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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 RESULTS FOR THE
YEAR ENDED 31 DECEMBER 2016**

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2016	2015
	<i>HK\$ millions</i>	<i>HK\$ millions</i>
Revenue	658.9	572.9
Profit for the year	69.4	96.0
Profit for the year – normalised for non-recurring items	84.3	84.9
Earnings per share (HK cents)	10.13	17.3
Dividend per share (HK cents)	3.0	N/A
	As at 31 December	
	2016	2015
	<i>HK\$ millions</i>	<i>HK\$ millions</i>
Total assets	699.0	375.3
Total equity	464.1	171.8
Equity per share (HK\$)	0.58	0.31

The board (the “Board”) of directors (the “Directors”) of Prosper Construction Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2016 (the “Year 2016”) together with comparative figures for the year ended 31 December in 2015 (the “Year 2015”) as set out below:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	<i>Note</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	3	658,860	572,928
Cost of sales		(534,234)	(457,987)
Gross profit		124,626	114,941
Other income and gain, net		25	(2,566)
Gain on disposal of investment in an associate		–	19,494
Professional fees incurred for initial public offering		(14,896)	(8,417)
Other administrative expenses		(25,712)	(11,548)
Operating profit		84,043	111,904
Finance income		1,139	385
Finance costs		(3,097)	(1,456)
Finance costs, net		(1,958)	(1,071)
Share of losses of a joint venture		–	(5)
Profit before income tax		82,085	110,828
Income tax expense	4	(12,636)	(14,830)
Profit for the year		69,449	95,998
Other comprehensive income		–	–
Profit and total comprehensive income attributable to equity holders of the Company		69,449	95,998
Basic and diluted earnings per share (HK cents)	5	10.13	17.30

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
ASSETS			
Non-current assets			
Plant and equipment		156,927	97,581
Investment in a joint venture		294	294
Deposits		17,276	–
		174,497	97,875
Current assets			
Trade and retention receivables	7	183,494	102,464
Deposits, prepayments and other receivables		3,712	4,533
Amounts due from customers for contract work		84,466	72,923
Amount due from a director		–	298
Income tax recoverable		1,652	2,949
Time deposits with maturity over 3 months		9,942	8,299
Pledged bank deposits		21,031	3,137
Cash and cash equivalents		220,157	82,834
		524,454	277,437
Total assets		698,951	375,312
EQUITY			
Capital and reserves			
Share capital	9	8,000	–
Reserves		456,123	171,834
Total equity		464,123	171,834

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings		16,952	3,467
Deferred income tax liabilities		9,402	9,468
		<u>26,354</u>	<u>12,935</u>
Current liabilities			
Trade and retention payables	8	43,481	28,870
Accruals and other payables		6,713	20,244
Receipt in advance		84,592	–
Amounts due to customers for contract work		10,054	45,473
Amount due to a joint venture		500	500
Amounts due to the other partners of joint operations		9,555	8,159
Amount due to a director		–	2,000
Amounts due to related companies		1,647	1,626
Dividend payable		–	61,477
Borrowings		51,234	19,991
Income tax payable		698	2,203
		<u>208,474</u>	<u>190,543</u>
Total liabilities		<u>234,828</u>	<u>203,478</u>
Total equity and liabilities		<u>698,951</u>	<u>375,312</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 6 October 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries provide marine construction services, lease and trade of vessels.

Pursuant to the group reorganisation as set out in the section headed "History and Development" in the Company's prospectus dated 30 June 2016 (the "Prospectus"), which was completed on 22 January 2016 (the "Reorganisation"), the Company became the holding company of its subsidiaries now comprising the Group. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 July 2016 (the "Listing"). The consolidated financial statements of the Group has been prepared as if the Group had always been in existence throughout both years presented, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company pursuant to the Reorganisation.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$") unless otherwise stated and were approved for issue on 28 March 2017.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The accounting policies used in the preparation of the consolidated financial statements for the year ended 31 December 2016 are consistent with those used in the preparation of the Accountant's Report as set out in appendix I to the Prospectus, except as described below.

