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瑞港建設控股有限公司
PROSPER CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6816)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

	Year ended 31 December		% change
	2025	2024	
	HK\$'million	HK\$'million	
Revenue	1,880.2	1,631.3	↑ 15.3%
Gross profit	163.9	130.1	↑ 26.0%
Gross margin	8.7%	8.0%	
Loss for the year	(140.3)	(150.7)	
(Loss)/profit attributable to:			
Equity holders of the Company	(142,6)	(159.1)	
Non-controlling interests	2.3	8.4	
Loss per share attributable to owners			
<i>(HK cents)</i>	(17.82)	(19.89)	

	As at 31 December		% change
	2025	2024	
	HK\$'million	HK\$'million	
Total assets	5,867.7	5,280.4	↑ 11.1%
Total equity	181.5	305.9	↓ 40.7%
Equity per share (HK\$)	0.23	0.38	

The board (the “Board”) of directors (the “Directors”) of Prosper Construction Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) presents the audited consolidated results of the Group for the year ended 31 December 2025 (the “FY2025” or “Year”) together with comparative figures for the year ended 31 December 2024 (the “FY2024” or “Previous Year”) as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	3	1,880,212	1,631,308
Cost of sales		<u>(1,716,319)</u>	<u>(1,501,180)</u>
Gross profit		163,893	130,128
Other (losses)/gains, net		(5,485)	11,422
Provision for impairment losses on financial assets		(75,583)	(61,298)
Research and development expenses		(20,618)	(21,089)
Other administrative expenses		<u>(104,431)</u>	<u>(129,601)</u>
Operating loss		<u>(42,224)</u>	<u>(70,438)</u>
Finance income		973	2,332
Finance costs		<u>(107,948)</u>	<u>(85,210)</u>
Finance costs, net		<u>(106,975)</u>	<u>(82,878)</u>
Share of results of an associate		<u>67</u>	<u>(65)</u>
Loss before income tax		(149,132)	(153,381)
Income tax credit	4	<u>8,840</u>	<u>2,670</u>
Loss for the year		<u>(140,292)</u>	<u>(150,711)</u>
(Loss)/profit attributable to:			
Equity holders of the Company		(142,590)	(159,101)
Non-controlling interests		<u>2,298</u>	<u>8,390</u>
		<u>(140,292)</u>	<u>(150,711)</u>
Loss per share for loss attributable to the equity holders of the Company:			
Basic and diluted loss per share (HK cents)	5	<u>(17.82)</u>	<u>(19.89)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	(140,292)	(150,711)
Other comprehensive income		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	<u>15,974</u>	<u>(15,863)</u>
Other comprehensive income for the year, net of tax	<u>15,974</u>	<u>(15,863)</u>
Total comprehensive income for the year	<u>(124,318)</u>	<u>(166,574)</u>
Total comprehensive income attributable to:		
Equity holders of the Company	(129,819)	(170,041)
Non-controlling interests	<u>5,501</u>	<u>3,467</u>
	<u>(124,318)</u>	<u>(166,574)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		270,558	292,356
Investment properties		53,856	11,822
Right-of-use assets		56,814	56,946
Goodwill		39,252	37,586
Intangible assets		11,887	12,135
Deposits and prepayments		10,397	18,590
Financial asset at fair value through profit or loss		–	1,948
Interest in an associate		1,113	1,000
Deferred income tax assets		27,057	16,220
		470,934	448,603
Current assets			
Inventories		39,387	18,633
Trade, retention and notes receivables	7	1,967,892	1,264,295
Amounts due from fellow subsidiaries	7	1,058,551	1,204,120
Amount due from a related party		7,227	–
Deposits, prepayments and other receivables		503,995	319,953
Contract assets	8	1,410,956	1,709,832
Time deposits with maturity over 3 months		–	2,114
Pledged bank deposits		113,031	116,204
Restricted cash		80,239	67,208
Cash and cash equivalents		215,486	129,406
		5,396,764	4,831,765
Total assets		5,867,698	5,280,368
EQUITY			
Capital and reserves			
Share capital	10	8,000	8,000
Reserves		7,203	137,022
		15,203	145,022
Non-controlling interests		166,335	160,834
Total equity		181,538	305,856

