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瑞港建設控股有限公司
PROSPER CONSTRUCTION HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6816)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “Board”) of directors (the “Directors”) of Prosper Construction Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 (the “Period”), together with the comparative figures for the corresponding period in 2023 (the “Previous Period”).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Unaudited	
		Six months ended 30 June	
		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	508,954	874,322
Cost of sales		(473,597)	(826,120)
Gross profit		35,357	48,202
Other gains/(losses), net	7	6,825	(2,336)
Provision for impairment losses on financial assets		(32)	(1,555)
Research and development expenses		(5,844)	(7,497)
Other administrative expenses		(56,768)	(48,531)
Operating profit		(20,462)	(11,717)
Finance income	8	271	228
Finance costs	8	(42,205)	(31,638)
Finance costs, net		(41,934)	(31,410)
Loss before income tax	6	(62,396)	(43,127)
Income tax credit/(expense)	9	3,367	(458)
Loss for the period		(59,029)	(43,585)
(Loss)/profit is attributable to:			
Owner of the Company		(53,588)	(49,349)
Non-controlling interests		(5,441)	5,764
		(59,029)	(43,585)

	Unaudited	
	Six months ended 30 June	
	2024	2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive loss		
<i>Item that may be reclassified subsequently to profit of loss</i>		
Currency translation differences	<u>(12,885)</u>	<u>(4,102)</u>
Other comprehensive loss for the period	<u>(71,914)</u>	<u>(4,102)</u>
Total comprehensive (loss)/income for the period is attributable to:		
Owner of the Company	(63,816)	(55,240)
Non-controlling interests	<u>(8,098)</u>	<u>7,553</u>
Total comprehensive loss for the period	<u>(71,914)</u>	<u>(47,687)</u>
Basic and diluted loss per share (HK cents)	<i>11</i> <u>(6.70)</u>	<u>(6.17)</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

		Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	12	305,439	322,114
Investment properties		12,416	13,654
Right-of-use assets		63,222	64,457
Goodwill		37,960	39,010
Intangible assets		14,055	15,363
Financial asset at fair value through profit or loss		–	1,246
Deposits and prepayments		21,410	25,918
Deferred income tax assets		1,843	–
		<u>456,345</u>	<u>481,762</u>
Current assets			
Inventory		19,522	21,004
Trade, retention and note receivables	13	1,052,496	1,188,649
Amounts due from fellow subsidiaries	13, 18(c)	1,196,375	1,173,138
Deposits, prepayments and other receivables	14	295,078	229,071
Contract assets		1,337,281	1,736,586
Time deposits with maturity over 3 months		10,488	8,384
Pledged bank deposits		20,000	31,053
Restricted cash		14,303	21,007
Cash and cash equivalents		292,450	144,950
		<u>4,237,993</u>	<u>4,553,842</u>
Total assets		<u><u>4,694,338</u></u>	<u><u>5,035,604</u></u>
EQUITY			
Capital and reserves			
Share capital	15	8,000	8,000
Reserves		243,246	307,063
		<u>251,246</u>	<u>315,063</u>
Non-controlling interests		<u>157,314</u>	<u>165,412</u>
Total equity		<u><u>408,560</u></u>	<u><u>480,475</u></u>

		Unaudited	Audited
		30 June	31 December
		2024	2023
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	<i>17</i>	402,729	78,423
Loan from an intermediate holding company		130,000	130,000
Lease liabilities		1,823	1,503
Deferred income tax liabilities		–	1,898
		<u>534,552</u>	<u>211,824</u>
Current liabilities			
Trade, retention and notes payables	<i>16</i>	1,801,391	2,366,505
Accruals and other payables		561,521	313,805
Contract liabilities		3,164	5,439
Amount due to a related company		186	386
Amounts due to fellow subsidiaries	<i>18(c)</i>	151,581	69,909
Loan from an intermediate holding company		15,852	15,852
Amount due to non-controlling interests		10,748	11,045
Borrowings	<i>17</i>	1,189,757	1,534,260
Lease liabilities		2,333	2,345
Income tax payable		9,856	18,929
Amount due to ultimate holding company		4,837	4,830
		<u>3,751,226</u>	<u>4,343,305</u>
Total liabilities		<u>4,285,778</u>	<u>4,555,129</u>
Total equity and liabilities		<u>4,694,338</u>	<u>5,035,604</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 6 October 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries provide marine construction services, auxiliary marine related services and general construction contracting services. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK\$") unless otherwise stated.

The condensed consolidated interim financial information of the Group for the six months ended 30 June 2024 has not been audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those described in the annual financial statements for the year ended 31 December 2023 ("2023 Financial Statements").

2.1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This interim condensed consolidated financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, the interim condensed consolidated financial information should be read in conjunction with the 2023 Financial Statements, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The preparation of this interim condensed consolidated financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim financial information, are disclosed in note 4 below.

2.2 Accounting policies

The accounting policies applied are consistent with those of the 2023 Financial Statements, as described in those annual consolidated financial statements, except for the estimation of income tax and the adoption of new and amended standards as set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) *New and amended standards adopted by the Group*

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) *Impact of standards issued but not yet applied by the Group*

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group.

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risk: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2023 Financial Statements.

There have been no changes in the risk management or any risk management policies since the year end.

