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**QINGDAO WEST COAST HOLDINGS
(INTERNATION) LIMITED**
青島西海岸控股(國際)有限公司
(Incorporated in the British Virgin Islands with limited liability)

**PROSPER CONSTRUCTION
HOLDINGS LIMITED**
瑞港建設控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Codes: 6816)

JOINT ANNOUNCEMENT

- (1) SHARE TRANSFER AGREEMENT IN RELATION TO THE POSSIBLE SALE AND PURCHASE OF SHARES IN PROSPER CONSTRUCTION HOLDINGS LIMITED;**
- (2) POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER BY GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED**



GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED

FOR AND ON BEHALF OF QINGDAO WEST COAST HOLDINGS (INTERNATION) LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF PROSPER CONSTRUCTION HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY QINGDAO WEST COAST HOLDINGS (INTERNATION) LIMITED AND/OR PARTIES ACTING IN CONCERT WITH IT);

- (3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER; AND**
- (4) RESUMPTION OF TRADING IN SHARES**

Financial Adviser to
Qingdao West Coast
Holdings (Internation) Limited



GUOTAI JUNAN CAPITAL LIMITED

Financial Adviser to
Prosper Construction Holdings Limited



VMS SECURITIES LIMITED

Independent Financial Adviser to the Independent Board Committee



紅日資本有限公司
RED SUN CAPITAL LIMITED
RED SUN CAPITAL LIMITED

THE SHARE TRANSFER AGREEMENT

The Board has been informed by the Vendor that on 18 July 2018 (after trading hours of the Stock Exchange), the Vendor, the Guarantors and the Offeror entered into the Share Transfer Agreement.

Pursuant to the Share Transfer Agreement, the Vendor conditionally agreed to sell and the Offeror conditionally agreed to acquire a total of 408,000,000 Shares, representing approximately 51.00% of the entire issued share capital of the Company as at the date of this joint announcement, for a consideration of HK\$537,540,000 (equivalent to HK\$1.3175 per Sale Share).

The Share Transfer Completion is conditional upon the fulfilment (or, where applicable, waiver) of the Share Transfer Conditions as set out under the section headed “Conditions Precedent” of this joint announcement.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER

As of the date of this joint announcement, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them do not hold, own or have control over any Shares or voting rights of the Company. Assuming that there are no other changes to the entire issued share capital of the Company from the date of this joint announcement, upon the Share Transfer Completion, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them will be interested in a total of 408,000,000 Shares, representing approximately 51.00% of the entire issued share capital of the Company immediately after the Share Transfer Completion.

Accordingly, the Offeror will be required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them) pursuant to Rule 26.1 of the Takeovers Code.

Subject to and upon the Share Transfer Completion, Guotai Junan Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer, which will be unconditional in all respects on the following basis:

For every Offer Share HK\$1.3175 in cash

The Offer Price is the same as the price payable by the Offeror for each Sale Share under the Share Transfer Agreement.

Immediately after the Share Transfer Completion, the Vendor will continue to be interested in the Remaining Shares, representing approximately 12.75% of the entire issued share capital of the Company. The Vendor has entered into an irrevocable undertaking with the Offeror that, in respect of the Remaining Shares, (i) it will not accept the Offer; and (ii) it will not dispose of any of the Remaining Shares immediately after the Share Transfer Completion up to and including the date of the close of the Offer. The irrevocable undertaking shall cease to be binding if the Share Transfer Agreement is terminated and the Offer is not proceeded with.

Guotai Junan Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable under the Share Transfer Agreement and the amount of funds required for the full acceptance of the Offer in respect of the 290,000,000 Offer Shares (excluding the Remaining Shares).

INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all three independent non-executive Directors who do not have direct or indirect interest in the Offer, has been formed to advise the Offer Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

The Company has appointed Red Sun Capital Limited as the independent financial adviser to advise the Independent Board Committee in respect of the Offer and the appointment has been approved by the Independent Board Committee.

GENERAL

It is the intention of the Offeror and the Company to combine the offer document with the offeree board circular from the Company in the Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document containing, among other things: (i) further details of the Offer (including the expected timetable); (ii) a letter of advice from the Independent Board Committee to the Offer Shareholders in relation to the Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Offer Shareholders in relation to the Offer, and (iv) the relevant form of acceptance and transfer, is expected to be despatched to the Shareholders within 21 days of the date of this joint announcement or such other date as may be approved by the Executive.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, the trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 19 July 2018 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 August 2018.