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings		83,355	350,098
Lease liabilities		212	391
Deferred income tax liabilities		11,013	11,013
		<u>94,580</u>	<u>361,502</u>
Current liabilities			
Trade, retention and notes payables	9	2,423,894	2,620,382
Accruals and other payables		358,371	260,646
Contract liabilities	8	35,784	43,621
Amount due to ultimate holding company		292,471	34,849
Amounts due to fellow subsidiaries		343,003	80,473
Amounts due to related companies		18,321	13,882
Loans from an intermediate holding company		178,618	144,899
Amounts due to non-controlling interests		178	4,904
Borrowings		1,647,787	1,361,127
Corporate bonds		277,795	29,835
Lease liabilities		1,007	1,977
Income tax payable		14,351	16,415
		<u>5,591,580</u>	<u>4,613,010</u>
Total liabilities		<u>5,686,160</u>	<u>4,974,512</u>
Total equity and liabilities		<u>5,867,698</u>	<u>5,280,368</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 6 October 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Room 03-08, 24/F, Shui On Centre, 6-8 Harbour Road, Wan Chai.

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

The consolidated financial statements are presented in Hong Kong dollars ("HK\$") unless otherwise stated.

2 BASIS OF PREPARATION AND ADOPTION OF HKFRS ACCOUNTING STANDARDS

2.1 Statement of compliance

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

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

2.2 Going concern basis

The Group incurred a loss of HK\$140,292,000 for the year ended 31 December 2025 and had net current liabilities of HK\$194,816,000 as at 31 December 2025. During the year ended 31 December 2025, the Group did not comply with certain financial covenant requirements in respect of certain bank borrowings with outstanding principal amounting to HK\$88,000,000 in total as at 31 December 2025. Such non-compliance of financial covenants also triggered cross-defaults clauses in certain other bank borrowings amounting to HK\$517,021,000 as at 31 December 2025. As a result, bank borrowings totalling HK\$605,021,000 became repayable on demand by the banks and were classified as current liabilities as at 31 December 2025. As at the same date, the Group had cash and cash equivalent of HK\$215,486,000 only. These events or conditions may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have prepared a cash flow forecast covering a period of not less than twelve months from the end of the reporting period ("Cash Flow Forecast") for assessing the appropriateness of the use of the going concern basis for the preparation of these consolidated financial statements. When preparing the Cash Flow Forecast, the directors of the Company have given careful consideration of the Group's future liquidity, performance and sources of financing, and taking into account the following plans and measures:

- (i) The Group has been actively negotiating with the banks to obtain waivers from the banks in respect of the breached financial covenants in order to mitigate, the risk of immediate repayment demand from the relevant banks. As of the date of approval of these consolidated financial statements, the Group has successfully obtained a waiver from a bank in respect of an outstanding principal amount of HK\$68,000,000 as at 31 December 2025;
- (ii) The Group is able to renew its existing banking facilities upon maturity during the forecast period;
- (iii) The Group had unutilised banking facilities of HK\$401,757,000 as at 31 December 2025; and
- (iv) The Group continues to closely monitor the market developments, actively review the collection status of trade, retention and notes receivables, and enhance its collection capability in order to improve its cash flow position.

Based on the above, the directors of the Company are of the opinion that the Group will have sufficient financial resources to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

Nevertheless, the validity of the use of the going concern basis of accounting is dependent on the successful implementation of the plans and measures while there are inherent uncertainties associated with their future outcome. These uncertainties include (i) whether the Group is able to obtain a waiver from the relevant bank in respect of the non-compliance with financial covenants; (ii) whether the Group is able to renew its existing banking facilities and to draw down the unutilised banking facilities available to it on a timely basis; and (iii) whether the Group is able to collect outstanding trade, retention and notes receivables and amounts due from fellow subsidiaries within the expected timeframe. These indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

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

2.3 Adoption of new and amendments to HKFRS Accounting Standards

In the current year, the Group has applied for the first time the following new and amendments to standards issued by the HKICPA, which are effective for the Group's financial statements for the annual period beginning on 1 January 2025.

