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巨匠建设

JUJIANG CONSTRUCTION GROUP

Jujiang Construction Group Co., Ltd.

巨匠建設集團股份有限公司

(A joint stock limited liability company established in the People's Republic of China)

(Stock Code: 1459)

**MAJOR TRANSACTION
JV AGREEMENT
IN RELATING TO
THE ESTABLISHMENT OF THE PROJECT COMPANY**

ESTABLISHMENT OF THE PROJECT COMPANY

The Board is pleased to announce that on 17 April 2019 (after trading hours), the Company entered into a JV Agreement with several independent corporate investors for the establishment of a Project Company. The Project Company will engage in research, development, production and sale of concrete prefabricated parts and related products.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction are 25% or more but all applicable percentage ratios are less than 100%, the transaction constitutes a major transaction for the Company and is subject to notification, announcement and Shareholders' approval under Chapter 14 of the Listing Rules.

GENERAL

The Company will convene the AGM to seek approval from the Shareholders for the above matters.

A circular containing, among other things, details of summary of JV Agreement will be despatched to the Shareholders in accordance with the Listing Rules and the articles of association in due course.

ESTABLISHMENT OF THE PROJECT COMPANY

The Board is pleased to announce that on 17 April 2019 (after trading hours), the Company entered into a JV Agreement with several investors, pursuant to which the parties to the JV Agreement have agreed to jointly hold a Project Company through JV-1 Company and JV-2 Company, which will engage in the research, development, production and sale of concrete prefabricated parts and related products. After the establishment of the Project Company, the Company indirectly held 27.2% of the Project Company. The Project Company plan is located in Puyuan Town, Tongxiang City, Zhejiang Province, PRC.

THE JV Agreement

Date

17 April 2019 (after trading hours)

Parties

- (i) JV-1 Partners (and the Company is one of them)
- (ii) JV-2 Partners

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the JV-1 Partners (excluding the Company) and its ultimate beneficial owners, the JV-2 Partners and its ultimate beneficial owners are third parties independent of and not connected with the Company or any of its connected persons.

Information on the Project Company

According to the provisions of the JV Agreement, the purpose of setting up the Project Company is to facilitate the implementation of new type of construction industrialization and digitalized construction in Tongxiang City. The intended site is situated at Puyuan Town, Tongxiang City, Zhejiang Province, PRC with a total site area of about 180,000 square metre.

The total investment amount under the JV Agreement is expected to be RMB1,000 million and the proposed registered capital of the Project Company is RMB300 million, of which, RMB204 million will be injected by the JV-1 Partners representing 68.0% shareholdings of the Project Company and RMB96 million will be injected by the JV-2 Partners representing 32.0% shareholdings of the Project Company.

The difference between the total investment amount under the JV Agreement and the registered capital of the Project Company will be financed by banks or other creditors, failure of which JV-1 Company and JV-2 Company shall finance the Project Company either by increasing registered capital of the Project Company or by shareholder(s) loan.

The downpayment of the registered capital of the Project Company shall be RMB5 million and the rest of the registered capital of the Project Company shall be injected by installment on an as-needed basis.

