



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



2025

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 2025 (the “Period”), together with the comparative figures for the corresponding period in 2024 (the “Previous Period”). These information should be read in conjunction with the annual report of the Company for the year ended 31 December 2024.

Business Review

The national government announced a series of economic stabilisation measures in the latter part of last year, including optimising policies on the regulation of real estate sector, which are expected to help stabilise the real estate market and improve market predictability. Looking back at the first half of 2025, the domestic real estate market has shown signs of stabilisation. Market data indicates that sales and prices of new development projects have begun to recover from their downward trend, while the secondary market has seen increased transaction volumes but prices remain weak. Overall, it appears more time is required for the market to absorb the existing supply and the take in the impact of economic policies.

In response to market uncertainties, the Group’s general construction business segment had been actively expanding its geographic coverage and attuning its products and services to meet customers’ needs. Such strategy yielded positive results as the Group’s general construction business recorded notable revenue growth for the Period, where key projects located in newly expanded geographic locations, including projects in southern China and a project in Middle-East country, contributed a total of over RMB200 million of revenue to the Group.

The Group also commenced a new line of business in the procurement and sale of products during the Period, where the Group would source for both primary goods and consumer electronic products for import to and export from the PRC. The profit margin from the trading business is relatively low at the current stage and scale of operation, but the Group will actively expand its procurement and distribution networks and optimise supply chain efficiency, and aim to become a cross-border supply chain and diversified import and export service provider.

Marine construction activities in Hong Kong and Macao remained at relatively low level and with fierce competition. The Group focused on developing overseas markets, mainly targeting business opportunities associated with projects by state-owned enterprises located abroad, including in the Middle East and the Belt and Road region in Southeast Asia. Key overseas projects are still at the preliminary stage and did not have any significant contribution to the revenue during the Period.

Business of the Group is expected to continue the upward trend for second half of the year 2025 according to the progress of key construction projects and the growth of the new trading business. Looking into year 2026 and beyond, it is hopeful that as effects of economic policies set in, the real estate and construction market overall will continue to pick up and bring about further growth opportunities to the Group.

Management Discussion and Analysis (Continued)

Financial Review

Revenue

The Group recorded a notable growth in revenue by HK\$385.8 million or 75.8% for the Period as compared to the Previous Period, which was mainly attributable to the increase in revenue in the general construction business segment by HK\$299.3 million and revenue from the newly established trading business segment amounting to HK\$94.0 million, whereas revenue from the marine construction business segment remained a relative low level as the Group did not take on any key marine projects during the Period. Further details on the performance of the Group by business segment and geographic location are set out in the Business Review section above and note 5 to the interim financial information.

Cost of sales and gross profit

The increase in cost of sales during the Period is driven by and largely consistent with the scale of revenue growth, except contract costs amounting to approximately HK\$12.6 million related to a previous complete marine construction project was charged to cost of sales with no corresponding income during the Period as a result of unfavourable outcome in the conclusion of final account. Setting aside the effect of the aforesaid charge of contract costs, the gross profit margin of the Group for the Period would be 7.4% and relative stable as compared to 6.9% for the Previous Period.

Other gains/(losses)

The Group recorded an exchange loss of HK\$0.2 million during the Period, as opposed to an exchange gain of HK\$5.5 million for the Previous Period, as Renminbi has steadily appreciated against Hong Kong Dollars during the Period.

Research and development expenses

Research and development expenses increased by HK\$2.8 million to HK\$8.6 million for the Period and are related to the research and development of curtain wall engineering technology.

Management Discussion and Analysis (Continued)

Other administrative expenses

Other administrative expenses mainly comprised of staff costs, depreciation and amortisation and professional fees. Other administrative expenses increased by HK\$1.3 million during the Period mainly as a result of increase in unabsorbed overhead costs in relation to the Group's fleet of vessels by HK\$1.6 million, increase in legal and professional fees by HK\$1.7 million and decrease in administrative staff cost by HK\$3.7 million.

Finance costs

Net finance costs increased by HK\$2.8 million or approximately 6.6% to HK\$44.7 million for the Period as the Group continues to rely on external financing to support its operation, including the further issuance of corporate bonds in early 2025.

Income tax credit

Income tax expense for the Period was mainly related to the Group's operation in the PRC. No deferred tax credit was provided in respect of losses incurred by the Group on in tax jurisdictions outside of the PRC.

Loss for the period

Loss for the period reduced slightly by HK\$0.8 million to HK\$58.2 million, as a combined effect of (i) increase in gross profit by HK\$18.0 million driven by revenue growth, which was offset by (ii) reduction in foreign exchange gains by HK\$5.5 million, (iii) increase in research and development expenses by HK\$2.8 million, (iv) increase in finance costs by HK\$2.8 million and (v) reduction in income tax credit by HK\$3.3 million.

Property, plant and equipment

During the Period, the Group invested approximately HK\$28.8 million in the acquisition of property, plant and equipment, which mainly comprised HK\$27.8 million in building properties located in Qingdao, PRC which the Group took over from debtors as settlement of trade balances owed to the Group.

