 million for the six months ended 30 September 2019 to approximately HK\$11.7 million for the Period while our gross profit margin decreased from approximately 10.6% for the six months ended 30 September 2019 to approximately 5.7% for the Period.

The decrease in gross profit margin was mainly attributable to (i) the lower gross profit derived from the construction projects with additional construction costs were incurred in certain projects; (ii) the depreciation expense of our machinery remained significant during the Period; and (iii) lower gross profit margin were expected from new projects undertaken by the Group during the Period due to keen competition with market competitors.

Other Income

The Group's other income increased from approximately HK\$2.2 million during the six months ended 30 September 2019 to approximately HK\$7.6 million during the Period. Such increase was mainly due to the recognition of non-recurring government grants of approximately HK5.9 million mainly from the Anti-epidemic Fund launched by the HKSAR government during the Period, while no such income was recognised during the six months ended 30 September 2019.

Management Discussion and Analysis (Continued)

Administrative Expenses

The administrative expenses of the Group for the Period amounted to approximately HK\$11.1 million, representing an increase of approximately 8.7% as compared to approximately HK\$10.2 million for the six months ended 30 September 2019. Such increase is mainly due to incur the loss allowance on trade receivables amounted to approximately HK\$1.0 million during the Period.

Net Profit

Net profit increased by approximately HK\$5.0 million to approximately HK\$6.2 million for the Period as compared to approximately HK\$1.2 million for the six months ended 30 September 2019. The increase in net profit is mainly attributable to the recognition of non-recurring government grants of approximately HK5.9 million as mentioned in "Other Income" section above.

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 2020, the Group had bank balances of approximately HK\$6.2 million (31 March 2020: approximately HK\$13.5 million). The interest-bearing liabilities of the Group as at 30 September 2020 was approximately HK\$93.1 million (31 March 2020: approximately HK\$100.3 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 2020 was approximately 47.9% (31 March 2020: approximately 53.3%), representing a decrease of approximately 5.4%.

Interim Dividend

The Board has resolved not to declare any interim dividend for the Period.



Management Discussion and Analysis (Continued)

Prospects

Despite the social unrest and COVID-19 pandemic seriously hit the Hong Kong's economy which have severely affected the construction industry and caused the decrease in the number of projects which are available for tender, the government still keeps up its investment in Hong Kong for sustaining a long-term growth. The HKSAR government continues in increasing land supply and commitment to infrastructure investments and the Group expects a rebound in the construction industry in the long run. On the other hand, intense market competition has led to a decrease in the number of successful tenders and quotations which make us more conservative in bidding and pricing. The Group's gross profit margin is also under pressure from bidding and pricing of competitive projects. Nevertheless, the Group will continue to improve its business profitability by cost controls.

Furthermore, the Group is continuing to enhance our fleet of machinery to strengthen the market position in Hong Kong. Premised on those competitive edges of the Group, the Board remains confident with the future development of the Group.

Pledge of Assets

As at 30 September 2020, 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\$77.6 million (31 March 2020: approximately HK\$82.6 million), deposits and prepayments for life insurances with an aggregate carrying value of approximately HK\$6.6 million (31 March 2020: approximately HK\$10.1 million) and deposits with an aggregate carrying value of approximately HK\$3.9 million (31 March 2020: approximately HK\$3.9 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.



Management Discussion and Analysis (Continued)

Employees and Remuneration Policy

As at 30 September 2020, the Group employed 391 staff (30 September 2019: 303). Total staff costs including directors' emoluments for the Period, amounted to approximately HK\$70.9 million (six months ended 30 September 2019: approximately HK\$50.2 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 2020, the Group had no material capital commitments (31 March 2020: nil).

Contingent Liabilities

As at 30 September 2020, a subsidiary has been named as defendant in two (31 March 2020: one) High Court actions in respect of claim for compensation of personal injury for an aggregate amount of approximately HK\$10.0 million (31 March 2020: approximately HK\$4.5 million). The Directors are visiting the claims and considered the claims are covered by the relevant insurance policies. No provision for potential liability has been made in the condensed consolidated interim financial information.