3.2 Fair value estimation

The carrying amount of the Group's financial assets and liabilities, including cash and cash equivalents, pledged bank deposits, time deposits, trade and retention receivables, deposits and other receivables, amounts due from the other partner of a joint operation, and trade and retention payables, other payables, amount due to a related company and borrowings approximate their fair values, which either due to their short-term maturities, or that they are subject to floating rates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the critical accounting estimates and judgments applied were consistent with those described in the 2023 Financial Statements.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Rendering of services, recognised over time		
– Marine construction works	38,289	73,728
– Auxiliary marine related services	2,670	33,677
– General construction contracting services	467,995	766,917
	<u>508,954</u>	<u>874,322</u>

(b) Segment Information

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors regard the Group's business as three operating segments of marine construction works, auxiliary marine related services and general construction contracting services. They review financial information accordingly.

Segment revenue is measured in a manner consistent with that in the interim condensed consolidated statement of comprehensive income.

Segment assets mainly consist of current assets and non-current assets as disclosed in the interim condensed consolidated balance sheet except for unallocated cash and bank balances, income tax recoverable, and other corporate assets.

Segment liabilities mainly consist of current liabilities and non-current liabilities as disclosed in the interim condensed consolidated balance sheet except for income tax payable, deferred tax liabilities, borrowings, amounts due to related parties and certain corporate liabilities.

Profit or loss

	Marine construction works <i>HK\$'000</i>	Auxiliary marine related services <i>HK\$'000</i>	General construction contracting services <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended				
30 June 2024 (unaudited)				
Segment revenue from external customers	<u>38,289</u>	<u>2,670</u>	<u>467,995</u>	<u>508,954</u>
Segment results	(7,694)	(1,125)	363	(8,456)
Unallocated expenses				(7,852)
Depreciation of property, plant and equipment				(2,039)
Depreciation of right-of-use assets				(2,115)
Finance costs, net				<u>(41,934)</u>
Loss before income tax				(62,396)
Income tax credit				<u>3,367</u>
Loss for the period				<u>(59,029)</u>
Included in segment results are:				
Depreciation and amortisation	<u>(7,297)</u>	<u>(480)</u>	<u>(3,576)</u>	<u>(11,353)</u>
For the six months ended				
30 June 2023 (unaudited)				
Segment revenue from external customers	<u>73,728</u>	<u>33,677</u>	<u>766,917</u>	<u>874,322</u>
Segment results	2,415	(36,390)	29,767	(4,208)
Unallocated expenses				(3,331)
Depreciation of property, plant and equipment				(3,096)
Depreciation of right-of-use assets				(1,081)
Finance costs, net				<u>(31,411)</u>
Profit before income tax				(43,127)
Income tax expenses				<u>(458)</u>
Profit for the period				<u>(43,585)</u>
Included in segment results are:				
Depreciation and amortisation	<u>(5,896)</u>	<u>(4,686)</u>	<u>(4,420)</u>	<u>(15,002)</u>

Assets

	Marine construction works <i>HK\$'000</i>	Auxiliary marine related services <i>HK\$'000</i>	General construction contracting services <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 June 2024 (unaudited)				
Segment assets	631,693	18,712	3,661,008	4,311,413
Unallocated assets				<u>382,925</u>
Total assets				<u>4,694,338</u>
Additions to non-current assets	<u>-</u>	<u>-</u>	<u>1,071</u>	<u>1,071</u>
At 31 December 2023 (audited)				
Segment assets	640,124	57,477	3,927,401	4,625,002
Unallocated assets				<u>410,602</u>
Total assets				<u>5,035,604</u>
Additions to non-current assets	<u>20,383</u>	<u>35,419</u>	<u>4,629</u>	<u>60,431</u>

The information provided to chief operating decision maker with respect to total assets are measured in a manner consistent with that of the interim condensed consolidated financial information. These assets are allocated based on the operations of the segment.

Liabilities

	Marine construction works	Auxiliary marine related services	General construction contracting services	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 30 June 2024 (unaudited)				
Segment liabilities	87,781	353	2,427,192	2,515,326
Borrowings				1,592,485
Loan from an intermediate holding company				145,852
Income tax payable				9,856
Deferred tax liabilities				–
Unallocated liabilities				22,259
Total liabilities				<u>4,285,778</u>
At 31 December 2023 (audited)				
Segment liabilities	71,135	41	2,390,783	2,461,959
Borrowings				1,612,683
Loan from an intermediate holding company				145,852
Income tax payable				18,929
Deferred tax liabilities				1,898
Unallocated liabilities				313,808
Total liabilities				<u>4,555,129</u>

The Group's revenue from external customers attributable to the countries from which the Group derives revenue and information about its non-current assets excluding financial instruments and deferred income tax assets, located in the country of domicile are detailed below:

Revenue from external customers

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	38,750	74,242
Mainland China	467,995	766,917
Philippine	–	30,125
Indonesia	2,208	3,038
	<u>508,953</u>	<u>874,322</u>

The Group's information about its non-current assets including property, plant and equipment and investment properties located in the country of domicile are detailed below:

Non-current assets

Based on countries of domicile of companies holding the assets:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	191,502	200,069
Mainland China	114,583	122,730
Indonesia	6,699	7,399
Macao	5,071	5,570
	<u>317,855</u>	<u>335,768</u>

Based on physical location of the assets:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	123,579	142,901
Indonesia	6,699	7,399
Macao	20,247	6,466
Mainland China	125,515	143,505
Malaysia	11,813	–
Pakistan	–	22,019
Philippines	30,002	13,478
	<u>317,855</u>	<u>335,768</u>