Information on the JV-1 Company and the JV-2 Company

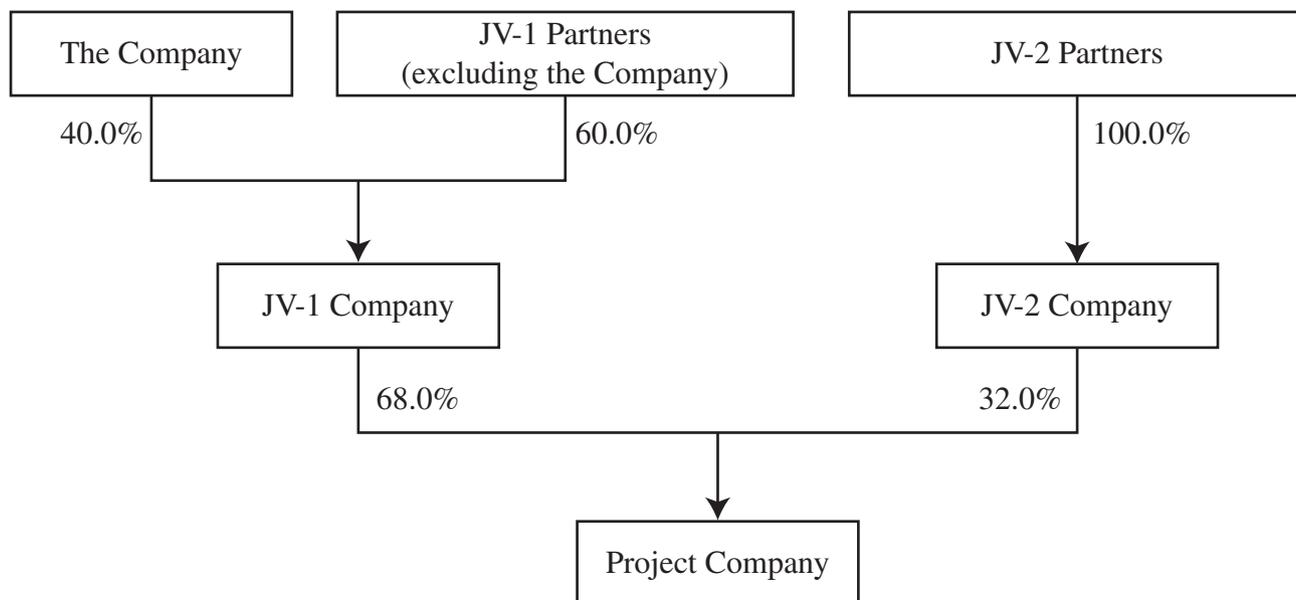
JV-1 Company had been established on 12 December 2018 by the Company and the other two independent corporate investors of JV-1 Partners.

According to the articles of the JV-1 Company, the registered capital subscribed by JV-1 Partners are RMB208 million, among which, RMB83.2 million shall be injected by the Company on or before 12 November 2029, representing 40% shareholdings of the JV-1 Company and (being the largest shareholder through JV-1 Company) 27.2% indirect shareholdings of the Project Company, which means the total amount to be invested by the Company under the JV Agreement will be around RMB272 million.

JV-2 Company had been established on 20 December 2018 by JV-2 Partners comprising nine independent corporate investors. According to the articles of the JV-2 Company, the registered capital subscribed by JV-2 Partners are RMB100 million.

As provided by the JV Agreement, both JV-1 Company and JV-2 Company shall determine when the registered capital be injected in accordance with the funding requirement of the Project Company, and unless all JV-1 Partners and JV-2 Partners otherwise agree with, the shareholder who contributes the highest proportion of the registered capital in the JV-1 Company/the JV-2 Company shall have the right to appoint a director as the legal representative of the corresponding company.

The corporate structure immediately upon the formation of the Project Company is as follows:



The Project Company will become a non wholly owned joint venture company of the Company and it will be equity accounted for in the consolidated financial statements of the Group.

Conditions Precedent

The JV Agreement is subject to and conditional upon the fulfilment of, inter alia, that the Company having obtained the approval of the Shareholders of the Company approving the Company's participation in the JV Agreement;

Guarantees

Under the JV Agreement, Project Company, JV-1 Company and JV-2 Company are not allowed to provide securities to any third parties.

If Project Company raises fund from outside and the relevant creditors request the legal representative (and his/her spouse) of the Project Company to stand for surety or to guarantee to secure the performance of all or any of the obligations of such fund raising activities, all JV-1 Partners and JV-2 Partners shall as counter-guarantors provide a counter-guarantee for the aforementioned the legal representative (and his/her spouse) of the Project Company.