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.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020

	Notes	Six months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	4	203,639	124,445
Cost of sales		(191,942)	(111,309)
Gross profit		11,697	13,136
Other income	5	7,641	2,201
Administrative expenses		(11,121)	(10,232)
Finance costs	6	(2,831)	(2,902)
Profit before taxation	8	5,386	2,203
Income tax credit (expense)	7	771	(986)
Profit and total comprehensive income for the period		6,157	1,217
Profit and total comprehensive income for the period attributable to:			
– Owners of the Company		6,158	1,227
– Non-controlling interest		(1)	(10)
		6,157	1,217
EARNINGS PER SHARE	10		
– Basic and diluted		0.59 HK cent	0.12 HK cent

Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	Notes	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	133,592	138,935
Deposit paid for acquisition of property, plant and equipment		2,249	2,249
Pledged deposits		3,946	3,946
		139,787	145,130
Current assets			
Trade receivables	12	171,696	144,120
Contract assets	13	46,715	39,666
Deposits, prepayments and other receivables		20,302	20,335
Income tax recoverable		–	30
Bank balances and cash		6,175	13,507
		244,888	217,658
Current liabilities			
Trade and other payables	14	88,268	64,291
Amount due to a related company	15	–	260
Lease liabilities	16	40,411	47,026
Bank borrowings	17	24,791	26,676
		153,470	138,253
Net current assets		91,418	79,405
Total assets less current liabilities		231,205	224,535

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 September 2020

	Notes	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities	16	27,905	26,591
Deferred tax liabilities		8,902	9,703
		36,807	36,294
Net assets		194,398	188,241
Capital and reserves			
Share capital	18	10,375	10,375
Reserves		184,040	177,882
Equity attributable to owners of the Company		194,415	188,257
Non-controlling interest		(17)	(16)
Total equity		194,398	188,241

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	Attributable to owners of the Company					Non-controlling interest HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (note)	Retained profits HK\$'000	Total HK\$'000		
At 1 April 2019 (audited)	10,375	109,078	35,457	48,945	203,855	–	203,855
Profit and total comprehensive income for the period	–	–	–	1,227	1,227	(10)	1,217
Capital contribution from a non-controlling shareholder	–	–	–	–	–	5	5
At 30 September 2019 (unaudited)	10,375	109,078	35,457	50,172	205,082	(5)	205,077
At 1 April 2020 (audited)	10,375	109,078	35,457	33,347	188,257	(16)	188,241
Profit and total comprehensive income for the period	–	–	–	6,158	6,158	(1)	6,157
At 30 September 2020 (unaudited)	10,375	109,078	35,457	39,505	194,415	(17)	194,398

Note: Other reserve represented the retained profits in respect of the construction machinery rental business (the "Construction Machinery Rental Business") contribution from the controlling shareholder prior to the transfer of business to the Group. Since 1 April 2015, the Construction Machinery Rental Business has been transferred from the controlling shareholder to Luen Yau Construction Company Limited, an indirect wholly-owned subsidiary of Progressive Path Group Holdings Limited (the "Company").



Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Cash generated from operations	23,820	31,423
Income tax paid	—	(1,047)
NET CASH GENERATED FROM OPERATING ACTIVITIES	23,820	30,376
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,858)	(31,920)
Payments for right-of-use assets	(4,059)	—
Placement of pledged deposits	—	(1,789)
Proceeds from disposal of property, plant and equipment	641	396
Bank interest received	—	1
NET CASH USED IN INVESTING ACTIVITIES	(11,276)	(33,312)
FINANCING ACTIVITIES		
New bank loans raised	28,992	37,392
Receipts of government grants	2,991	—
(Repayment to) advance from a related company	(260)	140
Capital contribution from a non-controlling shareholder	—	5
Repayment of bank loans	(30,877)	(40,504)
Payment of lease liabilities	(17,891)	(28,503)
Interests paid	(2,831)	(2,902)
NET CASH USED IN FINANCING ACTIVITIES	(19,876)	(34,372)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,332)	(37,308)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	13,507	42,655
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	6,175	5,347



Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2020

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 is Unit 1108, 11/F., Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories, Hong Kong.

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

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 2020 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).



Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

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 2020 except as described below.

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards ("HKFRSs") and the following new and amendments to HKFRSs, including HKFRSs, HKASs and amendments issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the above new and amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

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 six months ended 30 September 2020 is as follows:

	For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services lines		
– Construction works	94,995	33,089
Revenue from other sources		
– Construction machinery rental	108,644	91,356
	203,639	124,445

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

	Construction works HK\$'000
For the six months ended 30 September 2020 (unaudited)	
Timing of revenue recognition	
– Over time	94,995



Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (Continued)

Construction
works
HK\$'000

For the six months ended 30 September 2019 (unaudited)

Timing of revenue recognition

– Over time 33,089

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 goods delivered or 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;
- Construction machinery rental; and
- Trading of construction machinery.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues 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 2020 (unaudited)

