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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)

TERMINATION OF THE VESSEL CHARTERING FRAMEWORK AGREEMENT AND ENTERING INTO OF THE NEW VESSEL CHARTERING FRAMEWORK AGREEMENT

New Vessel Chartering Framework Agreement

References are made to (i) the section headed “Continuing connected transactions” in the Prospectus; and (ii) the Announcement in relation to New Macao Project contract awarded to the Group.

In order to cope with the work of the New Macao Project and other projects to be undertaken by the Group, the Board expects that the number and duration required of vessels to be chartered by the Group from Shenzhen Changsheng will increase. On 18 July 2017, Prosper BVI (as charterer for and on behalf of the Group) and Shenzhen Changsheng (as the owner of vessels) agreed to terminate the Vessel Chartering Framework Agreement and entered into the New Vessel Chartering Framework Agreement. The annual caps under the New Vessel Chartering Framework Agreement are set at HK\$15,660,000 for the year ending 31 December 2017 and HK\$22,300,000 for each of the two years ending 31 December 2019.

Listing Rules implications

The transactions contemplated under the New Vessel Chartering Framework Agreement constitute continuing connected transactions for the Company. As the highest applicable percentage ratio of the transactions on an annual basis is more than 0.1% but less than 5%, the transactions are subject to reporting, announcement and annual review requirements but are exempt from independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Background

References are made to (i) the section headed “Continuing connected transactions” in the Prospectus; and (ii) the Announcement in relation to New Macao Project contract awarded to the Group.

As stated in the Announcement, the target completion date as stipulated in the New Macao Project is February 2019. In order to cope with the work of the New Macao Project and other projects to be undertaken by the Group, the Board expects that the number and duration required of vessels to be chartered by the Group from Shenzhen Changsheng will increase. As stated in the Prospectus, the Original Annual Caps for the on-going transactions contemplated under the Vessel Chartering Framework Agreement are HK\$15,360,000 and HK\$3,960,000 for each of the two years ending 31 December 2016 and 2017, respectively. Given the Group's new and/or upcoming projects, including but not limited to the New Macao Project, the Group's demand for vessels is likely to increase and as such, the Board expects that the Original Annual Caps will be insufficient to meet such demand.

On 18 July 2017, Prosper BVI (as charterer for and on behalf of the Group) and Shenzhen Changsheng (as the owner of vessels) agreed to terminate the Vessel Chartering Framework Agreement and entered into the New Vessel Chartering Framework Agreement. The Board confirms that the Original Annual Caps for each of the two years ending 31 December 2016 and 2017 have not been exceeded as at the date of this announcement.

The principal terms of the New Vessel Chartering Framework Agreement are set out below:

New Vessel Chartering Framework Agreement

Date

18 July 2017

Parties

Prosper BVI (as charterer for and on behalf of the Group)

Shenzhen Changsheng (as owner)

Pursuant to the New Vessel Chartering Framework Agreement, the Group will charter vessels from Shenzhen Changsheng for a term commencing from 18 July 2017 and ending on 31 December 2019. Prosper BVI has an option to renew the New Vessel Chartering Framework Agreement for a further period of three years, and for each exercise of a renewal option by Prosper BVI, Shenzhen Changsheng will be deemed to have granted a new option to Prosper BVI for a further extension of three years on terms to be negotiated between the parties on a fair and reasonable basis and on the condition that all applicable disclosure and/or shareholders' approval requirements under the Listing Rules shall have been complied with by the Company.

During the term of the New Vessel Chartering Framework Agreement, it is envisaged that from time to time, members of the Group may enter into individual agreements ("**Individual Agreements**") with Shenzhen Changsheng in respect of the chartering of vessels subject to terms and conditions in compliance with those of the New Vessel Chartering Framework Agreement.

Payment terms

Pursuant to the Individual Agreements, the Company will pay Shenzhen Changsheng a charter payment per chartered vessel. Such payment is to be made in Hong Kong dollars. The charter payment during the charter period will be settled by monthly instalments in cash on or before the fifteenth day of each month by the Group in arrears for the immediately preceding month.

Charter period

The New Vessel Chartering Framework Agreement will be effective from 18 July 2017 and will expire on 31 December 2019 (both dates inclusive).

Reasons for the transactions

Since the number of vessels currently owned by the Group that are available for imminent deployment outside of Hong Kong is inadequate to support the Group's demand for vessels under its upcoming projects, including but not limited to, the New Macao Project, the New Vessel Chartering Framework Agreement allows the Group to deploy vessels to its marine construction projects in an efficient and cost-effective manner, without needing to resort to chartering vessels from other third party owners. The Directors consider that the chartering of vessels from Shenzhen Changsheng pursuant to the New Vessel Chartering Framework Agreement is beneficial to the Group's expansion strategy and allows the Group to undertake an increasing number of marine construction projects in future.

The Directors (including the independent non-executive Directors) consider that the terms of the New Vessel Chartering Framework Agreement are on normal commercial terms and are entered into in the ordinary and usual course of business of the Group, which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

Pricing

The prices payable under the New Vessel Chartering Framework Agreement will be determined at arm's length negotiations between the parties to the New Vessel Chartering Framework Agreement and the Individual Agreements and are based on normal commercial terms, and on terms no less favourable to the Group as compared to other charters of similar sized vessels entered into and/or quotations obtained by the Group with different independent counterparties and taking into consideration of the general market conditions at the relevant time. The Group will take into account not less than three quotations from other charterers for other charters of similar size vessels in the market at the time of the respective Individual Agreements.