6. LOSS BEFORE INCOME TAX

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff cost including directors' emoluments (<i>note</i>)	64,441	88,285
Auditor's remuneration	–	–
Cost of sales excluding direct staff costs	437,646	768,271
Depreciation of property, plant and equipment (<i>Note 12</i>)	13,395	13,681
Depreciation of right-of-use assets	2,115	1,081
Leases expenses relating to short-term leases and leases of low-value assets	11	198
Legal and professional fees	3,861	6,491
	<u>64,441</u>	<u>88,285</u>

Note:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Wages and salaries	53,643	76,095
Pension costs — defined contribution plans	5,291	10,441
Other employment benefits	5,507	1,749
	<u>64,441</u>	<u>88,285</u>
Charged to cost of sales	35,951	57,849
Charged to administrative expenses	28,490	30,436
	<u>64,441</u>	<u>88,285</u>

7. OTHER GAINS/(LOSSES), NET

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on disposal of property, plant and equipment	1,498	654
Foreign exchange gains/(losses)	5,538	(3,723)
Sundry (losses)/gains	(211)	733
	<u>6,825</u>	<u>(2,336)</u>

8. FINANCE COSTS, NET

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Finance income		
– Interest income on bank balances	271	228
Finance costs		
– Interest expense on bank loans	(42,099)	(31,524)
– Interest expense on lease liabilities	(106)	(114)
	<u> </u>	<u> </u>
Finance costs, net	<u>(41,934)</u>	<u>(31,410)</u>

9. INCOME TAX CREDIT/(EXPENSE)

The amount of income tax credited/(charged) to the interim condensed consolidated statement of comprehensive income represents:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong profits tax over provision in prior years	<u>–</u>	<u>–</u>
Indonesia income tax		
Withholding income tax	–	(84)
PRC corporate income tax		
Current income tax	–	(374)
Over provision in prior years	<u>3,367</u>	<u>–</u>
	<u>3,367</u>	<u>(458)</u>

Indonesia income tax is charged through a system of withholding taxes. Companies are required to withhold final income tax for construction works performance and interest income from bank deposits. The income tax has been provided at the rate of 3% of the construction income and 20% of the interest income from bank deposits for the six months ended 30 June 2024.

PRC corporate income tax has been provided at a rate of 25% on the estimated assessable profit for the six months ended 30 June 2024, except that Qingdao Honghai Curtain Wall Company Limited which satisfied as a High-New Technology Enterprise and is entitled to the preferential tax rate of 15% since 2019.

10. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (2023: Nil).

11. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Unaudited	
	Six months ended 30 June	
	2024	2023
Loss attributable to equity holders of the Company (HK\$'000)	(53,588)	(49,349)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share ('000)	800,000	800,000
Basic loss per share (HK cents)	(6.70)	(6.17)

(b) Diluted

Diluted loss per share is of the same amount as the basic loss per share as there were no potential dilutive ordinary shares outstanding at the period end.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture and fixtures	Office equipment	Machinery and equipment	Vessels	Motor vehicles	Construction- in-progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 June 2024								
(unaudited)								
Opening net book amount	91,318	39	4,942	32,750	190,383	2,682	-	322,114
Additions/(disposal)	-	-	305	703	-	(16)	368	1,360
Depreciation	(1,582)	(18)	(987)	(3,849)	(6,453)	(507)	-	(13,395)
Exchange differences	(4,801)	-	(65)	700	(430)	(44)	-	(4,640)
Closing net book amount	84,935	21	4,195	30,304	183,500	2,116	368	305,439
Six months ended 30 June 2023								
(unaudited)								
Opening net book amount	92,972	56	7,326	40,416	188,714	1,864	-	331,348
Additions/(disposal)	-	6	475	239	17,432	751	313	19,216
Depreciation	(1,597)	(13)	(1,192)	(3,960)	(6,622)	(297)	-	(13,681)
Exchange differences	681	-	(301)	(625)	278	(71)	218	180
Closing net book amount	92,056	49	6,308	36,070	199,802	2,247	531	337,063

13. TRADE, RETENTION AND NOTE RECEIVABLES, AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Trade receivables	977,331	976,345
Retention receivables	59,316	93,907
Note receivables	15,849	118,397
	<u>1,052,496</u>	<u>1,188,649</u>

The aging analysis of the trade receivables based on invoice date was as follows:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Within 1 year	350,203	722,566
1 to 2 years	304,778	189,299
Over 2 years	322,350	64,480
	<u>977,331</u>	<u>976,345</u>

Retention receivables were classified as current assets. The aging analysis of the retention receivables based on invoice date was as follows:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Within 1 year	1,380	3,715
Between 1 and 5 years	52,382	68,590
Over 5 years	5,554	21,602
	<u>59,316</u>	<u>93,907</u>

The credit period granted to trade customers other than for retention receivables was within 30 days to 90 days for marine construction works and auxiliary marine related services whereas there is generally no credit period granted to the customers for general construction services in the PRC. The terms and conditions in relation to the release of retention vary from contract to contract, which may be subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. The Group does not hold any collateral as security.

The ageing analysis of amounts due from fellow subsidiaries based on invoice dates was as follows:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	112,732	678,155
1 to 2 years	767,825	366,507
Over 2 years	315,818	128,476
	<u>1,196,375</u>	<u>1,173,138</u>

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited	Audited
	30 June	31 December
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits, prepayments and other receivables (<i>note</i>)	316,488	254,989
Less: non-current deposits	21,410	25,918
	<u>295,078</u>	<u>229,071</u>

Note: The balance mainly represents rental tendering, deposits for property, plant and equipment and other miscellaneous receivables.

