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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)

**ANNOUNCEMENT OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2024	2023	% change
	<i>HK\$'million</i>	<i>HK\$'million</i>	
Revenue	1,631.3	2,125.9	↓ 23.3%
Gross profit	130.1	181.1	↓ 28.1%
Gross margin	8.0%	8.5%	
Loss for the year	(150.7)	(181.6)	
(Loss)/profit attributable to:			
Equity holders of the Company	(159.1)	(188.9)	
Non-controlling interests	8.4	7.3	
Loss per share attributable to owners			
<i>(HK cents)</i>	(19.89)	(23.61)	

	As at 31 December		
	2024	2023	% change
	<i>HK\$'million</i>	<i>HK\$'million</i>	
Total assets	5,280.4	5,035.6	↑ 4.9%
Total equity	305.9	480.5	↓ 36.3%
Equity per share (HK\$)	0.38	0.60	

The board (the “Board”) of directors (the “Directors”) of Prosper Construction Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) presents the audited consolidated results of the Group for the year ended 31 December 2024 (the “FY2024”) together with comparative figures for the year ended 31 December 2023 (the “FY2023” or “Previous Year”) as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Revenue	3	1,631,308	2,125,871
Cost of sales		(1,501,180)	(1,944,774)
Gross profit		130,128	181,097
Other gains, net		11,422	1,489
Provision for impairment losses on financial assets		(61,298)	(86,775)
Research and development expenses		(21,089)	(22,556)
Other administrative expenses		(129,601)	(173,654)
Operating loss		(70,438)	(100,399)
Finance income		2,332	3,751
Finance costs		(85,210)	(71,465)
Finance costs, net		(82,878)	(67,714)
Share of results of an associate		(65)	—
Loss before income tax		(153,381)	(168,113)
Income tax credit/(expenses)	4	2,670	(13,522)
Loss for the year		(150,711)	(181,635)
(Loss)/profit attributable to:			
Equity holders of the Company		(159,101)	(188,898)
Non-controlling interests		8,390	7,263
		(150,711)	(181,635)
Loss per share for loss attributable to the equity holders of the Company:			
Basic and diluted loss per share (HK cents)	5	(19.89)	(23.61)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK\$'000	2023 <i>HK\$'000</i>
Loss for the year	(150,711)	(181,635)
Other comprehensive income		
<i>Item that will not be subsequently reclassified to profit or loss</i>		
Currency translation differences	–	5,156
<i>Item that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	(15,863)	(3,831)
Other comprehensive income for the year, net of tax	(15,863)	1,325
Total comprehensive income for the year	(166,574)	(180,310)
Total comprehensive income attributable to:		
Equity holders of the Company	(170,041)	(192,729)
Non-controlling interests	3,467	12,419
	(166,574)	(180,310)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		292,356	322,114
Investment properties		11,822	13,654
Right-of-use assets		56,946	64,457
Goodwill		37,586	39,010
Intangible assets		12,135	15,363
Deposits and prepayments		18,590	25,918
Financial asset at fair value through profit or loss		1,948	1,246
Interest in an associate		1,000	—
Deferred income tax assets		16,220	—
		<u>448,603</u>	<u>481,762</u>
Current assets			
Inventories		18,633	21,004
Trade, retention and notes receivables	7	1,264,295	1,188,649
Amounts due from fellow subsidiaries	7	1,204,120	1,173,138
Deposits, prepayments and other receivables		319,953	229,071
Contract assets	8	1,709,832	1,736,586
Time deposits with maturity over 3 months		2,114	8,384
Pledged bank deposits		116,204	31,053
Restricted cash		67,208	21,007
Cash and cash equivalents		129,406	144,950
		<u>4,831,765</u>	<u>4,553,842</u>
Total assets		<u>5,280,368</u>	<u>5,035,604</u>
EQUITY			
Capital and reserves			
Share capital	10	8,000	8,000
Reserves		137,022	307,063
		<u>145,022</u>	<u>315,063</u>
Non-controlling interests		<u>160,834</u>	<u>165,412</u>
Total equity		<u>305,856</u>	<u>480,475</u>

