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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 UNAUDITED ANNUAL RESULTS FOR  
THE YEAR ENDED 31 DECEMBER 2021**

	Year ended 31 December	
	2021 <i>HK\$ million</i> (Unaudited)	2020 <i>HK\$ million</i> (Audited)
<b>Revenue</b>	<b>3,200.8</b>	1,465.7
<b>Operating profit</b>	<b>55.8</b>	38.1
<b>Profit for the year</b>	<b>18.1</b>	16.0
<b>Profit attributable to:</b>		
Equity holders of the Company	2.6	13.6
Non-controlling interests	15.5	2.4
<b>Earnings per share for profit attributable to owners (<i>HK cents</i>)</b>	<b>0.33</b>	1.70
	<b>As at 31 December</b>	
	2021 <i>HK\$ million</i> (Unaudited)	2020 <i>HK\$ million</i> (Audited)
<b>Total assets</b>	<b>4,448.9</b>	1,753.8
<b>Total equity</b>	<b>644.8</b>	554.9
<b>Equity per share (<i>HK\$</i>)</b>	<b>0.81</b>	0.69

For the reasons explained below in the section headed “Review of Unaudited Annual Results” in this announcement, the audit process for the annual results of Prosper Construction Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 has not been completed. The audited annual results may be different from those contained in this announcement.

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to present the unaudited consolidated results of the Group for the year ended 31 December 2021 (the “Year 2021”) together with comparative figures for the year ended 31 December 2020 (the “Year 2020” or “Previous Year”) as set out below.

## UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2021*

	<i>Note</i>	<b>2021</b> <b>HK\$’000</b> <b>(Unaudited)</b>	2020 <b>HK\$’000</b> <b>(Audited)</b>
Revenue	3	<b>3,200,842</b>	1,465,696
Cost of sales		<b>(3,011,505)</b>	(1,379,071)
Gross profit		<b>189,337</b>	86,625
Other gains, net		<b>1,960</b>	262
(Provision for)/reversal of impairment losses on financial assets		<b>(27,359)</b>	2,970
Research and development expenses		<b>(11,310)</b>	–
Other administrative expenses		<b>(96,799)</b>	(51,713)
Operating profit		<b>55,829</b>	38,144
Finance income		<b>886</b>	2,177
Finance costs		<b>(20,362)</b>	(11,942)
Finance costs, net		<b>(19,476)</b>	(9,765)
Profit before income tax		<b>36,353</b>	28,379
Income tax expenses	4	<b>(18,222)</b>	(12,332)
Profit for the year		<b>18,131</b>	16,047
Profit attributable to:			
Equity holders of the Company		<b>2,606</b>	13,591
Non-controlling interests		<b>15,525</b>	2,456
		<b>18,131</b>	16,047
Earnings per share for profit attributable to the equity holders of the Company:			
Basic and diluted earnings per share (HK cents)	5	<b>0.33</b>	1.70

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2020 HK\$'000 (Audited)
Profit for the year		<b>18,131</b>	16,047
Other comprehensive income			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>6,141</u>	<u>6,047</u>
Total comprehensive income for the year		<u><b>24,272</b></u>	<u>22,094</u>
Profit attributable to:			
Equity holders of the Company		<b>7,861</b>	18,190
Non-controlling interests		<u>16,411</u>	<u>3,904</u>
		<u><b>24,272</b></u>	<u>22,094</u>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2020 <i>HK\$'000</i> (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>338,007</b>	240,568
Investment properties		<b>9,729</b>	9,707
Investment in an associate		<b>—</b>	—
Right-of-use assets		<b>66,971</b>	39,049
Goodwill		<b>43,310</b>	16,395
Intangible assets		<b>23,800</b>	9,138
Deposits and prepayments		<b>21,879</b>	23,414
		<b>503,696</b>	338,271
<b>Current assets</b>			
Inventories		<b>19,081</b>	2,574
Trade, retention and notes receivables	7	<b>556,975</b>	403,764
Amounts due from fellow subsidiaries	7	<b>1,439,642</b>	50,305
Deposits, prepayments and other receivables		<b>172,965</b>	64,829
Contract assets	8	<b>1,365,909</b>	616,206
Time deposits with maturity over 3 months		<b>22,294</b>	23,847
Pledged bank deposits		<b>71,717</b>	23,700
Restricted cash		<b>4,799</b>	1,513
Cash and cash equivalents		<b>291,838</b>	228,821
		<b>3,945,220</b>	1,415,559
<b>Total assets</b>		<b>4,448,916</b>	1,753,830
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	<b>8,000</b>	8,000
Reserves		<b>535,455</b>	527,192
		<b>543,455</b>	535,192
<b>Non-controlling interests</b>		<b>101,343</b>	19,680
<b>Total equity</b>		<b>644,798</b>	554,872

