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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)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE ENTERING INTO OF
THE ENGINEERING SERVICES FRAMEWORK AGREEMENT**

ENGINEERING SERVICES FRAMEWORK AGREEMENT

The Board is pleased to announce that on 9 June 2021 (after trading hours), Dongjie Construction, an indirect non-wholly owned subsidiary of the Company, entered into the Engineering Services Framework Agreement with Big Data Company, pursuant to which Big Data Company agreed to provide software development and construction automation engineering project services to Dongjie Construction. The annual cap under the Engineering Services Framework Agreement is HK\$24,000,000 for the period from 1 January 2021 to 31 December 2021 (both dates inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Big Data Company is an indirect non-wholly owned subsidiary of West Coast Development Group, which is the ultimate holding company and one of the controlling shareholders of the Company and indirectly holds 62.25% of the issued share capital of the Company. Big Data Company is therefore a connected person of the Company and the entering into of the Engineering Services Framework Agreement between Dongjie Construction and Big Data Company and the transactions thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual cap under the Engineering Services Framework Agreement are more than 0.1% but all less than 5%, the transactions contemplated under the Engineering Services Framework Agreement are subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the independent shareholders' approval requirement.

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ENGINEERING SERVICES FRAMEWORK AGREEMENT

The principal terms of the Engineering Services Framework Agreement are set out below:

Date: 9 June 2021

Parties: (1) Dongjie Construction; and
(2) Big Data Company

Term:

The period from the Effective Date (i.e. 9 June 2021, being the date of entering into the Engineering Services Framework Agreement) to 31 December 2021 (both dates inclusive).

Subject matters:

Big Data Company and its subsidiaries (collectively referred to as the “**Party B Group**”) will provide software development and construction automation engineering project services to Dongjie Construction and its subsidiaries (collectively referred to as the “**Party A Group**”), including but not limited to the software development for construction project industry platform, and intelligent engineering project services for constructions such as parks, communities, hospitals, hotels and office buildings.

Pricing:

The pricing of the services for each project under the Engineering Services Framework Agreement shall be determined with reference to the market price or, in the absence of such market price, the agreed price. As the Party B Group may be selected as the project service provider through a tender process conducted by the Party A Group, Party B Group will participate in the project tendering process conducted by Party A Group in accordance with the normal procedures and requirements, and will provide quotations based on the design, equipment, quality standards and construction requirements of individual projects, together with its estimated costs, including the service fee of the purchaser and/or the contractor and/or the service provider (if any). If Party B Group requires products and services (if any) from the purchaser and/or the contractor and/or the service provider (if any), Party B Group will obtain quotations from at least three different purchasers and/or contractors and/or service providers based on the project’s specific requirements and reasonable factors such as market conditions, competition, gross margin, direct and indirect costs, opportunity costs, project duration and all relevant risk factors including customer risk, to preliminarily estimate the costs required for that component.

Payment terms:

The transactions under the Engineering Services Framework Agreement will be paid and settled in cash or otherwise mutually agreed, and shall be paid and settled according to the time and manner agreed in the specific engineering project service contracts being entered into. The relevant payment and settlement terms shall not be less favourable than the market terms available to the Party A Group from an Independent Third Party or the market terms granted by the Party B Group to an Independent Third Party.

Annual cap:

Set out below is the annual cap for the transactions contemplated under the Engineering Services Framework Agreement:

**1 January 2021 to
31 December 2021
(both dates inclusive)**
HK\$

Annual Cap	24,000,000 (Equivalent to RMB20,400,000)
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The annual cap is determined based on:

- (i) reference to the total contract amount of the projects that have been awarded of which contracts have not yet been signed and those under negotiation between the Party A Group and the Party B Group, which is approximately HK\$12,000,000 (equivalent to RMB10,200,000); and
- (ii) reference to the business operation and orders in hand of the Party A Group in the first half of 2021, and taking into account the feasibility of awarding the relevant contracts to the Party B Group. It is expected that the anticipated amount of the relevant business in the second half of 2021 will be similar to the amount in the first half of the year, which is approximately HK\$12,000,000 (equivalent to RMB10,200,000).

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENGINEERING SERVICES FRAMEWORK AGREEMENT

As part of the strategy to diversify the Group's business portfolio, the Company has expanded into the construction industry with the completion of the acquisition of 80.0% equity interests in Dongjie Construction in January 2020. Given that (i) Dongjie Construction possesses the necessary qualifications and/or licenses to engage in construction projects in the PRC; and (ii) the majority of the Directors are experienced in working with infrastructure and property project developers in the greater Qingdao area of Shandong Province in the PRC, the Board believes that the Group is well equipped to further expand into the construction industry in the PRC. In April 2020, the Group entered into a

construction services framework agreement with West Coast Development Group to facilitate the Group's tendering for the construction projects of West Coast Development Group and its subsidiaries and its engagement as a contractor upon successful tenders, which shall allow the Group to strengthen and further develop its construction business in the PRC, widen its business portfolio and enhance its competitiveness in the market.

