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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK$221.3 million for the Year, representing a decrease of approximately 42.0% as compared with the same for the year ended 31 March 2018.
- Gross loss was approximately HK$19.3 million for the Year, as compared to gross profit of approximately HK$36.6 million with the same for the year ended 31 March 2018.
- Gross loss margin for the Year was approximately 8.7%, as compared to gross profit margin of approximately 9.6% with the same for the year ended 31 March 2018.
- Loss attributable to owners of the Company was approximately HK$45.5 million for the Year as compared to profit attributable to owners of the Company of approximately HK$5.7 million with the same for the year ended 31 March 2018. The decrease was principally attributable to the gross loss during the Year.
- Loss per share amounted to approximately HK$4.39 cents for the Year, as compared to earnings per share amounted to approximately HK$0.55 cents for the year ended 31 March 2018.
- The Board does not recommend the payment of final dividend for the Year.

The board (the "Board") of directors (the "Directors") of Progressive Path Group Holdings Limited (the "Company") hereby announces the consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2019 (the "Year") together with the comparative figures for the prior year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	3	**221,338**	381,816
Cost of sales		**(240,653)**	(345,198)
Gross (loss) profit		**(19,315)**	36,618
Other income	5	**7,769**	8,176
Administrative expenses		**(27,914)**	(30,300)
Finance costs	6	**(5,265)**	(6,533)
(Loss) profit before taxation		**(44,725)**	7,961
Income tax expenses	7	**(774)**	(2,248)
(Loss) profit and total comprehensive (expense) income for the year attributable to the owners of the Company	8	**(45,499)**	5,713
(Loss) earnings per share:			
Basic and diluted	10	**(4.39 cents)**	0.55 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**107,371**	112,358
Deposit paid for acquisition of property, plant and equipment		**4,038**	1,565
Pledged deposits		**2,157**	–
		113,566	113,923
Current assets			
Inventories		**–**	6,211
Trade and retention receivables	11	**138,714**	212,373
Contract assets		**37,132**	–
Amounts due from customers for contract work		**–**	17,073
Deposits, prepayments and other receivables		**16,919**	14,363
Income tax recoverable		**2,288**	464
Bank balances and cash		**42,655**	77,441
		237,708	327,925
Current liabilities			
Trade and other payables	12	**35,219**	46,463
Amounts due to customers for contract work		**–**	264
Amount due to a related company		**–**	86
Bank and other borrowings		**36,813**	45,452
Obligations under finance leases – due within one year		**30,078**	38,027
		102,110	130,292
Net current assets		**135,598**	197,633
Total assets less current liabilities		**249,164**	311,556
Capital and reserves			
Share capital		**10,375**	10,375
Reserves		**193,480**	242,087
		203,855	252,462
Non-current liabilities			
Bank and other borrowings		**11,353**	–
Obligations under finance leases – due after one year		**26,563**	51,820
Deferred tax liabilities		**7,393**	7,274
		45,309	59,094
		249,164	311,556

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was 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 on 21 April 2016 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") on 8 December 2016. Its ultimate holding company and immediate holding company is Profit Gold Global Limited, a limited company incorporated in the British Virgin Islands ("BVI"). The address of the registered office and principal place of business of the Company are PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and Unit 1108, 11/F, Tuen Mun Central Square, 22 Hoi Wing Road, Tuen Mun, New Territories, Hong Kong respectively.

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

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and its subsidiaries (the "Group").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations ("Int(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK (IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised below. The application of other new and revised HKFRSs in the current year 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 these consolidated financial statements.

2.1 HKFRS 9 *Financial Instruments*

HKFRS 9 replaced the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 April 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained earnings and other components of equity as at 1 April 2018.

The Group's accounting policies for the classification and measurement of financial instruments and the impairment of financial assets are disclosed in detail in Note 3 to the consolidated financial statements set out in the Annual Report.