Amendments to HKAS 21	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements

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

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

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosure ²
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2027

³ Effective date to be determined by the HKICPA

The Group will apply the above new standards, revised framework and amendments to standards when they become effective. Except for HKFRS 18 as set out below, these new standards, revised framework and amendments to standards are not expected to have a material impact on the entity in the current or future reporting periods. HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. The new requirements are expected to impact the Group's presentation of the consolidated statements of profit or loss and disclosures of the Group's financial performance. However, it is expected that the initial adoption of HKFRS 18 would not significantly affect the Group's financial performance and position.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Rendering of services, recognised over time		
– Marine construction works	92,772	55,427
– Provision of auxiliary marine related services	3,145	4,205
– General construction contracting services	1,731,075	1,571,676
Sale of products, recognised at a point in time		
– Trading	53,220	–
	<u>1,880,212</u>	<u>1,631,308</u>

(b) Segment Information

The chief operating decision-maker has been identified as the executive directors of the Company.

For the year ended 31 December 2025, the executive directors regard the Group's business as comprising four operating segments of marine construction works, provision of auxiliary marine related services, general construction contracting services and trading (2024: three operating segments: marine construction works, provision of auxiliary marine related services and general construction contracting services). They review financial information accordingly.

Segment revenue is measured in a manner consistent with that in the consolidated statement of profit or loss.

Revenue and results for the Group's reportable segments

	Marine construction works <i>HK\$'000</i>	Provision of auxiliary marine related services <i>HK\$'000</i>	General construction contracting services <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2025					
Segment revenue from external customers	<u>92,772</u>	<u>3,145</u>	<u>1,731,075</u>	<u>53,220</u>	<u>1,880,212</u>
Segment results	(56,928)	(20,236)	62,318	(2,745)	(17,591)
Unallocated expenses					(17,038)
Depreciation of investment properties					(1,347)
Depreciation of property, plant and equipment					(2,382)
Depreciation of right-of-use assets					(3,799)
Finance costs, net					<u>(106,975)</u>
Loss before income tax					(149,132)
Income tax credit					<u>8,840</u>
Loss for the year					<u><u>(140,292)</u></u>
Included in segment results:					
Depreciation of property, plant and equipment	(7,301)	–	(15,102)	–	(22,403)
Amortisation of intangible assets	<u>–</u>	<u>–</u>	<u>(906)</u>	<u>–</u>	<u>(906)</u>

	Marine construction works <i>HK\$'000</i>	Provision of auxiliary marine related services <i>HK\$'000</i>	General construction contracting services <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2024				
Segment revenue from external customers	<u>55,427</u>	<u>4,205</u>	<u>1,571,676</u>	<u>1,631,308</u>
Segment results	(53,685)	(21,451)	30,366	(44,770)
Unallocated expenses				(15,516)
Depreciation of investment properties				(1,345)
Depreciation of property, plant and equipment				(4,700)
Depreciation of right-of-use assets				(4,172)
Finance costs, net				<u>(82,878)</u>
Loss before income tax				(153,381)
Income tax credit				<u>2,670</u>
Loss for the year				<u><u>(150,711)</u></u>
Included in segment results:				
Depreciation of property, plant and equipment	(18,384)	(543)	(3,338)	(22,265)
Amortisation of intangible assets	<u>–</u>	<u>–</u>	<u>(3,143)</u>	<u>(3,143)</u>