WARNING: THE OFFER IS A POSSIBILITY ONLY AND IT WILL ONLY BE MADE IF THE SHARE TRANSFER COMPLETION TAKES PLACE AND THE SHARE TRANSFER COMPLETION IS CONDITIONAL UPON THE FULFILMENT (OR, WHERE APPLICABLE, WAIVER) OF THE SHARE TRANSFER CONDITIONS. ACCORDINGLY, THE TRANSACTION CONTEMPLATED UNDER THE SHARE TRANSFER AGREEMENT MAY OR MAY NOT COMPLETE AND THE OFFER MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE URGED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.

FURTHER ANNOUNCEMENT(S) WILL BE MADE BY THE OFFEROR AND THE COMPANY ON WHETHER THE SHARE TRANSFER COMPLETION HAS TAKEN PLACE AND IF THE OFFER WILL BE MADE. INVESTORS ARE ADVISED TO READ SUCH FUTURE ANNOUNCEMENT(S) IN CONJUNCTION WITH THIS JOINT ANNOUNCEMENT TO CONSIDER WHETHER TO ACCEPT THE OFFER. IF SHAREHOLDERS AND POTENTIAL INVESTORS ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS.

BACKGROUND

References are made to the announcements of the Company dated 23 March 2018, 23 April 2018, 23 May 2018 and 22 June 2018 in relation to a possible sale of the Shares by the Vendor of no less than 30% of the entire issued share capital of the Company. The Board has been informed by the Vendor that on 18 July 2018 (after trading hours of the Stock Exchange), the Vendor, the Guarantors and the Offeror entered into the Share Transfer Agreement, pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares, representing approximately 51.00% of the entire issued share capital of the Company as at the date of this joint announcement.

THE SHARE TRANSFER AGREEMENT

Date: 18 July 2018

Parties:

Vendor: Sky Hero Global Limited

Offeror: Qingdao West Coast Holdings (Internation) Limited

Guarantors: Mr. Cui and Mr. Yu

Sale Shares: 408,000,000 Shares (representing approximately 51.00% of the entire issued share capital of the Company as of the date of this joint announcement)

Consideration: HK\$537,540,000

The Offeror has confirmed that immediately before entering into the Share Transfer Agreement, it and its beneficial owners are third parties independent of the Company and its connected persons. Each of the Offeror, its ultimate beneficial owners and parties acting in concert with any of them is a third party independent of and not connected with the Company and the Company's connected persons.

Subject of the Share Transfer Agreement

Pursuant to the Share Transfer Agreement, the Vendor conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares, being 408,000,000 Shares legally and beneficially owned by the Vendor and representing approximately 51.00% of the entire issued share capital of the Company as at the date of this joint announcement, free from all Encumbrances and together with all rights attached to the Sale Shares including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, the record date of which is on or after the Share Transfer Completion Date.

Consideration for the Sale Shares

The consideration for the Sale Shares is HK\$537,540,000, equivalent to HK\$1.3175 per Sale Share, which was determined after arm's length negotiations between the Vendor and the Offeror, after taking into consideration, among others, (i) the prevailing market prices of the Shares as further described in the sub-section headed "Comparison of value" under the section headed "Possible Unconditional Mandatory Cash Offer" below; (ii) the financial position of the Group; and (iii) the fact that the Offeror can obtain a controlling interest in the Company upon the Share Transfer Completion.

The consideration shall be paid by the Offeror in full upon the Share Transfer Completion.

