
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Progressive Path Group Holdings Limited**, you should at once hand this Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “15. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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)

RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE SHARE HELD ON THE RECORD DATE

The Rights Issue is on a non-underwritten basis. Pursuant to the Company’s constitutional documents, the applicable laws in Hong Kong and the Cayman Islands and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment of the conditions of the Rights Issue as set out in the section headed “Letter from the Board – Conditions of the Rights Issue” in this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Monday, 19 September 2022). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Capitalised terms used in this cover page have the same meanings as defined in this Prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 26 August 2022 to Friday, 2 September 2022 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 26 August 2022 to Friday, 2 September 2022 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The latest time for acceptance of and payment for the Rights Shares and for application is 4:00 p.m. on Wednesday, 7 September 2022. The procedure for acceptance and payment or transfer is set out on pages 17 to 18 of this Prospectus.

24 August 2022

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EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue and the Placing which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

First day of dealings in nil-paid Rights Shares in the new board lot size of 10,000 Rights Shares	Friday, 26 August 2022
Original counter for trading in board lots of 10,000 Shares (in the form of new share certificates) reopens.	Friday, 26 August 2022
Parallel trading in the Shares (in the form of both existing share certificates in board lots of 1,000 Shares and new share certificates in board lots of 10,000 Shares) commences	Friday, 26 August 2022
Designated broker starts to stand in the market to provide matching services for odd lots of the Shares	Friday, 26 August 2022
Latest time for splitting of the PALs	4:30 p.m. on Tuesday, 30 August 2022
Last day of dealings in nil-paid Rights Shares in the new board lot size of 10,000 Rights Shares	Friday, 2 September 2022
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Wednesday, 7 September 2022
Latest time for acceptance of and payment for the Rights Shares.	4:00 p.m. on Wednesday, 7 September 2022
Announcement of the number of Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Compensatory Arrangements.	Tuesday, 13 September 2022
Commencement of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent	Wednesday, 14 September 2022
Latest time of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares subject to Compensatory Arrangements.	4:00 p.m. on Friday, 16 September 2022

EXPECTED TIMETABLE

Designated broker ceases to provide matching services for odd lots of the Shares	4:00 p.m. on Friday, 16 September 2022
Temporary counter for trading in board lots of 1,000 Shares (in the form of existing share certificates) closes	4:10 p.m. on Friday, 16 September 2022
Parallel trading in the Shares (in the form of new and existing share certificates) ends.	4:10 p.m. on Friday, 16 September 2022
Latest Time for Termination	4:00 p.m. on Monday, 19 September 2022
Latest time for free exchange of existing share certificates for new share certificates	4:30 p.m. on Tuesday, 20 September 2022
Announcement of the allotment results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and ES Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and per ES Unsold Rights Share under the Compensatory Arrangements).	Thursday, 22 September 2022
Despatch of share certificates of fully-paid Rights Shares or refund cheques, if terminated	Friday, 23 September 2022
Expected first day of dealings in fully-paid Rights Shares in the new board lot size of 10,000 Rights Shares commence	9:00 a.m. on Monday, 26 September 2022
Payment of Net Gain to relevant No Action Shareholders (if any)	Monday, 3 October 2022

All times and dates in this Prospectus refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 7 September 2022. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 7 September 2022. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Wednesday, 7 September 2022, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

DEFINITIONS

In this Prospectus, the following expressions shall have the following meanings unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 24 May 2022 in relation to, among other things, the Share Consolidation, the Change in Board Lot Size, the Rights Issue and the Placing
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the Board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 5,000 Shares to 10,000 Shares
“Circular”	the circular of the Company dated 20 July 2022 in relation to, among others, the Share Consolidation, the Change in Board Lot Size, the Rights Issue and the Placing
“Company”	Progressive Path Group Holdings Limited (進昇集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Stock Exchange (stock code: 1581)

DEFINITIONS

“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the section headed “Procedures in respect of the Unsubscribed Rights Shares and ES Unsold Rights Shares and the Compensatory Arrangements” in this Prospectus
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 10 August 2022 at which the Share Consolidation, the Rights Issue, the Placing and the transactions contemplated thereunder were approved by the Independent Shareholders
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholders (if any) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons

DEFINITIONS

“Irrevocable Undertaking”	a letter of irrevocable undertaking executed by Profit Gold in favour of the Company, the principal terms of which are disclosed in the section headed “The Irrevocable Undertaking” in this Prospectus
“Last Trading Day”	Tuesday, 24 May 2022, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Announcement
“Latest Practicable Date”	17 August 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 7 September 2022 or such later time or date as may be determined by the Company, being the latest time for acceptance of the offer of and payment for the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the latest time for the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent, being the latest time to terminate the Placing Agreement
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Wing Hang (胡永恆), being the chairman of the Board and an executive Director
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and ES Unsold Rights Shares placed by the Placing Agent and/or its sub-placing agent(s) under the Placing Agreement) under the Compensatory Arrangements
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Excluded Shareholders (if any)

DEFINITIONS

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Tiger Faith Securities Limited, a corporation licensed to engage in type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 24 May 2022 (as supplemented on 13 July 2022) and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and ES Unsold Rights Shares
“Placing Period”	the period commencing from the fourth Business Day after the Latest Time for Acceptance and ending at 4:00 p.m. on the sixth Business day after the Latest Time for Acceptance
“PRC”	the People’s Republic of China, and for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Profit Gold”	Profit Gold Global Limited, a company incorporated in the BVI with limited liability
“Prospectus”	this prospectus dated 24 August 2022 and issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL

DEFINITIONS

“Prospectus Posting Date”	Wednesday, 24 August 2022 for the despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Excluded Shareholders
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Tuesday, 23 August 2022 or such other date as may be determined by the Company, being the date for determining entitlements of the Shareholders to participate in the Rights Issue
“Registrar”	Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	207,500,000 Shares to be allotted and issued pursuant to the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of the Company
“Share Consolidation”	consolidation of the issued and unissued Shares in the share capital of the Company on the basis of five (5) Shares of HK\$0.01 each into one (1) consolidated Share of HK\$0.05 each, which was effective on 12 August 2022
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.26 per Rights Share

DEFINITIONS

“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights, which do not include any Rights Shares to be provisionally allotted to Profit Gold for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this Prospectus
“%”	per cent.

LETTER FROM THE BOARD

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)

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

Registered office:

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman, KY1-1108

Cayman Islands

Principal place of business in Hong Kong:

Unit 1108, 11/F

Tuen Mun Central Square

No. 22 Hoi Wing Road

Tuen Mun

New Territories, Hong Kong

24 August 2022

*To the Qualifying Shareholders and,
for information only, the Excluded Shareholders (if any)*

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY ONE SHARE HELD ON THE RECORD DATE

INTRODUCTION

References are made to the Announcement and the Circular in relation to, among other matters, the Rights Issue and the Placing. On 24 May 2022, the Company proposed to raise gross proceeds of up to approximately HK\$54.0 million (assuming full subscription under the Rights Issue) by way of a rights issue of up to 207,500,000 Rights Shares at the Subscription Price of HK\$0.26 per Rights Share on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholder(s) (if any).