4 INCOME TAX CREDIT

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
PRC corporate income tax		
Current income tax	865	4,790
Indonesia income tax		
Withholding income tax	259	84
Deferred income tax	<u>(9,964)</u>	<u>(7,544)</u>
Income tax credit	<u><u>(8,840)</u></u>	<u><u>(2,670)</u></u>

- (a) No provision for Hong Kong profits tax has been made for the current and prior periods as the Group has no assessable profits arising in Hong Kong.
- (b) Subsidiaries in the PRC are subject to corporate income tax (“CIT”) in accordance with the PRC CIT Law. According to the PRC CIT Law and the relevant regulations, the CIT tax rate applicable is 25% except for subsidiaries which qualify as High-New Technology Enterprises which are subject to a tax rate of 15%.
- (c) Indonesia income tax is charged through a system of withholding taxes. Companies are required to withhold final income tax for income of construction works performed and interest income from bank deposits. For the year ended 31 December 2025, income tax has been provided at the rate of 3% (2024: 3%) of the construction revenue and 20% (2024: 20%) of the interest income from bank deposits.
- (d) No provision has been provided for Macao complementary profits tax for both years as the group has no assessable profit arising in Macao.

5 LOSS PER SHARE

(a) Basic

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

	2025	2024
Loss attributable to equity holders of the Company (HK\$'000)	<u>142,590</u>	<u>159,101</u>
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousands)	<u>800,000</u>	<u>800,000</u>

(b) Diluted

Diluted loss per share for the years of 2025 and 2024 is the same as the basic loss per share as there were no potential dilutive ordinary shares.

6 DIVIDENDS

The board of directors of the Company does not recommend the payment of any dividend for the year ended 31 December 2025 (2024: Nil).

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

	2025	2024
	HK\$'000	HK\$'000
Trade receivables	2,002,073	1,289,969
Less: Loss allowance	(162,198)	(114,881)
	<u>1,839,875</u>	<u>1,175,088</u>
Trade receivables – net	1,839,875	1,175,088
Retention receivables	101,072	84,724
Less: Loss allowance	(10,425)	(5,260)
	<u>90,647</u>	<u>79,464</u>
Retention receivables – net	90,647	79,464
Notes receivables	38,286	10,611
Less: Loss allowance	(916)	(868)
	<u>37,370</u>	<u>9,743</u>
Notes receivables – net	37,370	9,743
Trade, retention and notes receivables, net	1,967,892	1,264,295
	<u>1,967,892</u>	<u>1,264,295</u>
	2025	2024
	HK\$'000	HK\$'000
Amounts due from fellow subsidiaries – trade balances	1,060,423	1,205,323
Less: Loss allowance	(1,872)	(1,203)
	<u>1,058,551</u>	<u>1,204,120</u>
Amounts due from fellow subsidiaries, net	1,058,551	1,204,120
	<u>1,058,551</u>	<u>1,204,120</u>

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

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	1,257,618	688,742
1 to 2 years	310,401	347,743
Over 2 years	271,856	138,603
	<u>1,839,875</u>	<u>1,175,088</u>

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	36,338	15,009
Between 1 and 5 years	54,309	62,792
Over 5 years	–	1,663
	<u>90,647</u>	<u>79,464</u>

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	37,370	9,743
	<u>37,370</u>	<u>9,743</u>

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	365,485	600,074
1 to 2 years	352,545	511,773
Over 2 years	340,521	92,273
	<u>1,058,551</u>	<u>1,204,120</u>

8 CONTRACT ASSETS AND CONTRACT LIABILITIES

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Contract assets		
Provision of construction services – third parties	1,109,419	1,337,410
Provision of construction services – fellow subsidiaries	390,635	446,712
Less: Loss allowance	<u>(89,098)</u>	<u>(74,290)</u>
	<u>1,410,956</u>	<u>1,709,832</u>
Contract liabilities		
Provision of construction services	<u>(35,784)</u>	<u>(43,621)</u>