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings		350,098	78,423
Loan from an intermediate holding company		–	130,000
Lease liabilities		391	1,503
Deferred income tax liabilities		11,013	1,898
		<u>361,502</u>	<u>211,824</u>
Current liabilities			
Trade, retention and notes payables	9	2,620,382	2,366,505
Accruals and other payables	9	260,646	313,805
Contract liabilities	8	43,621	5,439
Amount due to ultimate holding company		34,849	4,830
Amounts due to fellow subsidiaries		80,473	69,909
Amounts due to related companies		13,882	386
Loan from an intermediate holding company		144,899	15,852
Amounts due to non-controlling interests		4,904	11,045
Borrowings		1,361,127	1,534,260
Corporate bonds		29,835	–
Lease liabilities		1,977	2,345
Income tax payable		16,415	18,929
		<u>4,613,010</u>	<u>4,343,305</u>
Total liabilities		<u>4,974,512</u>	<u>4,555,129</u>
Total equity and liabilities		<u>5,280,368</u>	<u>5,035,604</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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 principal place of business of the Company in Hong Kong is located at Room 03-08, 24/F, Shui On Centre, 6-8 Harbour Road, Wan Chai.

The Company is an investment holding company and its subsidiaries (together, the "Group") 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 consolidated financial statements are presented in Hong Kong dollars ("HK\$") unless otherwise stated.

2 BASIS OF PREPARATION AND ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARD ACCOUNTING STANDARDS ("HKFRS ACCOUNTING STANDARDS")

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS Accounting Standards"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS Accounting Standards") issued by the Hong Kong Institute of Certified Public Accountant ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets which are measured at fair value.

The preparation of consolidated financial statements in compliance with adopted HKFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

2.2 Going concern basis

The Group incurred a loss of HK\$150,711,000 for the year ended 31 December 2024. In addition, as at 31 December 2024, the Group has not complied with certain financial covenant requirements of bank borrowings with outstanding principal amounting to HK\$129,500,000. The non-compliance of financial covenants also triggered cross-defaults of certain other bank borrowings of the Group amounting to HK\$299,041,000 as at 31 December 2024. As a result, bank borrowings totalling HK\$428,541,000 as at 31 December 2024 have become repayable upon request by the banks and classified as current liabilities.

In view of such circumstances, when assessing the Group's ability to continue as a going concern for the purpose of the preparation of the consolidated financial statements, the directors of the Company have taken due and careful considerations on the Group's future liquidity and financial performance, and also available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company opined that, taking into account of the relevant banks have granted waivers to the Group in respect of the unsatisfied financial covenants before the date of authorisation of the consolidated financial statements, the Group will have sufficient working capital to finance its operations and to meet its financial obligations that will be due within next twelve months from the approval date of the financial statements. Accordingly, the directors consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate the business as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

2.3 Adoption of new and amendments to HKFRS Accounting Standards

In the current year, the Group has applied for the first time the following new and amendments to standards issued by the HKICPA, which are effective for the Group's financial statements for the annual period beginning on 1 January 2024.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Amendments to HKAS - 1 Non-current liabilities with covenants and amendments to HKAS 7 and HKFRS 7 – Supplier finance arrangements have been firstly adopted in these consolidated financial statements.

Except for the abovementioned, the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.4 New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective

The following new and amendments to HKFRS Accounting Standards have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosure ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective date to be determined by the HKICPA

The Group will apply the above new standards, revised framework and amendments to standards when they become effective. These new standards, revised framework and amendments to standards are not expected to have a material impact on the entity in the current or future reporting periods.

3 REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Rendering of services, recognised over time		
– Marine construction works	55,427	104,533
– Provision of auxiliary marine related services	4,205	69,528
– Provision of general construction contracting services	1,571,676	1,951,810
	<u>1,631,308</u>	<u>2,125,871</u>

4 INCOME TAX CREDIT/(EXPENSES)

The amount of income tax credited/(charged) to the consolidated statement of profit or loss represents:

	2024 HK\$'000	2023 HK\$'000
Hong Kong profits tax		
Current income tax	–	–
PRC corporate income tax		
Current income tax	(4,790)	(13,920)
Indonesia income tax		
Withholding income tax	(84)	(214)
Macao complementary income tax		
Current income tax	–	–
Deferred income tax	<u>7,544</u>	<u>612</u>
Income tax credit/(expenses)	<u>2,670</u>	<u>(13,522)</u>