2.1.1 Classification and measurements of financial instruments

The directors of the Company have reviewed and assessed the Group's existing financial assets as at 1 April 2018 based on the facts and circumstances that existed at the date and concluded that all initial application of HKFRS 9 has had the following impact on the Group's financial assets and liabilities as regards their classification and measurement:

Debt investments previously classified as loan and receivables carried at amortised cost:

Some of the debt instruments (including trade receivables and other receivables) amounting to approximately HK$189,869,000 are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these instruments continue to be subsequently measured at amortised cost and were reclassified to financial assets at amortised cost upon application of HKFRS 9.

2.1.2 Loss allowance for expected credit losses ("ECL")

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking expected credit loss ("ECL") model. As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and other items subject to ECL for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement HKFRS 9.

As at 1 April 2018, an additional allowance on the Group's trade receivables of approximately HK$3,722,000, have been recognised, thereby reducing the opening retained earnings of approximately HK$3,108,000, net of their related deferred tax impact of approximately HK$614,000.

2.1.3 Summary of effects arising from initial application of HKFRS 9

The table below summaries the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets and financial liabilities and reconciles the carrying amounts of financial assets and financial liabilities under HKAS 39 to the carrying amounts under HKFRS 9 on 1 April 2018.

	Carrying amount at 31 March 2018 (HKAS 39) *HK$'000*	Adoption of HKFRS 9 – Reclassification *HK$'000*	Adoption of HKFRS 9 – Remeasurement *HK$'000*	Carrying amount at 1 April 2018 (HKFRS 9) *HK$'000*
Financial assets				
Loan and receivables				
– Trade and retention receivables	212,373	(212,373)	–	–
– Deposits and other receivables	1,713	(1,713)	–	–
– Bank balances and cash	77,441	(77,441)	–	–
At amortised cost				
– Trade receivables	–	188,156	(3,722)	184,434
– Deposits and other receivables	–	1,713	–	1,713
– Contract assets	–	24,217	–	24,217
– Bank balances and cash	–	77,441	–	77,441

The table below summaries the impact of transition to HKFRS 9 on retained earnings at 1 April 2018.

	Retained earnings *HK$'000*
Balance at 31 March 2018 as originally stated	97,552
Recognition of additional expected credit losses	(3,722)
Deferred tax effect	614
Balance at 1 April 2018 as restated	94,444

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under HKAS 39 that were subject to reclassification or which the Group has elected to reclassify upon the application of HKFRS 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of HKFRS 9.

2.2 HKFRS 15 *Revenue from contracts with customers*

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 April 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings or other components of equity, as appropriate and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue. Details are described below.

The Group's accounting policies for its revenue streams are disclosed in detail in Note 3 to the consolidated financial statements set out in the Annual Report.

The impact of transition to HKFRS 15 was insignificant on the retained earnings at 1 April 2018.

As required for the consolidated financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of the revenue and cash flows are affected by economic factors. Enhanced disclosures are set out in note 3.

The Group is principally engaged in the construction works, provision of construction machinery rental services and trading of construction machinery. The construction works and trading of construction machinery are sold both on their own in separately identified contracts with customers.

2.2.1 Sale of goods

The Group concluded that revenue from sale of goods should be recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods, which is consistent with the previous accounting policy. Therefore, the adoption of HKFRS 15 has no impact on the timing of revenue recognition in this regard.

2.2.2 Revenue from construction works

The Group was involved in a construction contract that was previously accounted for under HKAS 11 and not yet completed at 1 April 2018. The Group concluded that such contract will continue to be recognised over time using input method in measuring progress. Upon initial application of HKFRS 15, amounts due from/to customers for contract work of approximately HK$17,073,000 and approximately HK$264,000, respectively, were reclassified to contract assets and contract liabilities at 1 April 2018 respectively.

Other than the abovementioned, the directors of the Company considered that the application of HKFRS 15 has had no material impact on i) the amount or timing of revenue recognition in the respective periods; and ii) the Group's presentation in the consolidated financial statements.

