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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)

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PROPOSED A SHARE OFFERING AND CONSEQUENTIAL AMENDMENTS TO ARTICLES OF ASSOCIATION

The Board announces that, at the Meeting, it has resolved to propose to apply for an initial public offering and listing of the Company's A Shares in order to further optimize the corporate governance structure of the Company, develop domestic and international financing platforms and improve the liquidity of all Shares held by the Shareholders.

The total number of A Shares to be issued will be not more than 59,262,223 A Shares, representing approximately 11.11% of the total existing issued share capital of the Company at the date of this announcement and before the issue, and approximately 10.00% of total enlarged issued share capital of the Company after the issue; and representing approximately 14.82% of the existing issued Domestic Shares of the Company at the date of this announcement and before the issue, and approximately 12.90% of the enlarged issued Domestic Shares of the Company after the issue, assuming that there are no other changes to the issued share capital of the Company.

In connection with the proposed A Share Offering, the Board proposes to seek the Shareholders' approval for: (1) proposed A Share Offering; (2) feasibility analysis report on the use of proceeds from the A Share Offering; (3) undertakings to be given for the purpose of the A Share Offering; (4) Accumulated profit distribution plan before the A Share Offering; (5) dividend return plan within three years after the A Share Offering; (6) dilution of immediate return arising from the A Share Offering and remedial measures; (7) price stabilising plan for the A Shares within three years after the A Share Offering; (8) proposed amendments to the Articles of Association and adoption of the rules of procedures of the general meetings, the Board of Directors and the board of Supervisors of the company and other corporate governance procedures in preparation for the A Share Offering; (9) proposed adoption of draft Articles of Association with effect upon the listing of the A Shares; (10) authorisation to the Board to implement the A Share Offering (11) the report on the use of proceeds of the H Share Offering; (12) the report on internal control assessment; and (13) the appointment of intermediaries including: (i) AJ Securities Company Limited* (愛建證券有限責任公司) as the Sponsor and Lead Underwriter, (ii) All Bright Law Offices as the PRC Legal Advisor, and (iii) Ernst & Young Hua Ming LLP. (Special General Partnership) as the Company's auditors.

CHANGE OF DIRECTORS AND SUPERVISORS

Mr. Xu has tendered his resignation, as independent non-executive Director, the chairman of the Remuneration and Appraisal Committee, a member of the Audit Committee and a member of the Nomination Committee due to personal work commitment which requires more of his time and dedication, with effect from the date of the appointment of the proposed new Director (being Mr. Yu), if approved at the EGM

Relevant resolutions have been passed at the Meeting to propose the appointment of Mr. Yu as independent non-executive Director of the first session of the Board, the chairman of the Audit Committee and a member of the Nomination Committee.

The Board further announces that Mr. Shen and Mr. Lv Zili (呂自力) has recently tendered their resignations as employee representative Supervisor and Shareholder representative Supervisor with effect from 20 August 2016 and the date of the appointment of the proposed new Shareholder representative Supervisor (being Mr. Zhu), if approved at the EGM, respectively. Mr. Shen resigned as the chairman and a member of the Supervisory Committee as he reached the age for retirement and Mr. Lv Zili will resign as a Shareholder representative Supervisor due to his other business commitment which requires more of his time and dedication. As the resignation of Mr. Shen and Mr. Lv Zili will result in the number of members of the Supervisory Committee falling below the minimum requirement stipulated under the Articles of Association, Mr. Shen's resignation will take effect upon the appointment of Mr. Lv as a new employee representative Supervisor being 20 August 2016 and Mr. Lv Zili's resignation will take effect upon the appointment of new Supervisor (being Mr. Zhu) at the EGM.

Mr. Lv has been elected as an employee representative Supervisor of the first session of the Supervisory Committee in a democratic election by the employees of the Company in accordance with the Articles of Association of the Company on 20 August 2016 and was subsequently appointed as the chairman of the first session of the Supervisory Committee by the meeting of Supervisory Committee convened on 25 August 2016. His term of office commences from 20 August 2016 and will end on the date on which the term of the first session of the Supervisory Committee in 2017.

The Board also resolved at the Meeting to propose the appointment of Mr. Zhu as a Shareholder representative Supervisor of the first session of the Supervisory Committee. In accordance with the Articles of Association, the proposed appointment of Mr. Zhu is subject to the Shareholders' approval at the general meeting of the Company. Relevant proposal will be put forward at the EGM for Shareholders' consideration and approval by way of an ordinary resolution.

ESTABLISHMENT OF STRATEGIC COMMITTEE AND CHANGES IN COMPOSITION OF BOARD COMMITTEES

The Board also resolved at the Meeting to propose the establishment of the Strategic Committee. It was proposed that, subject to approval of the EGM, Mr. Lv Yaoneng, Mr. Lin Tao and Mr. Zheng Gang be appointed as members of the Strategic Committee and Mr. Lv Yaoneng be appointed as the chairman of the Strategic Committee.