Conditions precedent

The Share Transfer Completion is conditional upon the following conditions being fulfilled (or, where applicable, waived by the Vendor and/or the Offeror) before the Long Stop Date:

- (a) the listing and trading of the Shares having been resumed following the clearance by the Stock Exchange and the SFC of the announcement concerning the subject matter of the Share Transfer Agreement and the transactions contemplated thereunder and its publication, and the Shares thereafter remaining so listed and traded after the Share Transfer Completion Date (save for the suspension of trading of the Shares for no more than 10 Trading Days, or in relation to the issue of any announcement regarding the Share Transfer Agreement or the Offer), and no indication being received on or before the Share Transfer Completion Date from the SFC or the Stock Exchange to the effect that the listing of the Shares on the Main Board of the Stock Exchange will be withdrawn or objected to (or conditions will be attached thereto) as a result of the Share Transfer Completion or any transaction contemplated by the Share Transfer Agreement);
- (b) the Vendor has obtained the approval of its board of directors and completed any approval and filing procedures (if any) with the competent governmental and/or regulatory authorities in respect of the Share Transfer Agreement and the transactions contemplated thereunder having been completed by the Vendor;
- (c) the Offeror has obtained the approval of its ultimate parent company, Qingdao West Coast Development (Group) Limited* 青島西海岸發展(集團)有限公司 and any approval of and filing procedures with the competent governmental and/or regulatory authorities in respect of the Share

Transfer Agreement and the transactions contemplated thereunder (which refer to the approval of the Management Committee of Qingdao West Coast New Region* 青島西海岸新區管委會) having been obtained and completed by the Offeror;

- (d) all the Vendor's and the Guarantors' warranties remaining true, accurate and not misleading in all respects at the Share Transfer Completion, as if repeated at the Share Transfer Completion and at all times between the date of the Share Transfer Agreement and the Share Transfer Completion;
- (e) no order or judgment (whether temporary, preliminary or permanent) of any relevant governmental authority or any applicable laws or regulations having been issued or made prior to the Share Transfer Completion, which has the effect of making unlawful or otherwise prohibiting or restricting or limiting any party from completing any transaction contemplated by the Share Transfer Agreement;
- (f) the Vendor having performed all its respective undertakings and agreements in all material respects pursuant to the Share Transfer Agreement;
- (g) there is no material adverse effect on the assets, liabilities, business or operations, properties, or financial position of the Group taking place at any time from the date of the Share Transfer Agreement until the Share Transfer Completion Date;
- (h) the Vendor and the Guarantors having duly executed and delivered a deed of indemnity in the form scheduled to the Share Transfer Agreement;
- (i) the Guarantors and Ms. KUI Ching Wah, an executive Director, having duly executed and delivered an undertaking of non-competition in the form scheduled to the Share Transfer Agreement; and
- (j) the Vendor having duly executed a deed of share pledge in respect of the Remaining Shares in the form scheduled to the Share Transfer Agreement.

The undertakings and agreements mentioned in Share Transfer Condition (f) above include (i) undertaking of the Vendor and the Guarantors to procure that the Group will be operated in a normal and prudent basis and in the ordinary course of business, (ii) undertaking that the Company shall provide the relevant notice and/or obtain the relevant consent(s) from the relevant bank(s) in respect of the proposed change of control contemplated upon the Share Transfer Completion under Share Transfer Agreement pursuant to the relevant existing bank facility agreement(s), and (iii) other customary pre-share transfer completion covenants not to cause material adverse changes to the Group.

The Vendor and the Guarantors will use all reasonable endeavours to procure the fulfilment of the Share Transfer Conditions (a), (b) and (d) to (j) on or before the Long Stop Date.

The Offeror will use all reasonable endeavours to procure the fulfilment of the Share Transfer Condition (c) and (e) on or before the Long Stop Date.

The Offeror has the right to waive Share Transfer Conditions (a), (b) and (d) to (j) in writing. The Vendor has the right to waive Share Transfer Conditions (c) and (e) in writing.

If any of the Share Transfer Conditions have not been satisfied or otherwise waived on or before the Long Stop Date (or such other date as agreed by parties to the Share Transfer Agreement in writing), the Share Transfer Agreement shall be terminated.

As at the date of this joint announcement, (i) none of the above Share Transfer Conditions has been fulfilled; (ii) the Vendor, the Directors, the Offeror and any parties acting in concert with any of them are not aware of any approval and filing procedures with the competent governmental and/or regulatory authorities in respect of Share Transfer Condition (b) above; and (iii) the relevant application contemplated under Share Transfer Condition (c) above has been made to the Management Committee of Qingdao West Coast New Region* 青島西海岸新區管委會.