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2020 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>489,206</b>	34,147
Loan from an intermediate holding company		<b>100,000</b>	100,000
Lease liabilities		<b>912</b>	918
Deferred income tax liabilities		<b>10,896</b>	16,118
		<u><b>601,014</b></u>	<u>151,183</u>
<b>Current liabilities</b>			
Trade and retention payables	9	<b>2,043,532</b>	652,222
Accruals and other payables	9	<b>387,615</b>	60,493
Contract liabilities	8	<b>13,830</b>	9,209
Amount due to a related company		<b>9</b>	98
Amount due to non-controlling interests		<b>—</b>	1,043
Borrowings		<b>719,601</b>	311,699
Lease liabilities		<b>3,897</b>	1,130
Income tax payable		<b>34,620</b>	11,881
		<u><b>3,203,104</b></u>	<u>1,047,775</u>
<b>Total liabilities</b>		<u><b>3,804,118</b></u>	<u>1,198,958</u>
<b>Total equity and liabilities</b>		<u><b>4,448,916</b></u>	<u>1,753,830</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 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 consolidated financial statements are presented in Hong Kong dollars ("HK\$") unless otherwise stated.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS 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 accounting policies and methods of computation used in the preparation of the consolidated financial statements for the year ended 31 December 2021 are consistent with those used in the preparation of the Group's audited financial statements for the year ended 31 December 2020, except as described below.

#### (a) *Adoption of new standards, interpretation and amendments to standards*

The Group has adopted the following new standard, improvements, interpretation and amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on 1 January 2021:

HKFRS 16 (Amendments)	Covid-19 Related Rent Concession
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform— Phase 2

The adoption of the above new and amendments to standards did not have significant financial impact on the consolidated financial statements.

**(b) *New standards, revised framework and amendments to standards which are not yet effective***

The following are new standard, revised framework and amendments to standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or later periods, but have not been early adopted by the Group:

Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations <sup>(1)</sup>
Annual Improvements Projects	Annual Improvements to HKFRSs 2018–2020 <sup>(1)</sup>
HKAS 16 (Amendments)	Property, Plant and Equipment — Proceeds before Intended Use <sup>(1)</sup>
HKAS 37 (Amendments)	Onerous contracts — Costs of Fulfilling a Contract <sup>(1)</sup>
HKFRS 3 (Amendments)	Reference to the Conceptual Framework <sup>(1)</sup>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current <sup>(2)</sup>
HKAS 1 and HKFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies <sup>(2)</sup>
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>(2)</sup>
Hong Kong Interpretation 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>(2)</sup>
HKFRS 17	Insurance Contracts <sup>(2)</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(3)</sup>

<sup>(1)</sup> Effective for the accounting period beginning on 1 January 2022

<sup>(2)</sup> Effective for the accounting period beginning on 1 January 2023

<sup>(3)</sup> Effective date to be determined

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 3 REVENUE AND SEGMENT INFORMATION

**(a) Revenue**

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Rendering of services, recognised over time		
– Marine construction works	<b>409,621</b>	470,773
– Provision of auxiliary marine related services	<b>105,771</b>	257,402
– Provision of general construction contracting services	<b>2,685,450</b>	737,521
	<b>3,200,842</b>	1,465,696