- (a) Hong Kong profits tax has been provided at the rate of 8.25% on assessable profit up to HK\$2 million and 16.5% thereafter on the estimated assessable profit for the years ended 31 December 2024 and 2023.
- (b) Subsidiaries in the PRC are subject to corporate income tax (“CIT”) in accordance with the PRC CIT Law. According to the PRC CIT Law and the relevant regulations, the CIT tax rate applicable is 25% except for subsidiaries which qualify as High-New Technology Enterprises which are subject to a tax rate of 15%.
- (c) Indonesia income tax is charged through a system of withholding taxes. Companies are required to withhold final income tax for income of construction works performed and interest income from bank deposits. For the year ended 31 December 2024, income tax has been provided at the rate of 3% (2023: 3%) of the construction revenue and 20% (2023: 20%) of the interest income from bank deposits.
- (d) Macao complementary income tax has been provided at the rate of 12% (2023: 12%) on the estimated assessable profit for the year.

5 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 years.

	2024	2023
Loss attributable to equity holders of the Company (HK\$'000)	(159,101)	(188,898)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousands)	<u>800,000</u>	<u>800,000</u>
Basic loss per share (HK cents)	<u>(19.89)</u>	<u>(23.61)</u>

(b) Diluted

Diluted loss per share is the same as the basic loss per share as there were no potential dilutive ordinary shares during the year (2023: same).

6 DIVIDENDS

For the year ended 31 December 2024, no interim dividend was declared by the Company to its shareholders (2023: Nil).

There is no final dividend proposed to shareholders of the Company for the year ended 31 December 2024 (2023: Nil).

7 TRADE, RETENTION AND NOTES RECEIVABLES AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	1,289,969	1,073,911
Less: Loss allowance	(114,881)	(97,566)
Trade receivables — net	1,175,088	976,345
Retention receivables	84,724	100,045
Less: Loss allowance	(5,260)	(6,138)
Retention receivables — net	79,464	93,907
Notes receivables	10,611	119,650
Less: Loss allowance	(868)	(1,253)
Notes receivables — net	9,743	118,397
Trade, retention and notes receivables, net	1,264,295	1,188,649
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Amounts due from fellow subsidiaries – trade balances	1,205,323	1,178,116
Less: Loss allowance	(1,203)	(4,978)
Amounts due from fellow subsidiaries, net	1,204,120	1,173,138

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 the trade receivables based on invoice date was as follows:

	2024	2023
	HK\$'000	HK\$'000
Within 1 year	688,742	722,566
1 to 2 years	347,743	189,299
Over 2 years	138,603	64,480
	1,175,088	976,345

In the consolidated statement of financial position, retention receivables were classified as current assets. The ageing of the retention receivables based on invoice date was as follows:

	2024	2023
	HK\$'000	HK\$'000
Within 1 year	15,009	3,715
Between 1 and 5 years	62,793	68,590
Over 5 years	1,662	21,602
	79,464	93,907

The ageing of the notes receivables based on invoice date as follows:

	2024	2023
	HK\$'000	HK\$'000
Within 1 year	9,743	118,397
Between 1 and 5 years	–	–
Over 5 years	–	–
	9,743	118,397

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

	2024	2023
	HK\$'000	HK\$'000
Within 1 year	600,074	678,155
1 to 2 years	511,773	366,507
Over 2 years	92,273	128,476
	1,204,120	1,173,138

8 CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group has recognised the following assets and liabilities related to contracts with customers:

	2024 HK\$'000	2023 HK\$'000
Contract assets		
Provision of construction services – third parties	1,337,410	1,158,159
Provision of construction services – fellow subsidiaries	446,712	620,054
Less: Loss allowance	(74,290)	(41,627)
	<u>1,709,832</u>	<u>1,736,586</u>
Contract liabilities		
Provision of construction services	(43,621)	(5,439)
	<u>(43,621)</u>	<u>(5,439)</u>