Share Transfer Completion

After the fulfilment (and/or as permitted, waiver) of all the Share Transfer Conditions, completion of the Share Transfer Agreement shall take place on the Share Transfer Completion Date.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER

As at the date of this joint announcement, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them do not hold, own or have control over any Shares or voting rights of the Company. Assuming that there are no other changes to the entire issued share capital of the Company from the date of this joint announcement, upon the Share Transfer Completion, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them will be interested in a total of 408,000,000 Shares, representing approximately 51.00% of the entire issued share capital of the Company immediately upon the Share Transfer Completion.

Accordingly, the Offeror will be required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them) pursuant to Rule 26.1 of the Takeovers Code.

As at the date of this joint announcement, the Company has 800,000,000 Shares in issue and has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

Subject to and upon the Share Transfer Completion, Guotai Junan Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer, which will be unconditional in all respects on the following basis:

The Offer

For each Offer Share HK\$1.3175 in cash

The Offer Price per Offer Share is equivalent to the price payable by the Offeror for each Sale Share under the Share Transfer Agreement.

The Offer will extend to all the issued Shares, other than those already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it on the date on which the Offer is made, being the date of despatch of the Composite Documents.

Comparison of value

The Offer Price of HK\$1.3175 represents:

- a premium of approximately 15.57% over the closing price of HK\$1.14 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 17.63% over the average closing price of approximately HK\$ 1.12 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 21.32% over the average closing price of approximately HK\$1.09 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 23.67% over the average closing price of approximately HK\$1.07 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 34.42% over the average closing price of approximately HK\$0.98 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 78.27% over the average closing price of approximately HK\$0.74 per Share as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including the Last Trading Day; and
- a premium of approximately 108.96% over the audited consolidated net asset value per Share of approximately HK\$0.63 based on the Company's audited net assets of approximately HK\$504.42 million as at 31 December 2017 and 800,000,000 Shares in issue as at the date of this joint announcement.

Highest and lowest Share prices

During the six-month period immediately up to and including the Lasting Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.22 on 7 May 2018 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.44 on 9 February 2018.

The irrevocable undertaking and deed of share pledge

Immediately after the Share Transfer Completion, the Vendor will continue to be interested in the Remaining Shares, being 102,000,000 Shares and representing approximately 12.75% of the entire issued share capital of the Company as at the date of this joint announcement. The Vendor has entered into an irrevocable undertaking with the Offeror that, in respect of the Remaining Shares, (i) it will not accept the Offer; and (ii) it will not dispose of the Remaining Shares immediately after the Share Transfer Completion up to and including the date of the close of the Offer. The irrevocable undertaking shall cease to be binding if the Share Transfer Agreement is terminated and the Offer is not proceeded with. Pursuant to the Share Transfer Agreement, to ensure the Vendor performs its duties and responsibilities under the Share Transfer Agreement including (i) Mr. Cui continues to perform the existing services contract (the “**Existing Services Contract**”) with the Company after the Share Transfer Completion and up to the expiry of the Existing Services Contract, (ii) if, after the expiry of the Existing Services Contract and subject to the Listing Rules and the applicable laws and regulations thereof, the Company chooses to appoint Mr. Cui as an executive Director or other senior management role(s) of the Company, Mr. Cui shall take up such appointment and execute a new 3-year fixed term services contract with the Company (the “**New Services Contract**”) with same principal terms of the Existing Services Contract, (iii) the Vendor and the Guarantors shall procure Mr. Cui and other senior management of the Company to remain in the Company during the terms of the Existing Services Contract and the New Services Contract and (iv) the undertaking in respect of recovery of the account receivables of the Company as at 31 December 2017, the Vendor will enter into a deed of share pledge (the “**Deed of Share Pledge**”) at Share Transfer Completion whereby the Remaining Shares will be charged in favour of the Offeror for a period of 24 months commencing from the Share Transfer Completion Date. If the Vendor shall fully perform its duties and responsibilities under the Share Transfer Agreement, the Deed of Share Pledge shall be released unconditionally after the aforesaid period. In addition, during the period while Mr. Cui remains as an executive Director or takes up other senior management role(s) of the Company, the Vendor shall not dispose of or deal with the Remaining Shares except as pursuant to the Deed of Share Pledge or that the prior consent of the Offeror has been obtained. During such period after the Deed of Share Pledge is released whilst Mr. Cui remains as an executive Director or takes up other senior management role(s) of the Company, prior consent from the Offeror should be obtained if the Vendor shall pledge or charge the Remaining Shares to any third party.

