



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

2020

Interim Report





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Management Discussion and Analysis

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 2020 (the “Period”), together with the comparative figures for the corresponding period in 2019 (the “Previous Period”). These information should be read in conjunction with the annual report of the Company for the year ended 31 December 2019.

BUSINESS REVIEW

The Group has completed acquisition of 80% equity interests in Qingdao Dongjie Construction Engineering Co., Ltd.* (青島東捷建設工程有限公司) (“Dongjie Construction”), which is principally engaged in general construction contracting business in the People’s Republic of China (the “PRC”), in January 2020 and the Group has since expanded its operations into the construction market in the PRC. A breakdown of the Group’s revenue by geographic location and major projects for the Period is set out in the table below.

	Revenue recognised for the Period HK\$ million	Contribution to total revenue	Current status
Marine construction works and auxiliary marine related services (collectively, the “Marine Business”)			
Macao			
Two land reclamation projects	94.1	19.0%	In progress; expecting completion by around mid-2022.
Engineering, procurement & construction for electricity generating facility project	22.6	4.6%	In progress; expecting completion in year 2022.
Vietnam			
Auxiliary marine services for electricity generating facility	65.9	13.3%	In progress; expecting completion in year 2020.
Pakistan			
Auxiliary marine services for port authority	28.5	5.8%	In progress; expecting completion in year 2022.
Other auxiliary marine services	1.1	<1.0%	
Other locations			
Marine construction works	1.5	<1.0%	
Auxiliary marine services	25.3	5.1%	Various projects in Cambodia, Hong Kong and Bangladesh.
General construction contracting services (the “General Construction Business”)			
Qingdao			
Landong & Lanxi re-development projects	199.5	40.3%	In progress; expecting completion in year 2022.
Other smaller general construction projects	57.0	11.5%	
Total	495.5		

Management Discussion and Analysis (continued)

As noted above, revenue derived from Qingdao, PRC contributed approximately HK\$256.5 million or 51.8% of the Group's revenue for the Period since the acquisition of Dongjie Construction; in particular, the two key projects undertaken by the Group in Qingdao during the Period, namely the Landong and Lanxi re-development projects, were derived from companies controlled by the Company's controlling shareholder Qingdao West Coast Development (Group) Limited* (青島西海岸發展(集團)有限公司) ("QD West Coast Group"). The Group also achieved favourable progress in its reclamation project in Macao and has been awarded various new marine projects in Macao during the Period, including a dumping project, a dredging project, a pipe-laying project and a marine piling construction project. Meanwhile, marine construction activities in Hong Kong remained at low level and exploration and negotiation of overseas projects, such as in Pakistan, Indonesia and the Philippines, have reduced owing to the prolonged period of coronavirus disease ("COVID-19") outbreak and travel restrictions at various countries and locations.

OUTLOOK AND PROSPECTS

The status of the Group's key projects on hand as at 30 June 2020 is as below.

	Location	Estimated remaining contract value HK\$ million	Expected time of completion
Project(s) that have already commenced as at 30 June 2020			
Land reclamation projects	Macao	428.5	By around mid-2022
EPC contract for a electricity generation facility	Macao	493.6	By end of year 2022
Auxiliary marine related services	Vietnam	68.9	Fourth quarter of year 2020
Auxiliary marine related services	Pakistan	114.4	By around mid-2022
The Landong and Lanxi re-development projects	Qingdao City	928.0	End of year 2022
Commercial complex construction project	Qingdao Lingshan Bay Culture Industry Area	105.5	Second quarter of year 2022
Office building construction project	Qingdao West Coast New Area	221.8	Third quarter of year 2021
Project(s) commencing or newly awarded after 30 June 2020			
Dumping project	Macao	54.5	By end of year 2022
Dredging and dumping	Macao	33.1	By around mid-2023
Marine structure construction	Macao	114.1	By around mid-2023
Four supportive municipal facilities projects	Qingdao West Coast New Area	85.3	Second and third quarter of year 2021

Management Discussion and Analysis (continued)

With its established business track record, the Group further strengthened its business presence in Macao and the number and value of projects on hand in Macao achieved a new high during the Period. Furthermore, the Group's newly acquired general construction contracting operation in Qingdao had an encouraging start during the Period with the support from the QD West Coast Group. Given that the QD West Coast Group is principally engaged in infrastructure construction, land development, real estate development and other industrial investment and operations, it is anticipated that the Group's general construction contracting operation will continue to enjoy synergy and benefit from potential new development projects to be launched by the QD West Coast Group.