Trade, retention and notes receivables

Trade receivables reduced by HK\$193.8 million during the Period as a result of effort to negotiate settlement with debtors mainly in the general construction business segment.

Management Discussion and Analysis (Continued)

Amounts due from/(to) fellow subsidiaries

Amounts due from fellow subsidiaries reduced by HK\$165.7 million during the Period as more trade related balances were recovered.

Amounts due to fellow subsidiaries increased by HK\$21.5 million, which was mainly related to progress certification on construction projects in excess of recognisable revenue.

Contract assets

Contract assets rose by HK\$190.0 million during the Period as the amount of construction works pending certification increased coinciding to rise in business activities in the general construction business segment.

Liquidity, financial resources and capital structure

The Group's net current asset balance and net debt were approximately HK\$214.7 million (31 December 2024: HK\$218.8 million) and HK\$1,657.2 million (31 December 2024: HK\$1,571.0 million) respectively as at 30 June 2025. The Group's gearing ratio (calculated by dividing total debts by total equity) as at 30 June 2025 was 764.4% (31 December 2024: 616.6%). The increase in gearing during the Period was due to loss incurred during the Period which reduced the Group's equity balance. The maturity profile of the Group's borrowings is set out in note 19 to the interim condensed consolidated financial information.

Foreign exchange

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

Management Discussion and Analysis (Continued)

Employees and Remuneration Policies

The Group had 521 staff as at 30 June 2025 (31 December 2024: 567) 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\$56.2 million (Previous Period: HK\$64.4 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\$28.8 million in the acquisition of property, plant and equipment, which mainly comprised HK\$27.8 million in building properties located in Qingdao, PRC which the Group took over from debtors as settlement of trade balances owed to the Group.

The Group had no material capital commitments as at 30 June 2025.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Significant Investments Held

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

Charges on Assets

As at 30 June 2025, deposits of not less than HK\$74.3 million (31 December 2024: HK\$116.2 million) were pledged to secure for the Group's bank borrowings.

Management Discussion and Analysis (Continued)

Contingent Liabilities

Contingent liabilities in relation to performance bonds of construction contracts

As at 30 June 2025, a performance bond amounted to HK\$8,616,000 (31 December 2024: HK\$8,616,000) was given by a subsidiary of the Group in respect of a construction contract in the ordinary course of business. The performance bond is expected to be released in accordance with the terms of the respective construction contract for the customer.

Involvement in litigation

The subsidiaries of the Group are the two of the three defendants to a litigation in which they are alleged to have caused damage to certain facilities of the plaintiff during a typhoon in 2018. The plaintiff is claiming damages for HK\$112 million subject to adjustments. As advised by the Group's independent legal advisor, the case is at an early stage before exchanging evidence and it is not possible to give a firm evaluation of the likelihood of the outcome or estimate the possible amount of loss, if any. Consequently, no provision in relation to the litigation has been made in the consolidated financial statements as at 30 June 2025 and 31 December 2024.

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 2025.

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.

Management Discussion and Analysis (Continued)

Disclosure of Interests

Directors' interests in the Company

As at 30 June 2025, no Directors had any interests or short positions 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").

Substantial shareholders' interests in the Company

So far as the Directors are aware, as at 30 June 2025, 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 follows:

Shareholder	Number of shares/Position	Percentage of shareholding	Capacity
Qingdao West Coast Holdings (International) Limited	498,000,000 Long position	62.25%	Beneficial owner
Qingdao Haifa Assets Investment Holding Limited* 青島海發產業投資控股有限公司 ^(Note 1)	498,000,000 Long position	62.25%	Interest of a controlled corporation
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 ^(Note 1)	498,000,000 Long position	62.25%	Interest of a controlled corporation
Qingdao State-owned Assets Supervision and Administration Commission of the State Council	498,000,000 Long position	62.25%	Interest of a controlled corporation
Herofield Limited ^(Note 2)	61,200,000 Long position	7.65%	Interest of a controlled corporation
Mr. Cui Qi ^(Note 2)	61,200,000 Long position	7.65%	Interest of a controlled corporation
Ms. Mu Zhen ^(Note 3)	61,200,000 Long position	7.65%	Interest of spouse

Management Discussion and Analysis (Continued)

Notes:

1. 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 (International) Limited.
2. Mr. Cui Qi is deemed or taken to be interested in all the Shares which are beneficially owned by Herofield Limited, which is wholly-owned and controlled by Mr. Cui Qi, under the SFO.
3. 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.

* *For identification purpose only*

Corporate Governance Practices

The Company has adopted the code provisions of the Corporate Governance Code as set out in Appendix C1 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 2025 which would have material effect on the Group.

