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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)

**RECTIFICATION
OF A MAJOR ACQUISITION**

Financial Adviser to the Company

MESSIS 大有融資

THE ACQUISITION

In June 2025 the Purchaser, a non-wholly-owned subsidiary of the Company, and the Vendors entered into the Debt Settlement Agreements, pursuant to which Purchaser agreed to purchase and the Vendors agreed to sell the list of properties, at an aggregate consideration of RMB34,597,610. The Consideration was offset by the past due contract receivables due to the Purchaser from the Vendors on a dollar-to-dollar basis.

Upon Completion, the properties under the list were recorded in the financial statements of the Company and the related past due contract receivables due to the Purchaser from the Vendors were settled.

RECTIFICATION OF MAJOR ACQUISITION

As the highest applicable percentage ratio was more than 25% but less than 100%, the Acquisition under the Debt Settlement Agreements was therefore classified as a major transaction subject to the announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules. In July 2025, the Acquisition was completed prior to execution of the relevant procedures and therefore the Completion of which was technically not in compliance with the requirements under the Listing Rules.

The Board became aware of the unintentional one-off non-compliance incident after the Completion and decided to carry out remedial action in this regard. The Company intends to rectify the non-compliance incident by setting out the details of the Debt Settlement Agreements in this announcement and the circular to be despatched to Shareholders and to seek their rectification and approval of the Acquisition so as to comply with the relevant requirements for major transaction under the Listing Rules.

BACKGROUND

The Purchaser, a non-wholly-owned subsidiary of the Company, was engaged in the provision of construction services as a subcontractor to Vendor 1 and Vendor 2 (collectively “Vendors”) for various property development projects in the PRC and had established a strong business relationship with them since 2011.

As of end of June 2025, the value of construction service contracts between the Purchaser and the Vendors which gave rise to the past due receivable balances under the Debt Settlement Agreements amounted to approximately RMB170.8 million (equivalently to approximately HK\$184.5 million). Since early 2025 the Vendors began to experience liquidity difficulties and delay in settlement of contract receivables due to the Purchaser as they failed to settle fees for provision of construction services amidst a slowdown in the property development and investment sector in the regions of the PRC in which the Vendors operate. Vendor 1 and Vendor 2 had prior business relationship namely cooperation in property development sector in the PRC and given the cause of their commercial transactions, Vendor 2 acknowledged and allowed the use of its commercial properties to setoff past due contract receivables owed to Purchaser by Vendor 1.

As of the respective dates of the Debt Settlement Agreements, the contract receivables of RMB34,597,610 due to the Purchaser by the Vendors were past due. In order to settle the past due contract receivables, the parties entered into the Debt Settlement Agreements to offset the past due contract receivables due to Purchaser by the Vendors through the acquisition of the properties located in Qingdao City, Shandong Province, the PRC.

The total outstanding contract receivables due to Purchaser from the Vendors immediately after the settlement of the past due contract receivables reduced to approximately RMB1.24 million and as of 30 June 2025, approximately RMB9.37 million. The Vendors have no past due contract receivables due to the Purchaser as of the date of this announcement.

As of the date of this announcement, the Company is confident that the outstanding contract receivables due will be fully settled by the Vendors in accordance with the repayment schedule on the basis of (i) the repayment schedule of the outstanding contract receivables is agreed by the relevant parties after consideration of the latest settlement ability of the Vendors, (ii) the close monitoring of the business status of the property development sector the PRC, (iii) the monitoring of settlement status in accordance with the repayment schedule by the management of the Purchaser, and (iv) the prompt settlement of the outstanding contract receivables in accordance with the repayment schedule and the absence of further delay in settlement of the contract receivables due to the Purchaser from the Vendors after the Completion.

DEBT SETTLEMENT AGREEMENTS

In June 2025 the Purchaser and the Vendors entered into three debt settlement agreements (collectively “Debt Settlement Agreements”), pursuant to which the Purchaser agreed to purchase and the Vendors agreed to sell the list of properties (below) located in Qingdao City, Shandong Province, the PRC at the consideration which was settled by offsetting the past due contract receivables due to the Purchaser by the Vendors on a dollar-to-dollar basis.

Debt Settlement Agreement A

Date: 26 June 2025

Parties: (i) Vendor 1; and
(ii) Purchaser

Acquisition target: The property no 8

Acquisition target price: RMB4,856,005 (approximately RMB26,617/m²), based on the asking price for selling the respective property to third party customers with an overall average of 5% discount (approximately RMB1,283/m²)

Settlement consideration: RMB4,866,918 offset against the past due contract receivables due to the Purchaser by the Vendor 1 on a dollar-to-dollar basis.