However, the progress of projects on hand and the launch of new projects, both in the marine construction segment and general construction contracting segment, has experienced various levels of delays as a result of the COVID-19 outbreak and such impact may extend into the latter part of year 2020. Management is closely monitoring the development of the COVID-19 situations and disease control policies for any potential impacts on the Group's operations. In the long run and looking beyond the COVID-19 situations, the fundamentals of the Group's business remain robust.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of HK\$495.5 million for the Period, representing an increase of approximately 188.5% from the Previous Period as a combined effect of (i) an approximately HK\$38.2 million increase in revenue from marine construction works, mainly from projects in Macao; (ii) an approximately HK\$29.1 million increase in revenue from provision of auxiliary marine related services, mainly from Vietnam; and (iii) new source of revenue from general construction contracting services generated from Qingdao amounting to approximately HK\$256.5 million for the Period. A breakdown of the Group's revenue from major projects and by geographic location is set out in the section headed "Business Review" above and in note 5 of the interim condensed consolidated financial information.

Cost of sales and gross profit

Cost of sales for the Period increased by 198.5% to HK\$461.0 million; the percentage increase in cost of sales is higher than the increase in revenue as (i) a lower proportion of revenue was derived from auxiliary marine services, which generally yields a higher profit margin as less direct costs are required as compared to marine construction works; (ii) additional costs incurred owing to delay or temporary suspension of projects and extra site management procedures as a result of the COVID-19 outbreak; and (iii) the nature of Group's newly acquired general construction contracting business in Qingdao required a high proportion of subcontracting works and therefore yielded a relatively lower profit margin as compared to marine construction business..

As a result, while the gross profit for the Period increased by HK\$17.2 million or approximately 99.3% to HK\$34.5 million driven by the growth in revenue, the gross profit margin of the Group declined to 7.0% for the Period, as compared to 10.1% for the Previous Period.

Other administrative expenses

Other administrative expenses for the Period increased to approximately HK\$21.7 million for the Period as compared to approximately HK\$10.2 million for the Previous Period as a result of (i) administrative expenses in the ordinary operation of the newly acquired Dongjie Construction; and (ii) legal and professional fees incurred for the acquisition of Dongjie Construction and handling of connected transactions entered into during the Period.

Management Discussion and Analysis (continued)

Income tax expense

The Group incurred relative low level of income tax expenses for the Period and Previous Period as revenue sourced from certain overseas locations qualified for favourable tax treatment or the Group's customer had agreed to take up the tax liability and as the Group concluded a tax treatment review with the relevant tax authority and successfully recovered HK\$5.5 million of income tax during the Previous Period. The Group's general construction contracting business in Qingdao is subject to PRC corporate income tax at a rate of 25%.

Profit for the Period

As a results of all aforesaid factors, the Group's profit for the Period increased to HK\$7.6 million, which is in increase of 8.7% from HK\$7.0 million for the Previous Period.

Plant and equipment

As at 30 June 2020, the Group owned a total of 42 units of construction vessels and 74 units of machinery and equipment.

The Group did not carry out material acquisition or disposal of plant and equipment during the Period.

Trade and retention receivables

The Group's trade and retention receivables increased by approximately HK\$477.1 million to HK\$722.5 million as at 30 June 2020, of which approximately HK\$271.8 million pertained to the Marine Business segment while approximately HK\$450.7 million pertained to the General Construction Business segment. Trade and retention receivables in the Marine Business mainly comprised of receivables for works on projects already completed and pending settlement of final accounts. Trade receivables in the General Construction Business mainly comprised works performed pending certification by customers. There is presently no indication of possible default on 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 reporting period. The balance of contract assets as at 30 June 2020 for the Marine Business and General Construction Business was approximately HK\$95.3 million and HK\$101.0 million respectively. Majority of the contract assets in the Marine Business was related to three completed projects in Hong Kong which were pending the finalisation of project account.

Contract liabilities represent amounts due to contract customers for payment received in excess of revenue recognisable by the Group according to the progress achieved on the contract works.

Liquidity, financial resources and capital structure

The Group maintained a healthy liquidity position with net current asset balance and net debt position of approximately HK\$256.4 million (31 December 2019: HK\$301.6 million) and HK\$21.6 million (31 December 2019: net cash position of HK\$132.2 million) respectively as at 30 June 2020. The Group's gearing ratio (calculated by dividing total debts by total equity) as at 30 June 2020 was 46.2% (31 December 2019: 45.5%). The maturity profile of the Group's borrowings are set out in note 18 to the interim condensed consolidated financial information.