Audit Committee

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

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

		Unaudited Six months ended 30 June	
	Note	2025 HK\$'000	2024 HK\$'000
Revenue	5	894,705	508,954
Cost of sales		841,319	(473,597)
Gross profit		53,386	35,357
Other gains, net	7	522	6,825
Provision for impairment losses on financial assets		–	(32)
Research and development expenses		(8,605)	(5,844)
Other administrative expenses		(58,099)	(56,768)
Operating profit		(12,796)	(20,462)
Finance income	8	39	271
Finance costs	8	(44,740)	(42,205)
Finance costs, net		(44,701)	(41,934)
Loss before income tax	6	(57,497)	(62,396)
Income tax (expense)/credit	9	(741)	3,367
Loss for the period		(58,238)	(59,029)
(Loss)/profit is attributable to:			
Owner of the Company		(60,943)	(53,588)
Non-controlling interests		2,705	(5,441)
		(58,238)	(59,029)
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		3,862	(12,885)
Total comprehensive loss for the period		(54,376)	(71,914)
Total comprehensive (loss)/income for the period is attributable to:			
Owner of the Company		(56,736)	(63,816)
Non-controlling interests		2,360	(8,098)
		(54,376)	(71,914)
Basic and diluted loss per share (HK cents)	11	(7.62)	(6.70)

The notes on pages 15 to 40 are an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2025

	Note	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	301,543	292,356
Investment properties		11,996	11,822
Right-of-use assets	13	61,669	56,946
Goodwill		38,654	37,586
Financial asset at fair value through profit or loss		2,003	12,135
Intangible assets		16,322	1,948
Deposits and prepayments		17,378	18,590
Interest in an associate		1,029	1,000
Deferred income tax assets		12,853	16,220
		463,447	448,603
Current assets			
Inventory		14,945	18,633
Trade, retention and note receivables	14	1,042,729	1,264,295
Amounts due from fellow subsidiaries	14, 21(c)	1,038,393	1,204,120
Deposits, prepayments and other receivables	15	383,366	319,953
Contract assets	16	1,919,816	1,729,832
Time deposits with maturity over 3 months		–	2,114
Pledged bank deposits		74,327	116,204
Restricted cash		107,102	67,208
Cash and cash equivalents		83,557	129,406
		4,664,235	4,831,765
Total assets		5,127,682	5,280,368
EQUITY			
Capital and reserves			
Share capital	17	8,000	8,000
Reserves		80,286	137,022
		88,286	145,022
Non-controlling interests		163,194	160,834
Total equity		251,480	305,856

Interim Condensed Consolidated Balance Sheet (Continued)

As at 30 June 2025

	Note	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	19	415,251	350,098
Lease liabilities		391	391
Deferred income tax liabilities		11,013	11,031
		426,655	361,502
Current liabilities			
Trade, retention and notes payables	18	2,597,344	2,620,382
Accruals and other payables		216,221	260,646
Contract liabilities	16	14,986	43,621
Amount due to a related company		186	13,882
Amounts due to fellow subsidiaries	21(c)	101,997	80,473
Loan from an intermediate holding company		144,899	144,899
Amount due to non-controlling interests		–	4,904
Borrowings	19	1,096,259	1,361,127
Corporate bonds		265,825	29,835
Lease liabilities		1,929	1,977
Income tax payable		9,901	16,415
Amount due to ultimate holding company		–	34,849
		4,449,547	4,613,010
Total liabilities		4,876,202	4,974,512
Total equity and liabilities		5,127,682	5,280,368

The notes on pages 15 to 40 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 2025

	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Exchange reserves HK\$'000	Statutory reserves HK\$'000	Retained earnings HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 January 2024	8,000	214,840	23,506	(21,230)	8,835	81,112	165,412	480,475
Comprehensive income								
Loss for the period	-	-	-	-	-	(53,588)	(5,441)	(59,029)
Exchange differences	-	-	-	(10,229)	-	-	(2,657)	(12,886)
Transaction with owners								
Appropriation to statutory reserves	-	-	-	-	-	-	-	-
At 30 June 2024 (unaudited)	8,000	214,840	23,506	(31,459)	8,835	27,524	157,314	408,560
At 1 January 2025	8,000	214,840	23,506	(32,170)	8,835	(77,989)	160,834	305,856
Comprehensive income								
(Loss)/profit for the period	-	-	-	-	-	(60,943)	2,705	(58,238)
Exchange differences	-	-	-	4,207	-	-	(345)	3,862
Transaction with owners								
Appropriation to statutory reserves	-	-	-	-	-	-	-	-
At 30 June 2025 (unaudited)	8,000	214,840	23,506	(27,963)	8,835	(138,932)	163,194	251,480

The notes on pages 15 to 40 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 2025

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(80,770)	130,402
Net cash (used in)/generated from investing activities	(703)	7,377
Net cash generated from financing activities	30,885	6,155
Net (decrease)/increase in cash and cash equivalents	(50,588)	143,934
Cash and cash equivalents at beginning of the period	129,406	144,950
Effect of foreign exchange rate changes	4,739	3,566
Cash and cash equivalents at end of the period	83,557	292,450

The notes on pages 15 to 40 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, general construction contracting services, and procurement and trading of products. 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 2025 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 2024 ("2024 Financial Statements").