Debt Settlement Agreement B

Date: 26 June 2025

Parties: (i) Vendor 1; and
(ii) Purchaser

Acquisition target: The property no 9

Acquisition target price: RMB3,274,617 (approximately RMB27,817/m²), based on the asking price for selling the respective property to third party customers with an overall average of 5% discount (approximately RMB1,283/m²)

Settlement consideration: RMB3,203,806 offset against the past due contract receivables due to the Purchaser by the Vendor 1 on a dollar-to-dollar basis.

Debt Settlement Agreement C

Date: 24 June 2025

Parties: (i) Vendor 2; and
(ii) Purchaser

Acquisition target: The property no 1,2,3,4,5,6,7

Acquisition target price: RMB26,466,988 (approximately RMB27,231/m²), based on the asking prices for selling the respective properties to third party customers with an overall average of 5% discount (approximately RMB1,283/m²)

Settlement consideration: RMB26,526,886 offset against the past due contract receivables due to the Purchaser by the Vendor 2 on a dollar-to-dollar basis.

THE LIST OF PROPERTIES

Purchaser acquired from the Vendors of the Debt Settlement Agreements the following nine properties comprising leasehold land and buildings for commercial use located at Tower 1 of Ruiyuan Yilong International, No. 351 Wuyishan Road of Huangdao District in Qingdao City, Shandong Province in the PRC encompassing gross floor area in aggregate of approximately 1,281.39 m².

No	Property	Units	Gross floor area m ²	Usage	Acquisition target price RMB	Valuation as of dates of debt settlement agreements RMB
1	Tower 1 of Ruiyuan Yilong International, No. 351 Wuyishan Road	Unit 2-53	143.98	Commercial	3,875,510.00	4,000,000
2	Tower 1 of Ruiyuan Yilong International, No. 351 Wuyishan Road	Unit 2-55	177.21	Commercial	4,716,799.00	4,800,000
3	Tower 1 of Ruiyuan Yilong International, No. 351 Wuyishan Road	Unit 2-58	135.99	Commercial	3,742,037.00	3,700,000
4	Tower 1 of Ruiyuan Yilong International, No. 351 Wuyishan Road	Unit 2-59	100.28	Commercial	2,759,405.00	2,800,000
5	Tower 1 of Ruiyuan Yilong International, No. 351 Wuyishan Road	Unit 2-52	235.61	Commercial	6,082,743.00	6,400,000
6	Tower 1 of Ruiyuan Yilong International, No. 351 Wuyishan Road	Unit 2-61	94.08	Commercial	2,645,247.00	2,600,000
7	Tower 1 of Ruiyuan Yilong International, No. 351 Wuyishan Road	Unit 2-62	94.08	Commercial	2,645,247.00	2,600,000
8	Tower 1 of Ruiyuan Yilong International, No. 351 Wuyishan Road	Unit 2-56	182.44	Commercial	4,856,005.00	5,000,000
9	Tower 1 of Ruiyuan Yilong International, No. 351 Wuyishan Road	Unit 2-60	117.72	Commercial	3,274,617.00	3,300,000
Total			<u>1,281.39</u>		<u>34,597,610</u>	<u>35,200,000</u>

The above properties were valued in aggregate at approximately RMB35,200,000 as of dates of the respective debt settlement agreements and as of 31 October 2025 by the Independent Valuer. The Tower 1 of Ruiyuan Yilong International is a 24-storey residential commercial complex building completed in about 2024. Taxis and buses are accessible to the properties, and Jinggangshan metro station is within 15 minutes walk.

The Independent Valuer adopted market approach as the valuation method for the valuation of the above list of properties by reference to comparable market transactions or sale listings in the market place in the vicinity of such properties. Further details of the valuation will be disclosed in the valuation report appended to the circular to be dispatched to Shareholders in this regard.

It is noted that all the above properties were newly constructed and had never been occupied, been leased or generated any income as at the time of the transaction.

CONSIDERATION

The settlement considerations being the past due contract receivables in aggregate of approximately RMB34,597,610 due to the Purchaser by the Vendors were settled by the acquisitions of the above list of properties located in Qingdao City, Shandong Province in the PRC at acquisition target prices in aggregate of approximately RMB34,597,610 on a dollar-to-dollar basis under the Debt Settlement Agreements as agreed between the parties.

The Consideration is slightly lower than the total appraised value of the list of properties as of the dates of the respective debt settlement agreements by the Independent Valuer.

BASIS OF CONSIDERATION

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendors on normal commercial terms with reference to, among others, (i) the aggregate market value of the properties under the Debt Settlement Agreements, (ii) liquidity issue faced by the Vendors and the past due contract receivables due to Purchaser by the Vendors; and (iii) the importance to settle the past due contract receivables and avoid the deterioration of the quality of the trade receivables of the Group.