Management Discussion and Analysis (continued)

Foreign exchange

Operations of the Group are mainly conducted in Hong Kong dollars (“HK\$”), United States dollars (“US\$”), Macao Patacas (“MOP”), Renminbi (“RMB”) (together, the “Major Currencies”), and Pakistani Rupee (“PKR”). 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 PKR or 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 269 staff as at 30 June 2020 (31 December 2019: 92) 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\$48.1 million (Previous Period: HK\$28.8 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\$13.5 million in the acquisition of plant and equipment, which comprised approximately HK\$10.6 million in vessels and approximately HK\$2.9 million in machinery and equipment.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group completed the acquisition of 80% equity interests in Dongjie Construction on 17 January 2020 at a consideration of approximately RMB71.4 million (subject to adjustment), upon which Dongjie Construction has become an indirect non-wholly owned subsidiary of the Company. Details of the purchase consideration, the net assets acquired and goodwill are set out in note 19 of the interim condensed consolidated financial information.

Other than the above, 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.

Management Discussion and Analysis (continued)

CHARGES ON ASSETS

As at 30 June 2020, plant and equipment with carrying value of (i) approximately HK\$6.2 million (31 December 2019: HK\$6.7 million) were pledged to secure for the Group's bank borrowings and (ii) approximately HK\$22.2 million (31 December 2019: HK\$18.5 million) were pledged as security for provision of a performance bond and a prepayment surety bond for the Group's project in Macao.

CONTINGENT LIABILITIES

As at 30 June 2020, 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\$86.6 million (31 December 2019: HK\$21.1 million). Save for the guarantee given on these performance bonds, the Group has no material contingent liabilities.

DISCLOSURE OF INTERESTS

As at 30 June 2020, the interests and short positions of Directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), are as follow:

Directors' interests in the Company

Director	Number of shares/ Position	Percentage of shareholding	Capacity
Mr. Cui Qi	102,000,000 Long position	12.75%	Interest of a controlled corporation (Note)

Directors' interests in associated corporations of the Company

Director	Associated corporations	Percentage of shareholding/ Position	Capacity
Mr. Cui Qi	Solid Jewel Investments Limited ("Solid Jewel")	60.00% Long position	Beneficial owner
Mr. Cui Qi	Sky Hero Global Limited ("Sky Hero")	100.00% Long position	Interest of a controlled corporation (Note)

Note: These Shares were held by Sky Hero, which was wholly owned by Solid Jewel, which was in turn owned as to 60% by Mr. Cui Qi.

Management Discussion and Analysis (continued)

So far as the directors are aware, as at 30 June 2020, the interest and short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follow:

Substantial shareholders' interests in the Company

Shareholder	Number of shares/ Position	Percentage of shareholding	Capacity
Qingdao West Coast Holdings (Internation) Limited (Note 4)	600,000,000 Long position	75.00%	Beneficial owner
West Coast Investment (Hong Kong) Limited (Note 1)	600,000,000 Long position	75.00%	Interest of a controlled corporation
West Coast Holdings (Hong Kong) Limited (Note 1)	600,000,000 Long position	75.00%	Interest of a controlled corporation
Qingdao West Coast Holding Development Limited* 青島西海岸控股發展有限公司 (Note 1)	600,000,000 Long position	75.00%	Interest of a controlled corporation
Qingdao West Coast Development (Group) Limited* 青島西海岸發展(集團)有限公司 (Note 1)	600,000,000 Long position	75.00%	Interest of a controlled corporation
Qingdao State-owned Assets Supervision and Administration Commission of the State Council	600,000,000 Long position	75.00%	Interest of a controlled corporation
Sky Hero	102,000,000 Long position	12.75%	Beneficial owner
Solid Jewel (Note 2)	102,000,000 Long position	12.75%	Interest of a controlled corporation
Ms. Mu Zhen (Note 3)	102,000,000 Long position	12.75%	Interest of spouse

Note:

- Each of these entities was wholly owned and controlled by the Qingdao State-owned Assets Supervision and Administration Commission of the State Council and was deemed under the SFO to be interested in all the Share which are directly and beneficially owned by Qingdao West Coast Holdings (Internation) Limited.
 - Solid Jewel is deemed or taken to be interested in all the Shares which are beneficially owned by Sky Hero under the SFO. Sky Hero is wholly-owned by Solid Jewel.
 - Ms. Mu Zhen is the spouse of Mr. Cui Qi and she is deemed or taken to be interested in all the Shares which are beneficially owned by Mr. Cui Qi under the SFO.
 - The interest in Shares held by Qingdao West Coast Holdings (Internation) Limited included the 102,000,000 Shares held by Sky Hero which were charged in favour of Qingdao West Coast Holdings (Internation) Limited.
- * For identification purpose only

Management Discussion and Analysis (continued)

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 2020.

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.

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 report.