2.1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2025 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 2024 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 2024 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.

(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 2024 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 2024 Financial Statements.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Unaudited	
	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Rendering of services, recognised over time		
– Marine construction works	29,822	38,289
– Auxiliary marine related services	3,572	2,670
– General construction contracting services	767,262	467,995
Sale of products, recognised at a point in time		
– Procurement and trading	94,049	N/A
	894,705	508,954

(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 four operating segments of marine construction works, auxiliary marine related services, general construction contracting services and procurement and trading. 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	Procurement and trading HK\$'000	Total HK\$'000
For the six months ended 30 June 2025 (unaudited)					
Segment revenue from external customers	29,822	3,572	767,262	94,049	894,705
Segment results	(27,889)	190	29,688	3,830	5,819
Unallocated expenses					(14,547)
Depreciation of investment properties					(540)
Depreciation of property, plant and equipment					(1,367)
Depreciation of right-of-use assets					(2,161)
Finance costs, net					(44,701)
Loss before income tax					(57,497)
Income tax expense					(741)
Loss for the period					(58,238)
Included in segment results are:					
Depreciation and amortisation	8,029	263	3,580	–	11,872
For the six months ended 30 June 2024 (unaudited)					
Segment revenue from external customers	38,289	2,670	467,995	N/A	508,954
Segment results	(7,694)	(1,125)	363	N/A	(8,456)
Unallocated expenses					(7,852)
Depreciation of property, plant and equipment					(2,039)
Depreciation of right-of-use assets					(2,115)
Finance costs, net					(41,934)
Loss before income tax					(62,396)
Income tax credit					3,367
Loss for the period					(59,029)
Included in segment results are:					
Depreciation and amortisation	(7,297)	(480)	(3,576)	N/A	(11,353)

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment Information (Continued)

Assets

	Marine construction works HK\$'000	Auxiliary marine related services HK\$'000	General construction contracting services HK\$'000	Procurement and trading HK\$'000	Total HK\$'000
At 30 June 2025 (unaudited)					
Segment assets	594,831	6,602	4,303,465	178,043	5,082,941
Unallocated assets					44,741
Total assets					5,127,682
Additions to non-current assets	888	–	27,712	–	28,601
At 31 December 2024 (audited)					
Segment assets	594,693	60,174	4,603,977	N/A	5,258,844
Unallocated assets					21,524
Total assets					5,280,368
Additions to non-current assets	2,639	–	1,385	N/A	4,024

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	Procurement and trading HK\$'000	Total HK\$'000
At 30 June 2025 (unaudited)					
Segment liabilities	103,356	3,443	2,789,044	29,931	2,925,774
Borrowings					1,511,510
Corporate bonds					265,825
Loan from an intermediate holding company					145,852
Income tax payable					9,901
Deferred tax liabilities					11,013
Unallocated liabilities					6,327
Total liabilities					4,876,202
At 31 December 2024 (audited)					
Segment liabilities	118,466	5,075	2,912,316	N/A	3,035,857
Borrowings					1,711,225
Loan from an intermediate holding company					144,899
Corporate bonds					29,835
Unallocated liabilities					52,696
Total liabilities					4,974,512

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	
	2025 HK\$'000	2024 HK\$'000
Hong Kong	174,447	38,750
Mainland China	717,239	467,995
Indonesia	3,019	2,208
	894,705	508,953

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

Non-current assets

Based on countries of domicile of companies holding the assets:

	Unaudited	Audited
	30 June	31 December
	2025 HK\$'000	2024 HK\$'000
Hong Kong	174,450	185,447
Mainland China	116,786	107,742
Indonesia	6,249	6,466
Macao	4,058	4,523
	301,543	304,178

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 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Hong Kong	174,450	147,862
Indonesia	6,249	6,466
Macao	4,058	9,591
Mainland China	116,786	118,249
Pakistan	–	20,398
Philippines	–	1,612
	301,543	304,178

6. LOSS BEFORE INCOME TAX

	Unaudited Six months ended 30 June 2025 HK\$'000	2024 HK\$'000
Staff cost including directors' emoluments (<i>note</i>)	56,238	64,441
Auditor's remuneration	–	–
Cost of sales excluding direct staff costs	809,861	437,646
Depreciation of property, plant and equipment (<i>Note 12</i>)	12,850	13,395
Depreciation of right-of-use assets	2,161	2,115
Leases expenses relating to short-term leases and leases of low-value assets	10	11
Legal and professional fees	5,590	3,861

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6. LOSS BEFORE INCOME TAX (Continued)

Note:

	Unaudited Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Wages and salaries	43,668	53,643
Pension costs — defined contribution plans	3,876	5,291
Other employment benefits	8,694	5,507
	56,238	64,441
Charged to cost of sales	31,458	35,951
Charged to administrative expenses	24,780	28,490

