

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.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



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
THE PPP CONTRACT IN RELATING TO
PPP PROJECT**

PPP CONTRACT

The Board hereby announces that on 17 April 2019, the Tongxiang Subsidiary (after trading hours), entered into the PPP Contract with the Project Owner, pursuant to which, the PPP Project will be implemented in four phases, which are pre-construction phase, two years construction phase, thirteen years operation phase and handover phase.

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 PPP Project will be despatched to the Shareholders in accordance with the Listing Rules and the articles of association in due course.

INTRODUCTION

The Board hereby announces that on 17 April 2019, the Tongxiang Subsidiary (after trading hours), entered into the PPP Contract with the Project Owner, pursuant to which Tongxiang Subsidiary agreed to, among others (i) invest, finance, construction, operate and manage the PPP Project, (ii) transfer back all the assets in relation to the PPP Project to the Project Owner or its designated entity, and (iii) transfer back the shares of Tongxiang Subsidiary held by the Company to the Project Owner or its designated entity at nil consideration (collectively, “the Transaction”).

THE PPP PROJECT

Date

17 April 2019 (after trading hours)

Parties

- (i) Project Owner: Tongxiang Education Bureau (桐鄉教育局)
- (ii) Tongxiang Subsidiary: Tongxiang City Youth Quality Education Practice Base Company Limited (桐鄉市青少年素質教育實踐基地有限責任公司)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Project Owner and its ultimate beneficial owner are third parties independent of and not connected with the Company or any of its Connected Persons.

Information on the PPP Project

According to the provisions of the PPP Contract, Project Owner agreed to grant concession rights for the PPP Project to Tongxiang Subsidiary, including financing, construction, operation and maintenance of the PPP Project during the Concession Period (“Concession Rights”).

The total investment amount of the PPP Project is expected to be approximately RMB263.1 million. As at 31 December 2018, the PPP Project have been incurred cost of RMB85.0 million and the remaining funds for the PPP Project will be sought by Tongxiang Subsidiary through financial instruments and may raise capital for the purpose of the PPP Project by mortgage or charge the assets or lien or pledge the right to earn a profit from the Concession Rights.

As provided in the PPP Contract, the Practice Base under the PPP Project is planned to be located at Haihua village, Cocaine Town of Tongxiang City, Zhejiang Province, PRC, with a total site area of about 100,000 square metre and a total construction floor area of about 53,235.94 square metre.

The PPP Project will be implemented in four phases, which are pre-construction phase, two years construction phase, thirteen years operation phase and handover phase.

Concession Rights

Commencing from the date of trial operations on the Practice Base, Tongxiang Subsidiary shall be entitled to charge fees from users who participate in different activities and/or training held at the Practice Base and shall receive revenue generated from renting out space and running restaurants etc.

Tongxiang Subsidiary shall also be entitled to receive from the Project Owner viability gap subsidy which will be calculated on the basis of formulae including factors such as annual availability payment, annual operational net profit and performance evaluation coefficient with a reasonable investment return of 6.62 per cent (tender price) and is adjustable in accordance with specific situations.

After expiration of the operation period, Tongxiang Subsidiary shall transfer back all the assets and facilities of the PPP Project in normal operating conditions to Project Owner or an entity it designated and the Company shall transfer all its shares in the Tongxiang Subsidiary to Project Owner or an entity it designated at nil consideration according to the provisions of the PPP Contract.

Conditions Precedent

The PPP Contract is subject to and conditional upon the fulfilment of, inter alia, the following conditions precedent:

- a) the Company having obtained the approval of the Shareholders approving the Transaction contemplated under the PPP Contract;
- b) the PPP Contract have been duly executed by the respective authorised representative of the contracting parties to the PPP Contract;

- c) the Project Owner having obtained the consents and approvals from local government of Tongxiang City to act as an implementation institution of the PPP Contract; and
- d) the Project Owner having obtained the consents and approvals from local government of Tongxiang City to act as a contracting party to the PPP Contract.

Guarantees

a) *Letter of Construction Guarantee during the Construction Phrase*

Tongxiang Subsidiary shall by itself or cause the Company to provide security to the Project Owner in the form of irrevocable guarantee payable at any time by banks or insurance companies in the amount of RMB3.0 million to Project Owner within 30 days after the Effective Date of the PPP Contract to secure the due performance of the obligations of Tongxiang Subsidiary under the PPP Contract, the valid period of which is the period from the Effective Date of this PPP Contract to the completion of the construction of the Practice Base, subject to the earlier automatic termination upon the letter of operation guarantee (as provided below) taking effective.

b) *Letter of Operation Guarantee during the Operation Phrase*

Tongxiang Subsidiary shall by itself or cause the Company to provide security by instalment to the Project Owner in the form of irrevocable guarantee payable at any time by banks or insurance companies in the amount of RMB1.0 million to Project Owner within 10 working days after the trial operation commencing to secure the due performance of the obligations of Tongxiang Subsidiary under the PPP Contract, the valid period of which commences from the commencing date of trial operation to the completion of the Concession Period.