Having considered the liquidity issues faced by the Vendors and the risk of past due contract receivables due to the Purchaser from the Vendors, the general management and the prevention of further deterioration of the trade receivables of the Group, the Directors (including the independent non-executive Directors) are of the view that the acquisition of the list of properties located in Qingdao City, Shandong Province in the PRC by offsetting the past due contract receivables due to the Purchaser from the Vendors is fair and reasonable and in the interests of the Company and Shareholders as a whole.

COMPLETION

Pursuant to the terms of the Debt Settlement Agreements, the Acquisition was completed and accordingly the Purchaser had obtained all the relevant titles to all of the above list of properties located in Qingdao City, Shandong Province in the PRC by July 2025. According to legal adviser to the Purchaser as to PRC law, the Purchaser owns all rights to the above list of properties and can legally dispose of them at its sole discretion.

INFORMATION ON THE VENDORS

Vendor 1 was established with limited liability in PRC in 2001 and is engaged principally in the provision of construction services, as a main contractor, to property development and investment companies such as Vendor 2 in the PRC.

Vendor 2 was established with limited liability in 1989 and is engaged principally in property development and investment in the PRC. It is a subsidiary of Ruiyuan Holdings Group Co., Ltd. (瑞源控股集團有限公司), a company incorporated with limited liability in the PRC and principally engaged in property development and investment in Shandong Province in the PRC.

The Company together with its subsidiaries are engaged in the provision of marine construction services, auxiliary marine related services and general construction contracting services and sourcing and trading of tangible goods.

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, the Vendors and the ultimate beneficial owner of the Vendors are third parties independent of the Company and its connected persons.

FINANCIAL EFFECTS OF THE ACQUISITION

Earnings

As of the date of this announcement, the properties acquired under the Debt Settlement Agreements were not leased to third parties for rental income or deployed for any particular commercial use and there was no particular impact on the earnings of the Company.

Assets and liabilities

Upon Completion, the Group will record a gain of approximately RMB602,390 (or equivalent to approximately HK\$650,581), being the difference between (i) unaudited carrying value of the past due contract receivables due from the Vendors of approximately RMB34,597,610 as of 30 June 2025 (assuming Completion had not yet taken place then); and (ii) the valuation of the properties of RMB35,200,000 as of the valuation date by the Independent Valuer. The properties will be subject to subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of the properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

As the Consideration was settled by offsetting against the past due contract receivables due to the Purchaser from the Vendors on a dollar-to-dollar basis, there was no immediate cash inflow or outflow arising from the Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Since 2011 the Group through the Purchaser as a subcontractor has engaged in the provision of construction services to Vendor 1 and Vendor 2 in relation to property construction in the PRC and the parties have maintained a mutually beneficial commercial relationship. As business continued to grow over the years the contract receivables between the parties increased. The value of construction service contracts between the Purchaser and the Vendors which gave rise to the past due receivable balances under the Debt Settlement Agreements as a result of the provision of construction services by the Purchaser to the Vendors amounted to approximately RMB170.8 million (equivalently to approximately HK\$184.5 million).

However, Vendor 1 and Vendor 2 began to experience liquidity difficulties and delay in settlement of contract receivables due to the Purchaser as their property development projects and/or their respective clients also experienced liquidity difficulties amidst a slowdown in the property development and investment in regions of the PRC in which the Vendors operate. In order to resolve the past due contract receivables due to the Purchaser from the Vendors and prevent further deterioration in the quality of the trade receivables of the Group, the parties entered into the Debt Settlement Agreements. The Purchaser was of the view that such arrangement was in the ordinary course of business and was not uncommon in the PRC and therefore did not alert the management at the time in this regard.

The Directors are of the view that the Debt Settlement Agreements allow the relevant parties to manage the growing concern of risks arising from the delay in settlement of the contract receivables and potential further deterioration of the financial positions of the relevant parties amidst the slow-down in the property development and investment sector in the region in which the Vendors operate. The acquisition of the list of properties from the Vendors allows the Company to settle past due contract receivables and therefore avoid further accounting treatment such as the setting aside provision or writing off of bad debts and avoid the resulting negative impact on its financial statements. The Purchaser had considered other alternatives such as selling of the relevant past due contract receivables to third parties or lengthening the repayment schedule of the past due contract receivables due from the Vendors and however note that both methods were not ideal as there were not many parties willing to take up such past due contract receivables at reasonable consideration and the lengthening of the repayment schedule would likely result in accounting treatment that could negatively impact the financial statements of the Company.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Debt Settlement Agreements are fair and reasonable and in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATONS

As the highest applicable percentage ratio as defined under the Listing Rules is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Given the Acquisition was completed prior to carrying out the required requirements, it did not strictly comply with the requirements under Chapter 14 of the Listing Rules.

REMEDIAL ACTIONS

The Company would like to emphasis that the above was an unintentional one-off non-compliance incident. At the time of the execution of the Debt Settlement Agreements, the legal representative of the Purchaser was unaware of the particular requirements under the Listing Rules and in a temporary lapse of judgement, considered that the transactions under the Debt Settlement Agreements were being undertaken in the ordinary course of business. The Acquisition took place and completed without the knowledge of the Directors.