7. OTHER GAINS/(LOSSES), NET

	Unaudited Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
(Losses)/gains on disposal of property, plant and equipment	(260)	1,498
Foreign exchange (losses)/gains	(229)	5,538
Sundry gains/(losses)	1,011	(211)
	522	6,825

8. FINANCE COSTS, NET

	Unaudited Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Finance income		
— Interest income on bank balances	39	271
Finance costs		
— Interest expense on bank loans	(44,551)	(42,099)
— Interest expense on lease liabilities	(189)	(106)
Finance costs, net	(44,701)	(41,934)

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	
	2025	2024
	HK\$'000	HK\$'000
Hong Kong profits tax over provision in prior years	–	–
Indonesia income tax		
Withholding income tax	–	–
PRC corporate income tax		
Current income tax	(741)	–
Over provision in prior years	–	3,367
	(741)	3,367

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 2025.

PRC corporate income tax has been provided at a rate of 25% on the estimated assessable profit for the six months ended 30 June 2025, except for subsidiaries which satisfied as a High-New Technology Enterprise and is entitled to the preferential tax rate of 15%.

10. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2025 (2024: Nil).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

11. LOSS PER SHARE

(a) Basic

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

	Unaudited Six months ended 30 June	
	2025	2024
Loss attributable to equity holders of the Company (HK\$'000)	(60,943)	(53,588)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share ('000)	800,000	800,000
Basic loss per share (HK cents)	(7.62)	(6.70)

(b) Diluted

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

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Machinery and equipment HK\$'000	Vessels HK\$'000	Motor vehicles HK\$'000	Construction- in-progress HK\$'000	Total HK\$'000
Six months ended 30 June 2025 (unaudited)								
Opening net book amount	85,207	25	3,441	25,544	176,538	1,601	-	292,356
Additions/(disposal)	27,782	-	91	(877)	951	(59)	-	27,888
Depreciation	(1,638)	(7)	(646)	(3,711)	(6,393)	(455)	-	(12,850)
Exchange differences	(6,212)	-	45	237	43	36	-	(5,851)
Closing net book amount	105,139	18	2,931	21,193	171,139	1,123	-	301,543
Six months ended 30 June 2024 (unaudited)								
Opening net book amount	91,318	39	4,942	32,750	190,383	2,682	-	322,114
Additions/(disposal)	-	-	305	703	-	(16)	368	1,360
Depreciation	(1,582)	(18)	(987)	(3,849)	(6,453)	(507)	-	(13,395)
Exchange differences	(4,801)	-	(65)	700	(430)	(44)	-	(4,640)
Closing net book amount	84,935	21	4,195	30,304	183,500	2,116	368	305,439

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 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Right-of-use assets		
Non-current	61,669	56,946
Lease liabilities		
Non-current	391	391
Current	1,929	1,977
	2,320	2,368

Additions to the right-of-use assets during the six months ended 30 June 2025 and 2024 were HK\$225,000 and HK\$399,000 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 2025 HK\$'000	2024 HK\$'000
Depreciation charge of right-of-use assets	2,161	2,115
Interest expenses on lease liabilities (Note 8)	189	106
Leases expenses relating to short-term leases of machineries and equipment	3,128	2,877
Leases expenses relating to short-term leases of low value assets	10	11

The total cash outflow for leases excluding short-term leases and leases of low-value assets during the six months ended 30 June 2025 and 2024 were HK\$1,291,000 and HK\$1,380,000 respectively.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

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

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Trade receivables	981,326	1,175,088
Retention receivables	52,114	79,464
Note receivables	9,289	9,743
Trade, retention and note receivables	1,042,729	1,264,295

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

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Within 1 year	599,403	688,742
1 to 2 years	184,507	347,743
Over 2 years	197,416	138,603
	981,326	1,175,088

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

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Within 1 year	1,465	15,009
Between 1 and 5 years	50,649	62,792
Over 5 years	–	1,663
	52,114	79,464

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.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

14. TRADE, RETENTION AND NOTE RECEIVABLES, AND AMOUNTS DUE FROM FELLOW SUBSIDIARIES (Continued)

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

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Within 1 year	452,656	600,074
1 to 2 years	16,525	511,773
Over 2 years	569,212	92,273
	1,038,393	1,204,120

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Deposits, prepayments and other receivables (note)	400,744	338,543
Less: non-current deposits	17,378	18,590
Current	383,366	319,953

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

16. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Contract assets		
Provision of construction services – third parties	1,639,734	1,337,410
Provision of construction services – fellow subsidiaries	342,226	446,712
Less: loss allowance	(62,144)	(74,290)
	1,919,816	1,709,832
Contract liabilities		
Provision of construction services	(14,986)	(43,621)

17. SHARE CAPITAL

The Company's share capital as at 30 June 2025 and 31 December 2024 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)

18. TRADE AND RETENTION PAYABLES

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Trade payables	2,431,456	2,454,888
Notes payables	157,979	149,961
Retention payables	7,909	15,533
	2,597,344	2,620,382

