

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**REVISION OF THE EXISTING ANNUAL CAPS REGARDING
THE CONTINUING CONNECTED TRANSACTIONS**

**Independent financial adviser to
the Independent Board Committee and Independent Shareholders**



紅日資本有限公司
RED SUN CAPITAL LIMITED

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the circular of the Company dated 8 June 2020, relating to, *inter alia*, the Construction Services Framework Agreement.

According to the recent review by the Board on the transactions under the Construction Services Framework Agreement, which took into consideration (i) the transactions between the Group and the Qingdao Group for the four months ended 30 April 2021 and (ii) the expected progress of and revenue from projects already awarded or currently under bidding from the Qingdao Group, the annual cap of the Construction Services Framework Agreement for the year ending 31 December 2021 is expected to be fully utilised by or around August 2021. Therefore, the Supplemental Construction Services Framework Agreement was entered into on 3 June 2021 and the Board proposed to seek the approval of the Independent Shareholders on, among other matters, the Revised Annual Caps and the transactions contemplated under the Supplemental Construction Services Framework Agreement. The Supplemental Construction Services Framework Agreement shall become effective on the date falling upon the passing of the relevant resolutions by the Independent Shareholders at the EGM.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Qingdao West Coast Group is the ultimate holding company and a controlling shareholder of the Company, which indirectly holds 62.25% of the issued share capital of the Company. The Qingdao Group is therefore a connected person of the Company and the transactions contemplated under the Supplemental Construction Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Based on the Revised Annual Caps, the annual consideration to be payable by the Qingdao Group to the Group exceeds HK\$10,000,000 and is more than 5% of the applicable ratios under the Listing Rules. Therefore, the transactions contemplated under the Supplemental Construction Services Framework Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang Xuejun, Mr. Yang Zhenshan, Mr. Jiang Shuang and Mr. Yang Honghai, each an executive Director, have abstained from voting on the relevant board resolutions of the Company. Qingdao West Coast Holdings (Internation) Limited, a controlling shareholder of the Company directly holding 62.25% of the issued share capital of the Company and an indirect wholly-owned subsidiary of Qingdao West Coast Group, will be required to abstain from voting on the relevant shareholders' resolutions of the Company at the EGM. Save as disclosed above, no Shareholder has a material interest in the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder who is required to abstain from voting on the relevant resolutions at the EGM.

GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders as to the fairness and the reasonableness of the terms of the Supplemental Construction Services Framework Agreement (including but not limited to the Revised Annual Caps) and the transactions contemplated thereunder and as to how to vote at the EGM.

Red Sun Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Construction Services Framework Agreement (including but not limited to the Revised Annual Caps) and the transactions contemplated thereunder.

The EGM will be convened at which the Independent Shareholders will consider and, where appropriate, approve the Supplemental Construction Services Framework Agreement (including but not limited to the Revised Annual Caps) and the transactions contemplated thereunder.

A circular containing, amongst other things, further information of the Supplemental Construction Services Framework Agreement together with a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the notice of the EGM will be despatched to the Shareholders within 15 Business Days after the date of this announcement, i.e. on or before 25 June 2021 in compliance with the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the circular of the Company dated 8 June 2020, relating to, *inter alia*, the Construction Services Framework Agreement.

According to the recent review by the Board on the transactions under the Construction Services Framework Agreement, which took into consideration (i) the transactions between the Group and the Qingdao Group for the four months ended 30 April 2021 and (ii) the expected progress of and revenue from projects already awarded or currently under bidding from the Qingdao Group, the annual cap of the Construction Services Framework Agreement for the year ending 31 December 2021 is expected to be fully utilised by or around August 2021. Therefore, the Supplemental Construction Services Framework Agreement was entered into on 3 June 2021 and the Board proposed to seek the approval of the Independent Shareholders on, among other matters, the Revised Annual Caps and the transactions contemplated under the Supplemental Construction Services Framework Agreement. The Supplemental Construction Services Framework Agreement shall become effective on the date falling upon the passing of the relevant resolutions by the Independent Shareholders at the EGM.

Except for the term, the annual caps for the two years ending 31 December 2021 and 2022 and the inclusion of the annual cap for the year ending 31 December 2023, there is no material difference between the Construction Services Framework Agreement and the Supplemental Construction Services Framework Agreement. Details of the Supplemental Construction Services Framework Agreement are set out as follows:

Date: 3 June 2021

Parties: (a) Qingdao West Coast Group; and
(b) West Coast Development HK

Subject matter: The Group will provide construction services to the Qingdao Group and may therefore participate in tenders for construction projects of the Qingdao Group in the PRC from time to time. If any tenders submitted by the Group have been awarded in accordance with the tendering procedures of the Qingdao Group, the Group shall enter into individual construction contracts (the “**Individual Contracts**”) with the Qingdao Group for the provision of construction services by the Group as the contractor subject to terms and conditions of the Supplemental Construction Services Framework Agreement at fair and reasonable market prices.