9 TRADE, RETENTION AND NOTES PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	2,367,792	2,454,888
Notes payables	36,571	149,961
Retention payables	<u>19,531</u>	<u>15,533</u>
	<u>2,423,894</u>	<u>2,620,382</u>

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

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 1 year	1,373,267	1,327,080
Over 1 year	<u>994,525</u>	<u>1,127,808</u>
	<u>2,367,792</u>	<u>2,454,888</u>

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

	2025 HK\$'000	2024 <i>HK\$'000</i>
Within 1 year	<u>36,571</u>	<u>149,961</u>

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

	2025 HK\$'000	2024 <i>HK\$'000</i>
Within 1 year	12,419	2,989
Between 1 year and 2 years	1,175	2,932
Between 2 years and 5 years	<u>5,937</u>	<u>9,612</u>
	<u>19,531</u>	<u>15,533</u>

10 SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares, authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>4,000,000,000</u>	<u>40,000</u>
Ordinary shares, issued and fully paid:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>800,000,000</u>	<u>8,000</u>

11 CONTINGENT LIABILITIES AND DISPUTES

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

As at 31 December 2025, a performance bond amounted to HK\$8,616,000 (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.

(b) Involvement in litigation

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The national government announced a series of economic stabilisation measures since year 2024, including optimising policies on the regulation of real estate sector, which are expected to help stabilise the real estate market and improve market predictability. Albeit the China Real Estate Climate Index indicated improvement from the previous year, overall market performance remained unfavourable during year 2025, especially in the secondary market. It is expected 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 and the general construction business recorded revenue growth of approximately 10% for the financial year ended 31 December 2025 ("FY2025" or "Year"). Two of the top three revenue-contributing projects in FY2025 were located in newly expanded geographic locations, including one in southern China and one in Central Asia, each brought in over HK\$100 million of revenue.

Furthermore, we noted certain of the Group's customers began to encounter liquidity issue and default in settlement of contract payments. In order to safeguard the Group's interest and contain exposure to bad debts, we negotiated with selected customers to take over quality properties for settlement of overdue receivable balances during FY2025. The Group intends that the properties acquired in receivables settlement will be held for rental and for sale (at prices determined to be favourable) with a view to enhance liquidity and limit asset deterioration. The Group will consider plan to acquire further quality real estate properties in settlement of overdue receivable balances in circumstances deemed fit and appropriate.

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. In FY2025, while there were increased business opportunities in overseas market, majority of revenue in the Marine Business segment were sourced from Hong Kong.

The Group also commenced a new line of business in trading during FY2025, 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 distribution networks and optimise supply chain efficiency, and aim to become a cross-border supply chain and diversified import and export service provider.

Business of the Group is expected to continue the upward trend for the year 2026 according to the progress of key construction projects and the growth of the new trading business. Furthermore, 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.

Overall, while the Group noted signs of recovery in the construction market in the PRC and Hong Kong, competition remained fierce. We shall continue the current strategy of expansion into overseas market, while simultaneously be vigilant of local projects with reasonable profit margin. Furthermore, we endeavour to safeguard the Group's liquidity exposure and shall steer clear of cut-throat competition and exert further effort on recovery of receivables. At the same time, we shall dedicate utmost effort to expand our newly established trading business from all aspects, including personnel expertise, range of products offering, logistic solution, supply source and sales network.

Financial Review

Revenue

The Group recorded revenue of HK\$1,880.2 million for FY2025, representing an increase of approximately 15% from the year ended 31 December 2024 ("FY2024" or "Previous Year"), as the general construction contracting segment and the marine construction works segment both recorded improvement in business, particularly with revenue from overseas projects, and revenue contribution from the new trading business segment.

Please refer to Business Review section of this announcement for further discussion on the performance of the Group's business segments.

Cost of sales and gross profit

The increase in cost of sales for FY2025 is driven by and largely consistent with revenue growth, except contract costs amounting to approximately HK\$22.3 million related to a previously completed marine construction project was charged to cost of sales with no corresponding income during FY2025 as a result of unfavourable outcome in the conclusion of final account.