9 TRADE, RETENTION AND NOTES PAYABLES, ACCRUALS AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	2,454,888	2,345,891
Notes payables	149,961	13,114
Retention payables	15,533	7,500
Accruals and other payables	260,646	313,805
	<u>2,881,028</u>	<u>2,680,310</u>

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

The ageing analysis of the trade payables based on invoice date was as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	1,327,080	2,164,385
Over 1 year	1,127,808	181,506
	<u>2,454,888</u>	<u>2,345,891</u>

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

	2024 HK\$'000	2023 HK\$'000
Within 1 year	149,961	13,114
	<u>149,961</u>	<u>13,114</u>

In the consolidated statement of financial position, retention payables were classified as current liabilities. The ageing of the retention payables based on invoice date was as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
Within 1 year	2,989	1,562
Between 1 year and 2 years	2,932	3,052
Between 2 years and 5 years	9,612	2,886
	15,533	7,500

10 SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares, authorised:		
At 31 December 2022, 2023 and 2024	4,000,000,000	40,000
Ordinary shares, issued and fully paid:		
At 31 December 2022, 2023 and 2024	800,000,000	8,000

11 CONTINGENT LIABILITIES AND DISPUTES

(a) Contingent liabilities in relation to performance bonds of construction contracts

As at 31 December 2024, a performance bond amounted to HK\$8,616,000 was given by a subsidiary of the Group in respect of a construction contract in the ordinary course of business. The performance bond is expected to be released in accordance with the terms of the respective construction contract for the customer.

As at 31 December 2023, certain subsidiaries of 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\$43,860,000. The performance bonds are expected to be released in accordance with the terms of the respective construction contracts. As at 31 December 2024, the performance bonds have been released during the year.

(b) Involvement in litigation

Two subsidiaries of the Group are 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 (2023: 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 31 December 2024 (2023: same).

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 the year ended 31 December 2024 ("FY2024") and revenue diminished further. To mitigate business risks associated with concentration in customer and region-specific economic conditions, the Group extended its business coverage to locations in the Guangdong and Hainan provinces during FY2024 and expects the broadened customer base and geographic coverage will heighten the Group's presence and competitiveness.

Marine construction market in Hong Kong and Macao remained slow, with limited marine projects launched since year 2023, leading to immense competition and pressure on pricing. 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 were suspended shortly after commencement due to force majeure factors. All aforesaid factors led to further deterioration of the Group's marine construction business segment during the FY2024. The Group is in process of recovering compensation from our employer of the Philippines project to recuperate cost incurred in preparation of the project.

Instead of engaging in excessive price competition amidst the current uncertain market condition, the Group focused effort to recover receivable balances and achieved encouraging results in FY2024, reaching a favourable arbitration award for a completed project in Hong Kong and worked with claims consultants and lawyers to instigate debts recovery actions for a few other projects through appropriate legal means. The Group was also in continuous negotiation with project owners and/or main contractors in the PRC to hasten repayment and explore other practicable settlement plan.

Revenue for the FY2024 comprised numerous projects none of which contributed 5% or more of the Group's revenue; amongst the top four revenue contributors for the FY2024, two were located in Qingdao and two were located outside of Qingdao.

Outlook and Prospects

The Group's general construction business segment had been actively expanding its geographic coverage and has successfully secured different types of projects in the southern region, including in Guangzhou, Fuzhou and Hainan, while simultaneously focused on photovoltaic-related projects (including construction of related industrial facilities, user-end related projects, curtainwall projects incorporating photovoltaic or energy-saving technologies, etc.). The Group also endeavours to enhance the coordination and synergy between its general construction and curtainwall businesses, aiming to reach into projects in the Middle East market. For the marine business, the Group will focus on developing overseas markets, mainly targeting business opportunities associated with projects by state-owned enterprises located abroad including composite development encompassing building construction, marine engineering and curtainwall components, in the Middle East and the Belt and Road region in Southeast Asia. Meanwhile, the Group has already despatched resources to explore potential project located in the United Arab Emirates in early 2025. Furthermore, the Group has recently commenced a new trading business, which is expected to provide stable source of revenue and cash flow.

The Group has the following key projects on hand as at 31 December 2024.