15. SHARE CAPITAL

The Company's share capital as at 30 June 2024 and 31 December 2023 was as follows:

	Number of	Share
	shares	capital
		<i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised	4,000,000,000	40,000
	<u>4,000,000,000</u>	<u>40,000</u>
Issued and fully paid	800,000,000	8,000
	<u>800,000,000</u>	<u>8,000</u>

16. TRADE AND RETENTION PAYABLES

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Trade payables	1,791,706	2,345,891
Notes payables	1,823	13,114
Retention payables	7,862	7,500
	<u>1,801,391</u>	<u>2,366,505</u>

The credit period granted for trade payables and other payables was within 30 to 90 days.

The aging analysis of the trade payables based on invoice dates was as follows:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Within 1 year	448,963	2,164,385
Over 1 year	1,342,743	181,506
	<u>1,791,706</u>	<u>2,345,891</u>

The aging analysis of the notes payables based on invoice date was as follows:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Within 1 year	1,823	13,114

In the interim condensed consolidated balance sheet, retention payables were classified as current liabilities. The aging analysis of the retention payables based on invoice date was as follows:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Within 1 year	750	1,562
Between 1 year and 2 years	1,175	3,052
Between 2 years and 5 years	5,937	2,886
	<u>7,862</u>	<u>7,500</u>

17. BORROWINGS

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Non-current:		
Long-term bank loans	402,729	78,423
Current:		
Long-term bank loans due for repayment within one year	457	327,692
Short-term bank borrowings		
– secured	1,189,300	1,144,003
– unsecured	–	32,105
Other borrowings	–	30,460
	<u>1,189,757</u>	<u>1,534,260</u>
Total borrowings	<u><u>1,592,486</u></u>	<u><u>1,612,663</u></u>

- (a) Borrowings due for repayment after one year which contain repayment on demand clause were classified as current liabilities.

Based on the scheduled repayment terms set out in the loan agreements and ignoring the effect of any repayment on demand clause, the maturity of bank loans would be as follows:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Within 1 year	1,285,662	1,534,260
Between 1 year and 2 years	111,277	–
Between 2 years and 5 years	195,547	–
Over 5 years	–	78,423
	<u>1,592,486</u>	<u>1,612,683</u>
	<u>1,592,486</u>	<u>1,612,683</u>

- (b) The carrying amounts of the Group's borrowings were denominated in the following currencies:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
HK\$	323,020	321,119
MOP	37,961	37,961
RMB	1,231,505	1,253,603
	<u>1,592,486</u>	<u>1,612,683</u>
	<u>1,592,486</u>	<u>1,612,683</u>

- (c) The carrying amounts of the Group's borrowings approximated their fair value as the impact of discounting is not significant.

- (d) The Group's loan facilities are subject to annual review and secured or guaranteed by:
- (i) Project contracts executed by a subsidiary, guarantees of HK\$228,000,000 (31 December 2023: HK\$228,000,000) from the Company, pledged deposits of HK\$10,000,000 (31 December 2023: HK\$10,000,000) from the subsidiaries for a bank facility which covers loans of HK\$130,000,000 (31 December 2023: HK\$130,000,000) and performance bond facility of HK\$43,860,000 (31 December 2023: HK\$43,860,000) as at 30 June 2024.
 - (ii) Unlimited guarantees provided by the Company for bank facilities and pledged deposits of HK\$10,000,000 (31 December 2023: HK\$10,000,000) which covers loans of HK\$50,000,000 (31 December 2023: HK\$50,000,000) as at 30 June 2024.
 - (iii) Promissory notes in the amounts of MOP137,500,000 and MOP187,000,000 (31 December 2023: MOP137,500,000 and MOP187,000,000) respectively, guarantees in total amount of MOP225,000,000 (31 December 2023: MOP225,000,000), for a bank facility which covers loans of HK\$37,961,000 (31 December 2023: HK\$37,961,000) as at 30 June 2024.
 - (iv) Irrevocable and unconditional standby letter of credit from the related companies of the Company for a bank facility which covers loans of HK\$Nil (31 December 2023: HK\$110,660,000) as at 30 June 2024.
 - (v) Group's properties, plant and equipment and right-of-use assets with carrying amounts of HK\$70,550,000 (31 December 2023: HK\$90,710,000) and of HK\$27,971,000 (31 December 2023: HK\$29,049,000) for a bank facility which covers loans of HK\$79,535,000 (31 December 2023: HK\$78,423,000) as at 30 June 2024.
 - (vi) Guarantees of HK\$112,664,000 (31 December 2023: HK\$112,664,000) provided by a subsidiary for bank facilities which covers loans of HK\$87,259,000 (31 December 2023: HK\$87,259,000) as at 30 June 2024.
 - (vii) Unlimited guarantees provided by the ultimate holding company for bank facilities which covers loans of HK\$1,210,381,000 (31 December 2023: HK\$959,167,000) as at 30 June 2024.
 - (viii) Unlimited guarantees provided by the ultimate holding company together with a subsidiary for bank facilities which covers loans of HK\$90,498,000 (31 December 2023: HK\$96,648,000) as at 30 June 2024.

18. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- (a) The directors of the Company are of the view that the following companies were related parties that had transactions or balances with the Group during the six months ended 30 June 2024 and 2023:

Name of the related party	Relationship with the Group
Star Harvest Enterprise Limited	A related company wholly owned by Mr. Cui Qi
Concentric-Hong Kong River Joint Venture (“CHKRJV”) 香港瑞沃(澳門)工程有限公司 — 中基基礎工程 有限公司合作經營(“MCJO”)	A joint operation
Shenzhen Changsheng Marine Engineering Limited (“Shenzhen Changsheng”)	A related company controlled by Mr. Cui Qi
West Coast Investment (Hong Kong) Limited	An intermediate holding company of the Company
Qingdao Rongchuang Xifa Cultural Development Limited (青島融創西發文化發展有限公司) (“Rongchuang Xifa”)	A fellow subsidiary
Qingdao Xifa Cangmashan Infrastructure Investment Limited (青島西發藏馬山基礎設施建設投資有限公司) (“Xifa Cangmashan Infrastructure”)	A fellow subsidiary
Qingdao Xifa Cangmashan Construction Limited (青島西發藏馬山建設開發集團有限公司) (“Xifa Cangmashan Construction”)	A fellow subsidiary
Qingdao Xifa Properties Limited (青島西發置業有限公司) (“Xifa Properties”)	A fellow subsidiary
Qingdao West Coast New Village Development Limited (青島西海岸新農村社區建設有限公司) (“West Coast New Village District”)	A fellow subsidiary
Qingdao West Coast New District Development Limited (青島西海岸新區開發建設有限公司) (“West Coast New District”)	A fellow subsidiary
Qingdao West Coast Sky Construction Development Limited (青島西海岸天業建設發展有限公司) (“West Coast Sky”)	A fellow subsidiary

Name of the related party	Relationship with the Group
Qingdao West Coast Technology Innovation Development Co., Limited (青島西海岸科創投資開發有限公司) (“West Coast Technology Innovation”)	A fellow subsidiary
Qingdao Xifa Cangmashan Agricultural Development Limited (青島西發藏馬山農業發展有限公司) (“Xifa Cangmashan Agricultural”)	A fellow subsidiary
Qingdao Oriental Fashion Development Construction Limited (青島東方時尚開發建設有限公司) (“Oriental Fashion”)	A fellow subsidiary
Qingdao Blue Valley Medical Management Limited (青島藍色醫谷醫療管理有限責任公司) (“Blue Valley Medical Management”)	A fellow subsidiary
Qingdao Xifa Healthcare Limited (青島西發康養醫療有限公司) (“Xifa Healthcare”)	A fellow subsidiary
Qingdao Big Data Technology Development Limited (青島大數據科技發展有限公司) (“Big Data Technology Development”)	A fellow subsidiary
Beijing Film Academy Modern Creative Media College (北京電影學院現代創意媒體學院) (“Beijing Film Academy”)	A fellow subsidiary
Oriental Movie Metropolis Rongchuang Investment Limited (東方影都融創投資有限公司) (“Oriental Movie Metropolis”)	A fellow subsidiary
Qingdao West Coast Tianze Construction Development Limited (青島西海岸天澤建設發展有限公司) (“West Coast Tianze”)	A fellow subsidiary
Qingdao Haifa Tianqing Construction Limited (青島海發天清建設有限公司) (“Haifa Tianqing”)	A fellow subsidiary
Qingdao Aucma Refrigeration Appliance Co., Ltd. (青島澳柯瑪製冷電器有限公司) (“Aucma Refrigeration Appliance”)	A fellow subsidiary
Qingdao West Coast Financing Guarantee Limited (青島西海岸融資擔保有限公司) (“West Coast Financing”)	A fellow subsidiary
Qingdao Haifa Cultural (Group) Limited (青島海發文化(集團)有限公司) (“Haifa Cultural”)	A fellow subsidiary
Qingdao Xifa Zangmashan Agricultural Trade Co., Ltd. (青島西發藏馬山農貿有限公司) (“Xifa Agricultural Trade”)	A fellow subsidiary
Qingdao Haifa Hongrui Property Management Co., Ltd. (青島海發弘睿物業管理有限公司) (“Haifa Hongrui Property”)	A fellow subsidiary
China Haifa (Qingdao) Investment Co., Ltd. (中交海發(青島)投資有限公司) (“Haifa Investment”)	A fellow subsidiary

Name of the related party	Relationship with the Group
Qingdao Haifa City Investment & Development (Group) Limited (青島海發產城投資開發(集團)有限公司) (“Haifa City Investment”)	A fellow subsidiary
Qingdao Oceantec Valley Investment & Development Group Limited (青島藍谷投資發展集團有限公司) (“Qingdao Oceantec Valley”)	A fellow subsidiary
Qingdao Yingdu Film Museum Co. Limited (青島影都電影博物館有限公司) (“Yingdu Film Museum”)	A fellow subsidiary
Qingdao Film Academy (青島電影學院)	a fellow subsidiary
Qingdao Rongchuang Haifa Cultural Development Limited (青島融創海發文化發展有限公司) (“Rongchuang Haifa”)	a fellow subsidiary
Qingdao Dongfang Film and Television Industry Co.,Ltd (青島東方影都影視產業管理有限公司) (“Dongfang Film and Television Industry”)	a fellow subsidiary
Qingdao Haifa Commercial Management Co. Ltd Xingguang Island Commercial Operation Management Branch (青島海發商業管理有限公司星光島商業運營管理分公司) (“Haifa Commercial Management (Branch)”)	a fellow subsidiary
Qingdao Xifa Commercial Factoring Co. Limited (青島西發商業保理有限公司) (“Xifa Commercial Factoring”)	a fellow subsidiary