At the EGM, the resolution approving the Rights Issue, the Placing Agreement and the transactions contemplated thereunder was duly passed by the Independent Shareholders by way of poll. Profit Gold and its associates abstained from voting in favour of the resolution relating to the Rights Issue and the Placing Agreement at the EGM.

The purpose of this Prospectus is to provide you with, among other things, details of the Rights Issue, financial information and other general information of the Group.

LETTER FROM THE BOARD

RIGHTS ISSUE

Rights Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.26 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	207,500,000 Shares
Number of Rights Shares	:	up to 207,500,000 Rights Shares
Aggregated nominal value of the Rights Shares	:	Approximately HK\$10,375,000
Number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	:	Up to 415,000,000 Shares
Number of Rights Shares undertaken to be taken up	:	Profit Gold has undertaken to take up an aggregate of 122,199,000 Rights Shares under its assured entitlement (representing approximately 58.89% of the total Rights Shares proposed to be provisionally allotted by the Company) pursuant to the Irrevocable Undertaking
Maximum funds (before expenses) to be raised from the Rights Issue	:	Up to HK\$53,950,000

As at the Latest Practicable Date, the Group had no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible into or giving rights to subscribe for, convert or exchange into any Shares.

The 207,500,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 100% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

LETTER FROM THE BOARD

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and ES Unsold Rights Shares, which do not include any Rights Shares to be provisionally allotted to Profit Gold for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this Prospectus, will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code, or may result in the non-compliance by the Company of the Public Float Requirement under Rule 8.08 of the Listing Rules. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken-up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and/or (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company.

Subscription Price

The Subscription Price of HK\$0.26 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 17.46% to the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 42.22% to the theoretical closing price of approximately HK\$0.450 per Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.090 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE BOARD

- (iii) a discount of approximately 39.95% to the theoretical average closing price of approximately HK\$0.433 per Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.0866 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 26.76% to the theoretical ex-rights price of approximately HK\$0.355 per Share (after taking into account the effect of the Share Consolidation), based on the closing price of HK\$0.090 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 21.11%, represented by the theoretical diluted price of approximately HK\$0.355 per Share to the theoretical benchmarked price of HK\$0.450 per Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.090 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of the Announcement of approximately HK\$0.0858 per Share);
- (vi) a discount of approximately 72.69% to the unaudited consolidated net asset value per Share of approximately HK\$0.952 (based on the unaudited consolidated net asset value of the Company as at 30 September 2021 of approximately HK\$197.6 million and the total number of issued Shares after the Share Consolidation of 207,500,000); and
- (vii) a discount of approximately 73.58% to the audited consolidated net asset value per Share of approximately HK\$0.984 (based on the audited consolidated net asset value of the Company as at 31 March 2022 of approximately HK\$204.1 million and the total number of issued Shares after the Share Consolidation of 207,500,000).

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.25.

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing price of the Shares; (ii) the prevailing market conditions of the capital market in Hong Kong and the impact of COVID-19 pandemic; (iii) the latest business performance and financial position of the Group; and (iv) the reasons for and benefits of the Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” in this Prospectus.

Whilst the Subscription Price represents a discount of approximately 73.58% to the adjusted consolidated net asset value per Share of approximately HK\$0.984 (based on the

LETTER FROM THE BOARD

consolidated net asset value of the Company as at 31 March 2022 of approximately HK\$204.1 million and the total number of issued Shares after the Share Consolidation of 207,500,000), the Board is of the view that the net asset value per Share may not be an appropriate factor in determining the Subscription Price taking into consideration that based on the closing price of HK\$0.090 per Share as at the date of the Announcement, the Shares have been traded at a discount of approximately 54.3% to the net asset value per Share of approximately HK\$0.197 (based on the consolidated net asset value of the Company as at 31 March 2022 of approximately HK\$204.1 million and the total number of issued Shares prior to the Share Consolidation became effective). In addition, the price of the Shares has been in an overall downward trend during the six months prior to the date of the Announcement. Under the prevailing market conditions and economic sentiment and with reference to the recent market performance of the Shares, the Directors consider that it would be more practical and commercially reasonable to set a subscription price which is lower than the prevailing market price so as to encourage the Shareholders to participate in the Rights Issue.

The Directors consider that the discount of the Subscription Price as compared to the market price range is reasonable taking into consideration the followings:

- (i) the prevailing market conditions and economic sentiment in Hong Kong. The Hong Kong economy has been adversely affected by the fifth wave outbreak of COVID-19 since early 2022. The Hang Seng Index, which represents the most widely quoted indicator of the performance of the Hong Kong stock market, dropped from around 25,000 points in January 2022 to around 20,000 points in May 2022. Battered by the fifth wave of outbreak of COVID-19, the Hong Kong economy recorded a marked deterioration in the first quarter of 2022, with real gross domestic product (GDP) contracting by 4.0% year-on-year. Further, the volatility of the Hong Kong stock market has soared recently in light of the rates hikes in the United States, which is widely believed to have a negative impact on the global economy and financial markets;
- (ii) the discount in the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth and development of the Group; and
- (iii) based on arm's length negotiation with the Placing Agent, the Directors understand that the discount of the Subscription Price would help to secure sufficient investors' interests in the Rights Shares, taking into consideration (a) the general downward trend in the share price of companies principally engaged in the Hong Kong construction industry with an operating scale comparable to the Group that are listed on the Main Board of the Stock Exchange; (b) the level of discount in the subscription price in respect of rights issues completed within the six months prior to the date of the Placing Agreement by companies listed on the Main Board of the Stock Exchange with market capitalisation between HK\$60.0 million to HK\$100.0 million and a net asset value of HK\$50.0 million or above. In this regard, two listed issuers, namely Tongda Hong Tai Holdings Limited (stock code: 2363) and Future World Holdings

LETTER FROM THE BOARD

Limited (stock code: 572), were identified which match with the selection criteria and their rights issues represent a discount of approximately 20.83% and 23.23% to their respective theoretical diluted price per share, respectively; and (c) the deterioration in the macro-environments as explained above.

The Board considers, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Excluded Shareholders, the Company will send copies of this Prospectus to them for their information only, but no PAL will be sent to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder must at the close of business on the Record Date: (i) be registered on the register of members of the Company; and (ii) not be an Excluded Shareholder.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue. The Company will send this Prospectus (without the PAL) to the Excluded Shareholders for their information only.