DIVIDEND

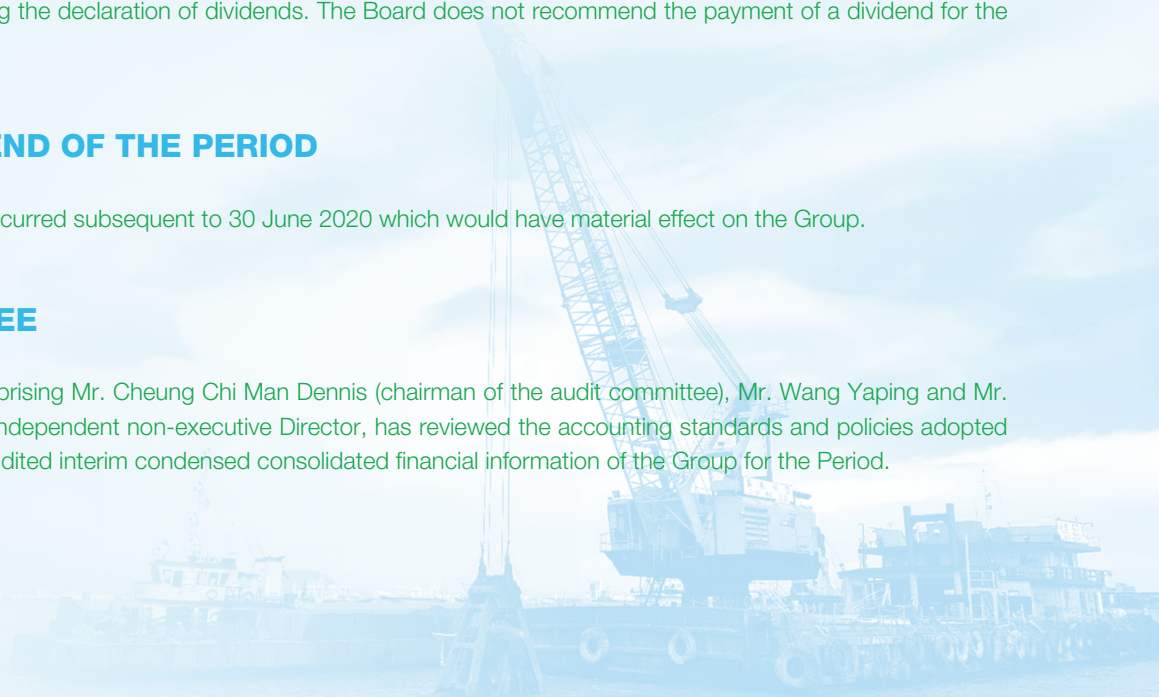
The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend the payment of a dividend for the Period.

EVENTS AFTER END OF THE PERIOD

No significant event has occurred subsequent to 30 June 2020 which would have material effect on the Group.

AUDIT COMMITTEE

The audit committee, comprising Mr. Cheung Chi Man Dennis (chairman of the audit committee), Mr. Wang Yaping and Mr. Cheng Xuezhan, 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.



Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

	Note	Unaudited Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
Revenue	5	495,530	171,759
Cost of sales		(461,042)	(154,458)
Gross profit		34,488	17,301
Other gains/(losses), net	7	1,175	(1,721)
Other administrative expenses		(21,708)	(10,150)
Operating profit		13,955	5,430
Finance income	8	188	112
Finance costs	8	(5,417)	(3,682)
Finance costs, net		(5,229)	(3,570)
Profit before income tax	6	8,726	1,860
Income tax (expense)/credit	9	(1,121)	5,135
Profit for the period		7,605	6,995
Profit is attributable to:			
Owner of the Company		6,785	6,995
Non-controlling interests		820	—
Other comprehensive (loss)/income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		(7,445)	2,698
Other comprehensive (loss)/income for the period		(7,445)	2,698
Total comprehensive (loss)/income for the period is attributable to:			
Owner of the Company		(657)	9,693
Non-controlling interests		817	—
Total comprehensive income for the period		160	9,693
Basic and diluted earnings per share (HK cents)	11	0.95	0.87

The notes on pages 15 to 34 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2020

	Note	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Assets			
Non-current assets			
Plant and equipment	12	262,899	204,657
Right-of-use assets	13	4,494	4,113
Goodwill	19	20,537	—
Deferred tax assets		1,813	—
Deposits		9,388	15,953
		299,131	224,723
Current assets			
Trade and retention receivables	14	722,456	245,365
Deposits, prepayments and other receivables	14	51,557	15,708
Contract assets	15	196,282	71,106
Amount due from a related company	21(d)	3,380	—
Income tax recoverable		4,251	3,810
Time deposits with maturity over 3 months		11,132	8,351
Pledged bank deposits		18,700	23,200
Cash and cash equivalents		194,300	336,164
		1,202,058	703,704
Total assets		1,501,189	928,427
Equity			
Capital and reserves			
Share capital	16	8,000	8,000
Reserves		523,587	509,002
Total equity		531,587	517,002