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 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Within 1 year	1,903,890	1,327,080
Over 1 year	527,566	1,127,808
	2,431,456	2,454,888

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

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Within 1 year	157,979	149,961

Notes to the Condensed Consolidated Interim Financial Information (Continued)

18. TRADE AND RETENTION PAYABLES (Continued)

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 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Within 1 year	500	2,989
Between 1 year and 2 years	1,175	2,932
Between 2 years and 5 years	6,234	9,612
	7,909	15,533

19. BORROWINGS

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Non-current:		
Long-term bank loans	415,251	350,098
Current:		
Long-term bank loans due for repayment within one year (secured)	–	75,558
Short-term bank borrowings		
– secured	1,096,259	992,459
– unsecured	–	129,893
Other borrowings	–	163,217
	1,096,259	1,361,127
Total borrowings	1,511,510	1,711,225

Notes to the Condensed Consolidated Interim Financial Information (Continued)

19. BORROWINGS (Continued)

- (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 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Within 1 year	1,096,259	1,285,569
Between 1 year and 2 years	347,395	248,909
Between 2 years and 5 years	67,856	101,099
Over 5 years	–	75,558
	1,511,510	1,711,225

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

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
HK\$	103,000	133,000
MOP	–	28,176
RMB	1,408,510	1,550,049
	1,511,510	1,711,225

- (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)

19. BORROWINGS (Continued)

- (d) The Group's loan facilities are subject to annual review and secured or guaranteed by:
- (i) Project contracts executed by a subsidiary, guarantees of HK\$228,000,000 (31 December 2024: HK\$228,000,000) from the Company, pledged deposits of HK\$10,000,000 (31 December 2024: HK\$14,063,000) from the subsidiaries for a bank facility which covers loans of HK\$79,000,000 (31 December 2024: HK\$99,500,000).
 - (ii) Unlimited guarantees provided by the Company for bank facilities and pledged deposits of HK\$10,000,000 (31 December 2024: HK\$10,025,000) which covers loans of HK\$24,000,000 (31 December 2024: HK\$30,000,000) as at 30 June 2025.
 - (iii) Promissory note of MOP32,010,000 and guarantees by the Company and a subsidiary of the Company in total amount of MOP29,100,000 for a bank facility which covers loans of MOP37,961,000 as at 31 December 2024.
 - (iv) Group's properties, plant and equipment and right-of-use assets with carrying amounts of HK\$82,130,000 (31 December 2024: HK\$84,251,000) and of HK\$24,400,000 (31 December 2024: HK\$23,994,000) for a bank facility which covers loans of HK\$86,987,000 (31 December 2024: HK\$75,558,000) as at 30 June 2025.
 - (v) Guarantees of HK\$164,164,000 (31 December 2024: HK\$112,664,000) provided by a subsidiary for bank facilities which covers loans of HK\$129,824,000 (31 December 2024: HK\$135,089,000) as at 30 June 2025.
 - (vi) Unlimited guarantees provided by the ultimate holding company for bank facilities which covers loans of HK\$1,158,865,000 (31 December 2024: HK\$508,583,000) as at 30 June 2025.
 - (vii) Unlimited guarantees provided by the ultimate holding company together with a subsidiary for bank facilities which covers loans of HK\$1,191,699,000 (31 December 2024: HK\$541,209,000) as at 30 June 2025.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

20. CONTINGENT LIABILITIES AND DISPUTES

Contingent Liabilities

Contingent liabilities in relation to performance bonds of construction contracts

As at 30 June 2025, a performance bond amounted to HK\$8,616,000 (31 December 2024: HK\$8,616,000) was given by a subsidiary of the Group in respect of a construction contract in the ordinary course of business. The performance bond is expected to be released in accordance with the terms of the respective construction contract for the customer.

Involvement in litigation

The subsidiaries of the Group are the two of the three defendants to a litigation in which they are alleged to have caused damage to certain facilities of the plaintiff during a typhoon in 2018. The plaintiff is claiming damages for HK\$112 million subject to adjustments. As advised by the Group's independent legal advisor, the case is at an early stage before exchanging evidence and it is not possible to give a firm evaluation of the likelihood of the outcome or estimate the possible amount of loss, if any. Consequently, no provision in relation to the litigation has been made in the consolidated financial statements as at 30 June 2025 and 31 December 2024.