Based on the register of members of the Company, as at the Latest Practicable Date, there was one Overseas Shareholder, namely Profit Gold (being a Controlling Shareholder), with registered address located in the BVI, which is interested in 122,199,000 Shares, representing approximately 58.89% of the total number of the existing issued Shares. Pursuant to Rule 13.36(2) of the Listing Rules, the Company has made enquiries with legal adviser as to BVI laws regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholder in the BVI. The legal advisers to the Company as to the BVI laws are of view that given the Rights Issue is made by the Company in Hong Kong and is being made by the Company to the Overseas Shareholder in the BVI solely by the reason that it is an existing Shareholder, there are no restrictions under securities law or other similar laws in the BVI which

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would prevent the Company from including the BVI Shareholder in the Rights Issue. Accordingly, the extension of the Rights Issue to Profit Gold and the offering of the Rights Shares to it will not violate any applicable law or regulations in the BVI. Based upon such advice, Profit Gold will not be excluded from the Rights Issue and Profit Gold shall therefore be a Qualifying Shareholder.

As the register of members of the Company is already closed as at the Latest Practicable Date and will remain closed up to the Record Date, there will be no additional Overseas Shareholder and hence no Excluded Shareholder on the Record Date.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Excluded Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every one (1) Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. There will be no excess application arrangements in relation to the Rights Issue.

No fractional entitlements to the Rights Shares

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Excluded Shareholders to the Rights Shares shall be issued to the Excluded Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company.

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Odd lots matching services

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, a designated broker, Tiger Faith Securities Limited, has been appointed by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share. Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot, may directly or through their brokers, contact Mr. Fung Chi Hei of Tiger Faith Securities Limited at Suite 1502, 15/F., The Chinese Bank Building, 61–65 Des Voeux Road Central, Hong Kong, (telephone number: (852) 3979 9000 and facsimile number: (852) 2117 3315) during office hours (i.e. 9:00 a.m. to 6:00 p.m.) from 9:00 a.m. on Friday, 26 August 2022 to 4:00 p.m. on Friday, 16 September 2022 (both days inclusive).

Holders of odd lots arising from the Rights Issue should note that successful matching of the sale and purchase of odd lots arising from the Rights Issue are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Application for the Rights Shares

The PALs relating to the Rights Shares are enclosed with this Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by not later than 4:00 p.m. on Wednesday, 7 September 2022. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**PROGRESSIVE PATH GROUP HOLDINGS LIMITED – RIGHTS ISSUE ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Wednesday, 7 September 2022, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

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If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Tuesday, 30 August 2022 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" below are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Friday, 23 September 2022.

No receipt will be issued in respect of any application monies received.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Friday, 23 September 2022. Refund cheques, if the Rights Issue is terminated, are expected to be posted on or before Friday, 23 September 2022 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

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Procedures in respect of the Unsubscribed Rights Shares and ES Unsold Rights Shares and the Compensatory Arrangements

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and ES Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 24 May 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to the independent placees on a best effort basis. As a result of the revisions to the expected timetable as set out in the announcement of the Company dated 7 June 2022, the Company and the Placing Agent entered into a supplemental placing agreement (the “**Supplemental Placing Agreement**”) on 13 July 2022 (after trading hours), to reflect the changes of the relevant dates for the Rights Issue as referred to in the Placing Agreement.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Friday, 16 September 2022, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and ES Unsold Rights Shares. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefits.

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Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares

Details of the Placing Agreement (as supplemented by the Supplemental Placing Agreement dated 13 July 2022) are summarised as follows:

Date : 24 May 2022 (after trading hours)

Issuer : The Company

Placing Agent : Tiger Faith Securities Limited was appointed as the Placing Agent to procure, on a best effort basis, places to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholders; and (ii) they are Independent Third Parties.

Placing Period : The period commencing from the fourth Business Day after the Latest Time for Acceptance and ending at 4:00 p.m. on the sixth Business Day after the Latest Time for Acceptance.

Commission and expenses : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong Dollars, of 1.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement.

Placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares shall be not less than the Subscription Price.

The final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares and ES Unsold Rights Shares during the process of placement.

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Placees : The Unsubscribed Rights Shares and ES Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.

Ranking of the placed Unsubscribed Rights Shares and ES Unsold Rights Shares : The placed Unsubscribed Rights Shares and ES Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of completion of the Rights Issue.

Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:

- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares;
- (ii) the Share Consolidation having become effective;
- (iii) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
- (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion of the Placing Agreement; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events.

The Placing Agent may, in its absolute discretion, waive the fulfilment of all or any or any part of the Conditions (other than those set out in paragraphs (i) to (iii) above) by notice in writing to the Company.

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In the event that the above condition precedents have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

As at the Latest Practicable Date, condition (ii) has been satisfied and the other conditions remained unfulfilled. For condition (iii) above, the Rights Issue has been approved by Independent Shareholders at the EGM held on 10 August 2022. However, the Company will need to obtain further approvals from relevant authorities in relation to the registration of this Prospectus and the listing of, and permission to deal in the Rights Shares, and hence condition (iii) above remained unfulfilled as at the Latest Practicable Date.

The engagement between the Company and the Placing Agent of the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of Placing Agreement in respect of the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed by the Placing Agent and/or its sub-placing agent(s) to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and ES Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole:

- (i) the arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and ES Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;

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- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The Placing Agent and its ultimate beneficial owner(s) (a) are not Shareholder; and (b) are Independent Third Parties; and
- (iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Excluded Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and ES Unsold Rights Shares to the Company.

Application for listing of the Rights Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lot size of 10,000 Rights Shares. No new class of securities is to be issued.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Stamp duty and other applicable fees

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

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Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of any person resulting from the purchase, holding or disposal of, or dealing in, the Rights Share in both their nil-paid and fully-paid forms.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) the passing of all the necessary resolution(s) at the EGM to approve the Share Consolidation, the Rights Issue, the Placing and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders (other than those who are required to abstain from voting according to the Listing Rules or other applicable laws and regulations if necessary);
- (ii) the Share Consolidation and the Change in Board Lot Size having become effective;
- (iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of the Prospectus Documents each duly signed by two Directors (or by their agents duly authorised in writing) in accordance with section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as having been approved by resolutions of the Directors (and all other documents required to be attached hereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares;
- (vi) compliance with and performance of all undertakings and obligations of Profit Gold under the Irrevocable Undertaking in all material respects;

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- (vii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events; and
- (viii) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed. As at the Latest Practicable Date, conditions (i) and (ii) have been fulfilled, conditions (iii) and (iv) above are expected to have been fulfilled on the Prospectus Posting Date and all the other conditions remain unfulfilled.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of the conditions of the Rights Issue set forth above. In the event that the Rights Issue is not fully subscribed and provided the Placing Agreement has not been terminated in accordance with the provisions thereof, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid Rights Shares together with the ES Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. In the event of any Unsubscribed Rights Shares or ES Unsold Rights Shares which are not placed under the Compensatory Arrangements, the Rights Issue will continue to proceed but such Unsubscribed Rights Shares or ES Unsold Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Meanwhile, in the event that the Rights Issue is not fully subscribed and the Placing Agreement is terminated for whatever reasons, the Rights Issue will not proceed.