#### 4 INCOME TAX EXPENSES

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

	<b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2020 <i>HK\$'000</i> <b>(Audited)</b>
Hong Kong profits tax		
Under provision in prior years	—	2,616
Current income tax	<b>86</b>	—
Deferred income tax	<b>3,433</b>	(1,335)
People's Republic of China ("PRC") corporate income tax		
Current income tax	<b>20,944</b>	4,544
Deferred income tax	<b>(7,573)</b>	(679)
Indonesia income tax		
Withholding income tax	<b>323</b>	32
Macao complementary income tax		
Current income tax	<b>1,418</b>	7,314
Deferred income tax	<b>(409)</b>	(160)
Income tax expenses	<b>18,222</b>	12,332

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year.
- (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% unless preferential rates are applicable in the cities where the subsidiaries are located.
- (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 2021, income tax has been provided at the rate of 20% (2020: 20%) of the interest income from bank deposits.
- (d) Macao complementary income tax has been provided at the rate of 12% (2020: 12%) on the estimated assessable profit for the year.



## 5 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 years.

	<b>2021</b> <b>(Unaudited)</b>	2020 (Audited)
Profit attributable to equity holders of the Company (HK\$'000)	<b>2,606</b>	13,591
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	<u><b>800,000</b></u>	<u>800,000</u>
Basic earnings per share (HK cents)	<u><u><b>0.33</b></u></u>	<u><u>1.70</u></u>

### (b) Diluted

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares during the year (2020: same).

## 6 DIVIDENDS

There is no final dividend proposed to shareholders of the Company for the year ended 31 December 2021 (2020: Nil).

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

	<b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2020 <i>HK\$'000</i> (Audited)
Trade receivables	<b>441,222</b>	294,877
Less: Loss allowance	<b>(19,837)</b>	(5,688)
	<hr/>	<hr/>
Trade receivables — net	<b>421,385</b>	289,189
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Retention receivables	<b>135,650</b>	116,822
Less: Loss allowance	<b>(8,290)</b>	(2,247)
	<hr/>	<hr/>
Retention receivables — net	<b>127,360</b>	114,575
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Note receivables	<b>8,355</b>	—
Less: Loss allowance	<b>(125)</b>	—
	<hr/>	<hr/>
Note receivables — net	<b>8,230</b>	—
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Trade, retention and notes receivables, net	<b>556,975</b>	403,764
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Amounts due from fellow subsidiaries – trade balances	<b>1,442,672</b>	50,813
Less: Loss allowance	<b>(3,030)</b>	(508)
	<hr/>	<hr/>
Amounts due from fellow subsidiaries, net	<b>1,439,642</b>	50,305
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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:

	<b>2021</b> <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Within 1 year	<b>204,798</b>	158,616
1 to 2 years	<b>123,207</b>	105,530
Over 2 years	<b>93,380</b>	25,043
	<u><b>421,385</b></u>	<u>289,189</u>

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

	<b>2021</b> <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Within 1 year	<b>33,015</b>	24,302
Between 1 and 5 years	<b>67,601</b>	61,979
Over 5 years	<b>26,744</b>	28,294
	<u><b>127,360</b></u>	<u>114,575</u>

In the consolidated balance sheet, notes receivables were classified as current assets. The ageing of the notes receivables based on invoice date as follows:

	<b>2021</b> <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Within 1 year	<u><b>8,230</b></u>	<u>—</u>
	<u><b>8,230</b></u>	<u>—</u>

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 year	<u><b>1,439,642</b></u>	<u>50,305</u>

## 8 CONTRACT ASSETS AND CONTRACT LIABILITIES

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

	<b>2021</b> <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
<b>Contract assets</b>		
Provision of construction services – third parties	<b>1,017,088</b>	290,535
Provision of construction services – related parties	<b>371,911</b>	333,544
Less: Loss allowance	<b>(23,090)</b>	(7,873)
	<b>1,365,909</b>	616,206
<b>Contract liabilities</b>		
Provision of construction services	<b>(13,830)</b>	(9,209)