c) *Letter of Handover Guarantee during the Handover Phrase*

Tongxiang Subsidiary shall by itself or cause the Company to provide security to the Project Owner in the form of irrevocable guarantee payable at any time by banks or insurance companies in the amount of RMB1.0 million to Project Owner before the completion of the Concession Period, the valid period of which is one year commencing from the completion date of the Concession Period.

d) *Joint Guarantee offered by the shareholders of the Tongxiang Subsidiary*

All shareholders of the Tongxiang Subsidiary (including the Company) shall be jointly liable for the performance of the obligations of the Tongxiang Subsidiary under the PPP Contract, under which the respective liability of each shareholder of the Tongxiang Subsidiary shall not exceed their respective registered capital to the Tongxiang Subsidiary.

If the Tongxiang Subsidiary commits any breach under the PPP Contract during the construction phrase, the operation phrase and or the handover phrase (“Breach”), the Project Owner has the right to notify in writing (“Claim Notice”) Tongxiang Subsidiary that they will draw certain amount of money (“Claim Amount”) from the relevant guarantees and will set out the basis of the claim in such Claim Notice.

If Tongxiang Subsidiary has no objections or no submission of any opinions within 10 working days from receiving the Claim Notice (“Objection Period”), or fails to reach consensus with the Project Owner within 10 working days after Tongxiang Subsidiary expressing its disagreement with the Breach and or Claim Amount within the Objection Period, the Project Owner has the unilateral right to draw such Claim Amount.

REASONS FOR AND BENEFIT OF THE PPP CONTRACT

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

The Board considered that, by entering into the PPP Contract by the Tongxiang Subsidiary, the Group would be able to diversify the Group’s business. In the meantime, it would help the Group to implement the strategy of “Quality Business” and provide the Group with accumulated experience and opportunities to explore more PPP Projects in the future, which will have a positive impact on the future development of the Group.

The terms of the PPP Contract were determined after arm’s length negotiations among the parties thereto.

On this basis, the Directors (including the independent non-executive Directors) consider that the terms of the PPP Contract 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.

Tongxiang Subsidiary was incorporated in Zhejiang Province of the People’s Republic of China. The Company currently directly holds 80% of the paid-up share capital of Tongxiang Subsidiary. The remaining 20% of Tongxiang Subsidiary is owned by Tongxiang City Education and Culture Development and Investment Co. Limited (桐鄉市教育文化發展有限責任公司), a company established in the PRC with limited liability. According the provisions of the PPP Contract, it shall engage in the business granted under the PPP Contract and shall not carry on any investment activities or other business activities without the prior written approval from the Project Owner.

Project Owner refers to the Tongxiang Education Bureau (桐鄉教育局), which is the implementation institute authorised by local government of Tongxiang City for the PPP Project.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Project Owner and its ultimate beneficial owners are third parties independent of the Company and its Connected Persons.

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 PPP Project will be despatched to the Shareholders in accordance with the Listing Rules and the articles of association in due course.

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)
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Concession Period”	the fifteen (15) years commencing from the Effective Date of the PPP Contract and ending on the fifteenth anniversary of the Effective Date of the PPP Contract
“Director(s)”	director(s) of the Company

“Effective Date”	The date when the PPP Contract takes effect:– <ul style="list-style-type: none"> • Upon the fulfilment of all conditions precedent under clause 3.1 of the PPP Contract; or • Upon the fulfilment of some conditions precedent and the waiver of all other conditions precedent in accordance with clause 3.2 of the PPP Contract
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules governing the Listing of Securities on the Stock Exchange
“PPP Contract”	the contract “Tongxiang City Youth Quality Education Practice Base Project PPP Contract” *(《桐鄉市青少年素質教育實踐基地項目PPP合同》) which is to be governed by the laws of PRC
“Practice Base”	the quality education practice base to be invested, financed, constructed, operated and managed by Tongxiang Subsidiary under the PPP Contract
“Project Owner”	Tongxiang Education Bureau (桐鄉教育局), the implementation institute authorised by the local government of Tongxiang City of Zhengjiang Province
“PPP Project”	the project under the PPP Contract, under which Tongxiang Subsidiary agreed to, among others, invest, finance, construction, operate and manage the Practice Base within the Concession Period
“PRC”	the People’s Republic of China, for the purpose of this Announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares(s)”	the domestic Share(s) and the H Share(s) of the Company
“Shareholders(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tongxiang Subsidiary”	Tongxiang City Youth Quality Education Practice Base Company Limited *(桐鄉市青少年素質教育實踐基地有限責任公司), a 80%-owned subsidiary of the Company established in the PRC with limited liability
“%”	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*