For the avoidance of doubt, given the Placing will be proceeded on a best effort basis, there is no guarantee that all the Unsubscribed Rights Shares or ES Unsold Rights Shares could eventually be successfully placed by the Placing Agent.

The Irrevocable Undertaking

As at the Latest Practicable Date, Profit Gold, being a Controlling Shareholder, directly held 122,199,000 Shares (representing approximately 58.89% of the issued share capital of the Company as at the Latest Practicable Date). Profit Gold is a company wholly-owned by Mr. Wu, the chairman of the Board and an executive Director of the Company. On 24 May 2022, the Company received from Profit Gold the Irrevocable Undertaking, pursuant to which Profit Gold has irrevocably undertaken to the Company, among other things, that it:

- (i) shall not sell, transfer or otherwise dispose of the Shares held by it during the period from the date of the Irrevocable Undertaking up to and including the date on which the Rights Issue has become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier (both dates inclusive);

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- (ii) shall accept and subscribe, and procure its nominee(s) (if applicable) to accept and subscribe, in full for all the Rights Shares in which it is beneficially entitled under the Rights Issue on and subject to the terms and conditions of the Rights Issue provided that the total number of Rights Shares to be subscribed by Profit Gold under the Rights Issue will be scaled down to the extent that Profit Gold and its associate(s) will not trigger a general offer obligation under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and
- (iii) shall procure its nominee(s) (if applicable) to, lodge the PAL(s) despatched to it together with remittance for the full amount payable on acceptance in accordance with the instructions printed on this Prospectus and the PAL and, in any event, not later than the time specified therefor in the PAL.

Save for the Irrevocable Undertaking given by Profit Gold, the Company has not received, as at the Latest Practicable Date, any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in (i) construction works; and (ii) the provision of construction machinery rental services.

Assuming full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK\$54.0 million and the relevant expenses would be approximately HK\$2.0 million. The net subscription price per Rights Share is expected to be approximately HK\$0.25. Accordingly, the maximum net proceeds (after deducting the estimated expenses) of the Rights Issue are estimated to be approximately HK\$52.0 million.

The Company intends to use the net proceeds from the Rights Issue for the following purposes: (i) approximately 71.8% (or approximately HK\$37.3 million), will be used for the acquisition of air compressors in order to enhance the machinery fleet for rental; and (ii) approximately 28.2% (or approximately HK\$14.7 million) will be used as the general working capital of the Group.

In the event that there is an undersubscription of the Rights Issue, the use of proceeds raised from the Rights Issue will be allocated on a pro-rata basis for the purposes disclosed above, i.e. (i) approximately 71.8% of the net proceeds from the Rights Issue will be used for the acquisition of air compressors in order to enhance the machinery fleet for rental; and (ii) approximately 28.2% of the net proceeds from the Rights Issue will be used as the general working capital of the Group. Further details of the use of proceeds will be disclosed by the Company in the announcement of results of the Rights Issue.

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Growing demand for rental of air compressors

According to the Company's annual report for the year ended 31 March 2022 (the "**2021/22 Annual Report**"), the Group's total revenue increased by approximately 18.4% from approximately HK\$435.6 million for the year ended 31 March 2021 ("**FY2020/21**") to approximately HK\$515.9 million for the year ended 31 March 2022 ("**FY2021/22**").

In particular, the Group's revenue derived from construction machinery rental significantly increased by approximately 40.6% from approximately HK\$241.1 million for FY2020/21 to approximately HK\$338.9 million for FY2021/22, which was mainly attributable to the substantial increase in demand for construction machinery from certain infrastructure and reclamation projects in Hong Kong, such as the Three-Runway System and Terminal 2 Complex at the Hong Kong International Airport and the Tung Chung New Town Extension. In addition, the construction of community isolation and treatment facilities had also driven the demand for the Group's construction machinery rental services.

According to the 2021–22 Budget announced by the Hong Kong Government, the annual capital expenditure on infrastructure will reach approximately HK\$100 billion and approximately 14,000 transitional housing units will be introduced in the next few years. Taking into consideration the long term development of the Hong Kong construction industry in light of the 2021–22 Budget, the Directors consider that there will be an increase in demand for the Group's construction machinery rental services. In order to capture the growing demand for construction machinery rental services in Hong Kong, it is part of the Group's business strategy to enhance the diversity of its machinery fleet in order to strengthen its service capacity and enhance its market position in Hong Kong.

Recently, the Group has received enquiries from a number of customers for rental of air compressors to be used in different building construction projects. As at the Latest Practicable Date, the Group did not own any air compressors, and this has hindered the Group's ability in fulfilling its customers' demand for air compressors rental services. While the Group has not entered into any memorandum of understanding, contract or agreement with its customer in respect of air compressor rental services, the Directors consider that there is an imminent need for the Group to expand the diversity of its rental fleet through the acquisition of air compressors in light of the growing demand for rental of air compressors arising from certain sizeable construction projects in Hong Kong. The Directors believe that the enhancement of machinery fleet will enable the Group to cater to the demand of different building construction projects in Hong Kong and thereby capture the increasing demand for construction machinery rental services. Should the Rights Issue proceed according to the expected timetable as set out in the section headed "Expected Timetable" in this Prospectus, the Directors anticipate that the Group will commence its air compressors rental services by the fourth quarter of 2022.

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Benefits of acquisition of air compressors over sub-leasing from third-party machinery rental services providers

The Group owned a fleet of construction machinery for the provision of construction machinery rental services. Over the years, the Group has continued to expand the scale and selection of its machinery fleet so as to enhance its competency in fulfilling its customers' needs and requirements as different types of construction machinery are generally required at different stages and for different scope of construction works. In respect of the Group's construction machinery rental services, a large majority of construction machinery rented by the Group to its customers were self-owned construction machinery. The Group has on occasions sub-leased construction machinery from third-party machinery rental services providers to supplement its service capacity when its self-owned machinery has been under deployment or unavailable. The Directors consider that it is in the interest of the Group to adhere to its previous practice in giving priority to renting its self-owned construction machinery over sub-leased construction machinery to its customers.

Based on the aforesaid and in light of the growing demand for rental of air compressors, the Directors consider that it is in the interest of the Group to maintain its own air compressors for the provision of air compressors rental services as compared to sub-leasing from third-party machinery rental services providers taking into account the followings:

- (i) third-party machinery rental services providers generally factor in a profit margin in their fees charged to the Group for the provision of machinery rental services, thereby eroding the room of the Group in charging a mark-up for sub-leasing such machinery to its customers. Hence, the Directors are of the view that it is more cost-effective for the Group to acquire its own air compressors in providing air compressors rental services so as to maximise its profitability, while maintaining a competitive pricing for the provision of air compressors rental services; and
- (ii) based on past experience, the Group would sometimes be required by its customers to deploy the rented machinery within a relatively tight timeframe. The Directors believe that the acquisition of air compressors can increase the Group's flexibility in machinery deployment and reduce the risk of unavailability of air compressors from third-party machinery rental services providers, thereby facilitating the Group in fulfilling its customers' project schedule.