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

	<b>2021</b> <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Trade payables	<b>2,037,939</b>	648,002
Retention payables	<b>5,593</b>	4,220
Accruals and other payables	<b>387,615</b>	60,493
	<b>2,431,147</b>	712,715

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:

	<b>2021</b> <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Within 1 year	<b>1,875,380</b>	501,496
Over 1 year	<b>162,559</b>	146,506
	<b>2,037,939</b>	648,002

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

	<b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2020 <i>HK\$'000</i> (Audited)
Within 1 year	<b>1,818</b>	4,108
Between 1 year and 2 years	<b>3,465</b>	—
Between 2 years and 5 years	<b>310</b>	112
	<u><b>5,593</b></u>	<u>4,220</u>

## 10 SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital</b> <i>HK\$'000</i>
<b>Ordinary shares, authorised:</b>		
At 31 December 2019, 2020 (audited) and 2021 (unaudited)	<u>4,000,000,000</u>	<u>40,000</u>
<b>Ordinary shares, issued and fully paid:</b>		
At 31 December 2019, 2020 (audited) and 2021 (unaudited)	<u>800,000,000</u>	<u>8,000</u>

## 11 BUSINESS COMBINATION

### Summary of acquisition

The Group completed the acquisition of 34% equity interests in Qingdao Honghai Curtain Wall Co., Ltd. (青島宏海幕牆有限公司) (“Honghai Curtain Wall”) on 13 January 2021 and gained control over its board of directors simultaneously, upon which Honghai Curtain Wall 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:

	<i>HK\$'000</i>
Consideration	59,264
Fair value of non-controlling interests	65,252
	<u>124,516</u>
Recognised amounts of identifiable assets acquired and liabilities assumed:	
– Property, plant and equipment	13,640
– Right-of-use assets	27,025
– Inventories	5,744
– Intangible assets	25,361
– Trade and retention receivables	62,093
– Contract assets	122,594
– Deposits, prepayments and other receivables	7,790
– Cash and cash equivalents	952
– Borrowings	(22,353)
– Trade and retention payables	(103,390)
– Accruals and other payables	(37,389)
– Contract liabilities	(1,667)
– Lease liabilities	(1,330)
– Deferred tax liabilities	(106)
	<u>98,964</u>
Total identifiable net assets	<u>98,964</u>
Goodwill	<u>25,552</u>

## 12 CONTINGENT LIABILITIES AND DISPUTES

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

As at 31 December 2021, 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\$51.9 million (2020: HK\$128.8 million). The performance bonds as at 31 December 2021 as expected to be released in accordance with the terms of the respective construction contracts.

### (b) Involvement in arbitrations and litigation

A subsidiary of the Group is one of the two defendants to a litigation in which they are alleged to have caused damage to certain facilities of the plaintiff during a typhoon in 2018. The plaintiff is claiming damages for HK\$112 million subject to adjustments. As advised by the Group's independent legal advisor, the case is at an early stage before exchanging evidence and it is not possible to give a firm evaluation of the likelihood of the outcome or estimate the possible amount of loss, if any. Consequently, no provision in relation to the legal proceeding has been made in the financial statements as at 31 December 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group's marine construction business during the Year 2021 was mainly driven by projects in Macao, which was relatively less affected by COVID-19 outbreak. Albeit minor delay in the launch of potential new projects was noted, the Group's existing projects in Macao achieved favourable progress in Year 2021 and contributed HK\$334.1 million, representing approximately 10.4% of the Group's total revenue for Year 2021. The marine construction market in Hong Kong is starting to recover as proceedings at the legislative council returned to normal and disruptions caused by COVID-19 subsided and the Group has secured two new marine construction projects in Hong Kong with estimated contract sum of over HK\$100 million each during Year 2021. On the other hand, essentially all of the Group's overseas projects have been concluded by the end of Year 2021 and no major new projects has been entered into as negotiation of projects at overseas locations has been restricted owing to the prolonged COVID-19 situation.