Term: For the period commencing from the Effective Date until 31 December 2023.

Pricing: The contract sum payable under each of the Individual Contracts will be determined through an open tender process to ensure that price and terms of the tender submitted by the Group are on normal commercial terms and no more favourable than those submitted to Independent Third Parties, or the market prices or benchmarks for transactions of similar nature. In determining the pricing terms, the Group will take into account factors including but not limited to the types of construction works, technical requirements, risks, expected completion time, quantity specifications, labour costs, machinery and equipment costs, management fees, safety and civilized construction fees and the applicable tax rates for construction works in the PRC. The Group will take into account not less than three quotations from its suppliers and/or sub-contractors for the costing of each construction project. In addition, the Group will take into account the unit price for each type of construction work with reference to the standards and guidance on the relevant rates and fees published by the authorities such as Qingdao Municipal Bureau of Housing and Urban-Rural Development* (青島市住房和城鄉建設局), and the cost of materials issued by industry associations such as Qingdao Engineering Construction Standard & Cost Association* (青島市工程建設標準造價協會). Each of the final contract sums shall be finalised after the completion of the construction project, subject to further price adjustments to be made in accordance with the terms of adjustment as adopted by the parties under each of the Individual Contracts.

Payment terms: The contract sum payable by the Qingdao Group will be settled pursuant to the payment terms as set out in each of the Individual Contracts in accordance with usual market practices and payment terms of similar projects.

To the best of the knowledge and belief of the Directors and in accordance with usual market practices, the contract sum is usually settled in stages based on the actual progress of the project to be further delineated in the Individual Contracts.

Revised Annual Caps: The annual caps for the Supplemental Construction Services Framework Agreement for the three years ending 31 December 2021, 2022 and 2023 are to be revised to or set at HK\$1,846,000,000, HK\$3,164,000,000 and HK\$4,746,000,000, respectively.

Condition precedent: The passing of resolutions by the Independent Shareholders at the EGM approving the Supplemental Construction Services Framework Agreement (including but not limited to the Revised Annual Caps) and the transactions contemplated thereunder.

HISTORICAL TRANSACTION AMOUNTS

Set out below are the historical transaction amounts between the Group and the Qingdao Group under the Construction Services Framework Agreement for the year ended 31 December 2020 and the four months ended 30 April 2021 and the existing annual caps under the Construction Services Framework Agreement:

	For the year ended 31 December 2020 HK\$	1 January 2021 to 30 April 2021 HK\$	1 January 2022 to 31 December 2022 HK\$
The revenue from transactions under the Construction Services Framework Agreement recorded by the Group	633,720,000	264,134,000 (unaudited)	N/A
Existing annual cap	900,000,000	1,350,000,000	1,850,000,000

As at 30 April 2021, the revenue from transactions under the Construction Services Framework Agreement recorded by the Group for the year ending 31 December 2021 was approximately HK\$264,134,000, which accounted for approximately 19.6% of the existing annual cap for the year ending 31 December 2021. The Group has been and will continue to closely monitor the transaction amounts under the Construction Services Framework Agreement and ensure that the transaction amounts under the Construction Services Framework Agreement will not exceeded the existing annual cap for the year ending 31 December 2021.

REVISED ANNUAL CAPS

Set out below are the Revised Annual Caps for the transactions contemplated under the Supplemental Construction Services Framework Agreement for the three years ending 31 December 2021, 2022 and 2023:

	1 January 2021 to 31 December 2021 HK\$	1 January 2022 to 31 December 2022 HK\$	1 January 2023 to 31 December 2023 HK\$
Revised Annual Caps	1,846,000,000	3,164,000,000	4,746,000,000

The Revised Annual Caps were determined with reference to the estimated revenue to be derived from construction contracts that have been entered into, and that may be entered into between the Group and the Qingdao Group during the three years ending 31 December 2021, 2022 and 2023, taking into account the following factors:

1. the actual transaction amounts under the Construction Services Framework Agreement for the year ended 31 December 2020 and for the four months ended 30 April 2021;
2. the Landong Construction Contracts with a total contract sum of approximately RMB538.9 million entered into between Dongjie Construction and Qingdao Xifa Real Estate Company Limited* (青島西發置業有限公司) on 13 February 2020, under which, the Group is expected to derive revenue of approximately RMB211.1 million (equivalent to approximately HK\$248.4 million) during the year ending 31 December 2021;
3. the Lanxi Construction Contracts with a total contract sum of approximately RMB486.1 million entered into between Dongjie Construction and Qingdao West Coast New Area Development Company Limited* (青島西海岸新區開發建設有限