Funding needs of the Group

According to the 2021/22 Annual Report, the Group's interest-bearing liabilities increased by approximately 59.4%, from approximately HK\$114.3 million as at 31 March 2021 to approximately HK\$182.2 million as at 31 March 2022. Accordingly, the Group's gearing ratio increased from approximately 59.5% as at 31 March 2021 to approximately 89.2% as at 31 March 2022.

LETTER FROM THE BOARD

Taking into consideration the Group's indebtedness and gearing ratio, the Directors consider that it is financially prudent for the Group to strengthen its general working capital reserve through equity financing in the form of the Rights Issue. Part of the net proceeds from the Rights Issue will be used as general working capital of the Group to support its daily operating expenses which comprise, amongst others, labour costs, cost of materials and consumables, subcontracting charges, rental expenses and other miscellaneous expenses for its daily operations.

As aforementioned, it is part of the Group's business strategies to expand its rental fleet through the acquisition of air compressors in order to strengthen its service capacity and capture the increase in demand for construction machinery rental services. In view of the Group's bank balances and cash of approximately HK\$17.3 million as at 31 March 2022, the Directors consider that there is limited room for the Group to finance the acquisition of air compressors with its existing internal resources. Further, debt financing is not a preferred alternative as it will further increase the indebtedness and interest burden of the Group.

Rights Issue as the preferred fund raising activity of the Group

The Board has considered various ways of raising funds and believes that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs.

The Board has considered other fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue and offer Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

The Board considers that raising funds through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders; and (iii) immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholders other than Profit Gold which will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking, for illustration purposes only:

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder other than Profit Gold which will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and all remaining Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>
Profit Gold Global Limited ^(Note 1)	122,199,000	58.89	244,398,000	58.89	244,398,000	58.89
Independent places	–	–	–	–	85,301,000	20.55
Other public Shareholders	85,301,000	41.11	170,602,000	41.11	85,301,000	20.55
Total	207,500,000	100.00	415,000,000	100.00	415,000,000	100.00

Notes:

1. Profit Gold Global Limited is a company incorporated in the BVI with limited liability and is wholly-owned by Mr. Wu.
2. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

LETTER FROM THE BOARD

FUND RAISING EXERCISE IN THE PAST 12 MONTHS

The Company had not conducted any other equity fund-raising activities in the past twelve months immediately prior to the Latest Practicable Date.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations of the Group, some of which are beyond the Group's control. The Directors believe the significant risks relating to the business of the Group and the construction industry are as follows:

- (a) due to unexpected circumstances such as bad weather and geological issues, the actual time and costs incurred in construction projects may exceed the Group's estimation at the time of tender submission and the work in progress may be interrupted. Such variances could adversely affect the Group's operations and financial results;
- (b) the occurrence of accidents causing injury to the Group's employees or the Group's subcontractors' employees may give rise to employees' compensation claims and/or common law person injury claims. The handling of accidents and subsequent claims, litigations and other legal proceedings can be both costly and time-consuming, and may significantly divert the efforts and resources of the Group's management. Also, should any claim be successfully made against the Group, the Group may incur significant monetary liabilities, which may fall outside the scope and/or limit of its insurance coverage;
- (c) the Group relies on prompt settlement of progress payments, and timely release of retention monies by its customers to meet its payment obligations to suppliers;
- (d) the construction industry in Hong Kong is dominantly subject to the Hong Kong Government's large-scale infrastructure projects and it is not uncommon that such projects require prolonged process of legislative approval. Delays to public projects will affect the demand for the services of the Group, which may materially and adversely affect its financial position and operating results; and
- (e) the Group's business operations are subject to various laws and regulations on environmental protection and labour safety imposed by the Hong Kong Government, which may change from time to time. Such changes may increase the costs and burden for compliance for the Group. There is also no assurance that the Group will be in compliance with all the applicable laws and regulations at all times, which may result in fines, penalties, sanctions and liabilities as well as substantial costs in connection with remedial measures.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares have been dealt in on an ex-rights basis from Monday, 15 August 2022. Dealings in the Rights Shares in nil-paid form in the new board lot size of 10,000 Rights Shares are expected to take place from Friday, 26 August 2022 to Friday, 2 September 2022 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Please refer to the section headed “Conditions of the Rights Issue” in this Prospectus above.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any Shareholder or other person dealings in the Shares and/or the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

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

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 March 2020, 2021 and 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<https://www.hkexnews.hk/>) and the Company (<http://www.ppg.hk/>), respectively:

- (i) the audited consolidated financial information of the Group for the year ended 31 March 2020 is disclosed in the annual report of the Company for the year ended 31 March 2020 published on 14 July 2020, from pages 46 to 116 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0714/2020071401058.pdf>);
- (ii) the audited consolidated financial information of the Group for the year ended 31 March 2021 is disclosed in the annual report of the Company for the year ended 31 March 2021 published on 12 July 2021, from pages 47 to 112 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0712/2021071200239.pdf>);
and
- (iii) the audited consolidated financial information of the Group for the year ended 31 March 2022 is disclosed in the annual report of the Company for the year ended 31 March 2022 published on 26 July 2022, from pages 52 to 116 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0726/2022072600179.pdf>).

B. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2022, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following indebtedness:

(a) Bank Borrowings

The Group had an aggregate outstanding bank borrowings of approximately HK\$74,388,000 comprising:

- (i) Outstanding bank borrowings of approximately HK\$61,334,000 which are unsecured.
- (ii) Outstanding bank borrowings of approximately HK\$13,054,000 which are secured by a mortgage charged over the Group's ownership interest in leasehold land and building, the deposits and prepayments for life insurance and pledged deposits.

Except for unsecured bank borrowings of approximately HK\$15,669,000 (guaranteed by (i) the Company; (ii) HKMC Insurance Limited, a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited, which provided guarantees under the Small and Medium Enterprises Financing Guarantee Scheme; and (iii) personal guarantee provided by Mr. Wu Wing Hang, being the executive Director of the Company) all other borrowings are guaranteed by the Company.

Bank borrowings which are due for repayment after one year but contain the repayment on demand clause were classified as current liabilities.

(b) Lease liabilities

The Group had lease liabilities of (i) approximately HK\$110,256,000 in respect of finance leases for certain property, plant and equipment, which were secured by the lessor's title to the leased assets and the Group's pledged deposits; and (ii) approximately HK\$8,772,000 in respect of an operating lease under HKFRS 16 Lease.