The Group established a strong presence in the general construction business in Qingdao since the acquisition of Qingdao Dongjie Construction Group Co., Ltd.\* (青島東捷建設集團有限公司) ("Dongjie Construction") (previously known as Qingdao Dongjie Construction Engineering Co., Ltd.\* 青島東捷建設工程有限公司) in the year 2020 and, as a strategic step to enhance its competitive advantage and capture a larger market share, the Group acquired a 34% equity interest with control over the board of Qingdao Honghai Curtain Wall Co., Ltd.\* (青島宏海幕牆有限公司) ("Honghai Curtain Wall"), which is principally engaged in design and implementation of construction and decoration works, design, production and installation of curtain walls, doors and windows, steel structure works, landscaping and municipal construction, in Year 2021. Taking advantage of the business network of the Company's controlling shareholder Qingdao Haifa State-owned Capital Investment and Operation Group Co., Ltd.\* (青島海發國有資本投資運營集團有限公司) (together with its subsidiaries and/or affiliated companies collectively referred to as "Haifa Group"), the Group's revenue from general construction contracting business in the PRC experienced substantial growth of over 2.6 times during the Year 2021. A summary of the Group's revenue by geographic location and major projects for the Year 2021 is set out below.



	<b>Revenue recognised in Year 2021 <i>HK\$'million</i></b>	<b>Contribution to total revenue</b>	<b>Current status</b>
<b>Marine construction works and auxiliary marine related services (collectively, the “Marine Business”)</b>			
Macao			
	201.2	6.3%	On-going and expecting completion in Q2/2022
Two land reclamation projects			
Trestle bridge and dredging in relation to cross-harbour bridge project	98.0	3.1%	On-going and expecting completion in Q3/2023
Engineering, procurement and construction (“EPC”) contract for electricity generation facility	20.5	0.7%	On-going and expecting completion by Q4/2022
Others	14.4	0.5%	
Vietnam			
Auxiliary marine services for electricity generating facility	29.8	0.9%	Substantially completed
Hong Kong			
Marine construction works	64.6	2.0%	
Auxiliary marine services	34.5	1.1%	
Other locations			
Marine construction works	10.9	0.3%	
Auxiliary marine services	41.5	1.3%	Various projects in Pakistan and Vietnam
<b>General construction contracting services (the “General Construction Business”)</b>			
Qingdao			
Landong & Lanxi re-development projects	532.1	16.6%	On-going and expecting completion in Q1/2023
Innovation and Technology Centre construction	324.6	10.1%	On-going and expecting completion in Q2/2024
Office building construction	290.1	9.0%	On-going and expecting completion in Q2/2022
Residential development project	164.0	5.1%	On-going and expecting completion in Q2/2023
Other smaller general construction projects	1,374.6	43.0%	
Total	3,200.8	100.0%	

As noted above, revenue from General Construction Business contributed approximately HK\$2,685.4 million or 83.9% of the Group's revenue for the Year 2021.

## Outlook and Prospects

The Group has entered into a cooperation agreement and is negotiating the terms of subcontracting arrangement with the main contractor of a new land reclamation project in Macao that is expected to commence in the latter part of year 2022. Meanwhile, the bidding for several planned large scale marine construction projects in the Philippines, Pakistan and Thailand has been hindered by the COVID-19 outbreak; nonetheless, the Group is closely monitoring the development thereof and already prepared to take swift action to tender for potential overseas projects in an effective manner.

As part of the governmental initiative for urban development of the Qingdao West Coast New Area, the Group expects a large number of projects to be launched in the foreseeable future and the Group's participation in construction projects related to the Haifa Group will continue to rise. Accordingly, the Group has entered into a supplemental agreement with the Qingdao Haifa Group Co. in June 2021 for upward revision of annual caps of construction services transactions to be entered into between the Group and the Haifa Group for the three years ending 31 December 2021, 2022 and 2023.