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 2025 and 2024:

Name of the related party	Relationship with the Group
Concentric-Hong Kong River Joint Venture ("CHKRJV")	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	A fellow subsidiary
Qingdao Dongqisheng Information Consulting Co., Ltd. (青島東祺晟資訊諮詢有限公司) ("Dongqisheng Information Consulting")	A related company controlled by non-controlling interests
Qingdao Haifa Environmental Protection Energy Investment Co., Ltd. (青島海發環保能源投資有限公司) ("Haifa Environmental Protection")	A fellow subsidiary
Qingdao Haifa Financial Leasing Co., Ltd. (青島海發融資租賃有限公司) ("Haifa Financial Leasing")	A fellow subsidiary

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21. RELATED PARTY TRANSACTIONS (Continued)

- (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 2025 and 2024: (Continued)

Name of the related party	Relationship with the Group
Qingdao Linli Wanjia Investment Development Co., Ltd. (青島鄰里萬家投資發展有限公司) ("Linli Wanjia Investment Development")	A fellow subsidiary
Qingdao Rongchuang Xifa Cultural Development Limited (青島融創西發文化發展有限公司) ("Rongchuang Xifa")	A fellow subsidiary
Qingdao Xifa Cangmashan Infrastructure Investment Limited (青島西發藏馬山基礎設施建設投資有限公司) ("Xifa Cangmashan Infrastructure")	A fellow subsidiary
Qingdao Xifa Cangmashan Construction Limited (青島西發藏馬山建設開發集團有限公司) ("Xifa Cangmashan Construction")	A fellow subsidiary
Qingdao Xifa Properties Limited (青島西發置業有限公司) ("Xifa Properties")	A fellow subsidiary
Qingdao West Coast New Village Development Limited (青島西海岸新農村社區建設有限公司) ("West Coast New Village District")	A fellow subsidiary
Qingdao West Coast New District Development Limited (青島西海岸新區開發建設有限公司) ("West Coast New District")	A fellow subsidiary
Qingdao West Coast Sky Construction Development Limited (青島西海岸天業建設發展有限公司) ("West Coast Sky")	A fellow subsidiary
Qingdao West Coast Technology Innovation Development Co. Limited (青島西海岸科創投資開發有限公司) ("West Coast Technology Innovation")	A fellow subsidiary
Qingdao Xifa Cangmashan Agricultural Development Limited (青島西發藏馬山農業發展有限公司) ("Xifa Cangmashan Agricultural")	A fellow subsidiary
Qingdao Oriental Fashion Development Construction Limited (青島東方時尚開發建設有限公司) ("Oriental Fashion")	A fellow subsidiary
Qingdao Blue Valley Medical Management Limited (青島藍色醫谷醫療管理有限責任公司) ("Blue Valley Medical Management")	A fellow subsidiary
Qingdao Xifa Healthcare Limited (青島西發康養醫療有限公司) ("Xifa Healthcare")	A fellow subsidiary

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21. RELATED PARTY TRANSACTIONS (Continued)

- (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 2025 and 2024: (Continued)

Name of the related party	Relationship with the Group
Qingdao Big Data Technology Development Limited (青島大數據科技發展有限公司) ("Big Data Technology Development")	A fellow subsidiary
Beijing Film Academy Modern Creative Media College (北京電影學院現代創意媒體學院) ("Beijing Film Academy")	A fellow subsidiary
Oriental Movie Metropolis Rongchuang Investment Limited (東方影都融創投資有限公司) ("Oriental Movie Metropolis")	A fellow subsidiary
Qingdao West Coast Tianze Construction Development Limited (青島西海岸天澤建設發展有限公司) ("West Coast Tianze")	A fellow subsidiary
Qingdao Haifa Tianqing Construction Limited (青島海發天清建設有限公司) ("Haifa Tianqing")	A fellow subsidiary
Qingdao Aucma Refrigeration Appliance Co. Limited (青島澳柯瑪製冷電器有限公司) ("Aucma Refrigeration Appliance")	A fellow subsidiary
Qingdao West Coast Financing Guarantee Limited (青島西海岸融資擔保有限公司) ("West Coast Financing")	A fellow subsidiary
Qingdao Haifa Cultural (Group) Limited (青島海發文化(集團)有限公司) ("Haifa Cultural")	A fellow subsidiary
Qingdao Xifa Zangmashan Agricultural Trade Co., Ltd. (青島西發藏馬山農貿有限公司) ("Xifa Agricultural Trade")	A fellow subsidiary
Qingdao Haifa Hongrui Property Management Co., Ltd. (青島海發弘睿物業管理有限公司) ("Haifa Hongrui Property")	A fellow subsidiary
China Haifa (Qingdao) Investment Co., Ltd. (中交海發(青島)投資有限公司) ("Haifa Investment")	A fellow subsidiary
Qingdao Haifa City Investment & Development (Group) Limited (青島海發產城投資開發(集團)有限公司) ("Haifa City Investment")	A fellow subsidiary
Qingdao Oceanec Valley Investment & Development Group Limited (青島藍谷投資發展集團有限公司) ("Qingdao Oceanec Valley")	A fellow subsidiary

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21. RELATED PARTY TRANSACTIONS (Continued)

- (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 2025 and 2024: (Continued)