(c) Contingent liabilities

As at 30 June 2022, one of the subsidiaries of the Group was involved in an ongoing employees' compensation claim; whereas another subsidiary of the Group was involved in an ongoing personal injury claim. The Directors considered that the possibility of any outflow in settling the legal claims was remote as these claims were well covered by insurance and subcontractors' indemnity. Accordingly, no provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case.

Save as disclosed above, and apart from intra-group liabilities and normal accounts payables in the ordinary course of business of the Group, as at 30 June 2022, being the latest practicable date for the purpose of preparing this statement of indebtedness, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowing (including but not limited to bank overdrafts and liabilities under acceptance (other than normal trade bills)), acceptance credits, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, any other mortgages and charges or any other material contingent liabilities or guarantees.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 June 2022 up to the Latest Practicable Date.

C. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least the next twelve (12) months following the date of this Prospectus.

D. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 March 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

With over 80% of the Hong Kong population being injected at least two doses of COVID-19 vaccine, the pandemic was under control and the economy has gradually recovered from the impact of COVID-19 pandemic. The Hong Kong construction industry has gradually returned to normal, and the revenue of the Group has also improved.

The Hong Kong Government has reiterated its commitment to continue investing in infrastructure to stimulate the Hong Kong economy in response to the impact of the pandemic. The Hong Kong Government continued its effort on both public and private sector housing, as well as the transitional housing. As mentioned in the Policy Address in 2021 of the Hong Kong Government, it is expected that the annual capital works expenditure will exceed HK\$100 billion in the coming years. Thus, the Group expects that construction projects will maintain at a stable level in the next few years, and the construction industry will rebound in the future.

Furthermore, the Group has replaced and enhanced its fleet of machinery to strengthen the Group's market position in Hong Kong to capture more sizeable and profitable projects and construction machinery rental business in the future, and at the same time, will closely monitor the negative effect from fierce competition amongst the competitors, together with the increasing direct material cost and labour wages, as well as the possibility of the outbreak of COVID-19 variants in the future. Hence, the Group is confident with its prospects for the next few years.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “**Unaudited Pro Forma Financial Information**”) which has been prepared in accordance with Paragraph 29 of Chapter 4 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the rights issue on the consolidated net tangible assets of the Group as if the rights issue had been taken place on 31 March 2022.

The Unaudited Pro Forma Financial Information has been prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022, as extracted from the annual report of the Company for the year ended 31 March 2022 and is adjusted to reflect the effect of the rights issue.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, based on the judgments and assumptions of the Directors of the Company, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 31 March 2022 or to any future dates following the completion of the rights issue.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in the annual report of the Company for the year ended 31 March 2022 and other financial information included elsewhere in the Prospectus.

	Audited consolidated net tangible asset of the Group attributable to owners of the Company as at 31 March 2022 HK\$'000 (Note 1)	Estimated net proceeds from rights issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2022 HK\$'000
Based on rights issue of 207,500,000 shares at subscription price of HK\$0.26 per rights share	204,126	51,998	256,124

**Unaudited pro forma
adjusted consolidated
net tangible assets of
the Group per share
attributable to owners
of the Company as at
31 March 2022**

Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to owners of the Company as at 31 March 2022 before the completion of the rights issue (*Note 4*)

HK\$0.98

Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributed to owners of the Company after the completion of the rights issue (*Note 5*)

HK\$0.62

Notes:

1. The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2022 were extracted from the consolidated statement of financial position of the Group as at 31 March 2022 included in the Group's published the annual report of the Company for the year ended 31 March 2022.
2. The estimated net proceeds from the rights issue of approximately HK\$51,998,000 are calculated based on gross proceeds of HK\$53,950,000 from the issue of 207,500,000 rights shares (the "**Rights Shares**") at the subscription price of HK\$0.26 per offer share (the "**Rights Issue**") and after deducting estimated underwriting fees and other related expenses of approximately HK\$1,952,000.
3. The 207,500,000 shares have been retrospectively adjusted from 1,037,500,000 existing shares at 31 March 2022, after taking into effect of the share consolidation by which every five existing shares have consolidated into one consolidated share on 12 August 2022 ("**the Share Consolidation**").
4. The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the owners of the Company prior to the completion of the Rights Issue is based on 207,500,000 shares in issue as at 31 March 2022 immediately after taking the effect of Share Consolidation completed on 12 August 2022.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

5. The number of shares used in calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company for the Rights Issue per share to be issued is as follow:

	Number of Shares
Issued and fully paid as at 31 March 2022	<u>1,037,500,000</u>
Number of shares of the Company upon the Share Consolidation	207,500,000
One Rights Shares to be issued for every one consolidated share on the record date	<u>207,500,000</u>
Number of shares of the Company after Right Issue share issue on the basis of one Rights Share for every one consolidated share on the record date	<u>415,000,000</u>

6. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as at 31 March 2022 immediately after the completion of the Rights Issue as if the Rights Issue had been completed on 31 March 2022, but does not take into account any shares which have been or may be issued upon the exercise of options granted under the share option scheme (if any) subsequent to 31 March 2022.
7. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2022.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this Prospectus, from the Company's reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong.



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

The Board of Directors
Progressive Path Group Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Progressive Path Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 March 2022, and related notes as set out on pages II-1 to II-3 of the Prospectus issued in connection with the proposed rights issue issued by the Company. The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the rights issue immediately after the completion of share consolidation on the Group's net tangible assets as at 31 March 2022 as if the rights issue had been taken place at 31 March 2022. As part of this process, information about the Group's consolidated net tangible assets has been extracted by the Directors from the Group's audited consolidated financial information as included in the annual report of the Company for the year ended 31 March 2022, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of the unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of the rights issue on unadjusted financial information of the Group as if the rights issue had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the rights issue at 31 March 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Chuen Fai

Practicing Certificate Number: P05589

Hong Kong

24 August 2022

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

(a) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>2,000,000,000</u> Shares		<u>100,000,000</u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
<u>207,500,000</u> Shares		<u>10,375,000</u>

(b) Immediately upon completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders)

<i>Authorised:</i>		<i>HK\$</i>
<u>2,000,000,000</u> Shares		<u>100,000,000</u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
<u>207,500,000</u> Shares		<u>10,375,000</u>
<u>207,500,000</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>10,375,000</u>
<u>415,000,000</u>	Shares in issue immediately upon completion of the Rights Issue	<u>20,750,000</u>

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holder of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Directors and chief executive's interests in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)), which were required to be 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 for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 to the Listing Rules are as follows:

Long position in the Shares

Name of Director	Capacity/ Nature of interest	Shares held	Approximate number of shareholding percentage
Mr. Wu Wing Hang	Interest in controlled corporation – Corporate interest (Note)	122,199,000	58.89%

Note: The 122,199,000 Shares are held by Profit Gold Global Limited (“**Profit Gold**”). Mr. Wu beneficially owns 100% of the entire issued share capital of Profit Gold and is deemed, or taken to be, interested in all the Shares held by Profit Gold for the purposes of the SFO. Mr. Wu is the director of Profit Gold.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations 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.