Nature	Location	Estimated remaining contract value
Public construction works	Qingdao	RMB439 million
Technology personnel residence	Qingdao	RMB431 million
Public infrastructure works	Qingdao	RMB429 million
Old complex redevelopment	Guangzhou	RMB265 million
Public construction works	Fuzhou	RMB222 million
Two residential projects	Linyi	RMB435 million
Curtainwall project	Mid-Asia country	RMB133 million
Pier repairs	Hong Kong	HK\$82 million

Financial Review

Revenue

The Group recorded revenue of HK\$1,631.3 million for the FY2024, representing a decrease of approximately 23.3% from FY2023 as a combined result of (i) a decrease in revenue from the Marine Business segment by approximately HK\$114.4 million or 65.7% and (ii) a decrease in revenue from the General Construction Business segment by approximately HK\$380.1 million or 19.5%.

The underlying reasons for the reduction in revenue in both the Marine Business and General Construction Business segments are discussed in the Business Review section of this announcement.

Cost of sales and gross profit

Cost of sales for the FY2024 decreased by 22.8% to HK\$1,501.2 million, which is generally consistent with the drop in revenue. Gross profit margin in FY2024 dropped to 8.0%, as compared to 8.5% for year 2023. Profit margin of the General Construction Business segment was relatively steady at 8.7% for FY2024 (FY2023: 9.0%), while on the other hand profit margin of the Marine Business segment decreased to a gross loss of 10.2% for FY2024 (FY2023: profit of 1.7%). The gross loss in the Marine Business segment was mainly due to unabsorbed fixed cost as a result of low business activities.

Provision for impairment losses on financial assets

The Group adopted a systematic approach in assessing the overall risk of default on its financial assets. Owing to uncertain economic conditions in the PRC and deteriorating credit outlooks in the real estate market, the Group adopted a relatively more conservative approach and higher default risk in assessment of impairment of its financial assets for the FY2024. Based on aforesaid assessment, a provision for impairment losses of HK\$61.3 million was recorded for the FY2024, which consisted of HK\$32.9 million for the General Construction Business segment and HK\$28.4 million for the Marine Business segment. The provision for impairment losses is estimation in nature and may be written back in future years upon realisation of underlying assets into cash and does not prejudice the Group's rights and position in respect of such assets.

Research and development expenses

Research and development expenses remained stable at HK\$21.1 million for the FY2024 and are related to the research and development of curtain wall engineering and construction technology.

Other administrative expenses

Other administrative expenses mainly comprised of staff costs, depreciation and amortisation and professional fees. Other administrative expenses decreased by HK\$44.1 million to HK\$129.6 million for the FY2024 mainly as a result of decrease in administrative staff cost by HK\$27.9 million, decrease in professional fees by HK\$3.4 million and decrease in leases expenses by HK\$6.4 million.

Income tax expenses

Income tax expenses for the FY2024 mainly comprised profits tax provision for operation in the PRC.

The Group's marine construction business in Macao is subject to Macao complementary income tax at a rate of 12%.

The Group's general construction contracting business in Qingdao is subject to PRC corporate income tax at a rate of 25% except for a subsidiary which qualify as High-New Technology Enterprises which are subject to a tax rate of 15%.

Operating loss, finance costs and profit before tax

Operating results for the FY2024 was hampered by the drop in revenue, further provision required for impairment of financial assets, but was partly alleviated by the reduction in other administrative expenses by HK\$44.1 million. Consequently, the Group's operating results for FY2024 dipped to a loss of HK\$70.4 million as compared to a loss of HK\$100.4 million for the FY2023.

Finance costs increased by approximately HK\$13.7 million for FY2024 as the Group relies on relatively high loan gearing to finance for its operation for the past two years.

Overall, the Group recorded a loss before tax of HK\$153.4 million for FY2024, as compared to a loss of HK\$168.1 million for FY2023.

Property, plant and equipment

As at 31 December 2024, the Group owned a total of 40 units of marine vessels, other construction machinery and equipment and an office building in Qingdao, PRC.

There was no material addition or disposal to property, plant and equipment during FY2024.

Trade, retention and notes receivables and amounts due from fellow subsidiaries

The Group's trade, retention and notes receivables increased by approximately HK\$75.6 million to HK\$1,264.3 million as at 31 December 2024, of which approximately HK\$188.1 million pertained to the Marine Business segment while approximately HK\$1,076.2 million pertained to the General Construction Business segment.