Historical figures

The Group has started chartering vessels from Shenzhen Changsheng since March 2015 for the undertaking of the various projects of the Group in Macao. The historical total amounts of the chartering of vessels paid by the Group to Shenzhen Changsheng was approximately HK\$6.3 million for the year ended 31 December 2015 (being March to December 2015), approximately HK\$8.0 million for the year ended 31 December 2016; and approximately HK\$1.6 million for the six months ended 30 June 2017.

Basis of determination of the annual caps

As disclosed in the Prospectus, the Original Annual Caps under the Vessel Chartering Framework Agreement was determined based on the total amount paid by the Group for the chartering of vessels for the year ended 31 December 2015 and the Group's estimation of the number and types of vessels required for the Macao Project. Accordingly, the Original Annual Caps were set at HK\$15,360,000 and HK\$3,960,000 for each of the two years ending 31 December 2016 and 2017, respectively.

In addition to the vessels currently chartered from Shenzhen Changsheng for the Macao Project, the Group would require to charter more vessels and/or for longer duration from Shenzhen Changsheng to cope with the Group's upcoming projects, including the New Macao Project. Based on the Group's contracts on hand, contracts in negotiation and the expected monthly fee per vessel which ranges from HK\$128,000 to HK\$400,000, the annual caps under the New Vessel Chartering Framework Agreement are set at HK\$15,660,000 for the year ending 31 December 2017 (which is inclusive of the Original Annual Caps for transactions already entered into under the Vessel Chartering Framework Agreement prior to its termination and transactions to be entered into under the New Vessel Chartering Framework Agreement during the year ending 31 December 2017) , and HK\$22,300,000 for each of the two years ending 31 December 2019.

Listing Rules implications

Mr. Cui is one of the Controlling Shareholders and executive Directors, and is therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Shenzhen Changsheng was owned as to 20% by Mr. Cui and the remaining 80% by a company which was owned as to 90% by Mr. Cui and 10% by Ms. Mu as at the date of this announcement. Accordingly, Shenzhen Changsheng is an associate of Mr. Cui and is a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Except for Mr. Cui, none of the Directors have material interest in the transactions contemplated under the New Vessel Chartering Framework Agreement, accordingly, Mr. Cui has abstained from voting on the Board resolutions approving the New Vessel Chartering Framework Agreement.

The transactions contemplated under the New Vessel Chartering Framework Agreement constitute continuing connected transactions for the Company. As the highest applicable percentage ratio of the transactions on an annual basis is more than 0.1% but less than 5%, the transactions are subject to reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Announcement”	the voluntary announcement of the Company dated 21 December 2016 in relation to a construction contract awarded to the Group in relation to the New Macao Project
“Board”	the board of Directors the Company
“BVI”	the British Virgin Islands
“Company”	Prosper Construction Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange, and an investment holding company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries from time to time and is principally engaged in, among others, the provision of marine construction services to both private and public sectors with projects in Hong Kong, Macao and Southeast Asia
“Hong Kong”	the Hong Kong Special Administrative Region of the Peoples' Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macao”	the Macao Special Administrative Region of the PRC

“Macao Project”	the Macao New Town Reclamation Area E1 Reclamation and Seawall Construction Project, which was awarded to an unincorporated joint venture formed by the Group as the main contractor by the Macao government and involves reclamation works, construction of seawalls and ground improvement works which commenced in March 2015
“Mr. Cui”	Mr. Cui Qi, an executive Director, chairman of the Board and a Controlling Shareholder
“Ms. Mu”	Ms. Mu Zhen, the spouse of Mr. Cui
“New Macao Project”	the planning, design and construction of offshore water inlet and warm water discharge channels for a electricity generation facility in Macao
“New Vessel Chartering Framework Agreement”	the framework agreement dated 18 July 2017 and entered into between Prosper BVI and Shenzhen Changsheng in relation to the chartering of vessels from Shenzhen Changsheng to the Group
“Original Annual Caps”	the annual caps for the on-going transactions contemplated under the Vessel Chartering Framework Agreement, being HK\$15,360,000 and HK\$3,960,000 for each of the two years ending 31 December 2016 and 2017, respectively
“PRC” or “China”	the People’s Republic of China and excludes Hong Kong, Macao and Taiwan
“Prospectus”	the prospectus of the Company dated 30 June 2016
“Prosper BVI”	Prosper Construction Group Ltd. (瑞港建設集團有限公司), a company incorporated in BVI on 11 September 2015 and a direct wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)

“Shenzhen Changsheng”	Shenzhen Changsheng Marine Engineering Limited* (深圳長盛海事工程有限公司), a company established in the PRC which was owned as to 20% by Mr. Cui and the remaining 80% by a company which was owned as to 90% by Mr. Cui and 10% by Ms. Mu as at the date of this announcement, and is principally engaged in the provision of marine construction services and trading and leasing of marine vessels
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vessel Chartering Framework Agreement”	the agreement entered into between the Group and Shenzhen Changsheng on 18 March 2016 in relation to the chartering of vessels by the Group from Shenzhen Changsheng
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Prosper Construction Holdings Limited
KUI Ching Wah
Joint Company Secretary

Hong Kong, 18 July 2017

As at the date of this 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. GE Zhenming, Ms. LEUNG Sau Fan Sylvia and Mr. LEUNG Yee Tak.