	Construction works HK\$'000	Construction machinery rental HK\$'000	Trading of construction machinery HK\$'000	Total HK\$'000
Segment revenue				
External revenue	94,995	108,644	–	203,639
Inter-segment revenue	–	50,773	–	50,773
Segment revenue	94,995	159,417	–	254,412
Eliminations				(50,773)
Group revenue				203,639
Segment profit	314	4,232	–	4,546
Unallocated income				7,641
Unallocated corporate expenses				(3,970)
Unallocated finance costs				(2,831)
Profit before taxation				5,386

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the six months ended 30 September 2019 (unaudited)

	Construction works HK\$'000	Construction machinery rental HK\$'000	Trading of construction machinery HK\$'000	Total HK\$'000
Segment revenue				
External revenue	33,089	91,356	–	124,445
Inter-segment revenue	–	37,639	–	37,639
Segment revenue	33,089	128,995	–	162,084
Eliminations				(37,639)
Group revenue				124,445
Segment profit	1,624	4,856	–	6,480
Unallocated income				2,201
Unallocated corporate expenses				(3,576)
Unallocated finance costs				(2,902)
Profit before taxation				2,203

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.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (Continued)

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 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Construction works	145,269	117,758
Construction machinery rental	222,548	217,253
Trading of construction machinery	–	–
Total segment assets	367,817	335,011
Corporate and other assets	16,858	27,777
Total assets	384,675	362,788

Segment liabilities

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Construction works	68,618	62,671
Construction machinery rental	86,074	73,275
Trading of construction machinery	–	–
Total segment liabilities	154,692	135,946
Corporate and other liabilities	35,585	38,601
Total liabilities	190,277	174,547



Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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, income tax recoverable 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, amount due to a related company, bank borrowings 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, lease liabilities of approximately HK\$68,316,000 (31 March 2020: HK\$73,617,000) were allocated to construction works and construction machinery rental segments. However, the relevant interest on lease liabilities of approximately HK\$2,489,000 (2019: HK\$2,330,000) were not included in the measurement of segment results for the six months ended 30 September 2020. Should the interest on lease liabilities be included in the measurement of segment results, the segment loss of construction works and segment profit of construction machinery rental for the six months ended 30 September 2020 would be approximately HK\$847,000 and HK\$2,904,000 (2019: segment profit of HK\$1,004,000 and HK\$3,146,000) respectively.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

5. OTHER INCOME

	For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Government grants (note)	5,891	–
Auxiliary and other service income	591	304
Gain on disposal of property, plant and equipment	554	314
Insurance claim	498	1,582
Bank interest income	–	1
Others	107	–
	7,641	2,201

Note: Amounts represented the government grants received in relation to the outbreak of new coronavirus disease 2019 pandemic.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

6. FINANCE COSTS

	For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on:		
– bank borrowings	342	572
– lease liabilities	2,489	2,330
	2,831	2,902

7. INCOME TAX CREDIT (EXPENSE)

	For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current tax:		
– Hong Kong Profits Tax	(30)	–
Deferred taxation	801	(986)
Income tax credit (expense)	771	(986)

Notes:

- Pursuant to rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- During the six months ended 30 September 2020 and 2019, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

8. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	29,763	27,425
Loss allowance on trade receivables	1,020	–

Note: Included in the depreciation of property, plant and equipment for the six months ended 30 September 2020 was an amount of approximately HK\$21,601,000 (2019: HK\$17,334,000) that is related to depreciation of right-of-use assets.

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

10. EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(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	6,158	1,227
	For the six months ended 30 September	
	2020	2019
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,037,500	1,037,500

The dilutive 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 2020 and 2019.



Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, included in additions to the property, plant and equipment of approximately HK\$24,507,000 (2019: HK\$75,203,000) was additions to the right-of-use assets with amount of approximately HK\$16,649,000 (2019: HK\$43,283,000).

During the six months ended 30 September 2020, the Group has disposed of certain property, plant and equipment with an aggregate carrying value of approximately HK\$87,000 (2019: HK\$82,000) for cash proceeds of approximately HK\$641,000 (2019: HK\$396,000), resulting in a gain on disposal of property, plant and equipment of approximately HK\$554,000 (2019: HK\$314,000).

As at 30 September 2020, included in property, plant and equipment was right-of-use assets with carrying value of approximately HK\$17,224,000 and HK\$52,156,000 in respect of the motor vehicles and machinery respectively (31 March 2020: building, motor vehicles and machinery of HK\$197,000, HK\$23,479,000 and HK\$50,656,000 respectively).