The Group's amounts due from fellow subsidiaries increased by approximately HK\$31.0 million to HK\$1,204.1 million as at 31 December 2024 and pertained to the General Construction Business segment which comprised of receivables for works on projects pending settlement by the fellow subsidiaries.

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 year. The balance of contract assets as at 31 December 2024 for the Marine Business and General Construction Business was approximately HK\$177.7 million and HK\$1,532.1 million respectively.

Contract liabilities as at 31 December 2023 and 2024 represent amounts due to contract customers for payment received in excess of revenue recognisable by the Group according to the progress achieved.

Liquidity, Capital Structure and Gearing

The Group's net current asset balance and net debt position as at 31 December 2024 was approximately HK\$218.8 million (31 December 2023: HK\$210.5 million) and HK\$1,571.0 million (31 December 2023: HK\$1,553.1 million) respectively. The Group's gearing ratio (calculated by dividing total debts by total equity) as at 31 December 2024 increased to 616.6% as compared to the Previous Year (31 December 2023: 366.0%).

- (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 borrowings would be as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 year	1,285,569	1,534,260
Between 1 and 2 years	248,999	–
Between 2 and 5 years	101,099	–
Over 5 years	75,558	78,423
	1,711,225	1,612,683

- (b) The weighted average interest rate during the year were as follows:

	2024	2023
Short-term bank loans	4.7%	5.2%
Long-term bank loans	4.6%	5.0%

Foreign Exchange

Operations of the Group was mainly conducted in Chinese Renminbi (“RMB”), Hong Kong dollars (“HK\$”), Macao Patacas (“MOP”), United States dollars (“US\$”) (together, the “Major Currencies”) 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.

Capital Expenditures

The Group generally finances its capital expenditures by cash flows generated from its operation and long-term bank borrowings. The Group did not incur any significant capital expenditures during the FY2024.

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 FY2024.

Significant Investments Held

The Group had not held any significant investments during the FY2024.

Charges on Assets

As at 31 December 2024, deposits of HK\$116.2 million (2023: HK\$31.1 million) were pledged to secure for the Group's bank borrowings.

Contingent Liabilities

Save for the disclosure set out in note 11 to this announcement, the Group has no material contingent liabilities.

Relationships with Employees, Customers and Suppliers

The Directors recognise that employees, customers and business partners are the keys to the sustainable development of the Group. The Group is committed to building a close and caring relationship with its employees and business partners and improving the quality of services to the customers.

Employees and remuneration policies

Employees are regarded as the most important and valuable assets of the Group. The Group ensures all staff is reasonably remunerated and its workers are provided with regular training courses on operation of different types of machinery, as well as work safety. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills.

The number of staff of the Group by functions as at 31 December 2024 and 2023 are as follows:

	As at 31 December	
	2024	2023
Management and administration	51	93
Accounting and finance	19	25
Human resources	11	6
Project management	85	318
Project execution	401	218
	<hr/>	<hr/>
	567	660
	<hr/> <hr/>	<hr/> <hr/>

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 FY2024 was approximately HK\$127.2 million (FY2023: HK\$188.6 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 of the employees by salary revision, bonus and promotion where suitable. The Group maintains a good relationship with its employees and has not experienced any significant problems with its employees due to labour disputes nor any difficulty in the recruitment and retention of experienced staff.

Customers and suppliers

The executive Directors and the Group's management team maintain frequent contact with both public and private sector participants in the construction industry in Hong Kong, Macao and overseas to keep abreast of market developments and potential business opportunities. Having been in operation in Hong Kong since 2001, and with the prior experience of the Group's senior management members in managing similar projects overseas, the Group has developed a good reputation in the construction industry. With the Group's experience in working with PRC state-owned construction enterprises and their branch offices in Hong Kong and overseas, the Group has up-to-date information regarding new business opportunities in infrastructure projects to be undertaken or tendered by such construction enterprises in Hong Kong, Macao and Southeast Asia. The Directors believe that the Group has maintained and will be able to continue to maintain good relationships with customers, potential customers, suppliers, subcontractors and other parties involved in the business. The Group also stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions.