(b) **Transactions**

Save as disclosed elsewhere in the interim condensed consolidated interim financial information, the following transactions were carried out with related parties at terms mutually agreed by both parties pursuant to the agreements entered into between the Group and the respective related parties:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Construction project costs paid to Big Data Technology Development	5,731	2,857
Interest expenses to West Coast Investment (Hong Kong) Limited	2,011	3,545
	<hr/>	<hr/>
Construction project income from related parties:		
Xifa Properties	12,500	337
West Coast New District	17,079	125,736
Rongchuang Xifa	6,346	14,448
Xifa Cangmashan Construction	92	71
West Coast Sky	10,402	9,429
Oriental Fashion	6,873	26,584
West Coast Technology Innovation	20,605	42,465
Blue Valley Medical Management	1,299	53
Haifa Investment	29,269	28,020
Aucma Refrigeration Appliance	7,898	35,519
Xifa Commercial Factoring	9	49
Qingdao Film Academy	1,835	48,744
Haifa Tianqing	–	1,257
West Coast Tianze	183	2,124
Haifa City Investment	253	–
Haifa Commercial Management (Branch)	67	–
Qingdao Oceantec Valley	155	–
Dongfang Film and Television Industry	1,121	–
Yingdu Film Museum	365	–
Rongchuang Haifa	4,780	–
	<hr/> <hr/>	<hr/> <hr/>

(c) **Balances**

	Unaudited	Audited	
	30 June	31 December	
	2024	2023	Nature
	HK\$'000	HK\$'000	
Amounts due from fellow subsidiaries (note (i))	<u>1,196,375</u>	<u>1,173,138</u>	Trade
Amount due to ultimate holding company	(4,837)	(4,830)	Non-trade
Amounts due to fellow subsidiaries			
– Big Data Technology Development (note (ii))	(13,105)	(17,909)	Non-trade
– Xifa Cangmashan Agricultural (note (ii))	(140)	(145)	Non-trade
– Xifa Agricultural Trade	(144)	(134)	Non-trade
– Haifa Hongrui Property	(876)	(148)	Non-trade
– Xifa Commercial Factoring (note (iii))	<u>(137,316)</u>	<u>(51,573)</u>	Non-trade
	<u>(151,581)</u>	<u>(69,909)</u>	
Amount due to a related party			
Shenzhen Changsheng (note (iv))	<u>(186)</u>	<u>(386)</u>	Non-trade
Loan from an intermediate holding company			
West Coast Investment (Hong Kong) Limited (note (v))	<u>(145,852)</u>	<u>(145,852)</u>	Non-trade

Notes:

- (i) The amounts due from fellow subsidiaries were unsecured, interest free and generally has no credit period granted. The ageing of amounts due from fellow subsidiaries were within one year. The carrying amounts of amounts due from fellow subsidiaries approximated their fair values and were denominated in RMB.
- (ii) The amounts due to fellow subsidiaries were unsecured, interest free and no credit period was granted generally. The ageing of amount due to fellow subsidiaries were within one year. The carrying amount of amount due to fellow subsidiaries were approximated its fair value and were denominated in RMB.

- (iii) The amount due to Xifa Commercial Factoring represented the suppliers invoices factoring arrangement among the Group's suppliers and Xifa Commercial Factoring, where the Group's suppliers factor their invoices to the Group via Xifa Commercial Factoring and our payables to suppliers become payables to Xifa Commercial Factoring. There were no transaction between the Group and Xifa Commercial Factoring. The amount due to Xifa Commercial Factoring was unsecured, interest free and repayable within one year. The carrying amount of amount due to Xifa Commercial Factoring approximated its fair value and was denominated in RMB.
- (iv) The amount due to a related party was unsecured, interest free and repayable within one year.
- (v) Loans from an intermediate holding company of HK\$130,000,000 (2022: HK\$130,000,000) were guaranteed by the Company with fixed interest rate at 4.10% per annum (2022: 4.10% per annum), approximated their fair values, denominated in HK\$ and are repayable after one year from the balance sheet date.

Loan from an intermediate holding company of HK\$15,852,000 (2022: HK\$15,852,000) was guaranteed by the Company with fixed rate at 4.95% per annum (2022: 4.95% per annum), approximated its fair value, denominated in RMB and is repayable in 2023.

(d) Transactions with key management personnel

Key management include directors (executive and non-executive). The compensation paid or payable to key management for employee services is shown below:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, bonus and other allowances and benefits in kind	925	1,192
Pension costs — defined contribution plans	20	36
	945	1,228

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's general construction business segment remained affected by the bleak condition of the real estate market. As the progress of key on-going projects have reached the final stage and the launch of potential projects has been delayed, the downward trend in the Group's operation cycle continued during Period and revenue diminished further.

Performance of the Group's marine construction business segment also deteriorated during the Period, with no key marine projects launched in Hong Kong and Macao since year 2023. Furthermore, the Group has refrained from engaging in projects in Pakistan in view of the local political unrest and economic crisis since year 2022, while a sizeable project contracted by the Group in the Philippines has been suspended shortly after commencement due to force majeure factors. A few smaller projects in Hong Kong had been substantially completed by the end of 2023, while two other projects remained in a preliminary stage during the Period and did not contribute any substantial revenue.

Overall, the Group's revenue from the general construction business segment and marine construction business segment dropped by approximately 39% and 62% respectively for the Period, with over 90% of revenue derived from numerous projects, none of which individually accounted for over 5% of revenue.