As at 30 September 2020, the Group's ownership interest in leasehold land and building with carrying value of approximately HK\$8,266,000 (31 March 2020: HK\$8,460,000) have been pledged to secure banking facilities granted to the Group.

In respect of lease arrangements for renting motor vehicles and machinery, the Group's obligations are secured by the lessors' title to the leased assets for such leases.



Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

12. TRADE RECEIVABLES

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

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Trade receivables	190,334	161,738
Less: loss allowance on trade receivables	(18,638)	(17,618)
	171,696	144,120

The Group does not hold any collateral over these balances.

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Group. In view of this and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

12. TRADE RECEIVABLES (Continued)

The following is an ageing analysis of trade receivables, net of loss allowance, presented based on the invoice date at the end of the reporting period.

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Within 30 days	37,524	25,204
31 to 60 days	17,429	31,109
61 to 90 days	23,923	1,884
91 to 180 days	29,409	23,279
181 to 365 days	19,622	17,601
Over 365 days	43,789	45,043
	171,696	144,120

The Group measures the loss allowance on trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The lifetime ECL on trade receivables are estimated individually for significant outstanding balances or collectively using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

13. CONTRACT ASSETS

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Unbilled revenue of construction contracts (note (i))	23,196	19,642
Retention receivables of construction contracts (note (ii))	24,676	21,181
	47,872	40,823
Less: loss allowance on contract assets	(1,157)	(1,157)
	46,715	39,666

Notes:

- (i) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditioned on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.
- (ii) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

The Group classifies these contract assets under current assets because the Group expects to realise them in its normal operating cycle.

The Group recognised lifetime ECL on contract assets based on individual significant customer or the ageing of customers collectively that are not individually significant.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

14. TRADE AND OTHER PAYABLES

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Trade payables	51,081	32,146
Other payables	22,510	16,693
Accruals	14,677	15,452
	88,268	64,291

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 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Within 30 days	24,395	10,440
31 to 60 days	1,691	12,526
61 to 90 days	7,742	419
91 to 365 days	17,253	8,761
	51,081	32,146

The average credit period granted is 30 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

15. AMOUNT DUE TO A RELATED COMPANY

Details of amount due to a related company are as follows:

Name of the related company	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Luen Yau Construction Company (note)	–	260

Note: The director of the Company, Mr. Wu Wing Hang ("Mr. Wu"), has direct or indirect interest in Luen Yau Construction Company.

The amount was unsecured, non-interest bearing and repayable on demand.

16. LEASE LIABILITIES

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Analysed for reporting purposes as:		
– Current	40,411	47,026
– Non-current	27,905	26,591
	68,316	73,617

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

16. LEASE LIABILITIES (Continued)

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Amounts payable under lease liabilities:		
Within one year	40,411	47,026
After one year but within two years	23,289	22,677
After two years but within five years	4,616	3,914
	68,316	73,617
Less: amount due for settlement within 12 months (shown under current liabilities)	(40,411)	(47,026)
Amount due for settlement after 12 months	27,905	26,591

As at 30 September 2020, the lease liabilities in respect of leased motor vehicles and machinery under hire purchase agreements amounted to approximately HK\$68,316,000 (31 March 2020: HK\$73,418,000) was secured by the lessor's title to the leased assets.

During the six months ended 30 September 2020, the Group entered into a number of new lease agreements in respect of motor vehicles and machinery and recognised lease liability of approximately HK\$12,590,000 (2019: HK\$43,283,000).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

16. LEASE LIABILITIES (Continued)

Amounts recognised in profit or loss

	For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Depreciation expense on right-of-use assets included in property, plant and equipment:		
– Building	197	592
– Motor vehicles	11,384	7,692
– Machinery	10,020	9,050
Interest expense on lease liabilities	2,489	2,330
Expense relating to short-term leases	–	2,880

During the six months ended 30 September 2020, the total cash outflows for leases amounting to approximately HK\$24,439,000 (2019: HK\$33,713,000).