Provision for impairment losses on financial assets

The Group adopted a systematic approach in assessing the overall risk of default on its financial assets. Owing to uncertain economic conditions and outlooks in the real estate market, the Group adopted a relatively more conservative approach and higher default risk in assessment of impairment of its financial assets for the FY2025.

Based on aforesaid assessment, a provision for impairment losses of HK\$75.6 million was recorded for the FY2025. The provision for impairment losses is estimation in nature and may be written back in future years upon realisation of underlying assets into cash and does not prejudice the Group's rights and position in respect of such assets.

Research and development expenses

Research and development expenses remained stable at HK\$20.6 million for the FY2025 and are related to the research and development of curtain wall engineering and construction technology.

Other administrative expenses

Other administrative expenses mainly comprised of staff costs, depreciation and amortisation and professional fees. Other administrative expenses decreased by HK\$25.2 million to HK\$104.4 million for the FY2025 mainly as a result of decrease in administrative staff cost by HK\$7.3 million, decrease in professional fees by HK\$6.4 million and decrease in leases expenses by HK\$3.1 million.

Operating loss, finance costs and loss before tax

Albeit the improvement in revenue, gross profit margin and gross profit, the Group continued to record an operating loss for FY2025, which was mainly attributable to further provision of HK\$75.6 million made for potential impairment losses on the Group's financial assets.

Net finance costs increased by HK\$24.1 million or approximately 29.1% to HK\$107.0 million for FY2025 as the Group continues to rely on relatively high level of external financing to support its operation, including the further issuance of corporate bonds in FY2025.

Overall, the Group's gross profit from operation remained insufficient to cover administrative expenses, provision of impairment of assets, and finance cost, leading to a continuous loss before tax for FY2025.

Property, plant and equipment

As at 31 December 2025, the Group owned a total of 34 units of marine vessels, other construction machinery and equipment and an office building in Qingdao, PRC.

The Group disposed of 6 units of vessels, which had remained idle and were in relative unfavourable work condition, with carrying value of HK\$11.8 million during FY2025.

Investment properties

The Group acquired approximately HK\$41.9 million of investment properties during FY2025, which comprised 9 units of commercial properties and 2 units of residential properties in Qingdao, PRC that were taken over in settlement of overdue trade receivables from customers. The properties are being held for rental and possibly for sale, should prices be determined to be favourable..

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

The Group's trade, retention and notes receivables increased by approximately HK\$703.6 million to HK\$1,967.9 million as at 31 December 2025, of which approximately HK\$137.9 million pertained to the marine construction segment while approximately HK\$1,830.0 million pertained to the general construction contracting segment.

The Group's amounts due from fellow subsidiaries decreased by approximately HK\$145.6 million to HK\$1,058.6 million as at 31 December 2025 and pertained to the general construction business segment which comprised of receivables for works on projects pending settlement by the fellow subsidiaries.

Contract assets/liabilities

Contract assets represent amounts due from customers for contract works performed which had not been billed as at the end of the year. The balance of contract assets as at 31 December 2025 for the marine construction and general construction contracting was approximately HK\$173.1 million and HK\$1,237.9 million respectively.

Contract liabilities as at 31 December 2025 and 2024 represent amounts due to contract customers for payment received in excess of revenue recognisable by the Group according to the progress achieved.

Liquidity, Capital Structure and Gearing

The Group recorded a net current liability balance of HK\$194.8 million and net debt position of HK\$1,778.8 million as 31 December 2025 (31 December 2024: net current asset of HK\$218.8 million and net debt of HK\$1,571.0 million). The Group's gearing ratio (calculated by dividing total debts by total equity) as at 31 December 2025 increased to 1,205.0% as compared to the Previous Year (31 December 2024: 616.6%).

The profile of the Group's borrowings are as below.