Interim Condensed Consolidated Balance Sheet (continued)

As at 30 June 2020

	Note	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Liabilities			
Non-current liabilities			
Lease liabilities	13	934	147
Deferred income tax liabilities		16,765	9,156
		17,699	9,303
Current liabilities			
Trade and retention payables	17	504,837	53,982
Accruals and other payables	17	58,341	7,551
Contract liabilities	15	130,397	91,387
Loan from an intermediate holding company	21(d)	100,000	100,000
Amount due to a related company	21(d)	1,120	4,882
Dividend payable		176	—
Borrowings	18	145,749	135,483
Lease liabilities	13	2,432	3,006
Income tax payable		8,851	5,831
		951,903	402,122
Total liabilities		969,602	411,425
Total equity and liabilities		1,501,189	928,427

The notes on pages 15 to 34 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Share capital	Share premium	Other reserves	Exchange reserves	Retained earnings	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	8,000	214,840	23,104	(9,035)	262,771	—	499,680
Comprehensive income							
Profit for the period	—	—	—	—	6,995	—	6,995
Exchange differences	—	—	—	2,698	—	—	2,698
Contribution by and distribution to owner							
Dividend declared	—	—	—	—	—	—	—
At 30 June 2019 (unaudited)	8,000	214,840	23,104	(6,337)	269,766	—	509,373
At 1 January 2020	8,000	214,840	23,104	(3,801)	274,859	—	517,002
Comprehensive income							
Profit for the period	—	—	—	—	6,785	820	7,605
Exchange differences	—	—	—	(7,442)	—	(3)	(7,445)
Total comprehensive income	—	—	—	(7,442)	6,785	817	160
Acquisition of non-controlling interests	—	—	—	—	—	14,425	14,425
At 30 June 2020 (unaudited)	8,000	214,840	23,104	(11,243)	281,644	15,242	531,587

The notes on pages 15 to 34 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(105,535)	103,253
Net cash used in investing activities	(61,462)	(518)
Net cash generated from/(used in) financing activities	28,507	(29,283)
Net (decrease)/increase in cash and cash equivalents	(138,490)	73,452
Cash and cash equivalents at beginning of the period	336,164	106,657
Effect of foreign exchange rate changes	(3,374)	14
Cash and cash equivalents at end of the period	194,300	180,123

The notes on pages 15 to 34 are an integral part of this condensed consolidated interim financial information.

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 2020 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 2019 ("2019 Financial Statements").

2.1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2020 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 2019 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 2019 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.

Notes to the Condensed Consolidated Interim Financial Information (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Accounting policies (Continued)

(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.

The other standards did not have material impact on the Group's accounting policies and did not require retrospective adjustments.

(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 2019 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.

Notes to the Condensed Consolidated Interim Financial Information (continued)

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 2019 Financial Statements.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Note	Unaudited	
		Six months ended 30 June	
		2020	2019
		HK\$'000	HK\$'000
Rendering of services			
– Marine construction works		118,217	79,987
– Auxiliary marine related services		120,826	91,772
– General construction contracting services		256,487	—
		495,530	171,759

(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.

Notes to the Condensed Consolidated Interim Financial Information (continued)

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment Information (Continued)

Profit or loss

	Marine construction works HK\$'000	Auxiliary marine related services HK\$'000	General construction contracting services HK\$'000	Total HK\$'000
For the six months ended 30 June 2020 (unaudited)				
Segment revenue from external customers	118,217	120,826	256,487	495,530
Timing of revenue recognition: Recognised over time	118,217	120,826	256,487	495,530
Segment results	17,943	1,988	6,079	26,010
Unallocated expenses				(7,025)
Depreciation of plant and equipment				(3,279)
Depreciation of right-of-use assets				(1,751)
Finance costs, net				(5,229)
Profit before income tax				8,726
Income tax expenses				(1,121)
Profit for the period				7,605
Included in segment results are: Depreciation and amortisation	(3,516)	(2,321)	(1,812)	(7,649)
For the six months ended 30 June 2019 (unaudited)				
Segment revenue from external customers	79,987	91,772	N/A	171,759
Timing of revenue recognition: Recognised over time	79,987	91,772	N/A	171,759
Segment results	2,541	12,160	N/A	14,701
Unallocated expenses				(7,909)
Depreciation and amortisation				(2,066)
Finance costs, net				(2,866)
Profit before income tax				1,860
Income tax expenses				5,135
Profit for the period				6,995
Included in segment results are: Depreciation and amortisation	(7,072)	(1,651)	N/A	(8,723)
Finance costs	(704)	—	N/A	(704)

Notes to the Condensed Consolidated Interim Financial Information (continued)

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment Information (Continued)

Assets

	Marine construction works	Auxiliary marine related services	General construction contracting services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 June 2020 (unaudited)				
Segment assets	326,417	249,066	620,225	1,195,708
Unallocated assets				305,481
Total assets				1,501,189
Additions to non-current assets	5,797	7,266	528	13,591
At 31 December 2019 (audited)				
Segment assets	297,619	223,509	N/A	521,128
Unallocated assets				407,299
Total assets				928,427
Additions to non-current assets	10,384	—	N/A	10,384

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.