2.2.3 Summary of effects arising from initial application of HKFRS 15

The amount of adjustments for each financial statement line item of the consolidated statement of financial position at 1 April 2018 affected by the application of HKFRS 15 is illustrated below. Line items that were not affected by the changes have not been included.

	Note	Carrying amount previously reported at 31 March 2018 *HK$'000*	Impact of adoption of HKFRS 15 – Reclassification *HK$'000*	Impact on adoption of HKFRS 15 – Measurement *HK$'000*	Carrying amount at restated (before adoption of HKFRS 9) at 1 April 2018* *HK$'000*
Trade and retention receivables	(a)	212,373	(24,217)	–	188,156
Amounts due from customers for contract work	(a)	17,073	(17,073)	–	–
Contract assets	(a)	–	41,290	–	41,290
Amounts due to customers for contract work	(a)	264	(264)	–	–
Contract liabilities	(a)	–	264	–	264

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Note:

(a) In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply input method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Retention receivables of approximately HK$24,217,000 were reclassified to contract assets, whilst amounts due to customers for contract work of approximately HK$264,000 were reclassified to contract liabilities.

2.2.4 *Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of HKFRS 15 on 1 April 2018*

The following tables summarise the estimated impact of applying HKFRS 15 on the consolidated statement of financial position at 31 March 2019, by comparing the amounts reported under HKAS 11, HKAS 18 and related interpretations that were in effect before the change. Line items that were not affected by the adjustments have not been included. The adoption of HKFRS 15 did not have material impact on the Group's operating, investing and financing cash flows.

Impact on the consolidated statement of financial position at 31 March 2019

	As reported	**Impact of adopting HKFRS 15**	**Amount excluding impacts of adopting HKFRS 15**
	HK$'000	*HK$'000*	*HK$'000*
Trade and retention receivables	138,714	22,199	160,913
Amounts due from customers for contract work	–	14,933	14,933
Contract assets	37,132	(37,132)	–

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK (IFRIC) Interpretation 23	Uncertainty Over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[5]
Amendments to HKFRS 9	Prepayment features with negative compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associate and Joint Venture[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective date not yet been determined.
5 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

The directors of the Company anticipate that, except as described below, the application of other new and amendments HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, Plant and Equipment*, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 *Leases* and the related Interpretations when it becomes effective.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$1,470,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above.

The Group plans to elect the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initital application as an adjustment to the opening balance of equity at 1 April 2019 and will not restate the comparative information. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only the contracts that are entered into on or after the date of initial application.

3. REVENUE

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

	2019	2018*
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
– Construction works	**82,772**	133,595
– Trading of construction machinery	**6,530**	51,427
	89,302	185,022
Revenue from other sources		
– Construction machinery rental	**132,036**	196,794
	221,338	381,816

* The amounts for the year ended 31 March 2018 were recognised under HKAS 11, HKAS 18, and related interpretation.

Set out below is the disaggregation of the Group's revenue from contracts with customers within the scope of HKFRS 15:

For the year ended 31 March 2019	**Construction works** *HK$'000*	**Trading of construction machinery** *HK$'000*	**Total** *HK$'000*
Timing of revenue recognition			
At a point in time	**–**	**6,530**	**6,530**
Over time	**82,772**	**–**	**82,772**
	82,772	**6,530**	**89,302**

Transaction price allocated to the remaining performance obligations

As at 31 March 2019, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK$70,351,000. The amount represents revenue expected to be recognised in the future from construction contracts. The Group will recognise this revenue as the service is completed, which is expected to occur over the next 18 months.

4. SEGMENT INFORMATION

Information reported to the directors, 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;

– Construction machinery rental; and

– Trading of construction machinery

During the year ended 31 March 2018, the Group commenced a reporting and operating segment, namely, trading of construction machinery segment.