公司) on 13 February 2020, under which, the Group is expected to derive revenue of approximately RMB229.4 million (equivalent to approximately HK\$269.8 million) during the year ending 31 December 2021;

4. other projects from the Qingdao Group that have already commenced or been awarded to the Group as at the date of this announcement with an estimated total contract sum of approximately RMB2,049.5 million, which are expected to generate revenue of approximately RMB739.6 million, RMB810.4 million and RMB490.6 million (equivalent to approximately HK\$870.1 million, HK\$953.4 million and HK\$577.2 million) for each of the three years ending 31 December 2021, 2022 and 2023, respectively;
5. no less than seven tenders with an estimated total contract sum of approximately RMB1,543.2 million expected to be submitted by the Group to the Qingdao Group during the year ending 31 December 2021 and the expected tenders to be submitted with estimated contract value of RMB4,500.0 million and RMB6,000.0 million for each of the two years ending 31 December 2022 and 2023, respectively, under which, if the relevant contracts are granted to the Group, the Group is expected to derive revenue of approximately RMB389.3 million, RMB1,879.0 million and RMB3,543.6 million (equivalent to approximately HK\$458.0 million, HK\$2,210.6 million and HK\$4,168.9 million) during the period from the date of this announcement to 31 December 2021 and the two years ending 31 December 2022 and 2023, respectively;
6. the expected increase in the number and total contract sum of new construction projects of the Qingdao Group which may be recognised as revenue by the Group during the two years ending 31 December 2022 and 2023 in light of the Qingdao Group's acquisition and expansion plan such as its acquisition of the entire equity interest in 青島澳柯瑪控股集團有限公司 (Qingdao Aucma Holding Group Co., Ltd.*), a company listed on the Shanghai Stock Exchange, in March 2021, as well as its strategic cooperation plan with key partners which include a major listed property developer based in the PRC; and
7. the completion of the Group's acquisition of equity interest in Qingdao Honghai in January 2021 enabling the Group to leverage the expertise and experience of Qingdao Honghai in curtain wall construction works which has enhanced its service offerings and competitiveness in the general construction market in the PRC and is expected to contribute to the Group's winning in the tenders of general construction contracts which required the qualification and licence of curtain wall construction works.

INFORMATION ABOUT THE COMPANIES

The Company

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of marine and general construction services and the leasing and trading of vessels.

Qingdao West Coast Group

Qingdao West Coast Group is the ultimate holding company of the Company and a state-owned enterprise wholly-owned by the State-owned Asset Supervision and Administration Commission of Qingdao. It principally engages in infrastructure construction, land development, real estate development and other industrial investment and operations (including cultural, tourism and financial services).

West Coast Development HK

West Coast Development HK is an investment holding company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. It indirectly holds 80% equity interests in Dongjie Construction, which principally engages in construction projects in the PRC, including but not limited to general contracting of building construction, building foundation, garden greening projects, garden landscape projects, cultural relic protection projects, real estate development business, building materials wholesale, building demolition, pipeline engineering (excluding pressure piping), road construction, water conservancy and hydropower project construction, power engineering construction, municipal utilities engineering construction, mechanical and electrical engineering construction, lifting equipment installation projects, fire control facilities engineering, waterproof anticorrosion insulation works, steel structure engineering, and building mechanical and electrical installation.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

The Directors anticipated that the transaction amounts to be received from the Qingdao Group under the Construction Services Framework Agreement will exceed the existing annual caps for transactions contemplated under the Construction Services Framework Agreement for the two years ending 31 December 2021 and 2022, and considered that it is in the interest of the Company to enter into the Supplemental Construction Services Framework Agreement to avoid any undue delay in participating in tenders for construction projects of the Qingdao Group.

Further, the Directors (excluding the independent non-executive Directors who shall provide their views after taking the advice from the independent financial adviser) considered that the entering into of the Supplemental Construction Services Framework Agreement are in the ordinary course of business of the Group and that the terms therein are determined on an arm's length basis among the relevant party and that the Supplemental Construction Services Framework Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Qingdao West Coast Group is the ultimate holding company and a controlling shareholder of the Company, which indirectly holds 62.25% of the issued share capital of the Company. The Qingdao Group is therefore a connected person of the Company and the transactions contemplated under the Supplemental Construction Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Based on the Revised Annual Caps, the annual consideration to be payable by the Qingdao Group to the Group exceeds HK\$10,000,000 and is more than 5% of the applicable ratios under the Listing Rules. Therefore, the transactions contemplated under the Supplemental Construction Services Framework Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang Xuejun, Mr. Yang Zhenshan, Mr. Jiang Shuang and Mr. Yang Honghai, each an executive Director, have abstained from voting on the relevant board resolutions of the Company. Qingdao West Coast Holdings (Internation) Limited, a controlling shareholder of the Company directly holding 62.25% of the issued share capital of the Company and an indirect wholly-owned subsidiary of Qingdao West Coast Group, will be required to abstain from voting on the relevant shareholders' resolutions of the Company at the EGM. Save as disclosed above, no Shareholder has a material interest in the Supplemental Construction Services Framework Agreement and the transactions contemplated thereunder who is required to abstain from voting on the relevant resolutions at the EGM.

GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders as to the fairness and the reasonableness of the terms of the Supplemental Construction Services Framework Agreement (including but not limited to the Revised Annual Cap) and the transactions contemplated thereunder and as to how to vote at the EGM.

Red Sun Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Construction Services Framework Agreement (including but not limited to the Revised Annual Caps) and the transactions contemplated thereunder.

The EGM will be convened at which the Independent Shareholders will consider and, where appropriate, approve the Supplemental Construction Services Framework Agreement (including but not limited to the Revised Annual Caps) and the transactions contemplated thereunder.

A circular containing, amongst other things, further information of the Supplemental Construction Services Framework Agreement together with a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the notice of the EGM will be despatched to the Shareholders within 15 Business Days after the date of this announcement, i.e. on or before 25 June 2021 in compliance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

- “associates” has the meaning ascribed to it under the Listing Rules
- “Board” the Board of Directors
- “Company” Prosper Construction Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange (stock code: 6816)
- “connected person(s)” has the meaning ascribed to it under the Listing Rules
- “Construction Services Framework Agreement” the framework agreement dated 28 April 2020 entered into between West Coast Development HK and Qingdao West Coast Group, pursuant to which the Group has agreed to provide construction services for construction projects to the Qingdao Group, which may involve tendering for the Qingdao Group’s construction projects in the PRC, in accordance with the tendering procedures of the Qingdao Group and the Group
- “controlling shareholder” has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Dongjie Construction”	Qingdao Dongjie Construction Engineering Co., Ltd.* (青島東捷建設工程有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Effective Date”	the date falling upon the passing of the relevant resolutions by the Independent Shareholders at the EGM
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Supplemental Construction Services Framework Agreement (including the Revised Annual Caps) and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board consisting of all independent non-executive Directors, established for the purpose of advising the Independent Shareholders as to the fairness and reasonableness of the Supplemental Construction Services Framework Agreement (including the Revised Annual Caps) and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are not interested in the Supplemental Construction Services Framework Agreement and not required to abstain from voting at the EGM to approve the Supplemental Construction Services Framework Agreement (including the Revised Annual Caps) and the transactions contemplated thereunder
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third party(ies) independent of and not connected with any director, chief executive or substantial shareholders or management shareholders of the Company or its subsidiaries or any of their respective associates

“Landong Construction Contracts”	the construction contract and the supplemental contract entered into between Dongjie Construction and Qingdao Xifa Real Estate Company Limited* (青島西發置業有限公司), an indirect wholly-owned subsidiary of Qingdao West Coast Group, on 13 February 2020 with regard to the appointment of Dongjie Construction as the main contractor for the provision of construction services
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lanxi Construction Contracts”	the construction contract and the supplemental contract entered into between Dongjie Construction and Qingdao West Coast New Area Development Company Limited* (青島西海岸新區開發建設有限公司), an indirect wholly-owned subsidiary of Qingdao West Coast Group, on 13 February 2020 with regard to the appointment of Dongjie Construction as the main contractor for the provision of construction services
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“Qingdao Group”	Qingdao West Coast Group and its subsidiaries and/or affiliated companies
“Qingdao Honghai”	青島宏海幕牆有限公司 (Qingdao Honghai Curtain Wall Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Qingdao West Coast Group”	Qingdao West Coast Development (Group) Limited* (青島西海岸發展(集團)有限公司), the ultimate holding company and a controlling shareholder of the Company
“Revised Annual Caps”	the revised annual caps for the transactions contemplated under the Supplemental Construction Services Framework Agreement for the three years ending 31 December 2021, 2022 and 2023
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Construction Services Framework Agreement”	the supplemental agreement entered into between West Coast Development HK and Qingdao West Coast Group dated 3 June 2021 in relation to the amendments of certain terms of the Construction Services Framework Agreement, including the revision of the annual caps thereunder
“West Coast Development HK”	West Coast Development (Hong Kong) Limited (西海岸發展(香港)有限公司), a company established in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* *The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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

Hong Kong, 3 June 2021

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

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB0.85 = HK\$1.00. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.