(b) Substantial Shareholders’ interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following parties (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares or debentures of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the Shares

Name	Capacity/ Nature of interest	Shares held/ interested in	Approximate number of shareholding percentage
Profit Gold	Beneficial owner <i>(Note 1)</i>	122,199,000	58.89%
Ms. Kwok Wai Sheung Melody (“ Ms. Kwok ”)	Interest of spouse <i>(Note 2)</i>	122,199,000	58.89%

Notes:

1. 122,199,000 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 122,199,000 Shares held by Mr. Wu under the SFO.

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares or debentures of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under Section 336 of the SFO.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2022, the date to which the latest published audited accounts of the Group were made up.

There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or Controlling Shareholders or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. LITIGATION

As at the Latest Practicable Date, one of the subsidiaries of the Group was involved in an ongoing personal injury claim (the "**Personal Injury Claim**") in relation to a work accident occurred at a project site of the Group in June 2018. On 28 June 2018, an employee of the Group was injured by falling object during the course of work and sustained right shoulder and neck injury. The claimed amount for the Personal Injury Claim is approximately HK\$0.4 million. The checklist review hearing for the Personal Injury Claim is scheduled to take place before the District Court of Hong Kong on 6 January 2023. Taking into consideration the Personal Injury Claim is covered by relevant insurance policy, the Directors consider that the Personal Injury Claim will not result in any material adverse impact on the Group's business operation and financial position. Save as disclosed above, as at the Latest Practicable Date, no member of the

Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this Prospectus:

- (i) the Placing Agreement;
- (ii) a supplemental placing agreement dated 13 July 2022 entered into between the Company and the Placing Agent in relation to the Placing Agreement; and
- (iii) the Irrevocable Undertaking.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this Prospectus or has given opinion, letters or advice contained in this Prospectus:

Name	Qualification
SHINEWING (HK) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letters and the reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2022, being the date to which the latest published audited accounts of the Company were made up.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming the Rights Issue is not fully-subscribed and any Unsubscribed Rights Shares and ES Unsold Rights Shares, which do not include any Rights Shares to be provisionally allotted to Profit Gold for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this Prospectus, are placed by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$2.0 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**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 committeeMr. Lee Man Tai (*Chairman*)

Mr. Wong Yiu Kit Ernest

Mr. Leung Ka Fai

Nomination committeeMr. Leung Ka Fai (*Chairman*)

Mr. Wu Wing Hang

Mr. Wong Yiu Kit Ernest

Remuneration committeeMr. Wong Yiu Kit Ernest (*Chairman*)

Mr. Wu Wing Hang

Mr. Lee Man Tai

Registered office

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

**Headquarter and principal place of
business in Hong Kong**

Unit 1108, 11/F.

Tuen Mun Central Square

No. 22 Hoi Wing Road

Tuen Mun

New Territories

Hong Kong

Authorised representatives	Mr. Wu Wing Hang Mr. Li Kin Fung (<i>HKICPA</i>)
Business address of all Directors and authorised representatives	Unit 1108, 11/F. Tuen Mun Central Square No. 22 Hoi Wing Road Tuen Mun New Territories Hong Kong
Company secretary	Mr. Li Kin Fung (<i>HKICPA</i>)
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal banker	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Central Hong Kong
Auditor	SHINEWING (HK) CPA Limited <i>Certified Public Accountants</i> 17/F, Chubb Tower Windsor House 311 Gloucester Road Causeway Bay, Hong Kong
Legal adviser to the Company as to Hong Kong laws	David Fong & Co. Unit A, 12th Floor China Overseas Building 139 Hennessy Road Wanchai, Hong Kong
Placing Agent	Tiger Faith Securities Limited Suite 1502, 15/F The Chinese Bank Building 61–65 Des Voeux Road Central Central, Hong Kong

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Wu Wing Hang (胡永恆) (“Mr. Wu”), aged 43, is the founder of the Group. Mr. Wu is also a member of the nomination and remuneration committee. He was appointed as a Director on 21 April 2016 and was designated as an executive Director on 13 July 2016. He was also appointed as the Chairman of the Group on 13 July 2016. He is currently responsible for overseeing the corporate strategy and operational management of the Group. Mr. Wu is also a director of all the subsidiaries of the Group. Mr. Wu has over 24 years of experience in the construction works and construction machinery rental service industry. He completed his secondary school education in City College in Hong Kong in 1995. In 2003, Mr. Wu established Luen Yau Construction Company. He established Luen Yau Construction Company Limited in December 2007 and served as its director. Mr. Wu is the spouse of Ms. Kwok Wai Sheung Melody, the human resources and administration manager of the Company. For Mr. Wu’s interest in the shares of the Company within the meaning of Part XV of the SFO, please refer to the section headed “3. Disclosure of interests” in this appendix.

Mr. Chan Tak Ming (陳德明) (“Mr. Chan”), aged 56, was appointed as Director on 31 May 2016 and was designated as an executive Director on 13 July 2016. He is currently responsible for overseeing the rental operation of the Group. Mr. Chan has over 37 years of experience in the construction works and construction machinery rental service industry. He completed his secondary school education in Oberlin College in Hong Kong in 1983. Mr. Chan joined the Group in August 2003 as a machine operator and was promoted to the position of head of machine rental department in July 2013.

Independent non-executive Directors

Mr. Wong Yiu Kit Ernest (黃耀傑) (“Mr. Wong”), aged 54, was appointed as an independent non-executive Director on 15 November 2016. He is also the chairman of the remuneration committee and a member of the audit and nomination committees of the Company. Mr. Wong has over 29 years of experience in venture capital, corporate finance, business development and general management. Mr. Wong has been the President and Group Chief Financial Officer of KVB Holdings Limited (formerly known as KVB Kunlun Holdings Limited) since November 2011.

Mr. Wong is currently an independent non-executive director of Aidigong Maternal & Child Health Limited (stock code: 286), Goldstone Investment Group Limited (stock code: 0901), Kwong Luen Engineering Holdings Limited (stock code: 1413) and Samson Paper Holdings Limited (stock code: 731).

Mr. Wong also served as the board director at Adamas Finance Asia Limited from May 2008 to June 2019, a company listed on the London Stock Exchange (LSE stock code: ADAM), and served as its chief financial officer from May 2008 to October 2011. Mr.