Dividend

The board of Directors do not recommend payment of a dividend for the FY2024.

Environmental Policies

The Group is committed to environment conservation when undertaking its operation and has implemented various systems and measures to minimise the possibility of pollution and to preserve the marine ecological environment, which include but are not limited to the following:

- (i) identifying environmental protection requirements in project tender documents and assessing whether the Group has the capability to meet such requirements;

- (ii) taking into consideration the environmental impacts in project planning and the design of work method statements;
- (iii) equipping all of the Group's vessels with fuel leakage defence equipment for suppressing the spread of floating fuel spills in case of leakage;
- (iv) installing facilities as required to prevent contamination, such as silt curtains to prevent sediment pollution when carrying out land reclamation works and underwater bubble curtains to act as a noise barriers to reduce noise level from marine piling works; and
- (v) sorting excavated materials from dredging and excavation works for recycling use or disposal, and in case of contaminated sediment, disposing of the excavated materials at designated dumping area according to the relevant regulations.

The Group is accredited with ISO14001 and follows the procedures and requirements of the environmental management system in its operation. There had been no sanctions or penalties imposed on the Group for violation of any environmental laws or regulations during the FY2024.

Principal Risk and Uncertainty

The Group's operation is subject to general economic and market risks which may affect the competition and profitability of marine construction projects. Furthermore, the Group's ability to successfully bid for or execute projects is dependent on its ability to devise effective and efficient work methods and the availability of vessels and equipment. The Group's operation at overseas locations is susceptible to potential political unrests, changes in business, foreign investment, taxation and currency control regulations at such jurisdictions.

Significant Events After the Financial Year

No significant event has occurred after 31 December 2024 and up to the date of this announcement which would have a material effect on the Group.

Corporate Governance Practices

The Company is committed to maintain a high standard of corporate governance and considers that conducting business in an ethical and responsible manner will generate the highest level of benefits to its shareholders and the Group in the long term. The Board will continuously review and improve the Group's corporate governance practices in order to uphold a transparent and effective corporate governance function for the Group.

The Company has adopted the code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”) and has complied with the code provisions throughout the year 2024, except that the role of chairman of the Board and chief executive officer of the Group were not segregated and are taken up by the same person, Mr. Jiang Hongchang since 28 June 2022. The non-compliance has been rectified in June 2024 when Mr. Liu Yutao, an executive Director, was appointed chief executive officer of the Group in place of Mr. Jiang Hongchang, who remained as an executive Director and the chairman of the Board. The Board believes that the current arrangement will enhance the balance of power and authority within the Group.

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the “Model Code”) and all the Directors confirmed, upon specific enquiry made, that they complied with the Model Code throughout the FY2024.

The Company has also established guidelines no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company and there is no incident of non-compliance with such guidelines by the relevant employees throughout the FY2024.

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 year ended 31 December 2024.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the minimum public float required under the Listing Rules throughout the FY2024 and up to the date of this announcement.

Dividend Policy and Dividends

The Directors acknowledge the importance of stakeholders' engagement and would contemplate at least two times a year (prior to the announcement of annual and interim results) on the distribution of a dividend. While the Directors endeavour to share the Group's results with shareholders by way of a dividend, the portion and actual amount of distribution out of profits will be determined by the Directors having regard to a variety of factors, including but not limited to the Group's actual and expecting operating results and conditions, gearing level, general financial condition, availability of cash, future plans and funding needs for expansion.

The Directors do not recommend the payment of a dividend for the FY2024.

As at the date of this announcement, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the "Audit Committee") comprises the three independent non-executive Directors and is chaired by Mr. Cheung Chi Man Dennis who has appropriate professional qualifications and experience as required by Rule 3.10(2) of the Listing Rules.

The Audit Committee has reviewed this annual results announcement, the consolidated financial statements and the accounting policies adopted by the Group for the year ended 31 December 2024.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange and the Company, and the annual report of the Company for the FY2024 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company by electronic means (or in printed copy upon request) and published on the respective websites of the Stock Exchange and the Company by end of April 2025.

By order of the Board of
Prosper Construction Holdings Limited
Zhou Hongbao
Executive Director

Hong Kong, 31 March 2025

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