The status of the Group's key projects on hand is set out below.

	Location	Estimated remaining contract sum <i>HK\$'million</i>	Expected time of completion
<b>Project(s) that have already commenced as at 31 December 2021</b>			
EPC contract for an electricity generation facility	Macao	413.7	End of year 2022
Trestle bridge and dredging in relation to a cross-harbour bridge project	Macao	71.0	Third quarter of year 2023
Rock placement services for underwater pipeline project	Hong Kong	133.6	End of year 2022
Residential development project	Qingdao West Coast New Area	242.1	Second quarter of year 2023
Residential development project	Qingdao West Coast New Area	192.4	Third quarter of 2023
Science and technology innovation center project	Qingdao West Coast New Area	996.1	Second quarter of 2024
Residential development project	Qingdao West Coast New Area	149.7	End of year 2022
Residential development project	Qingdao City	1,053.5	Third quarter of 2025

	<b>Location</b>	<b>Estimated remaining contract sum <i>HK\$'million</i></b>	<b>Expected time of completion</b>
<b>Project(s) commencing or are newly awarded after 31 December 2021</b>			
Car park development project	Qingdao West Coast New Area	162.0	Third quarter of 2025
Office building construction work	Qingdao West Coast New Area	123.6	Third quarter of 2025
Provision of auxiliary marine related services	Philippine	301.8	Second quarter of 2023

As the international community is relaxing travel restrictions and other pandemic control measures, we expect to see an acceleration in the launch of large-scale development projects, especially infrastructure and public facility projects, and the Group is in an advantageous position to take on such opportunities along the belt-and-road region where it has commendable business record, such as Pakistan and Indonesia. Moreover, the Qingdao West Coast New Area is one of the state-level new areas with the most diverse set of industries for focal development and the Haifa Group is endowed with the responsibility and opportunity to plan and develop land reserve and undertake major infrastructure and urban development projects etc. in the area; as such, it is envisaged that the General Construction Business will continue to be the key revenue driver for the Group, with a significant portion of revenue sourced through the Haifa Group. Looking beyond the near-term uncertainties brought on by the COVID-19 outbreak, there is ample growth potentials available to the Group in the medium to long term.

## Financial Review

### *Revenue*

The Group recorded revenue of HK\$3,200.8 million for the Year 2021, representing an increase of approximately 118.4% from the year ended 31 December 2020 (“Year 2020” or “Previous Year”) as a combined result of (i) an increase in revenue from General Construction Business by approximately HK\$1,947.9 million, mainly from projects in the PRC; (ii) a decrease in revenue from auxiliary marine related services by approximately HK\$151.6 million; (iii) a decrease in revenue from Marine Construction Works approximately HK\$61.2 million. The substantial rise in revenue from General Construction Business is attributable to the Company’s strategy to acquire Dongjie Construction and Honghai Curtain Wall, which enabled to Group to take on vast business opportunities available in the Qingdao area. On the other hand, negotiations for new auxiliary marine related services projects located in overseas have been restricted, revenue contribution from this business segment experienced notable decline as existing projects gradually progressed to the final stage during the Year 2021. A breakdown of the Group’s revenue from major projects and by geographic location is set out in the section headed “Business Review” above.

### *Cost of sales and gross profit*

Cost of sales for the Year 2021 increased by 118.4% to HK\$3,011.5 million, which is consistent with the rise in revenue. Gross profit margin in Year 2021 remained stable at approximately 5.9%, as compared to 5.9% for Year 2020, while gross profit increased by 118.6% to HK\$189.3 million for Year 2021, driven by the growth in revenue.

### *(Provision for)/reversal of impairment losses on financial assets*

The Group recorded a provision for expected credit loss amounting to HK\$27.4 million for the Year 2021 based on the management’s latest assessment of risk of default in general on the Group’s financial assets, as compared to a reversal of provision for impairment of HK\$3.0 million for the Previous Year. The significant rise in provision for expected credit loss is attributable to substantial revenue growth recorded near the end of Year 2021 and pending settlement.