Segment revenues and results

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

For the year ended 31 March 2019

	Construction works *HK$'000*	**Construction machinery rental** *HK$'000*	**Trading of construction machinery** *HK$'000*	**Total** *HK$'000*
Segment revenue				
External revenue	**82,772**	**132,036**	**6,530**	**221,338**
Inter-segment revenue	**–**	**72,257**	**–**	**72,257**
Segment revenue	**82,772**	**204,293**	**6,530**	**293,595**
Eliminations				**(72,257)**
Group revenue				**221,338**
Segment (loss) profit	**(12,659)**	**(26,434)**	**851**	**(38,242)**
Unallocated income				**7,769**
Unallocated corporate expenses				**(8,987)**
Unallocated finance costs				**(5,265)**
Loss before tax				**(44,725)**

For the year ended 31 March 2018

	Construction works	Construction machinery rental	Trading of construction machinery	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue				
External revenue	133,595	196,794	51,427	381,816
Inter-segment revenue	–	69,999	–	69,999
Segment revenue	133,595	266,793	51,427	451,815
Eliminations				(69,999)
Group revenue				381,816
Segment profit	7,999	10,899	2,753	21,651
Unallocated income				3,865
Unallocated corporate expenses				(11,022)
Unallocated finance costs				(6,533)
Profit before tax				7,961

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 directors with respect to the resource allocation and performance assessment.

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

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

Segment assets

	2019	2018
	HK$'000	*HK$'000*
Construction works	**138,438**	147,949
Construction machinery rental	**161,601**	178,833
Trading of construction machinery	**3,943**	36,977
Total segment assets	**303,982**	363,759
Corporate and other assets	**47,292**	78,089
Total assets	**351,274**	441,848

Segment liabilities

	2019	2018
	HK$'000	*HK$'000*
Construction works	**74,826**	109,832
Construction machinery rental	**15,074**	24,350
Trading of construction machinery	**–**	–
Total segment liabilities	**89,900**	134,182
Corporate and other liabilities	**57,519**	55,204
Total liabilities	**147,419**	189,386

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

– All assets are allocated to operating segment, other than unallocated deposits, prepayments and other receivables, income tax recoverable, pledeged deposits and bank balance and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

– All liabilities are allocated to operating segments, other than unallocated other payables, amounts due to a related company, income tax payable and bank and other borrowings and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the year ended 31 March 2019

	Construction works *HK$'000*	Construction machinery rental *HK$'000*	Trading of construction machinery *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts include in the measure of segment profit or segment assets:					
Addition to non-current assets *(Note)*	**20,776**	**33,188**	**–**	**–**	**53,964**
Depreciation of property, plant and equipment	**7,849**	**42,623**	**–**	**729**	**51,201**
Loss allowance on trade receivables	**1,605**	**6,078**	**–**	**–**	**7,683**
Loss allowance on contract assets	**97**	**–**	**–**	**–**	**97**
Gain on disposal of property, plant and equipment	**(2,287)**	**(3,649)**	**–**	**–**	**(5,936)**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interest income	**–**	**–**	**–**	**(3)**	**(3)**
Interest expense	**–**	**–**	**–**	**5,265**	**5,265**
Income tax expense	**–**	**–**	**–**	**774**	**774**

For the year ended 31 March 2018

	Construction works *HK$'000*	Construction machinery rental *HK$'000*	Trading of construction machinery *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts include in the measure of segment profit or segment assets:					
Addition to non-current assets *(Note)*	16,515	24,364	–	–	40,879
Depreciation of property, plant and equipment	7,849	64,473	–	1,436	73,758
Reversal of impairment loss on trade receivables	–	(4,311)	–	–	(4,311)
Impairment loss on trade receivables	–	5,194	–	–	5,194
Gain on disposal of property, plant and equipment	(954)	(1,406)	–	–	(2,360)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interest income	–	–	–	(9)	(9)
Interest expense	–	–	–	6,533	6,533
Income tax expenses	–	–	–	2,248	2,248

Note: Non-current assets excluded those relating to deposit paid for acquisition of property, plant and equipment and pledged deposits.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Customer A[1]	**77,384**	81,125
Customer B[2]	**N/A[4]**	48,800
Customer C[3]	**N/A[4]**	39,462

1 Revenue from both construction work, construction machinery rental and trading of construction machinery segments.

2 Revenue from construction machinery rental segment.

3 Revenue from trading of construction machinery segment.

4 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Geographical information

During the year ended 31 March 2019, the Group is organised into three (2018: three) operating segments as construction works, construction machinery rental and trading of construction machinery (2018: construction works construction machinery rental and trading of construction machinery) primarily in Hong Kong and all revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to these three (2018: three) segments. Accordingly, no geographical information is presented.

5. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Sales of scrap materials	**234**	294
Insurance claim	**352**	674
Auxiliary and other service income	**1,238**	490
Reversal of impairment loss on trade receivables	**–**	4,311
Gain on disposal of property, plant and equipment	**5,936**	2,360
Bank interest income	**3**	9
Sundry income	**6**	38
	7,769	8,176

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on:		
bank and other borrowings	**1,364**	1,274
obligations under finance leases	**3,901**	5,259
	5,265	6,533

7. INCOME TAX EXPENSES

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**41**	5,081
Deferred taxation	**733**	(2,833)
Income tax expenses	**774**	2,248

Notes:

(a) 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.

(b) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the year ended 31 March 2019, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. For the year ended 31 March 2018, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profit.

8. (LOSS)/PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
(Loss)/profit for the year has been arrived at after charging:		
Staff costs		
Salaries, wages and other benefits	**81,812**	79,487
Retirement benefits scheme contribution	**3,049**	3,266
Total staff costs (excluding directors' remuneration)	**84,861**	82,753
Auditor's remuneration	**894**	942
Bad debt expenses	**381**	–
Depreciation of property, plant and equipment	**51,201**	73,758
Loss allowance on trade receivables	**7,683**	5,194
Loss allowance on contract assets	**97**	–
Operating leases rental relates to office premises and storage area	**838**	463
Amount of inventories recognised as an expense	**5,362**	46,778
Exchange loss	**27**	–

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2019 and 2018, nor has any dividend been proposed since the end of the reporting period.

10. (LOSS) EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	**(45,499)**	5,713

	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share *('000 shares)*	**1,037,500**	1,037,500

The weighted average number of ordinary shares in issue during the year ended 31 March 2019 represents 1,037,500,000 ordinary shares in issue during the year ended 31 March 2019.

The dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2019 and 2018.

11. TRADE AND RETENTION RECEIVABLES

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

	2019	2018
	HK$'000	*HK$'000*
Receivables at amortised cost comprise:		
Trade receivables	**157,166**	195,203
Less: loss allowance for trade receivables	**(18,452)**	(7,047)
	138,714	188,156
Retention receivables *(note)*	**–**	24,217
	138,714	212,373

Note: As at 31 March 2018, except for the amounts of approximately HK$8,356,000, which were expected to be recovered or settled after one year, all of the remaining balances are expected to be recovered within one year. All retention receivables are included in current assets as the Group expects to realise these within its normal operating cycle. Upon application of HKFRS 15, the retention receivables was reclassified to contract assets.

As at 31 March 2019, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK$57,036,000 (2018: HK$85,626,130).

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. 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.

The following is an aged analysis of trade receivables, net of loss allowance, presented based on the certified report or invoices which approximates revenue recognition date at the end of each reporting period.

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**19,928**	29,930
31 to 60 days	**23,166**	25,697
61 to 90 days	**4,492**	7,315
91 to 180 days	**9,847**	14,373
181 to 365 days	**11,797**	85,623
Over 365 days	**69,484**	25,218
	138,714	188,156

12. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**14,911**	25,221
Receipt in advance	**584**	79
Other payables	**10,081**	10,292
Accruals	**9,643**	10,871
	35,219	46,463

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

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**3,097**	14,635
31 to 60 days	**4,334**	3,148
61 to 90 days	**2,120**	777
91 to 365 days	**4,416**	5,838
Over 365 days	**944**	823
	14,911	25,221

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.