17. BANK BORROWINGS

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Secured	4,705	5,040
Unsecured	20,086	21,636
	24,791	26,676

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

17. BANK BORROWINGS (Continued)

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

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Within one year	21,357	22,702
After one year but within two years	975	1,057
After two years but within five years	1,892	2,156
After five years	567	761
	24,791	26,676
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	3,434	3,974
Carrying amount repayable within one year	21,357	22,702
Amount shown under current liabilities	24,791	26,676

18. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary share of HK\$0.01 each		
Authorised		
At 31 March 2020 (audited) and 30 September 2020 (unaudited)	10,000,000,000	100,000
Issued and fully paid		
At 31 March 2020 (audited) and 30 September 2020 (unaudited)	1,037,500,000	10,375

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

19. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks and finance lease companies to secure the banking facilities and finance leases granted to the Group:

	At 30 September 2020 HK\$'000 (unaudited)	At 31 March 2020 HK\$'000 (audited)
Property, plant and equipment	77,646	82,595
Deposits and prepayments for life insurances	6,630	10,076
Pledged deposits	3,946	3,946
	88,222	96,617

20. CONTINGENT LIABILITIES

As at 30 September 2020, a subsidiary of the Company has been named as defendant in two (31 March 2020: one) High Court action in respect of claims for compensation of personal injury for an amount of approximately HK\$10,001,000 (31 March 2020: HK\$4,514,000) in aggregate. The directors of the Company considered the claims are covered by the relevant insurance policies. No provision for potential liability has been made for the six months ended 30 September 2020 (2019: nil).

21. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to written resolution of the Company passed on 15 November 2016 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 7 December 2026. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

21. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of the Company (Continued)

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors of the Company in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Options granted must be taken up on the date of grant, upon payment of HK\$1.00. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the nominal value of the Company's share ; (ii) the closing price of the Company's shares on the date of grant ; and (iii) the average closing price of the shares for the five business days immediately preceding the date of grant.

No share options have been granted since the adoption of the scheme and during the six months ended 30 September 2020 and 2019.

22. RELATED PARTY TRANSACTIONS

- (a) Save as disclosed elsewhere in the condensed consolidated interim financial information, the Group has entered into the following transactions with related party as follows:

Name of company	Nature of transaction	Notes	For the six months ended 30 September	
			2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Honrich Limited	Rental expenses for staff quarters	(i) & (ii)	—	420

Notes:

- (i) The transaction was carried out at terms determined and agreed by the Company and the related party.
- (ii) The director of the Company, Mr. Wu, has direct or indirect interest in the above mentioned related party.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2020

22. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

Save as disclosed elsewhere in the condensed consolidated interim financial information, the Group has no other material balances with related parties.

(c) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the reporting period was as follows:

	For the six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Short-term benefits	3,510	3,450
Post-employment benefits	45	36
	3,555	3,486

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of current and non-current financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial information are not materially differ from their fair values due to their immediate or short-term maturity or the interest rates used approximates to the discount rates of relevant financial assets or financial liabilities.

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 provision A.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 A.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 report, 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.



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2020, interests and short positions in the shares of the Company (the "Shares"), underlying Shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(i) Long position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. Wu Wing Hang ("Mr. Wu")	Interest in a controlled corporation – Corporation interest (note)	610,995,000	58.89%

Note: The 610,995,000 Shares were held by Profit Gold Global Limited ("Profit Gold") which was wholly owned by Mr. Wu. By virtue of the SFO, Mr. Wu was deemed to be interested in the 610,995,000 Shares.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Number of Shares held	Percentage of shareholding
Mr. Wu	Profit Gold	Beneficial Interest (note)	1	100%

Note: Mr. Wu beneficially owns 100% of the issued share capital of Profit Gold, and he is deemed or taken to be interested in all the shares in Profit Gold for the purposes of the SFO. Mr. Wu is also the director of Profit Gold.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 September 2020 as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2020, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (other than a Director or chief executive of the Company) who had or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Profit Gold	Beneficial interest (note 1)	610,995,000	58.89%
Ms. Kwok Wai Sheung Melody ("Ms. Kwok")	Interest of Spouse (note 2)	610,995,000	58.89%

Notes:

- (1) 610,995,000 Shares were beneficially owned by Profit Gold, which is wholly owned by Mr. Wu.
- (2) Ms. Kwok, being spouse of Mr. Wu, is deemed to be interested in the 610,995,000 Shares held by Mr. Wu under the SFO.

Save as disclosed above, no other persons had any interests or short positions in the Shares or underlying Shares of the Company as at 30 September 2020 as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

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.



Corporate Governance and Other Information (Continued)

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. Wong Yiu Kit, Ernest, an independent non-executive director of the Company, has been resigned as an independent non-executive director of China Wood International Holding Co., Limited (formerly known as HongDa Financial Holding Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 1822) with effect from 27 July 2020.

Save as disclosed in this report, 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 report.

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.

By order of the Board
Progressive Path Group Holdings Limited
Wu Wing Hang
Chairman

Hong Kong, 27 November 2020