Name of the related party	Relationship with the Group
Qingdao Yingdu Film Museum Co. Limited (青島影都電影博物館有限公司) ("Yingdu Film Museum")	A fellow subsidiary
Qingdao Film Academy (青島電影學院)	A fellow subsidiary
Qingdao Rongchuang Haifa Cultural Development Limited (青島融創海發文化發展有限公司) ("Rongchuang Haifa")	A fellow subsidiary
Qingdao Dongfang Film and Television Industry Co., Ltd (青島東方影都影視產業管理有限公司) ("Dongfang Film and Television Industry")	A fellow subsidiary
Qingdao Haifa Commercial Management Co. Ltd Xingguang Island Commercial Operation Management Branch (青島海發商業管理有限公司星光島商業运营管理分公司) ("Haifa Commercial Management (Branch)")	A fellow subsidiary
Qingdao Xifa Commercial Factoring Co. Limited (青島西發商業保理有限公司) ("Xifa Commercial Factoring")	A fellow subsidiary

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	
	2025 HK\$'000	2024 HK\$'000
Construction project costs paid to Big Data Technology Development	–	5,731
Interest expenses to West Coast Investment (Hong Kong) Limited	4,135	2,011
Construction project income from related parties:		
Xifa Properties	–	12,500
West Coast New District	6,444	17,079
Rongchuang Xifa	–	6,346
Xifa Cangmashan Construction	–	92
West Coast Sky	–	10,402
Oriental Fashion	–	6,873
West Coast Technology Innovation	35,245	20,605
Blue Valley Medical Management	–	1,299
Haifa Investment	–	29,269
Aucma Refrigeration Appliance	–	7,898
Xifa Commercial Factoring	–	9
Qingdao Film Academy	5,215	1,835
West Coast Tianze	–	183
Haifa City Investment	–	253
Haifa Commercial Management (Branch)	–	67
Qingdao Oceantec Valley	–	155
Dongfang Film and Television Industry	–	1,121
Yingdu Film Museum	–	365
Rongchuang Haifa	477	4,780
Haifa Environmental Protection	49,543	–
Haifa Financial Leasing	74	–
Linli Wanjia Investment Development	2,207	–

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances

	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000	Nature
Amounts due from fellow subsidiaries (<i>note (i)</i>)	1,038,393	1,204,120	Trade
Amount due to ultimate holding company (<i>note (ii)</i>)	–	(34,849)	Non-trade
Amounts due to fellow subsidiaries			
– Big Data Technology Development (<i>note (iii)</i>)	(11,644)	(19,912)	Trade
– Xifa Cangmashan Agricultural (<i>note (iii)</i>)	–	(140)	Trade
– Haifa Hongrui Property (<i>note (iii)</i>)	(368)	(255)	Trade
– Xifa Agricultural Trade (<i>note (iii)</i>)	–	(143)	Trade
– Haiwenxinghui Exhibition (<i>note (iii)</i>)	–	(13)	Trade
– Xifa Commercial Factoring (<i>note (iv)</i>)	(61,716)	(60,010)	Non-trade
– Haifa Environmental Protection	(27,361)	–	Trade
– Haifa Financial Leasing	(86)	–	Trade
– Haifa Commercial Management (Branch)	(822)	–	Trade
Carrying amounts	101,997	(80,473)	
Amounts due to related companies			
– Shenzhen Changsheng (<i>note (v)</i>)	(186)	(186)	Non-trade
– Dongqisheng Information Consulting (<i>note (v)</i>)	–	(13,696)	Non-trade
Carrying amounts	(186)	(13,882)	
Loans from a fellow subsidiary			
– West Coast Investment (Hong Kong) Limited (<i>note (vi)</i>)	(144,899)	(144,899)	Non-trade

Notes:

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances (Continued)

Notes: (Continued)

- (iv) The amount due to Xifa Commercial Factoring of HK\$61,716,000 (31 December 2024: HK\$60,010,000) represented the suppliers invoices factoring arrangement among the Group's suppliers and Xifa Commercial Factoring. The amount due to Xifa Commercial Factoring are unsecured, interest free and repayable within one year. The carrying amount of amount due to Xifa Commercial Factoring approximated its fair value and was denominated in RMB.
- (v) The amounts due to related parties were unsecured, interest free and repayable within one year. The carrying amount of amounts due to related parties approximated its fair value and were denominated in RMB.
- (vi) Loan from a fellow subsidiary of HK\$130,000,000 (31 December 2024: HK\$130,000,000) were guaranteed by the Company with fixed interest rate at 5.70% per annum (31 December 2024: 5.70% per annum), approximated their fair values, denominated in HK\$ and are repayable in 2026.

Loan from a fellow subsidiary of HK\$14,899,000 (31 December 2024: HK\$14,899,000) was guaranteed by the Company with fixed rate at 5.70% per annum (31 December 2024: 5.70% per annum), approximated its fair value, denominated in RMB and is repayable in 2025.

(d) Transactions with key management personnel

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

	Unaudited Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Salaries, bonus and other allowances and benefits in kind	460	925
Pension costs — defined contribution plans	5	20
	465	945

22. ULTIMATE HOLDING COMPANY

Management considers Qingdao Haifa State-owned Capital Investment and Operation Group Co., Ltd as the ultimate holding company of the Group, which is a company incorporated in the PRC and controlled by the State-owned Asset Supervision and Administration Commission of Qingdao.