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in (i) construction works; (ii) the provision of construction machinery rental services; and (iii) trading of construction machinery. 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. Our construction works represent the construction projects undertaken by us, the nature of which are broadly classified as foundation and site formation works, and builder's work and general building works. Our trading of new construction machinery are sourced from the construction machinery manufacturer in Korea.

Going forward, we will continue to focus on developing our business by undertaking new construction projects, rental arrangements and trading of construction machinery in Hong Kong.

REVENUE

As mentioned above, during the Year, the Group had revenue generated from construction works, construction machinery rental and trading of construction machinery. Set out below is the breakdown of revenue of the Group during the Year and 2018:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Construction works	**82,772**	133,595
Construction machinery rental	**132,036**	196,794
Trading of construction machinery	**6,530**	51,427
	221,338	381,816

Revenue from construction works

During the Year, the revenue derived from our ten projects (2018: eleven projects) amounted to approximately HK$82.8 million (2018: HK$133.6 million), accounting for approximately 37.4% (2018: 35.0%) of our total revenue. Such decrease in revenue was the results of the completion of four out of these ten construction projects, where generally a relatively lower revenue was derived from projects at their ending phase and keen competition faced by the Group obtaining new business during the Year. At the meanwhile, the Group has engaged in two new projects during the Year (2018: three projects); nevertheless, one of them only commenced since October 2018 and did not contribute much revenue to the Group yet during the Year. The Group has been actively participating in tenders for new public and private construction projects.

As at 31 March 2019, there were six projects on hand with total outstanding contract sum amounting to HK$70.4 million. Four projects are expected to be completed in the year ending 31 March 2020, two projects are expected to be completed in the year ending 31 March 2021 and none of them is expected to have any material interruption.

Below set out a list of projects which contributed revenue to the Group during the Year:

Site Location	**Type of Works**	**Status**
Hong Kong International Airport	Foundation and site formation works	Completed
Hong Kong Boundary Crossing Facilities	Foundation and site formation works	Completed
West Kowloon Terminus Station North	Builder's work and general building works	Completed
Tuen Mun	Builder's work and general building works	Work in progress
Liantang/Heung Yuen Wai Boundary Control Point	Builder's work and general building works	Work in progress
Anderson Road Quarry Site	Foundation and site formation works	Work in progress
Hong Kong International Airport North Commercial District	Foundation and site formation works	Work in progress

Site Location	Type of Works	Status
HK-ZH-Macau bridge Hong Kong Boundary Crossing Facilities – Vehicle Clearance Plazas and Ancillary Buildings and Facilities	Foundation and site formation works	Completed
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

Revenue from construction machinery rental

During the Year, the revenue derived from the construction machinery rental amounted to approximately HK$132.0 million (2018: HK$196.8 million), accounting for approximately 59.6% (2018: 51.5%) of our total revenue. The substantial decline in construction machinery rental income of the Group was mainly the result of the decrease in demand for machinery rental business accordingly upon the completion of the Hong Kong Section of the Express Rail Link and the artificial island of the Hong Kong-Zhuhai-Macao Bridge and fewer construction projects available in the market.

Revenue from trading of construction machinery

During the Year, the revenue derived from our trading of construction machinery business amounted to approximately HK$6.5 million (2018: HK$51.4 million), accounting for approximately 3.0% (2018: 13.5%) of our total revenue. The substantial decrease in revenue from trading of construction machinery as the demand of those machines decrease, which is mainly due to the same reasons with the decrease in revenue in construction machinery rental business stated above.