Reasons for and Benefit of the JV Agreement

The Group is principally engaged in construction contracting and design, survey and consultancy services.

At present, the People's Government of Tongxiang City of China is vigorously promoting green buildings, reducing construction pollution and implementing new industrialization and digital construction. Through joint venture with other investors, the Company will be able to effectively improve the development and application of building materials, thereby saving costs.

The terms of the JV Agreement were determined after arm's length negotiations among the parties thereto. The Company is expected that the investment to be contributed by the Group will be funded by internal resources of the Group and/or banking facilities.

On this basis, the Directors (including the independent non-executive Directors) consider that the terms of the JV Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is principally engaged in construction contracting and design, survey and consultancy services.

JV-1 Company is incorporated in Zhejiang Province, PRC. According to the business licence of the JV-1 Company, JV-1 Company is principally engaged in technology development and technology service in building material areas, sale and instalment of prefabricated house, concrete prefabricated parts and concrete prefabricated materials.

JV-2 Company is incorporated in Zhejiang Province, PRC. According to the business licence of the JV-2 Company, JV-2 Company is principally engaged in technology development and technology service in building material areas, sale and instalment of prefabricated house, concrete prefabricated parts and concrete prefabricated materials.

Project Company will be incorporated in Zhejiang Province, PRC and the principal business of the Project Company will be engaged in research, development, produce and sale of concrete prefabricated parts and related products.

The Company will indirectly holds 27.2% of the subscribed registered capital of Project Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, all shareholders of JV-1 Company (excluding the Company), all shareholders of JV-2 Company and their respective ultimate beneficial owners are third parties independent of the Company and its Connected Person(s).

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DEFINITIONS

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

“AGM”	the forthcoming annual general meeting of the Company to be held on 28 June 2019 or any adjournment thereof
“Board”	the board of Directors of the Company
“Company”	Jujiang Construction Group Co., Ltd. (巨匠建設集團股份有限公司), a joint stock company established in the PRC with limited liability, whose H Shares are listed and traded on the Hong Kong Stock Exchange (stock code: 1459)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the Agreement on the Investment on Setting up Tongxiang City Digital Construction Industrial Base Company Limited *(《投資設立桐鄉市數字建築產業基地有限公司協議書》) entered into by JV-1 Partners and JV-2 Partners on 17 April 2019
“JV-1 Company”	Tongxiang City San Ju Digital Construction Technology Company Limited* (桐鄉市三巨數字建築科技有限公司), a joint venture established by JV-1 Partners on 12 December 2018 in accordance with the laws of PRC

“JV-2 Company”	Tongxiang City Jiu Lian Digital Construction Technology Company Limited* (桐鄉市玖聯數字建築科技有限責任公司), a joint venture established by JV-2 Partners on 20 December 2018 in accordance with the laws of PRC
“JV-1 Partners”	comprising the Company and the other two independent corporate investors which both are established in accordance with the laws of PRC
“JV-2 Partners”	comprising nine independent corporate investors which are all established under the laws of PRC
“Listing Rules”	Rules governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Project Company”	a joint venture company proposed to be established by JV-1 Company and JV-2 Company with the intended name called Tongxiang City Digital Construction Industrial Base Company Limited* (桐鄉市數字建築產業基地有限公司)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shares(s)”	the domestic Share(s) and the H Share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“%”	percent

On behalf of the Board
Jujiang Construction Group Co., Ltd
Mr. Lyu Yaoneng
Chairman

Zhejiang Province, the PRC, 17 April 2019

As of the date of this announcement, the Board comprises Mr. Lyu Yaoneng, Mr. Lyu Dazhong, Mr. Li Jinyan, Mr. Lu Zhicheng, Mr. Shen Haiquan and Mr. Zheng Gang, as executive Directors; and Mr. Yu Jingxuan, Mr. Lin Tao, and Mr. Wong Kai Wai, as independent non-executive Directors.

* *for identification purposes only*