Due to the expertise of the Party B Group in the aspects of engineering management service and software development service, as well as its interests aligned with Party A Group naturally, on the basis of fair market prices, the selection of the Party B Group as the project subcontractor is expected to be able to provide convenient, high-quality, high-efficiency, and cost-effective engineering services to Party A Group which are of great benefit to improving the market competitiveness and profitability of both parties.

Mr. Wang Xuejun, Mr. Yang Zhenshan, Mr. Jiang Shuang and Mr. Yang Honghai, each an executive Director, have abstained from voting on the Board resolutions to approve the Engineering Services Framework Agreement due to conflict of interests. Save as the aforementioned, no Director has material interest in the Engineering Services Framework Agreement and no other Director has abstained from voting on the relevant Board resolutions.

The Board (excluding Mr. Wang Xuejun, Mr. Yang Zhenshan, Mr. Jiang Shuang and Mr. Yang Honghai, each an executive Director, but including the independent non-executive Directors) are of the view that the terms of the Engineering Services Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair, reasonable and in the interests of the Company and its shareholders as a whole.

INTERNAL CONTROL

The Group has adopted the following internal control procedures to govern the continuing connected transactions of the Group under the Engineering Services Framework Agreement and the annual cap:

- (i) the tender and audit department of the Company will closely monitor and record the actual transaction amounts of the continuing connected transactions under the Engineering Services Framework Agreement to ensure that the annual cap will not be exceeded;
- (ii) the tender and audit department of the Company will compare the prices and terms with those of other construction projects of similar nature and scale entered into and/or tenders and/or quotations obtained by the Group from Independent Third Parties, or compare the prices and terms with the market prices or benchmarks for transactions of similar nature, in order to ensure the expenses by the Group are fair and reasonable and no less favourable to the Group than those offered by Independent Third Parties;
- (iii) the contract department and project department of the Company will submit the construction plans, price comparison report, and status report to the executive Directors before entering into individual contracts;

- (iv) the Company's auditor will review the continuing connected transactions (which are subject to the annual review and disclosure requirements under the Listing Rules) annually and confirm whether (a) the transactions under the Engineering Services Framework Agreement have been approved by the Board; (b) the transactions were entered into in accordance with the Engineering Services Framework Agreement; and (c) the annual cap has not been exceeded; and
- (v) the independent non-executive Directors will perform annual review (which are subject to the annual review and disclosure requirements under the Listing Rules) to confirm the transactions under the Engineering Services Framework Agreement are entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the Engineering Services Framework Agreement governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole.

The Board believes that the above internal control procedures are appropriate and can ensure the transactions are entered into in accordance with the Engineering Services Framework Agreement and the prices payable by the Company will not be less favourable than those payable under transactions with Independent Third Parties.

INFORMATION ON 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 auxiliary marine related services.

Dongjie Construction

Dongjie Construction is a company established in the PRC and an indirect non-wholly owned subsidiary of the Company. It is principally engaged 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.

Big Data Company

Big Data Company is a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of West Coast Development Group (the ultimate holding company and one of the controlling shareholders of the Company and indirectly holds 62.25% of the issued share capital of

the Company) and is directly held by Sample Technology and West Coast Development Group as to 60% and 40%, respectively. It is principally engaged in supply chain management services, engineering management services, software development services, sales of building materials and other businesses.

West Coast Development Group

Qingdao West Coast Development Group Co., Ltd. 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 is principally engaged in infrastructure construction, land development, real estate development and other industrial investment and operations (including cultural, tourism and financial services).

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DEFINITIONS

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

“Big Data Company”	Qingdao Big Data Technology Development Group Co., Ltd.* (青島大數據科技發展有限公司), a company established in the PRC with limited liability, which is directly held by Sample Technology and West Coast Development Group as to 60% and 40%, respectively
“Board”	the board of Directors
“Company”	Prosper Construction Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, 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
“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 signing date of the Engineering Services Framework Agreement, being 9 June 2021
“Engineering Services Framework Agreement”	the 2021 Engineering Project Services Framework Agreement entered into between Big Data Company and Dongjie Construction on 9 June 2021
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or any of its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sample Technology”	Nanjing Sample Technology Co., Ltd.* (南京三寶科技股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1708)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“West Coast Development 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

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

Hong Kong, 9 June 2021

As at the date of this announcement, the Board comprises 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.

** English translation of names in Chinese which is marked with “*” in this announcement is for identification purposes only.*