Wong also served as the chief financial officer of the Hong Kong Applied Science and Technology Research Institute Company Limited and the vice president of Vertex Management (HK) previously. Mr. Wong was an independent non-executive director of Legend Strategy International Holdings Group Company Limited (stock code: 1355) from November 2016 to September 2018, an independent non-executive director of China Regenerative Medicine International Limited (stock code: 8158) from February 2017 to August 2019, an independent non-executive director of China Wood International Holding Co., Limited (formerly known as HongDa Financial Holding Limited) (stock Code: 1822) from July 2014 to July 2020, an independent non-executive director of RENHENG Enterprise Holdings Limited (stock code: 3628) from October 2011 to June 2022. He was also an executive director of KVB Kunlun Financial Group Limited (currently known as CLSA Premium Limited)(stock code: 6877) from May 2018 to August 2019, and its chief financial officer and company secretary from October 2014 to August 2019.

Mr. Wong obtained a bachelor's degree in business administration from The University of Hong Kong, a master's degree of science in major programme management from the Saïd business school of the University of Oxford, a master's degree of science in investment management from The Hong Kong University of Science and Technology and a master's degree of science in electronic engineering from The Chinese University of Hong Kong. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. He is also the charter-holder of the Institute of Chartered Financial Analysts. He is the global council member of the Association of Chartered Certified Accountants and the former chairman of the Association of Chartered Certified Accountants Hong Kong, the former deputy chairman of the HKU Convocation and the past president of the Hong Kong University Graduates Association.

Mr. Lee Man Tai (李文泰) (“Mr. Lee”), aged 45, was appointed as an independent non-executive Director on 15 November 2016. He is also the chairman of the audit committee and a member of the remuneration committee of the Company.

In November 2000, Mr. Lee obtained his Bachelor degree in business administration from Lingnan University, Hong Kong. In November 2010, he further obtained a Master degree in business administration in financial services from The Hong Kong Polytechnic University. Mr. Lee was admitted as a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants in May 2012 and October 2012, respectively. He also obtained the qualification as a licensed representative and responsible officer for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO in 2017 and 2020, respectively.

Mr. Lee has over 20 years of experience in financial and auditing industries. He served as the chief financial officer and company secretary in several listed companies including China Yuanbang Property Holdings Limited, a listed company on the main board of Singapore Exchange Securities Trading Limited with stock code BCD between October 2006 to October 2012, China 33 Media Group Limited (stock code: 8087) between October 2012 and May 2014 and Flying Financial Service Holdings Limited (stock code: 8030) as the chief financial officer between July 2014 to April 2015 and company secretary between August 2014 to April 2015. He also served as the company secretary and financial controller of Chanco International Group Limited (with its name changed to China International Development Corporation Limited) (stock code: 264) from April 2015 to September 2015 and from April 2015 to January 2016, respectively. He has served as the chief financial officer and company secretary of State Innovation Holdings Limited (formerly known as Beaver Group (Holding) Company Limited) (stock code: 8275) since June 2021 and August 2021, respectively.

Mr. Lee is currently an independent non-executive director of China Energy Development Holdings Limited (stock code: 228), an independent non-executive director of Rizhao Port Jurong Co., Ltd (stock code: 6117) and an independent non-executive director of Yunhong Guixin Group Holdings Limited (stock code: 8349).

Mr. Leung Ka Fai (梁家輝) (“Mr. Leung”), aged 43, was appointed as an independent non-executive Director on 15 November 2016. He is also the chairman of the nomination committee and a member of the audit committee of the Company.

In October 2008, Mr. Leung obtained his Master degree in Chinese language and literature from The Hong Kong Polytechnic University. He further obtained a Postgraduate diploma in education (teaching in Chinese) from The Hong Kong Baptist University in November 2012 as well as a Master degree in Sociology from The Chinese University of Hong Kong in November 2014.

Mr. Leung has over 10 years of experience in management. He was a district council member of Sha Tin District Council from January 2008 to December 2019. He is a committee member of Yunfu City of the Chinese People’s Political Consultative Conference since January 2013. He served as a business director of Beta Field Capital Limited from December 2011 to February 2012 and an independent non-executive director of China Biotech Services Holdings Limited (formerly known as Longlife Group Holdings Limited) (stock code: 8037) from June 2013 to December 2017. He was also appointed as an independent non-executive director of China Investment Fund Company Limited (stock code: 612, formerly known as China Ding Yi Feng Holdings Limited) from 22 April 2016 to 20 July 2016 and subsequently appointed and redesignated as a non-executive director with effect from 31 October 2016.

Senior management

Ms. Kwok Wai Sheung Melody (郭慧嫦) (“Ms. Kwok”), aged 44, is the Company’s human resources and administration manager. She is currently responsible for human resources management, training and education of employees. Ms. Kwok is the spouse of Mr. Wu.

In 1995, Ms. Kwok completed her secondary school education in Ho Ngai Prevocational School (Sponsored by Sik Sik Yuen) in Hong Kong. Ms. Kwok has over 21 years of experience in the construction industry. She joined Luen Yau Construction Company in July 2003 as a human resources and administration manager. Prior to joining the Group, Ms. Kwok worked as a site clerk in Dickson Construction Co., Ltd. from September 1998 to December 2000 and China Harbour Engineering Co. from November 1997 to September 1998.

Mr. Li Kin Fung (李建鋒) (“Mr. Li”), aged 34, joined the Company as a finance manager in February 2018. Mr. Li was appointed as the company secretary and the chief financial officer of the Company with effect from 15 March 2022. Mr. Li is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the Hong Kong Chartered Governance Institute. He obtained a bachelor degree of Business Administration in Professional Accounting and Economics from The Hong Kong University of Science and Technology and a master degree in Corporate Governance from The Hong Kong Polytechnic University. He has over 11 years of experience in auditing, financial management and accounting. Prior to joining the Company, Mr. Li worked as an audit manager in the assurance department of an international audit firm.

13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised all of the 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 background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “12. Particulars of the Directors and senior management” in this appendix. The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the consolidated financial statements and the interim and annual reports of the Group, reviewing the terms of engagement and scope of audit work of the external auditor, and performing the corporate governance function.

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed “9. Expert and Consent” in this appendix, have been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

16. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk/>) and the Company (<http://www.ppggh.com.hk/>) during the period of 14 days from the date of this Prospectus:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 March 2020, 2021 and 2022;
- (c) the Placing Agreement;
- (d) the Supplemental Placing Agreement;
- (e) the accountant’s report on the unaudited pro forma financial information of the Group issued by SHINEWING (HK) CPA Limited, the text of which is set out in Appendix II to this Prospectus;
- (f) the material contracts referred to in the paragraph headed “8. Material contracts” of this appendix;
- (g) the written consent referred to in paragraph headed “9. Expert and consent” of this appendix;

- (h) the Irrevocable Undertaking; and
- (i) the Prospectus Documents.

17. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (c) In the event of any inconsistency, the English texts of this Prospectus and the accompanying PAL shall prevail over their respective Chinese texts.