Notes to the Condensed Consolidated Interim Financial Information (continued)

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment Information (Continued)

Liabilities

	Marine construction works HK\$'000	Auxiliary marine related services HK\$'000	General construction contracting services HK\$'000	Total HK\$'000
At 30 June 2020 (unaudited)				
Segment liabilities	100,395	15,460	519,379	635,234
Borrowings				145,749
Loan from an intermediate holding company				100,000
Income tax payable				8,851
Deferred tax liabilities				16,765
Unallocated liabilities				63,003
Total liabilities				969,602
At 31 December 2019 (audited)				
Segment liabilities	144,511	858	N/A	145,369
Borrowings				135,483
Loan from an intermediate holding company				100,000
Income tax payable				5,831
Deferred tax liabilities				9,156
Unallocated liabilities				15,586
Total liabilities				411,425

Notes to the Condensed Consolidated Interim Financial Information (continued)

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment Information (Continued)

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	
	2020	2019
	HK\$'000	HK\$'000
Bangladesh	4,613	—
Cambodia	11,890	—
Hong Kong	1,479	31,193
Macao	116,738	60,269
Mainland China	256,487	—
Pakistan	38,472	61,389
Philippines	—	3,072
Vietnam	65,851	15,836
	495,530	171,759

Non-current assets

Based on countries of domicile of companies holding the assets:

	Unaudited	Audited
	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
Hong Kong	205,872	190,812
Indonesia	9,964	10,718
Macao	6,125	3,117
Mainland China	77,163	—
Malaysia	7	10
	299,131	204,657

Notes to the Condensed Consolidated Interim Financial Information (continued)

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment Information (Continued)

Non-current assets (Continued)

Based on physical location of the assets:

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Hong Kong	37,482	121,927
Indonesia	9,964	10,718
Macao	76,138	9,128
Mainland China	84,902	13,653
Malaysia	7	10
Pakistan	46,203	27,802
Philippines	2,217	14,877
Vietnam	42,218	6,542
	299,131	204,657

6. PROFIT BEFORE INCOME TAX

	Unaudited Six months ended 30 June 2020 HK\$'000	2019 HK\$'000
Staff cost including directors' emoluments (note)	48,076	28,759
Auditor's remuneration	—	29
Cost of sales excluding direct staff costs	421,632	130,333
Depreciation of plant and equipment (Note 12)	10,928	8,945
Depreciation of right-of-use assets (Note 13)	1,751	1,844
Leases expenses relating to short-term leases and leases of low-value assets	79	31
Legal and professional fees	4,396	1,501

Notes to the Condensed Consolidated Interim Financial Information (continued)

6. PROFIT BEFORE INCOME TAX (Continued)

Note:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Wages and salaries	46,217	27,529
Pension costs — defined contribution plans	1,632	1,158
Other employment benefits	227	72
	48,076	28,759
Less: amounts charged to cost of sales	(39,410)	(24,125)
Less: amounts charged to administrative expenses	(8,666)	(4,634)
	—	—
Amounts capitalised in contracting work-in-progress	—	—

7. OTHER GAINS/(LOSSES), NET

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Gain/(loss) on disposal of plant and equipment	53	(6)
Foreign exchange gains/(losses)	882	(1,715)
Sundry income	240	—
	1,175	(1,721)

8. FINANCE COSTS, NET

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Finance income		
— Interest income on bank balances	188	112
Finance costs		
— Interest expense on bank loans	(5,365)	(3,558)
— Interest expense on lease liabilities	(52)	(124)
	(5,229)	(3,570)

Notes to the Condensed Consolidated Interim Financial Information (continued)

9. INCOME TAX EXPENSE/(CREDIT)

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

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Hong Kong profits tax		
Over-provision in prior year	—	(5,502)
Indonesia income tax		
Withholding income tax	15	—
Malaysia corporate income tax		
Under-provision in prior year	—	367
PRC corporate income tax		
Deferred income tax	1,106	—
	1,121	(5,135)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the six months ended 30 June 2020 and 2019.

Macao complementary income tax has been provided at the rate of 12% on the estimated assessable profits for the six months ended 30 June 2020.

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 2020.

PRC corporate income tax has been provided at a rate of 25% on the estimated assessable profit for the six months ended 30 June 2020.

10. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2020 (2019: Nil).