(a) New and amended standards adopted by the Group

The following new amendments to existing standards and interpretations are mandatory for the Group's accounting period beginning on 1 January 2016 and have been adopted by the Group:

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operation
HKFRS 14	Regulatory Deferral Accounts
HKFRSs (Amendment)	Annual improvements to HKFRSs 2012 – 2014 cycle

The adoption of the above amendments to existing standards did not have material impact on the consolidated financial statements or result in any significant changes to the Group's accounting policies.

3. REVENUE AND SEGMENT INFORMATION

	Marine construction works <i>HK\$'000</i>	Leasing of vessels <i>HK\$'000</i>	Trading of vessels <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2016				
Revenue	<u>636,019</u>	<u>22,841</u>	<u>–</u>	<u>658,860</u>
Segment results	116,742	5,956	–	122,698
Unallocated expenses				(36,957)
Depreciation				(2,144)
Finance costs, net				<u>(1,512)</u>
Profit before income tax				82,085
Income tax expense				<u>(12,636)</u>
Profit for the year				<u>69,449</u>
Included in segment results are:				
Depreciation	(5,668)	(1,276)	–	(6,944)
Finance cost, net	<u>(446)</u>	<u>–</u>	<u>–</u>	<u>(446)</u>
	Marine construction works <i>HK\$'000</i>	Leasing of vessels <i>HK\$'000</i>	Trading of vessels <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2015				
Revenue	<u>553,130</u>	<u>2,048</u>	<u>17,750</u>	<u>572,928</u>
Segment results	101,922	1,962	3,327	107,211
Unallocated expenses				(14,344)
Gain on disposal of investment in an associate				19,494
Depreciation				(210)
Finance costs, net				<u>(1,323)</u>
Profit before income tax				110,828
Income tax expense				<u>(14,830)</u>
Profit for the year				<u>95,998</u>
Included in segment results are:				
Depreciation	(8,761)	–	–	(8,761)
Finance income, net	252	–	–	252
Share of losses of a joint venture	<u>(5)</u>	<u>–</u>	<u>–</u>	<u>(5)</u>

4. TAXATION

The amount of income tax charged to the consolidated statement of comprehensive income represents:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong profits tax		
Current income tax	655	81
Deferred income tax	(66)	3,713
Indonesia income tax		
Withholding income tax	12,055	9,733
Interest income tax	30	6
Macao complementary income tax		
Current income tax	–	1,297
Over-provision in prior year	(38)	–
	12,636	14,830

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year.

Indonesia income tax is charged through a system of withholding taxes. Companies are required to withhold final income tax for construction works performance and interest income from bank deposits. For the year ended 31 December 2016, income tax has been provided at the rate of 3% (2015: 3% or 4%) of the construction income and 20% (2015: 20%) of the interest income from bank deposits.

Macao complementary income tax has been provided at the rate of 12% (2015: 12%) on the estimated assessable profit for year.

5. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective years. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation completed on 22 January 2016 and the Capitalisation Issue (as defined in the Prospectus) of ordinary shares which took place on 20 July 2016.

	2016	2015
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	69,449	95,998
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>thousands</i>)	<u>685,861</u>	<u>555,000</u>
Basic earnings per share (<i>HK cents</i>)	<u><u>10.13</u></u>	<u><u>17.30</u></u>

(b) Diluted

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

6. DIVIDENDS

	Year ended 31 December	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividends declared and paid by a subsidiary of the Group prior to the Reorganisation (<i>note (a)</i>)	–	60,000
Proposed final dividend of HK\$0.03 (2015: Nil) per ordinary share (<i>note (b)</i>)	<u>24,000</u>	<u>–</u>
	<u><u>24,000</u></u>	<u><u>60,000</u></u>

Note:

- (a) For the year ended 31 December 2015, dividends of HK\$60,000,000 were declared and paid by the companies now comprising the Group to the then shareholders of the subsidiaries.
- (b) A dividend in respect of the year ended 31 December 2016 of HK\$0.03 per share, amounting to a total dividend of HK\$24,000,000, will be proposed at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

7. TRADE AND RETENTION RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	132,134	61,088
Retention receivables	51,360	41,376
	<u>183,494</u>	<u>102,464</u>

The credit period granted to trade customers other than for retention receivables was within 30 days. 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current	111,840	41,630
1 to 30 days	10,990	14,686
31 to 60 days	1,221	1,290
61 to 90 days	–	2,838
91 to 180 days	–	–
181 to 365 days	4,723	–
More than 1 year	3,360	644
	<u>132,134</u>	<u>61,088</u>

8. TRADE AND RETENTION PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	38,564	28,205
Retention payables	4,917	665
	<u>43,481</u>	<u>28,870</u>

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

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current	32,042	17,147
1 to 30 days	6,522	2,059
31 to 60 days	–	252
61 to 90 days	–	3,229
91 to 180 days	–	3,052
181 to 365 days	–	1,618
More than 365 days	–	848
	<u>38,564</u>	<u>28,205</u>

9. SHARE CAPITAL

On 6 October 2015, the Company was incorporated with an authorised share capital of HK\$390,000 divided into 39,000,000 shares with par value of HK\$0.01 each. On the same day, the Company allotted and issued one nil-paid share to an initial subscriber who is an independent third party, which was transferred to Sky Hero Global Limited (“Sky Hero”), a company incorporated in the British Virgin Islands, at nil consideration. On 22 January 2016, the said one nil-paid share was credited as fully paid and the Company further issued and allotted 9,249 shares to Sky Hero, credited as fully paid, as part of the Reorganisation.

On 5 February 2016, CITICC International Investment Limited (the “Pre-IPO Investor”), a pre-IPO investor, entered into a sale and purchase agreement with the Company, Sky Hero and Mr. Cui Qi, the controlling shareholder and an executive Director of the Company pursuant to which Sky Hero transferred 750 shares in the Company to the Pre-IPO Investor, at a consideration of HK\$36,000,000. In addition, the Pre-IPO Investor also subscribed for 750 shares of the Company at a subscription price of HK\$36,000,000, resulting in a share premium of approximately HK\$36,000,000.

On 20 July 2016, pursuant to the Capitalisation Issue, the Company issued a total number of additional 599,990,000 shares, credited as fully paid, to Sky Hero and the Pre-IPO Investor, respectively, based on their respective number of shares.

On 20 July 2016, pursuant to the Share Offer (as defined in the Prospectus), the Company issued a total 200,000,000 shares at a price of HK\$1.00 per share.

	Number of shares	Share capital HK\$'000
Ordinary shares, authorised:		
At 6 October 2015 (date of incorporation),		
31 December 2015 and 1 January 2016	39,000,000	390
Increase in authorised share capital	<u>3,961,000,000</u>	<u>39,610</u>
At 31 December 2016	<u><u>4,000,000,000</u></u>	<u><u>40,000</u></u>
	Number of shares	Share capital HK\$'000
Ordinary shares, issued and fully paid:		
At 6 October 2015 (date of incorporation),		
31 December 2015 and 1 January 2016	1	–
Shares issued pursuant to the Reorganisation	9,249	–
Shares issued to the Pre-IPO Investor	750	–
Shares issued pursuant to the Capitalisation Issue	599,990,000	6,000
Shares issued under the Share Offer	<u>200,000,000</u>	<u>2,000</u>
At 31 December 2016	<u><u>800,000,000</u></u>	<u><u>8,000</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Major projects

The Group derived the majority of its revenue from its contracted projects in Indonesia carried over from the Year 2015, while revenue from Macao remained steady for the Year 2015 and Year 2016. Majority of projects in Hong Kong had already progressed to the later stage since the end of the Year 2015 and did not contribute substantial revenue to the Group for the Year 2016.