Value for the Offer

On the basis of the Offer Price of HK\$1.3175 per Share and 800,000,000 issued Shares as at the date of this joint announcement, the entire issued share capital of the Company would be valued at HK\$1,054,000,000. The number of Sale Shares under the Share Transfer Agreement is 408,000,000 and the aggregate amount payable by the Offeror for the Sale Shares is HK\$537,540,000. Upon the Share Transfer Completion, excluding the 102,000,000 Remaining Shares, in respect of which the Vendor has irrevocably undertaken not to accept the Offer, the number of Shares subject to the Offer will be 290,000,000 and the value of the Offer is HK\$382,075,000.

Confirmation of financial resources available for the Offeror

The Offeror intends to finance the consideration payable in respect of the Share Transfer Agreement and the Offer by means of bank loan facilities. The amounts which are sufficient to satisfy such total consideration have been drawn down from the bank loan facilities and deposited into the bank accounts of the Offeror and its immediate holding company, West Coast Investment (Hong Kong) Limited.

Guotai Junan Capital, the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the consideration payable under the Share Transfer Agreement and the amount of funds required for the full acceptance of the Offer in respect of the 290,000,000 Offer Shares (excluding the Remaining Shares).

Effect of accepting the Share Offer

Subject to the Share Transfer Completion, the Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

By accepting the Offer, the Offer Shareholders will sell their Shares free from all Encumbrances and together with all rights attaching to them including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

Acceptance of the Offer by any Offer Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all Encumbrances and together with all rights accruing or attaching to them including, without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, on or after the date on which the Offer is made. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% (or part thereof) of the consideration payable in respect of the relevant acceptance by the Offer Shareholders of if higher, the market value of the Shares, will be deducted from the amount payable to Offer

Shareholders who accept the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) of the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Shares in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to an Offer Shareholder accepting the Offer will be rounded up to the nearest cent.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Guotai Junan Capital, Guotai Junan Securities, VMS Securities Limited and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Dealing and interests in the Company's securities

Save for the Sale Shares under the Share Transfer Agreement, the Offeror, its ultimate beneficial owners or parties acting in concert with any of them has not dealt in nor did any of them have any shareholding interest in or control over the Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six-month period prior to the date of this joint announcement.

Save for the Sale Shares under the Share Transfer Agreement, the Vendor or parties acting in concert with any of them has not dealt in nor did any of them has any shareholding interest in or control over the Shares (including the Remaining Shares) or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six-month period prior to the date of this joint announcement.

Overseas Shareholders

To the extent practicable and permissible under applicable laws and regulations, the Offeror intends to make available the Offer to all Offer Shareholders, including those who are resident outside Hong Kong. The making of the Offer to persons not resident in Hong Kong may be affected by the laws and

regulations of the relevant jurisdiction in which they are resident. Overseas holders of Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

It is the sole responsibility of the overseas holders of Shares who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such overseas holders of Shares in respect of such jurisdictions).

If the receipt of the Composite Document by overseas Shareholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, will not be despatched to such overseas Shareholders. In those circumstances, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Other arrangements or agreements

The Offeror confirms that as at the date of this joint announcement,

- (i) none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options, or derivatives of the Company;
- (ii) the Offeror, its ultimate beneficial owners, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;
- (iii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owners and/or any parties acting in concert with any of them;
- (iv) save for the irrevocable undertaking from the Vendor in respect of the non-disposal of the Remaining Shares and the non-acceptance of the Offer, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the share of the Offeror or the Company and which might be material to the Share Transfer Agreement and the Offer;
- (v) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Transfer Agreement and the Offer;

- (vi) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them has borrowed or lent;
- (vii) there is no agreement or arrangement between (a) the Vendor and parties acting in concert with it and (b) the Offeror and parties acting in concert with it which constitutes a special deal under Rule 25 of the Takeovers Code; and
- (viii) save for the consideration payable by the Offeror to the Vendor pursuant to the Share Transfer Agreement, the Vendor and/or the parties acting in concert with it has not and will not receive any other consideration or benefits in whatever form from the Offeror, its ultimate beneficial owners and/or the parties acting in concert with it.

Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer and as to acceptance that will be included in the Composite Document before deciding whether or not to accept the Offer.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (assuming no other changes to the entire issued share capital of the Company from the date of this joint announcement) (i) as at the date of this joint announcement; and (ii) immediately after the Share Transfer Completion and before the Offer:

Name of Shareholder	As at the date of this joint announcement		Immediately after the Share Transfer Completion and before the Offer	
	<i>Number of Shares held</i>	<i>%</i>	<i>Number of Shares held</i>	<i>%</i>
The Vendor	510,000,000	63.75	102,000,000	12.75
CITICC International Investment Limited	90,000,000	11.25	90,000,000	11.25
The Offeror and parties acting in concert with it	—	—	408,000,000	51.00
Public Shareholders (<i>Note 1</i>)	<u>200,000,000</u>	<u>25.00</u>	<u>200,000,000</u>	<u>25.00</u>
Total	<u>800,000,000</u>	<u>100.00</u>	<u>800,000,000</u>	<u>100.00</u>

Note:

- To the best knowledge of the Company, as at the date of this joint announcement, the “Public Shareholders” as stated above are third parties independent of the Company and its connected persons as defined in the Listing Rules.

INFORMATION ON THE PARTIES

The Group

The Company was incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 6816). The principal activity of the Company is investment holding. The principal activities of the Group are the provision of marine construction services and, to a lesser extent, leasing and trading of vessels.

The following table sets out a summary of certain financial information of the Group extracted from the respective published annual results of the Company for the two financial years ended 31 December 2017:

	Year ended 31 December	
	2016	2017
	HK\$'000	HK\$'000
	(audited)	(audited)
Revenue	658,860	633,347
Gross profit	124,626	94,307
Profit before income tax	82,085	67,177
Profit for the year attributable to equity holders of the Company	69,449	64,470

	As at 31 December	
	2016	2017
	HK\$'000	HK\$'000
	(audited)	(audited)
Total equity	464,123	504,416

The Vendor and Solid Jewel

The Vendor, a company incorporated in the BVI with limited liability, is a wholly-owned subsidiary of Solid Jewel. Its principal activity is investment holding. As at the date of this joint announcement, it holds 510,000,000 Shares, representing approximately 63.75% of the entire issued share capital of the Company.

Solid Jewel, a company incorporated in the BVI with limited liability, is owned as to approximately 87.00% by Mr. Cui, and as to approximately 13.00% by Mr. Yu. Its principal activity is investment holding.

The Offeror

The Offeror is an investment holding company incorporated in the BVI with limited liability in 2014 and is principally engaged in investment holding business in the PRC.

The Offeror is indirectly wholly-owned by the Qingdao West Coast Development (Group) Limited* 青島西海岸發展(集團)有限公司 which is the ultimate parent company of the Offeror and a state-owned enterprise wholly-owned by the State-owned Asset Supervision and Administration Commission of Qingdao. Qingdao West Coast Development (Group) Limited* 青島西海岸發展(集團)有限公司 is principally engaged in infrastructure construction, land development, real estate development and other industrial investment and operations (including cultural, tourism and financial services).

Immediately prior to the Share Transfer Completion, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them do not hold any securities of the Company and are third parties independent of the Company and its connected persons.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Business

Following the completion of the Offer, the Offeror intends to continue the existing principal activities of the Group. The Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review, the Offeror plans to leverage its experience and network to explore further investment opportunities for the Group. However, as at the date of this joint announcement, no such investment or business opportunities have been identified nor has the Offeror entered into any agreement, arrangements, understandings, intention or negotiation in relation to the injection of any assets or business into the Group. If any possible investment materializes, the Company will make further announcement(s) as and when required under the Listing Rules.

Save as required for the implementation of the Offeror's intention regarding the Group as aforementioned, the Offeror has no intention to terminate the employment of any key employees of the Group except for the proposed changes to the members of the Board as detailed in the section headed "Proposed change of the board composition of the Company" below or to dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group. As at the date of this joint announcement, the Offeror has no plans to restructure the Group's existing structure.