Notes to the Condensed Consolidated Interim Financial Information (continued)

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit 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	
	2020	2019
Profit attributable to equity holders of the Company (HK\$'000)	7,605	6,995
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share ('000)	800,000	800,000
Basic earnings per share (HK cents)	0.95	0.87

(b) Diluted

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

12. PLANT AND EQUIPMENT

	Buildings	Furniture and fixtures	Office equipment	Machinery and equipment	Vessels	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 June 2020 (unaudited)							
Opening net book amount	—	52	138	39,276	165,103	88	204,657
Acquisition of subsidiary	55,230	—	34	56	—	27	55,347
Additions	—	—	940	2,907	10,568	96	14,511
Disposal	—	—	—	—	—	(1)	(1)
Depreciation	(1,736)	(7)	(296)	(3,338)	(5,468)	(83)	(10,928)
Exchange differences	(223)	—	(4)	(4)	(456)	—	(687)
Closing net book amount	53,271	45	812	38,897	169,747	127	262,899
Six months ended 30 June 2019 (unaudited)							
Opening net book amount	—	60	106	45,010	172,018	426	217,620
Additions	—	—	46	280	4,304	—	4,630
Disposal	—	—	—	—	—	(8)	(8)
Depreciation	—	(6)	(38)	(3,352)	(5,371)	(178)	(8,945)
Exchange differences	—	—	—	4	216	1	221
Closing net book amount	—	54	114	41,942	171,167	241	213,518

Notes to the Condensed Consolidated Interim Financial Information (continued)

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Amounts recognised in the interim condensed consolidated balance sheet

The interim condensed consolidated balance sheet shows the following amounts relating to the leases in respect of office premises and staff quarters:

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Right-of-use assets		
Non-current	4,494	4,113
Lease liabilities		
Non-current	934	147
Current	2,432	3,006
	3,366	3,153

Additions to the right-of-use assets during the six months ended 30 June 2020 and 2019 were HK\$1,991,000 and HK\$1,264,000 respectively.

(b) Amounts recognised in the interim condensed consolidated statement of comprehensive income

The interim condensed consolidated statement of comprehensive income shows the following amounts relating to the leases in respect of office premises and staff quarters:

	Unaudited Six months ended 30 June 2020 HK\$'000	2019 HK\$'000
Depreciation charge of right-of-use assets	1,751	1,844
Interest expenses on lease liabilities (Note 8)	52	124
Leases expenses relating to short-term leases of machineries and equipment	34,488	23,232
Leases expenses relating to short-term leases of low value assets	79	31

The total cash outflow for leases during the six months ended 30 June 2020 and 2019 were HK\$23,480,000 and HK\$1,918,000 respectively.

Notes to the Condensed Consolidated Interim Financial Information (continued)

14. TRADE AND RETENTION RECEIVABLES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Trade receivables	618,996	186,959
Retention receivables	103,460	58,406
Trade and retention receivables	722,456	245,365
Deposits, prepayments and other receivables (note)	60,945	31,661
Less: non-current deposits	(9,388)	(15,953)
	51,557	15,708

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

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

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Current	36,417	63,396
Up to 1 year	413,472	37,274
1 to 2 years	100,676	3,518
Over 2 years	68,431	82,771
	618,996	186,959

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

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Within 1 year	12,252	331
Between 1 and 5 years	68,437	35,305
Over 5 years	22,771	22,770
	103,460	58,406

Notes to the Condensed Consolidated Interim Financial Information (continued)

14. TRADE AND RETENTION RECEIVABLES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES (Continued)

The credit period granted to trade customers other than for retention receivables was within 30 days. 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.

15. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Contract assets		
Provision of construction services	200,532	75,356
Less: loss allowance	(4,250)	(4,250)
	196,282	71,106
Contract liabilities		
Provision of construction and auxiliary marine services	(131,714)	(91,387)

16. SHARE CAPITAL

The Company's share capital as at 30 June 2020 and 31 December 2019 was as follows:

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

Notes to the Condensed Consolidated Interim Financial Information (continued)

17. TRADE AND RETENTION PAYABLES, ACCRUALS AND OTHER PAYABLES

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Trade payables	500,539	50,893
Retention payables	4,298	3,089
Accruals and other payables	58,341	7,551
	563,178	61,533

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 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Current	3,142	2,429
1 to 30 days	—	20,139
31 to 60 days	1,874	—
61 to 90 days	—	—
91 to 180 days	475,466	—
181 to 365 days	20,057	5,385
More than 365 days	—	22,940
	500,539	50,893

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 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Within 1 year	1,530	578
Between 1 year and 2 years	1,529	1,947
Between 2 years and 5 years	1,239	564
	4,298	3,089