GROSS (LOSS)/PROFIT AND GROSS (LOSS)/PROFIT MARGIN

The Group's total gross profit decreased by approximately HK$55.9 million, from approximately HK$36.6 million for the year ended 31 March 2018 to gross loss of approximately HK$19.3 million for the Year while our gross profit margin decreased from approximately 9.6% for the year ended 31 March 2018 to gross loss margin of approximately 8.7% for the Year. The decrease in gross profit margin was mainly attributable to (i) some projects incurred loss as additional construction costs were incurred towards the completion stage; (ii) the decrease in gross profit margin of newly awarded contracts, (iii) the general price reduction for construction machinery rental services; (iv) the cost of fuel and gasoline increased steadily during the Year; and (v) the depreciation cost of recently purchased machinery remained significant during the Year. Below set out the breakdowns of the gross (loss)/profit and gross (loss)/profit margin of the Group:

	Year ended 31 March			
	2019		2018	
	HK$'000		*HK$'000*	
	Gross (Loss)/ Profit	**Gross (Loss)/ Profit Margin**	Gross Profit	Gross Profit Margin
Construction works	**(6,550)**	**(7.9%)**	14,324	10.7%
Construction machinery rental	**(13,933)**	**(10.6%)**	17,888	9.1%
Trading of construction machinery	**1,168**	**17.9%**	4,406	8.6%
	(19,315)	**(8.7%)**	36,618	9.6%

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group for the Year amounted to approximately HK$27.9 million, representing a decrease of approximately 7.9% compared with approximately HK$30.3 million for the previous year. Such decrease is mainly due to the decrease in the general operational costs and legal and professional fee incurred of the Group. The overall decrease in administrative expenses was partially offset by the increase in the loss allowance on trade receivables of approximately HK$2.5 million.

NET (LOSS)/PROFIT

Loss after tax of approximately HK$45.5 million for the Year as compared to profit of approximately HK$5.7 million for the previous year. The decrease is mainly attributable to the substantial decline in all revenue line and the drop in gross profit margin while the depreciation under the cost of sales did not decrease materially.

TREASURY POLICY

It is the Group's policy to adopt a prudent approach towards its cash management policies and thus maintained a healthy liquidity position throughout the Year. To minimize the exposure to credit risk, the Group would regularly review the timeliness of receivables settlement and evaluate the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments would constantly meet its funding requirements for current and future operations.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 March 2019, the Group had bank balances of approximately HK$42.7 million (2018: HK$77.4 million). The decrease is mainly due to the acquisition of new fleets of machineries during the Year. The new bank borrowings during the Year was approximately HK$94.9 million (2018: HK$55.2 million). The total interest-bearing liabilities of the Group including bank loans and finance leases as at 31 March 2019 was approximately HK$104.8 million (2018: HK$135.3 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 31 March 2019 was approximately 51.4% (2018: 53.6%).

PLEDGE OF ASSETS

As at 31 March 2019, the Group's bank borrowings and finance lease liabilities were secured by the property and machinery and equipment with an aggregate net carrying value of approximately HK$69.2 million (2018: HK$67.1 million) and insurance prepayment with an aggregate net book value of approximately HK$9.8 million (2018: HK$9.6 million).

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, 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 Year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group employed 263 staff (2018: 279). Total staff costs including Directors' emoluments for the Year amounted to approximately HK$89.0 million (2018: HK$86.9 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 qualification and performance of each employee.

During the Year, 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 EXPENDITURE AND COMMITMENTS

Our capital expenditure primarily comprises purchase of property, machinery and motor vehicles. Our capital expenditure was principally funded by bank borrowings, finance leases, internal resources and proceeds from new shares offer through the listing of the shares of the Company on the Stock Exchange on 8 December 2016 (the "Listing"). The following table sets forth our Group's capital expenditure during the Year and previous year:

	2019	2018
	HK$'000	*HK$'000*
Buildings	**–**	–
Motor vehicles	**2,716**	9,766
Machinery	**51,240**	30,485
Others	**8**	628
	53,964	40,879

As at 31 March 2019, the Group had no material capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2019, one of the subsidiaries has been named as defendant in two (2018: four) High Court actions in respect of claim for compensation of personal injury for an amount of approximately HK$7.7 million (2018: HK$6.8 million) in aggregate. The Directors considered the claims are covered by the relevant insurance policies. No provision for potential liability has been made in the consolidated financial statements.

EVENTS AFTER THE YEAR

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2019 and up to the date of this announcement.

SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Year, the Group had no significant investment held and did not have any material acquisition and disposal of subsidiaries and associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets during the Year and as at the date of this announcement.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

During the Year and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend to shareholders of the Company for the Year.

USE OF PROCEEDS FROM LISTING

The Company's shares have been listed on the Main Board of the Stock Exchange since 8 December 2016. After the exercise of the Over-allotment Option, the receipt of proceeds, after deduction of underwriting commission and other related estimated listing expenses, including both recognized in the consolidated statement of comprehensive income and deducted from the share premium ("net proceeds") from the Listing were approximately HK$102.3 million. As at 31 March 2019, the net proceeds had been utilised as follows:

Use of net proceeds	Net proceeds from the share offer	Actual utilization up to 31 March 2019	Unutilized amounts as at 31 March 2019
	HK$ million	*HK$ million*	*HK$ million*
Replacement and enhancement our fleet of machinery	80.4	**53.3**	**27.1**
Reinforcement of our workforce	12.2	**8.5**	**3.7**
General working capital	9.7	**9.7**	**–**
	102.3	**71.5**	**30.8**

The unutilized amounts of the net proceeds will be applied in the manner consistent with that mentioned in the prospectus of the Company dated 28 November 2016. The unutilized net proceeds had been deposited into licensed bank in Hong Kong.

PROSPECTS

Despite the fact that most of the Ten Major Infrastructure Projects have been completed, in view of the Policy of the Government of the Hong Kong Special Administrative Region, the Government continue in increasing land supply and commitment to infrastructure investments, the Group expects a rebound in the construction industry in the long run. To maintain our competitiveness, the Group continues to replace and enhance our fleet of machinery to strengthen the market position in Hong Kong to capture more sizeable and profitable projects and construction machinery rental business.

Premised on those competitive edges of the Group, the Board remain confident with the future development of the Group. Nevertheless, we believe that we should have touched the bottom and an improvement of our business is expected in the future.

ANNUAL GENERAL MEETING ("AGM")

The 2019 AGM will be held on Monday, 12 August 2019. The notice of the AGM will be published and distributed to the shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange in due course.

Closure of Register of Members

The Hong Kong branch register of members of the Company will be closed from Wednesday, 7 August 2019 to Monday, 12 August 2019 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming AGM. No transfer of shares may be registered on those dates. In order to qualify for the shareholders' entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates should be lodged with the Company's Branch Registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 6 August 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors are committed to maintaining high standards of corporate governance in performing their obligations to act in the best interests of shareholders of the Company and enhancing long term shareholder value. Save as disclosed below, no Director is aware of any information which would reasonably indicate that the Company is not, or was not at any time during the Year, acting in compliance with code provisions of the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") as set out in Appendix 14 to the Listing Rules.

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. During the Year and up to the date of this announcement, the role of the chairman of the Company (the "Chairman") was performed by Mr. Wu Wing Hang but the office of the chief executive officer of the Company was 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.

MODEL CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 to the Listing Rules, as its own securities code. All Directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standards set out in the Model Code during the Year and up to the date of this announcement.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company (the "Audit Committee") consists of three independent non-executive Directors, namely Mr. Lee Man Tai (Chairman), Mr. Wong Yiu Kit Ernest and Mr. Leung Ka Fai. The Company's annual results for the Year have been reviewed by the Audit Committee, which takes the view that the applicable accounting standards and requirements have been complied with by the Company and that adequate disclosures have been made. The Audit Committee has met the external auditors of the Company, SHINEWING (HK) CPA Limited ("SHINEWING"), and reviewed the Group's results for the Year.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditors, SHINEWING, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by SHINEWING on this announcement of results.

GENERAL

A circular containing, inter alia, the information required by the Listing Rules, together with the notice of the upcoming AGM, will be despatched to the shareholders of the Company in due course.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.ppgh.com.hk. The annual report of the Company for the Year containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

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

Hong Kong, 26 June 2019

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