Notwithstanding the Completion of the Acquisition, the Company intends to issue a circular setting out relevant details to Shareholders and seek their approval to ratify the Acquisition in an extraordinary general meeting with a view to complying with the relevant requirement under Chapter 14 of the Listing Rules. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholder is required to abstain from voting in the extraordinary general meeting. Circular with relevant details related to the Debt Settlement Agreements and Shareholders' meeting is intended to be despatched to Shareholders not later than 15 business days after the date of this announcement. Further announcement(s) will be issued in relation to the dispatch of circular to Shareholders accordingly.

Should the resolutions approving the Debt Settlement Agreements be not approved by Shareholders in the relevant meeting of the Company, the Directors would then proceed with alternative plan namely to dispose of the list of properties to third parties as soon as practicable. There is no concrete timetable at the current stage in this regard

Should the resolutions be approved by Shareholders, the current intention is to have the properties acquired under the Debt Settlement Agreements be a combination of (i) sold for cash, (ii) leased for rental income or (iii) applied to settle amounts payable by the Group.

Further, the Company will undertake the following remedial actions in order to prevent similar non-compliance incidents from occurring in the future:

- The Company will conduct an internal training session for the directors and senior management or relevant personnel of Purchaser to strengthen their understanding of the relevant requirements and reporting procedures under Chapter 14 of the Listing Rules, and emphasise the importance of identifying such transactions and complying with the relevant requirements under the Listing Rules prior to execution, and
- The Company will also improve its internal communication channel to ensure the directors, senior management or relevant personnel of Purchaser can seek guidance promptly from the management of the Company in relation to any proposed transactions that may be governed under Chapter 14 of the Listing Rules in the future such as i) regular review of business arrangement to see if there are potential transactions proposed to be settled by non cash items like properties and if so, report details of which to superiors and ultimately the Board and seek their approval in this regard and (ii) update operational manual of the Purchaser to emphasis the importance to comply with Chapter 14 of the Listing Rules.

The Directors believe that the implementation of the above remedial actions will help to strengthen knowledge of the relevant staff of the Purchaser relating to requirements of notifiable transactions under Chapter 14 of the Listing Rules, and improve the regulatory compliance abilities of the Company and prevent the recurrence of similar incidents in the future.

DEFINITIONS

The following words and phrases used in this announcement shall have the following meanings, unless the context otherwise requires:

“Acquisition”	the acquisition of the list of properties pursuant to the terms and conditions of the Debt Settlement Agreements
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning is hoisted by Hong Kong Observatory at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business

“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
“Completion”	completion of the acquisition of the list of properties as defined under the Debt Settlement Agreements
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	being the aggregate contract receivables due to the Purchaser by the Vendors which was settled by acquisition of the properties on a dollar-to-dollar basis as stated in the three debt settlement agreements
“Debt Settlement Agreements”	The three respective debt settlement agreements entered into between the Purchaser and the Vendors in relation to the Acquisition for purpose of settlement of the debt due to the Purchaser by the Vendors
“Director(s)”	the director(s) of the Company, from time to time
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Independent Valuer”	Royson Valuation Advisory Limited, an independent valuer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Purchaser”	Qingdao Honghai Green Energy Co., Ltd. (青島宏海綠能有限公司), a company incorporated in the PRC and is owned as to 34% and controlled by the Company, and the financial results of which are consolidated into the financial statements of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	(i) Vendor 1 being Qingdao Detai Construction Engineering Co., Ltd.* (青島德泰建設工程有限公司), a company incorporated in the PRC with limited liability in 2001 engaged principally in the provision of construction services, as a main contractor, to property development and investment companies in the PRC and (ii) Vendor 2 Qingdao Luze Properties Group Co., Ltd.* (青島魯澤置業集團有限公司), a company incorporated in the PRC with limited liability in 1989 and engaged principally in property development and investment in the PRC. It is a subsidiary of Ruiyuan Holdings Group Co., Ltd.* (瑞源控股集團有限公司), a company incorporated with limited liability in the PRC and engaged principally in property development and investment in Shandong Province in the PRC.
“%”	per cent.

* for identification purpose only

By Order of the Board of
Prosper Construction holdings Limited
ZHOU Hongbao
Executive Director

Hong Kong, 22 December 2025

As at the date of this announcement, the Board comprised executive Directors Mr. JIANG Hongchong (chairman of the Board), Mr. LIU Yutao, Mr. DU Jianzhi, Mr. ZHOU Hongbao, Mr. LI Chunxiao; and independent non-executive Directors Mr. CHEUNG Chi Man Dennis, Ms. CHEN Yan and Mr. LIU Junchun.