A breakdown of the Group's revenue by geographic location and major projects for the Year 2016 is set out in the table below.

	Revenue recognised in Year 2016 (HK\$ million)	Contribution to total revenue	Current status
Indonesia			
<i>Wharf construction and engineering for a cement grinding project</i>	232.0	35.2%	Ongoing and expecting completion in May 2017.
<i>Port construction for a cement production plant</i>	115.1	17.5%	Site works completed in December 2016 and in preparation of final certification account
Others	<u>94.9</u>	14.4%	
	442.0	67.1%	
Macao			
<i>Land reclamation</i>	151.1	22.9%	Ongoing and expecting completion in August 2017.
Hong Kong	<u>65.8</u>	10.0%	
Total	<u><u>658.9</u></u>		

Outlook

The status of the Group's key projects on hand as at 31 December 2016 is set out below.

	Location	Estimated remaining contract sum (HK\$ million)	Expected time of completion
<u>Project(s) already commenced as at 31 December 2016</u>			
<i>Wharf construction and engineering for a cement grinding project</i>	Indonesia	65.3	Q2 2017
<i>Land reclamation</i>	Macao	95.1	Q3 2017
<i>Kai Tak development – underground structure and excavation</i>	Hong Kong	46.4	Q3 2018
<u>Project(s) commencing or newly awarded in 2017</u>			
<i>EPC contract for an electricity generation facility</i>	Macao	494.7	Q1 2019
<i>Lam Tin-TKO bypass</i>	Hong Kong	35.5	Q4 2018

In addition to the above key projects on hand, the Group is negotiating and/or in process of bidding for a number of sizeable potential projects as set out below.

Project nature	Location	Estimated project scale HK\$ million
Reclamation for highway access	Hong Kong	200
Dredging	Malaysia	100
Reclamation and pier construction	Southeast Asia	800
Underwater pipelines, water intake and outfall	West Asia	600

Review on Results

Revenue

The Group recorded revenue of approximately HK\$658.9 million for the Year 2016, representing a growth of approximately 15.0% from the Year 2015. A breakdown of the Group's revenue from major projects and by geographical location is set out in the section headed "Business Review and Outlook" above. The growth in revenue is mainly attributable to the wharf construction and engineering for a cement grinding project in Indonesia which achieved substantial progress and work done certified by the customer during the Year 2016.

Cost of sales and gross profit

The increase in cost of sales generally synchronised with the revenue growth, while the gross profit margin decreased slightly to approximately 18.9% for the Year 2016 from approximately 20.1% for the Year 2015. The gross profit margin for the Year 2015 was relatively higher as the Group received a claims settlement from a previously completed project for which no cost was incurred in the Year 2015.

Other administrative expenses

Administrative expenses increased by approximately HK\$14.2 million, which mainly comprised (i) an approximately HK\$3.5 million increase in staff cost and Directors' emoluments resulting from the increase in headcount to cope with business expansion, the appointment of additional Directors and the increment in Directors' salaries to prepare for the Listing; (ii) an increase in auditor's remuneration by approximately HK\$1.1 million following the Listing; (iii) increase in professional fees by approximately HK\$5.1 million for purpose of general advisory, compliance, investor relations and corporate communication matters; and (iv) general increase in other expenditure items by approximately HK\$4.5 million.

Income tax expense

The Group's effective tax rate, after excluding the effect of (i) professional fees incurred for the Listing which are not tax deductible; and (ii) gain on disposal of investment in an associate in Year 2015 which is not taxable, for the Year 2016 and Year 2015 was 13.0% and 14.9% respectively.

Profit for the year

The Group's profit for the year from core operation is analysed below.

