

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



瑞港建設控股有限公司

PROSPER CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 6816)

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 28 June 2023 (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\$15,900,000 for the period from 1 January 2023 to 31 December 2023 (both dates inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Big Data Company is an indirect non-wholly owned subsidiary of Qingdao Haifa 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 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.

The Board hereby announces that on 28 June 2023 (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\$15,900,000 for the period from 1 January 2023 to 31 December 2023 (both dates inclusive).

ENGINEERING SERVICES FRAMEWORK AGREEMENT

The principal terms of the Engineering Services Framework Agreement are summarised as below:

Date : 28 June 2023

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

Term:

The period from the Effective Date to 31 December 2023 (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 need to go through a tendering process conducted by the Party A Group in order to be selected as a project service provider, the Party B Group will participate in the project tendering process conducted by the 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 purchaser and/or the contractor and/or the service provider (if any). If the Party B Group requires products and services (if any) from purchaser and/or the contractor and/or the service provider (if any), the 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 the respective components.

Payment terms:

The transactions under the Engineering Services Framework Agreement will be paid and settled in cash or other mutually agreed methods, 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 2022 to
31 December 2022
(both dates inclusive)
HK\$**

| | |
|------------|--|
| Annual Cap | 15,900,000 (equivalent to RMB14,600,000) |
|------------|--|

The annual cap is determined based on:

- (i) the total contract sum of projects already contracted in 2023, which is approximately HK\$630,000;
- (ii) the total contract amount expected to be completed in 2023, with reference to the project contracts that are under negotiation between the Party A Group and the Party B Group, which is approximately HK\$15,270,000.

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

The Party A Group is mainly engaged in the engineering contracting business of building construction and municipal projects, as well as design and construction of architectural and decoration works, design, production and installation of curtain walls, windows and doors, and steel structure works. The Party B Group has expertise in engineering management services and software development services. As both the Party A Group and the Party B Group are members of Qingdao Haifa Group and share the same interest, on the basis of fair market price, 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 the Party A Group, which are of great benefit to improving the market competitiveness and profitability of both parties.

Mr. Jiang Hongchang, Mr. Liu Yutao, Mr. Yang Honghai, Mr. Ni Chuchen and Mr. Du Jianzhi have abstained from voting on the Board resolution 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 therefore no other Director has abstained from voting on the relevant board resolution.

The Board (excluding Mr. Jiang Hongchang, Mr. Liu Yutao, Mr. Yang Honghai, Mr. Ni Chuchen and Mr. Du Jianzhi, 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 than those offered by Independent Third Parties;
- (iii) the contract department and project department of the Company will submit the construction plan, price comparison report, and status report to the executive Directors before entering into an individual contract;
- (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 conducted (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. Its subsidiaries are also engaged in design and construction of architectural and decoration works, design, production and installation of curtain walls, windows and doors, and steel structure, landscaping and municipal works, and have obtained Class III qualification for professional contracting of structural steel works, Class I qualification for professional contracting of architectural curtain wall works, and Class A qualification for professional design of architectural curtain wall works.

Big Data Company

Big Data Company is a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of Qingdao Haifa 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 indirectly held by Qingdao Haifa Group as to 70.6% equity interests. It is principally engaged in supply chain management services, engineering management services, software development services, sales of building materials and other businesses.

Qingdao Haifa Group

Qingdao Haifa State-owned Capital Investment and Operation 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).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Big Data Company is an indirect non-wholly owned subsidiary of Qingdao Haifa 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 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.

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 indirectly held by Qingdao Haifa Group as to 70.6% equity interests |
| “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 Group Co., Ltd.* (青島東捷建設集團有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company |
| “Effective Date” | the effective date of the Engineering Services Framework Agreement, being 1 January 2022 |
| “Engineering Services Framework Agreement” | the 2023 Engineering Project Services Framework Agreement entered into between Big Data Company and Dongjie Construction on 28 July 2023 |
| “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 |
| “Qingdao Haifa Group” | Qingdao Haifa State-owned Capital Investment and Operation Group Co., Ltd.* (青島海發國有資本投資運營集團有限公司), the ultimate holding company and a controlling shareholder of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

By order of the Board
Prosper Construction Holdings Limited
NI Chuchen
Executive Director

Hong Kong, 28 June 2023

As at the date of this announcement, the Board comprised executive Directors Mr. JIANG Hongchang (chairman of the Board), Mr. LIU Yutao, Mr. YANG Honghai, Mr. NI Chuchen, Mr. DU Jianzhi; 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 RMB1.00 = HK\$1.089. 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.*