### *Research and development expenses*

Expenses of HK\$11.3 million were incurred in Year 2021 in relation to the research and development of curtain wall engineering and construction technology.

### *Other administrative expenses*

Other administrative expenses for the Year 2021 increased to approximately HK\$96.8 million as compared to approximately HK\$51.7 million for the Year 2020 as a result of (i) administrative expenses in the ordinary operation of the newly acquired Honghai Curtain Wall, which mainly comprised staff costs; and (ii) increase in legal and professional fees for Year 2021 mainly due to the professional fees incurred for the acquisition of Honghai Curtain Wall and handling of connected transactions entered into during the Year 2021.

### *Income tax expenses*

The Group incurred income tax expenses of HK\$18.2 million for Year 2021 mainly due to the assessable profits derived from the PRC and Macao.

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%.

### *Operating profit, finance costs and profit before tax*

Albeit the substantial growth in revenue and gross profit, operating results for Year 2021 was hampered by rise in provision for impairment losses on financial assets, research and development expenses and other administrative expenses as mentioned above. Consequently, the Group's operating profit for Year 2021 grew by approximately HK\$17.7 million or 46.5% only.

Furthermore, additional external financings were drawn to provide working capital to support business growth in Year 2021, which led to an increase in net finance costs by HK\$9.7 million.

Overall, the Group recorded a profit before tax of HK\$36.4 million for Year 2021, as compared to HK\$28.4 million for Year 2020. Setting aside the effect of impairment losses on financial assets, which is provisional in nature and may or may not materialise, the Group's profit before tax for Year 2021 would have amounted to HK\$63.7 million, as compared to HK\$25.4 million for Year 2020, representing an increase of approximately HK\$38.3 million.

### *Property, plant and equipment*

As at 31 December 2021, the Group owned a total of 44 units of marine vessels and 189 units of machinery and equipment and an office building in Qingdao, PRC.

The additions to plant and equipment during the Year 2021 were mainly related to acquisition of vessels for the Marine Business.

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

The Group's trade, retention and notes receivables increased by approximately HK\$153.2 million to HK\$557.0 million as at 31 December 2021, of which approximately HK\$268.8 million pertained to the Marine Business segment while approximately HK\$288.2 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 settlement by customers.

The Group's amounts due from fellow subsidiaries increased by approximately HK\$1,389.3 million to HK\$1,439.6 million as at 31 December 2021 pertained to the General Construction Business segment which comprised of receivables for works on projects pending settlement by the fellow subsidiaries.

While there is currently no indication of possible default on any of the Group's receivable balances, the management acknowledges there is certain default risks associated with receivables balances in general and has adopted a systematic approach in assessing the overall risk of default and appropriate provision for expected credit loss has been made against the Group's receivable balances as at 31 December 2021.

### *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 2021 for the Marine Business and General Construction Business was approximately HK\$222.9 million and HK\$1,143.0 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. The Group has commenced dispute resolution procedures for the aforesaid three completed projects and based on preliminary assessment by the Group's project legal consultant, the Group is expected to be able to recover not less than the carrying value of the contract assets as at 31 December 2021 for these projects.

Contract liabilities as at 31 December 2021 represent amounts due to contract customers for payment received in excess of revenue recognisable by the Group according to the progress achieved, mainly in relation to the Group's EPC contract for an electricity generation facility in Macao.

### Liquidity, Capital Structure and Gearing

The Group's net current asset balance and net debt position as at 31 December 2021 was approximately HK\$742.1 million (31 December 2020: HK\$367.8 million) and HK\$918.2 million (31 December 2020: HK\$168.0 million) respectively. The Group's gearing ratio (calculated by dividing total debts by total equity) as at 31 December 2021 was 203.0% (31 December 2020: 80.4%). The increase in gearing during the Year 2021 was due to (i) funds used in the acquisition of Honghai Curtain Wall; (ii) funds used for the acquisition of plant & equipment; and (iii) drawdown of loans to finance for working capitals to support business growth. The Group did not have any unutilised banking facilities as at 31 December 2021 (31 December 2020: Nil).