	2016 HK\$'000	2015 HK\$'000
Profit before income tax	82,085	110,828
Effects of non-recurring items:		
– professional fees incurred for the Listing	14,896	8,417
– gain on disposal of investment in an associate	<u>–</u>	<u>(19,494)</u>
Profit before income tax on normalised basis	96,981	99,751
Income tax expense	<u>(12,636)</u>	<u>(14,830)</u>
Profit for the year on normalised basis	84,345	84,921
Net profit margin	12.8%	14.8%

The Group's profit for the Year 2016 on a normalised basis was largely stable as compared to the Year 2015.

Liquidity, Capital Structure and Gearing

The Group's liquidity position improved notably with the net proceeds of approximately HK\$163.5 million from the placing of shares in connection with the Listing. The Group had a net cash balance of approximately HK\$182.9 million as at 31 December 2016 (2015: approximately HK\$70.8 million) and its gearing ratio (calculated by dividing total debts by total equity) as at 31 December 2016 was approximately 15% (2015: approximately 14%).

The Group generally meets its working capital requirement by cash flows generated from its operation and short term bank borrowings. The Group also utilises performance bonds facilities provided by banks as required. The maturity and interest rate profile of the Group's borrowings are set out below. The Group has unutilised banking facilities amounting to approximately HK\$5.0 million as at 31 December 2016 (2015: approximately HK\$1.8 million).

- (a) Based on the scheduled repayment terms set out in the loan agreements and ignoring the effect of any repayment on demand clause, the maturity of bank loans would be as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 1 year	51,234	19,991
Between 1 and 2 years	13,606	3,171
Between 2 and 5 years	3,346	296
	68,186	23,458

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

	2016	2015
Short-term bank loans	4.9%	3.3%
Long-term bank loans	4.1%	3.4%

Foreign Exchange

Operations of the Group are mainly conducted in Hong Kong dollars (“HK\$”), United States dollars (“US\$”), Macao Patacas (“MOP”) (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. In the event that settlement from the Group’s customer is received in IDR or a currency other than the Major Currencies, such currency will be retained for payment of operating expenditures only as required and the remaining foreign currency will be converted to HK\$ or US\$ promptly.

Capital Expenditures and Commitments

The Group generally finances its capital expenditures by cash flows generated from its operation and long-term bank borrowings. The net proceeds from the Listing provided an additional source of funds to meet the Group’s capital expenditure plan, out of which a sum of HK\$147.2 million was allocated for use in acquisition of vessels and equipment.

During the year ended 31 December 2016, the Group invested approximately HK\$68.4 million in the acquisition of plant and equipment, which comprised approximately HK\$45.5 million in vessels and approximately HK\$22.2 in machinery and equipment.

The Group’s fleet of vessels for marine construction works grew by 8 units during the year to a total of 37 units as at 31 December 2016, with order placed for a further 7 units of vessels which are yet to be delivered.

The Group’s committed orders for capital equipment as at 31 December 2016 amounted to approximately HK\$7.5 million and it is intended that such purchases will be financed by the remaining net proceeds from the Listing.

Use of Proceeds

The net proceeds from the Listing was approximately HK\$163.5 million, which was different from the estimated net proceeds of HK\$190.0 million as disclosed in the Prospectus. The difference of HK\$26.5 million has been adjusted in the same manner and in the same proportion to the use of proceeds as shown in the Prospectus. The utilisation of net proceeds raised by the Group from the Listing up to 31 December 2016 is as below.

	Estimated use of proceeds <i>HK\$ millions</i>	Adjusted use of proceeds <i>HK\$ millions</i>	Utilised up to 31 December 2016 <i>HK\$ millions</i>	Unutilised as of 31 December 2016 <i>HK\$ millions</i>
Acquisition of vessels and equipment	171.0	147.2	80.7	66.5
General working capital	19.0	16.3	16.3	–
	<u>190.0</u>	<u>163.5</u>	<u>97.0</u>	<u>66.5</u>

As at 31 December 2016, approximately HK\$80.7 million of net proceeds from the Listing have been utilised to acquire 8 units of vessels for a total of HK\$42.4 million, various machinery and equipment of HK\$21.0 million and for payment of deposits amounting to HK\$17.3 million for purchase of further 7 units of vessels and other equipment.