Outlook

To alleviate exposure to potential risks associated with concentration in customer and region-specific economic conditions, the Group has worked proactively to broaden market coverage of its general construction business and has already secured a few relatively sizeable projects in the Guangdong and Hainan provinces which commenced during the Period and are expected to contribute additional revenue to the Group in the second half of the year 2024.

To curtail liquidity and credit risks, the Group also exerted additional effort on recovery of receivables and contract assets with encouraging results. In the marine construction business segment, the Group successfully obtained settlement for receivables and contract assets with carrying value of over HK\$40 million during the Period from a project completed over 6 years ago, while dispute resolution procedures are in active progress for another completed project. In the general construction business segment, the settlement and aging profile of receivables and contract assets also recorded improvement during the Period.

The Group envisages the strategy of expanding market coverage and enhancing working capital management will safeguard its resources and prepare itself to take on selected quality projects during the time of economic uncertainties.

Albeit having experienced a notable business contraction during the Period, the Group has on hand seven relatively sizeable projects with remaining contract sums totalling over HK\$3,000 million, the progress of which are expected to pick up in the second half of year 2024 and contribute additional revenue to the Group.

Financial Review

Revenue

The Group recorded revenue of HK\$509.0 million for the Period, representing a decrease of HK\$365.4 million or approximately 41.8% from the Previous Period as a result of (i) decrease in revenue from Marine Engineering segment by HK\$66.4 million or approximately 61.9%; and (ii) decrease in revenue from General Construction segment by HK\$298.9 million or approximately 39.0%.

The deterioration in results for the Period was mainly due to various market factors and constraints noted in the business review section of this announcement.

Cost of sales and gross profit

Cost of sales decreased by HK\$350.8 million or 42.6% to HK\$475.3 million for the Period, which generally coincided with the drop in revenue. Gross profit dropped by approximately 30.2% to HK\$33.7 million for the Period while gross profit margin increased slight to 6.6% for the Period, as compared to 5.5% for the Previous Period when relatively high level of preliminary expenditures were incurred on a project in the Philippines which affected gross profit margin.

Other gains/(losses)

The Group recorded other gains of HK\$6.8 million, which mainly comprised (i) foreign exchange gains of HK\$5.5 million mainly as a result of depreciation of Indonesia Rupiah against Hong Kong Dollars; and (ii) gain on disposal of property plant and equipment of HK\$1.5 million.

Research and development expenses

Research and development expenses reduced by HK\$1.7 million to HK\$5.8 million for the Period as less resources were allocated to the research and development of curtain wall engineering and construction technology.

Other administrative expenses

Other administrative expenses increased by HK\$8.2 million to approximately HK\$56.8 million for the Period as a result of (i) increase in maintenance and idling costs of vessels and machinery and equipment mainly in the marine construction business segment by HK\$17.5 million; (ii) decrease in profession and audit fees by HK\$2.6 million; (iii) decrease in administrative staff costs by HK\$1.9 million; and (iv) a general decrease of other expenses for PRC operations owing to depreciation of Renminbi against Hong Kong Dollars for the Period.

Finance costs

Finance costs increased by approximately HK\$10.6 million or 33.4% to HK\$42.2 million for the Period as a result of increase in bank borrowings in our PRC operations and general increase in interest rates.

Income tax expense

Income tax expense for the Period is substantially comprised of income tax on the Group's general construction contracting business in Qingdao, which is subject to PRC corporate income tax at a rate of 25%, except Honghai Curtain Wall is entitled to the preferential tax rate of 15% since year 2019.

Loss for the period

Owing to the substantial drop in gross profit for the Period, the increase in administrative expenses and finance costs, the Group recorded a loss after taxation of HK\$59.0 million for the Period, an increase of HK\$15.4 million from a loss of HK\$43.6 million for the Previous Period.

Property, plant and equipment

As at 30 June 2024, the Group owned a total of 40 units of marine vessels, 195 units of machinery and equipment, and an office building located in Qingdao, PRC.

There was no significant additions to property, plant and equipment during the Period.

Trade, retention and notes receivables

The Group's trade and retention receivables decreased by approximately HK\$136.2 million during the Period to HK\$1,502.5 million as at 30 June 2024, of which approximately HK\$218.1 million pertained to the Marine Engineering segment while approximately HK\$834.4 million pertained to the General Construction segment. Trade and retention receivables in the Marine Engineering segment mainly comprised of receivables for works on projects completed and pending settlement of final accounts. Trade receivables in the General Construction segment mainly comprised works performed pending certification by customers.

The Group's amounts due from fellow subsidiaries increased by approximately HK\$23.2 million to HK\$1,196.4 million as at 30 June 2024, which pertained to receivables for works on projects of the General Construction business segment pending settlement by the fellow subsidiaries.

There was a slight improvement in the aging profile of the Group's trade receivables balance and amounts due from fellow subsidiaries as at 30 June 2024; management will continue to exert additional efforts on recovery of these balances in the remaining part of year 2024.

There is no indication of substantial deterioration of recoverability of any of the Group's receivable balances.

Contract assets/liabilities

Contract assets represent amounts due from customers for contract works performed which had not been billed as at the end of the Period. The balance of contract assets as at 30 June 2024 for the Marine Engineering segment and General Construction segment was approximately HK\$196.2 million and HK\$1,141.1 million respectively. There is no indication of any disputes regarding contract assets balances in the General Construction segment.