- (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:

	<b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2020 <i>HK\$'000</i> (Audited)
Within 1 year	<b>731,837</b>	311,699
Between 1 and 2 years	<b>35,256</b>	11,877
Between 2 and 5 years	<b>441,687</b>	22,270
	<b><u>1,208,780</u></b>	<u>345,846</u>

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

	<b>2021</b> <b>(Unaudited)</b>	2020 (Audited)
Short-term bank loans	<b>2.3%</b>	3.7%
Long-term bank loans	<b>5.3%</b>	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”), Malaysian Ringgit (“MYR”) and Indonesian Rupiahs (“IDR”). The Group did not adopt any hedging policy and the Directors consider that the exposure to foreign exchange risks can be mitigated by using the Major Currencies (i) as principal currencies in the Group’s contracts with customers; and (ii) to settle payments with its suppliers and operating expenses where possible. In the event that settlement from the Group’s customer is received in MYR, IDR 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.

## **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

The Group completed the acquisition of 34% equity interest in 青島宏海幕牆有限公司 (Qingdao Honghai Curtain Wall Co., Ltd.\*) on 13 January 2021 at a consideration of approximately RMB49.9 million, the details of which have been disclosed in the announcement dated 16 November 2020 and the circular dated 18 December 2020 published by the Company.

Other than the above, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Year 2021.

## **Significant Investments Held**

The Group had not held any significant investments during the Year 2021.

## **Charges on Assets**

As at 31 December 2021, (i) plant and equipment with carrying value of approximately HK\$nil million (2020: HK\$6.2 million) and deposits of HK\$71.7 million (2020: HK\$23.7 million) were pledged to secure for the Group’s bank borrowings; and (ii) approximately HK\$68.0 million (2020: HK\$44.4 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**

Save for the disclosure set out in note 12 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 2021 and 2020 are as follows:

	As at 31 December	
	2021	2020
Management and administration	104	53
Accounting and finance	26	11
Human resources	9	4
Project management	147	152
Project execution	345	78
	<u>631</u>	<u>298</u>

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 Year 2021 was approximately HK\$155.1 million (2020: HK\$227.2 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 recommended the payment of a dividend for the Year 2021.

## **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 Year 2021.

### **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 2021 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 14 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 2021.

### **Directors' Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 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 Year 2021.

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 Year 2021.

### **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 2021.

### **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 2021.

### **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 Year 2021 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 recommended the payment of a dividend for the Year 2021.

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 UNAUDITED ANNUAL RESULTS

Due to the temporary reduction in manpower resulting from recent surge in COVID-19 cases in Hong Kong and Mainland China, audit progress was adversely affected and the audit of the financial statements of the Group for the year ended 31 December 2021 has not been completed as of today. The unaudited results for the year ended 31 December 2021 contained herein have not been agreed with the Company's auditors as required under Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It is expected that the 2021 audited annual results will be announced by end of April 2022. The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

## FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2021 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the register of members will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting (and the proposed arrangements relating to dividend payment, if any). In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the audit process.

## WARNING

The financial information contained herein in respect of the annual results of the Group was based on the consolidated management accounts of the Group for the year ended 31 December 2021 which have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board of  
**Prosper Construction Holdings Limited**  
**Jiang Shuang**  
*Executive Director*

Hong Kong, 31 March 2022

*As at the date of this announcement, the Board comprised executive Directors Mr. WANG Xuejun (chairman of the Board), Mr. CUI Qi, Mr. DING Hongbin, Mr. YANG Zhenshan, Mr. JIANG Shuang and Mr. YANG Honghai; and independent non-executive Directors Mr. CHEUNG Chi Man Dennis, Mr. WANG Yaping and Mr. CHENG Xuezhao.*