Proposed change of the board composition of the Company

The Board is currently made up of seven Directors, comprising four executive Directors and three independent non-executive Directors.

It is expected that the Offeror will require certain of the Directors to resign from the Board and the Offeror will nominate new Directors to the Board at the earliest time as allowed under the Takeovers Code. Any such resignation and appointment will be made in compliance with the Takeovers Code and the Listing Rules.

Such proposed nomination of new Directors has not yet been finalized as at the date of this joint announcement. Further announcement(s) will be made upon any changes to the composition of the Board in accordance with the requirements of the Listing Rules and the Takeovers Code as appropriate.

Maintaining the listing status of the Company

The Offeror intends to maintain the listing status of the Company on the Stock Exchange upon the close of the Offer. In the event that the public float of the Company falls below 25% after the close of the Offer, the new Director(s) (if any) to be nominated by the Offeror as Director(s) and then Director(s) will jointly and severally undertake to the Stock Exchange to take appropriate steps to restore the minimum public float as required under Rule 8.08 of the Listing Rules.

If, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Offer Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer, or is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance. The Independent Board Committee, comprising all three independent non-executive Directors who have no direct or indirect interest in the Offer, has been formed to advise the Offer Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

The Company has appointed Red Sun Capital Limited as the independent financial adviser to advise the Independent Board Committee in respect of the Offer and the appointment has been approved by the Independent Board Committee.

GENERAL

Despatch of the Composite Document

It is the intention of the Offeror and the Company to combine the offer document with the offeree board circular from the Company in the Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document containing, among other things: (i) further details of the Offer (including the expected timetable); (ii) a letter of advice from the Independent Board Committee to the Offer Shareholders in relation to the Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Offer Shareholders in relation to the Offer, and (iv) the relevant form of acceptance and transfer, is expected to be despatched to the Shareholders within 21 days of the date of this joint announcement or such other date as may be approved by the Executive.

Dealing Disclosure

In accordance with Rule 3.8 of the Takeovers Code, respective associates (as defined in the Takeovers Code, including, among others, persons owning or controlling 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) of the Company and of the Offeror (within the meaning of the Takeovers Code) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, the trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 19 July 2018 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 August 2018.

WARNING: THE OFFER IS A POSSIBILITY ONLY AND IT WILL ONLY BE MADE IF THE SHARE TRANSFER COMPLETION TAKES PLACE AND THE SHARE TRANSFER COMPLETION IS CONDITIONAL UPON THE FULFILMENT (OR, WHERE APPLICABLE, WAIVER) OF THE SHARE TRANSFER CONDITIONS. ACCORDINGLY, THE TRANSACTION CONTEMPLATED UNDER THE SHARE TRANSFER AGREEMENT MAY OR MAY NOT COMPLETE AND THE OFFER MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE URGED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.

FURTHER ANNOUNCEMENT(S) WILL BE MADE BY THE OFFEROR AND THE COMPANY ON WHETHER THE SHARE TRANSFER COMPLETION HAS TAKEN PLACE AND IF THE OFFER WILL BE MADE. INVESTORS ARE ADVISED TO READ SUCH FUTURE ANNOUNCEMENT(S) IN CONJUNCTION WITH THIS JOINT ANNOUNCEMENT TO CONSIDER WHETHER TO ACCEPT THE OFFER. IF SHAREHOLDERS AND POTENTIAL INVESTORS ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“acting in concert”	has the same meaning ascribed to it under the Takeovers Code
“associate(s)”	has the same meaning ascribed to it under the Takeovers Code and the Listing Rules (as appropriate)
“Board”	the board of Directors of the Company
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which banks are open in Hong Kong to the general public for normal banking business
“BVI”	The British Virgin Islands
“Company”	Prosper Construction Holdings Limited (Stock Code: 6816), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange

“Consideration”	being HK\$537,540,000 representing the amount payable by the Offeror to the Vendor for the Sale Shares
“Composite Document”	the composite offer document to be jointly despatched by the Offeror and the Company in accordance with the Takeovers Code, containing, among other things, details of the Offer, acceptance and transfer form, the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser
“Director(s)”	the director(s) of the Company
“Encumbrance(s)”	any claim, charge, mortgage, security, lien pledge, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind, and Encumber shall be construed accordingly
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any of its delegate
“Group”	the Company and its subsidiaries
“Guarantors”	being Mr. Cui and Mr. Yu
“Guotai Junan Capital”	Guotai Junan Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror
“Guotai Junan Securities”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, and a fellow subsidiary of Guotai Junan Capital
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all three independent non-executive Directors, which has been established by the Company to make recommendations to the Offer Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer

“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee in respect of the Offer
“Last Trading Day”	18, July 2018, being the last trading day for the Shares immediately prior to the suspension of trading in the Shares on the Main Board of the Stock Exchange pending the issue and publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	8 August 2018 (or such other date as the parties to the Share Transfer Agreement may agree in writing)
“Main Board”	the main board maintained and operated by the Stock Exchange
“Mr. Cui”	Mr. Cui Qi, being the chairman, chief executive officer and an executive Director of the Company
“Mr. Yu”	Mr. Yu Ming, being an executive Director of the Company
“Offer”	the unconditional mandatory cash offer to be made by Guotai Junan Securities on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Offer Price”	the price at which the Offer will be made, being HK\$1.3175 per Share
“Offer Share(s)”	all the issued Share(s), other than those Shares owned by the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them
“Offer Shareholder(s)”	Shareholder(s) other than the Offeror, its ultimate beneficial owners and parties acting in concert with any of them
“Offeror”	Qingdao West Coast Holdings (Internation) Limited 青島西海岸控股(國際)有限公司, a company incorporated in the BVI, whose ultimate parent company is Qingdao West Coast Development (Group) Limited* 青島西海岸發展(集團)有限公司, which is a state-owned enterprise wholly-owned by the State-owned Asset Supervision and Administration Commission of Qingdao

“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Remaining Shares”	102,000,000 Shares held by the Vendor immediately after the Share Transfer Completion
“Sale Shares”	408,000,000 Shares, representing approximately 51.00% of the entire issued share capital of the Company legally and beneficially owned by the Vendor and agreed to be sold under the Share Transfer Agreement
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Transfer Agreement”	the conditional sale and purchase agreement dated 18 July 2018 entered into among the Vendor, the Guarantors and the Offeror for the sale and purchase of the Sale Shares
“Share Transfer Completion”	the completion of the sale and purchase of the Sale Shares, further details of which are set out in this joint announcement
“Share Transfer Completion Date”	the date on which the Share Transfer Completion shall take place, which shall be on the fifth (5th) Business Day following the fulfilment or, where appropriate, waiver of the Share Transfer Conditions, or such other date as agreed by the Vendor and the Offeror
“Share Transfer Conditions”	the conditions precedent to the Share Transfer Completion as stipulated in the Share Transfer Agreement
“Solid Jewel”	Solid Jewel Investments Limited, a company incorporated in the BVI with limited liability, which is owned as to approximately 87.00% by Mr. Cui, and as to approximately 13.00% by Mr. Yu
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as in force from time to time
“Trading Day”	a day when the Stock Exchange is open for trading in Hong Kong

“Vendor” Sky Hero Global Limited, a company incorporated in the BVI with limited liability, which is a wholly-owned subsidiary of Solid Jewel, and holds 510,000,000 Shares, representing approximately 63.75% of the entire issued share capital of the Company as at the date of this joint announcement

“%” per cent.

By Order of the board of directors of
Qingdao West Coast Holdings (Internation) Limited
YU Zhan
Director

By Order of the Board
Prosper Construction Holdings Limited
KUI Ching Wah
Executive Director

Hong Kong, 1 August 2018

As at the date of this joint announcement, the executive Directors are Mr. CUI Qi (chairman of the Board), Mr. YU Ming, Ms. KUI Ching Wah and Mr. TAO Yang and the independent non-executive Directors are Mr. CHEUNG Chi Man Dennis, Ms. LEUNG Sau Fan Sylvia and Mr. LEUNG Yee Tak.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by directors of the Offeror have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror are Mr. WANG Zhijun, Mr. ZHANG Hao, Mr. WANG Xuejun, Mr. ZHU Jiangfeng and Mr. YU Zhan.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, the Vendor, their respective associates and parties acting in concert with them) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

* For identification purpose only