Contract liabilities as at 30 June 2024 represent amounts due to contract customers for payment received in excess of revenue recognisable by the Group according to the progress achieved.

Liquidity, financial resources and capital structure

The Group's net current asset balance and net debt were approximately HK\$486.8 million (31 December 2023: HK\$210.5 million) and HK\$1,401.1 million (31 December 2023: HK\$1,553.1 million) respectively as at 30 June 2024. The Group's gearing ratio (calculated by dividing total debts by total equity) as at 30 June 2024 was 425.5% (31 December 2023: 366.0%). The increase in gearing during the Period was due to loss incurred during the Period which reduced the Group's equity balance. The maturity profile of the Group's borrowings is set out in note 17 to the interim condensed consolidated financial information.

Foreign exchange

Operations of the Group are mainly conducted in Chinese Renminbi ("RMB"), Hong Kong dollars ("HK\$"), Macao Patacas ("MOP"), United States dollars ("US\$") (together, the "Major Currencies"), Malaysian Ringgits ("MYR") and Indonesian Rupiahs ("IDR"). The Group did not adopt any hedging policy and the Directors consider that the exposure to foreign exchange risks can be mitigated by using the Major Currencies (i) as principal currencies in the Group's contracts with customers and (ii) to settle payments with its suppliers and operating expenses where possible. In the event that settlement from the Group's customer are received in a currency other than the Major Currencies, such currency will be retained for payment of operating expenditures only as required and the remaining foreign currency will be converted to HK\$ or US\$ promptly.

Employees and Remuneration Policies

The Group had 603 staff as at 30 June 2024 (31 December 2023: 660) and the total staff costs of the Group (including Directors' emoluments, salaries to staff, direct wages and other staff benefits included provident fund contributions and other staff benefits) for the Period was approximately HK\$64.4 million (Previous Period: HK\$88.3 million). The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group monitors the performance of individual employee on a continuous basis and rewards outstanding performance by salary revision, bonus and promotion as suited. The Group maintains a good relationship with its employees and has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

Capital Expenditures and Commitments

The Group generally finances its capital expenditures by cash flows generated from its operation and long-term bank borrowings.

During the Period, the Group invested approximately HK\$1.4 million in the acquisition of property, plant and equipment, which comprised approximately HK\$0.7 million in machinery and equipment and approximately HK\$0.3 million in office equipment, etc.

The Group had no material capital commitments as at 30 June 2024.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

Significant Investments Held

The Group had not held any significant investments during the Period.

Charges on Assets

As at 30 June 2024, deposits of not less than HK\$20 million (31 December 2023: HK\$31.1 million) were pledged to secure for the Group's bank borrowings.

Contingent Liabilities

Contingent liabilities in relation to performance bonds of construction contracts

As at 30 June 2024, the joint operations held by the Group have given guarantees on performance bonds in respect of construction contracts in the ordinary course of business, and the amounts shared by the Group were HK\$43.9 million (31 December 2023: HK\$43.9 million). The performance bonds as at 30 June 2024 is expected to be released in accordance with the terms of the respective construction contracts.

Involvement in litigation

The subsidiaries of the Group are the two of the three defendants to a litigation in which they are alleged to have caused damage to certain facilities of the plaintiff during a typhoon in 2018. The plaintiff is claiming damages for HK\$112 million subject to adjustments. As advised by the Group's independent legal advisor, the case is at an early stage before exchanging evidence and it is not possible to give a firm evaluation of the likelihood of the outcome or estimate the possible amount of loss, if any. Consequently, no provision in relation to the litigation has been made in the consolidated financial statements as at 30 June 2024 and 31 December 2023.

Share Option Scheme

The Company adopted a share option scheme on 22 June 2016 to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. No options have been granted, exercised or cancelled since then and up to 30 June 2024.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company, nor any of its subsidiaries, had purchased, sold or redeemed any of the Company's listed securities during the Period.

Corporate Governance Practices

The Company has adopted the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules ("CG Code") has complied with the code provisions throughout the Period, except that the role of chairman of the Board and chief executive officer of the Group were not segregated since 28 June 2022 and have been taken up by the same person, Mr. Jiang Hongchang until 26 June 2024. The Board has appointed executive Director Mr. Liu Yutao as chief executive officer effective from 27 June 2024 and has fully complied with the CG Code since then.

Directors' Securities Transactions

The Company has adopted the Model Code and all the Directors confirmed, upon specific enquiry made, that they complied with the Model Code during the Period and up to the date of this announcement.

Dividend

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend the payment of a dividend for the Period.

Events After End of the Period

No significant event has occurred subsequent to 30 June 2024 which would have material effect on the Group.

Audit Committee

The audit committee, comprising Mr. Cheung Chi Man Dennis (chairman of the audit committee), Ms. Chen Yan and Mr. Liu Junchun, each an independent non-executive Director, has reviewed the accounting standards and policies adopted by the Group and the unaudited interim condensed consolidated financial information of the Group for the Period and this results announcement.

By order of the Board
Prosper Construction Holdings Limited
Ni Chuchen
Executive Director

Hong Kong, 26 August 2024

As at the date of this announcement, the Board comprised executive Directors Mr. JIANG Hongchong (chairman of the Board), Ms. DONG Fang (deputy chairman of the Board), Mr. LIU Yutao, Mr. NI Chuchen, Mr. DU Jianzhi; and independent non-executive Directors Mr. CHEUNG Chi Man Dennis, Mr. CHEN Yan and Mr. LIU Junchun.