Notes to the Condensed Consolidated Interim Financial Information (continued)

18. BORROWINGS

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Current:		
Long-term bank loans due for repayment within one year	—	788
Long-term bank loans due for repayment within one year which contain a repayment on demand clause	43,429	51,170
Long-term bank loans due for repayment after one year which contain a repayment on demand clause	—	3,525
Short-term bank borrowings	102,320	80,000
	145,749	135,483
Total borrowings	145,749	135,483

- (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 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Within 1 year	145,749	131,958
Between 1 year and 2 years	—	3,525
Between 2 years and 5 years	—	—
	145,749	135,483

- (b) The carrying amounts of the Group's borrowings were denominated in Hong Kong dollar.
- (c) The carrying amounts of the Group's borrowings approximated their fair value as the impact of discounting is not significant.

Notes to the Condensed Consolidated Interim Financial Information (continued)

18. BORROWINGS (Continued)

- (d) The Group's loan facilities are subject to annual review and secured or guaranteed by:
- (i) unlimited guarantees provided by the Company as at 30 June 2020 and 31 December 2019;
 - (ii) vessels and machinery and equipment with carrying amounts of HK\$6,187,000 as at 30 June 2020 (31 December 2019: HK\$6,652,000);
 - (iii) deposits of not less than HK\$18,700,000 as at 30 June 2020 (31 December 2019: HK\$23,200,000); and
 - (iv) guarantees of HK\$133,495,000 (31 December 2019: HK\$133,495,000) from a subsidiary for a bank facility which covers a loan of HK\$24,272,000 (31 December 2019: HK\$24,272,000) and performance bond facility of HK\$97,087,000 (31 December 2019: HK\$97,087,000) as at 30 June 2020.

19. BUSINESS COMBINATION

The Group completed the acquisition of 80% equity interests in Qingdao Dongjie Construction Engineering Co., Ltd. (青島東捷建設工程有限公司) ("Dongjie Construction") on 17 January 2020, upon which Qingdao Dongjie has become an indirect non-wholly owned subsidiary of the Company.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	HK\$'000
Purchase consideration	78,240
Assets and liabilities recognised on acquisition	
Cash and cash equivalents	26,864
Property, plant and equipment	55,116
Trade and retention receivables and note receivables	263,215
Deposits and other receivables	33,905
Contract assets	110,660
Deferred tax assets	
Trade payables and note payables	1,637
Accruals and other payables	(336,557)
Borrowings	(49,853)
Deferred tax liabilities	(7,857)
Net identifiable assets acquired	72,129
Less: Non-controlling interest	(14,426)
Add: Goodwill	20,537
	6,111

Notes to the Condensed Consolidated Interim Financial Information (continued)

20. CONTINGENT LIABILITIES

As at 30 June 2020, 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\$86,619,000 (31 December 2019: HK\$21,126,000). The performance bonds as at 30 June 2020 are expected to be released in accordance with the terms of the respective construction contracts.

21. 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 2020 and 2019:

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")	A joint operation
中國土木工程(澳門)有限公司 — 香港瑞沃工程有限公司 合作經營 ("MCRJV")	A joint operation
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 Xifa Real Estate Company Limited ("Qingdao Xifa Real Estate")	A related company controlled by controlling shareholder
Qingdao West Coast New Area Development Company Limited ("Qingdao West Coast New Area Development")	A related company controlled by controlling shareholder

Notes to the Condensed Consolidated Interim Financial Information (continued)

21. RELATED PARTY TRANSACTIONS (Continued)

(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	
	2020	2019
	HK\$'000	HK\$'000
Continuing transactions		
Paid to a related party:		
Rental expenses to Shenzhen Changsheng	2,689	5,716
Received from related parties:		
Revenue from Qingdao Xifa Real Estate	135,287	—
Revenue from Qingdao West Coast New Area Development	65,071	—

(c) 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	
	2020	2019
	HK\$'000	HK\$'000
Salaries, bonus and other allowances and benefits in kind	1,766	2,302
Pension costs — defined contribution plans	9	14
	1,775	2,316

Notes to the Condensed Consolidated Interim Financial Information (continued)

21. RELATED PARTY TRANSACTIONS (Continued)

(d) Balances

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000	Nature
Amount due to a related party Shenzhen Changsheng	(1,120)	(4,882)	Trade
Amount due from related parties Qingdao Xifa Real Estate	3,380	—	Trade
Loan from an intermediate holding company West Coast Investment (Hong Kong) Limited	(100,000)	(100,000)	Non-trade

22. ULTIMATE HOLDING COMPANY

The ultimate holding company of the Company is Qingdao West Coast Development (Group) Limited, which is a company incorporated in the PRC and controlled by the State-owned Asset Supervision and Administration Commission of Qingdao, PRC.