Based on the scheduled repayment terms set out in the loan agreements, the maturity of borrowings would be as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	1,579,048	1,285,569
Between 1 year and 2 years	97,636	248,999
Between 2 years and 5 years	32,230	101,099
Over 5 years	22,228	75,558
	<u>1,731,142</u>	<u>1,711,225</u>

The weighted average interest rate of the Group's borrowings during FY2025 were as follows:

	2025	2024
Short-term bank loans	4.1%	4.7%
Long-term bank loans	4.6%	4.6%

Foreign Exchange

Operations of the Group was mainly conducted in Chinese Renminbi ("RMB"), Hong Kong dollars ("HK\$"), Macao Patacas ("MOP"), United States dollars ("US\$") (together, the "Major Currencies") and Indonesian Rupiahs ("IDR"). The Group did not adopt any hedging policy and the Directors consider that the exposure to foreign exchange risks can be mitigated by using the Major Currencies (i) as principal currencies in the Group's contracts with customers; and (ii) to settle payments with its suppliers and operating expenses where possible.

Capital Expenditures

The Group generally finances its capital expenditures by cash flows generated from its operation and long-term bank borrowings. During FY2025, the Group acquired HK\$41.9 million of investment properties as settlement against overdue receivables with its customers; the acquisition of investment properties did not involve direct cash outflows from the Group.

The Group also acquired HK\$9.3 million of machinery and equipment during FY2025 for its operation needs.

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 FY2025.

Significant Investments Held

The Group had not held any significant investments during the FY2025.

Charges on Assets

As at 31 December 2025, deposits of HK\$113.0 million (2024: HK\$116.2 million) and properties, plant and equipment with carrying amounts of HK\$97.3 million (2024: HK\$75.6 million) were pledged to secure for the Group's bank borrowings.

Contingent Liabilities

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

Relationships with Employees, Customers and Suppliers

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

Employees and remuneration policies

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

The number of staff of the Group by functions as at 31 December 2025 and 2024 are as follows:

	As at 31 December	
	2025	2024
Management and administration	100	51
Accounting and finance	22	19
Human resources	7	11
Project management	66	85
Project execution	310	401
	<u>505</u>	<u>567</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 FY2025 was approximately HK\$123.5 million (FY2024: HK\$127.2 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 recommend payment of a dividend for the FY2025.

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 FY2025.

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 2025 and up to the date of this announcement which would have a material effect on the Group.

Corporate Governance Practices

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

The Company has adopted the code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (“Listing Rules”) and has complied with the code provisions throughout the FY2025.

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the “Model Code”) and all the Directors confirmed, upon specific enquiry made, that they complied with the Model Code throughout the FY2025.

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 FY2025.

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 2025.

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 2025.

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 FY2025 and up to the date of this announcement.

Dividend Policy and Dividends

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

The Directors do not recommend the payment of a dividend for the FY2025.

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

REVIEW OF ANNUAL RESULTS

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

The Audit Committee has reviewed this annual results announcement, the consolidated financial statements and the accounting policies adopted by the Group for the year ended 31 December 2025.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the external auditor of the Company:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 2.2 to the consolidated financial statements, which indicates that the Group incurred a loss of approximately HK\$140,292,000 for the year ended 31 December 2025 and had net current liabilities of HK\$194,816,000 as of 31 December 2025. As stated in note 2.2 to the consolidated financial statements, these conditions, along with other matters set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange and the Company, and the annual report of the Company for the FY2025 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company by electronic means (or in printed copy upon request) and published on the respective websites of the Stock Exchange and the Company by end of April 2026.

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

Hong Kong, 31 March 2026

As at the date of this announcement, the Board comprised executive Directors Mr. JIANG Hongchang, (chairman of the Board), Mr. LIU Yutao, Mr. ZHOU Hongbao, Mr. LI Chunxiao, Mr. CUI Qiang and independent non-executive Directors Mr. CHEUNG Chi Man Dennis, Ms. CHEN Yan and Mr. LIU Junchun.