The unutilised net proceeds from the Listing have been placed with licensed banks in Hong Kong and will be applied in the manner consistent with the proposed allocations as set out in the Prospectus.

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 year ended 31 December 2016.

Significant Investments Held

The Group had not held any significant investments during the year ended 31 December 2016.

Charges on Assets

As at 31 December 2016, plant and equipment with carrying value of (i) approximately HK\$15,179,000 were pledged to secure for the Group's bank borrowings and (ii) approximately HK\$23,840,000 were pledged as security for provision of performance bond and prepayment surety bond for the Group's project in Macao.

Contingent Liabilities (guarantees & performance bonds)

As at 31 December 2016, the joint operations held by the Group have given guarantees on performance bonds in respect of construction contracts in the ordinary course of business, and the amounts shared by the Group were of HK\$126,446,000 (2015: HK\$127,666,000). As at 31 December 2016, the Group has given guarantees of HK\$10,680,000 (2015: nil) on performance bonds of HK\$38,835,000 in relation to a construction contract of the Group in the ordinary course of business. The performance bonds as at 31 December 2016 are expected to be released in accordance with the terms of the respective construction contracts. Save for the guarantee given on these performance bonds, the Group has no material contingent liabilities.

Events After the Financial Year

No event has occurred after 31 December 2016 and up to the date of this announcement which would have a material effect on the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (“CG Code”) upon Listing and has complied with the code provisions since then and up to 31 December 2016, except in relation to provision A.2.1 of the CG Code where the roles of the Group’s chairman and chief executive officer (“CEO”) are both performed by Mr. Cui Qi. Provision A.2.1 of the CG Code requires that the roles of chairman and CEO should be separate and should not be performed by the same individual. Mr. Cui Qi has been responsible for overall strategic planning and management of the Group since the Group was founded in 2001. The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “Model Code”) and all the Directors confirmed, upon specific enquiry made, that they complied with the Model Code since the Listing and up to the date of this announcement.

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 since the Listing and up to the date of this announcement.

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 2016.

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 2016.

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 since the Listing and up to the date of this announcement.

FINAL DIVIDEND AND ANNUAL GENERAL MEETING

The Directors recommended a final dividend of HK3.0 cents per share, totalling HK\$24.0 million for the year ended 31 December 2016, representing a dividend ratio of approximately 35%. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 16 June 2017 (the “AGM”) and is expected to be paid on or about 30 June 2017. Notice of the AGM will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 14 June 2017 to Friday, 16 June 2017 (both days inclusive), during which period no transfer of shares will be registered, for purpose of determining the right to attend and vote at the AGM. All transfer of the Company’s shares together with the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong no later than 4:30 p.m. on Tuesday, 13 June 2017 in order for the holders of the shares to qualify to attend and vote at the AGM or any adjournment thereof.

To ascertain entitlement to the proposed final dividend, the register of members of the Company will also be closed on Friday, 23 June 2017. In order to qualify for the proposed final dividend, which is subject to approval of shareholders at the AGM, holders of shares of the Company must ensure that all transfers of shares be lodged with the Company’s branch share registrar and transfer office in Hong Kong for registration no later than 4:30 p.m. on Thursday, 22 June 2017.

REVIEW OF ANNUAL RESULTS

The audit committee of the Board has reviewed the consolidated financial statements of the Group for the financial year 31 December 2016 and this results announcement. The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2016 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

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 year ended 31 December 2016 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board of
Prosper Construction Holdings Limited
Cui Qi
Chairman and Executive Director

Hong Kong, 28 March 2017

As at the date of this announcement, the Board comprised the executive Directors Mr. Cui Qi, Ms. Kui Ching Wah, Mr. Yu Ming and Mr. Tao Yang; and the independent non-executive Directors Mr. Ge Zhenming, Ms. Leung Sau Fan Sylvia and Mr. Leung Yee Tak.