Mr. Wong Ka Wai has resigned as the chairman of the Audit Committee with effect from the date of the appointment of the proposed new independent non-executive Director (being Mr. Yu), if approved at the EGM and will remain as a member thereof. In addition to proposing Mr. Yu to be appointed as the chairman of the Audit Committee, and a member of the Nomination Committee, the Board also resolved at the Meeting to re-designate Mr. Wong Ka Wai as the chairman of the Remuneration and Appraisal Committee with effect from the date of the appointment of the proposed new independent non-executive Director (being Mr. Yu), if approved at the EGM.

CONTINUING CONNECTED TRANSACTIONS AND REVISION OF ANNUAL CAPS

As the 2015 Master Agreement will be expired on 31 December 2016, and the Board expects that the Existing Annual Cap will no longer be sufficient, and therefore the Board has proposed to revise the Existing Annual Cap, and on 25 August 2016 (after trading hours), the Company and Juijiang Holdings entered into the 2016 Master Agreement to extend the terms of the 2015 Master Agreements to 31 December 2018.

LISTING RULES IMPLICATION

The transactions contemplated under the 2016 Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the Revised Annual Caps in respect of the 2016 Master Agreement for each of the three years ending 31 December 2018 is more than HK\$10,000,000, and at least one of the applicable ratios calculated thereof is more than 5%, the transactions contemplated under the 2016 Master Agreement and the respective Revised Annual Caps are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders, in respect of the 2016 Master Agreement and the Revised Annual Caps.

GENERAL

The Company will convene the EGM and Class Meetings (where applicable) to seek approval from the Shareholders for the above matters.

A circular containing, among other things, details of (i) the aforesaid proposal for the A Share Offering, and other relevant resolutions; (ii) change in Directors and Supervisors; (iii) establishment of Strategic Committee; (iv) the 2016 Master Agreement and Revised Annual Caps; (v) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (vi) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and (vii) the notices of the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, will be despatched to the Shareholders in accordance with the Listing Rules and the Articles of Association in due course.

The proposed A Share Offering is subject to certain conditions, including but not limited to the market condition, the Shareholders' approval at the EGM and the Class Meetings, as well as the approvals of the CSRC and/or other relevant regulatory authorities, and accordingly, may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the H Shares or other securities of the Company.

I. PROPOSED A SHARE OFFERING

The Board announces that, at the Meeting, it has resolved to propose to apply for an initial public offering and listing of the A Shares in order to further optimize the corporate governance structure of the Company, develop domestic and international financing platforms and improve the liquidity of all Shares held by the Shareholders.

The proposed A Share Offering and other related resolutions below are conditional and subject to market conditions and obtaining Shareholders' approval as ordinary resolutions or special resolutions (as the case may be) at the EGM and the Class Meetings (as the case may be) and necessary approvals from the CSRC and other relevant regulatory authorities.

1. Proposed A Share Offering

Details of the proposed A Share Offering are as follows:

(a) *Class of Shares*

Domestic listed RMB ordinary Shares (A Shares)

(b) *Nominal value per Share*

RMB1.00

(c) *Proposed stock exchange for the listing*

Shanghai Stock Exchange

(d) *Offering size*

The total number of A Shares to be issued will be not more than 59,262,223 A Shares, representing approximately 11.11% of the total existing issued share capital of the Company at the date of this announcement and before the issue, and approximately 10.00% of total enlarged issued share capital of the Company after the issue; and representing approximately 14.82% of the existing issued Domestic Shares of the Company at the date of this announcement and before the issue, and approximately 12.90% of the enlarged issued Domestic Shares of the Company after the issue, assuming that there are no other changes to the issued share capital of the Company.

The existing Domestic Shares will become listed A Shares upon completion of the A Share Offering.

The actual offering size will be determined by the Board as authorised by the Shareholders at the EGM and Class Meetings based on the prevailing market conditions at the time of the offering.

(e) *Target subscriber*

The target subscribers of the A Share Offering are qualified participants in the price consultation process as well as individuals, legal persons and other investors within the PRC which have established A share accounts with the Shanghai Stock Exchange (except those prohibited by the PRC laws and regulations).

(f) *Method of offering*

The offering will be conducted through a combination of placings offline to participants of the price consultation process, and online offering at a fixed price, or through any other methods of offering as authorized by the CSRC.

(g) *Pricing methodology*

Taking into account the interests of the existing Shareholders and the market conditions of the PRC stock markets at the time of the A Share Offering, the offering price will be determined by the Board and the leading underwriter with reference to the results of the price consultation process and the market condition or such other methods approved by the CSRC. In any event, the issue price of the A Shares shall not be less than RMB1.00.

(h) *Form of underwriting*

The offering will be underwritten by an underwriting syndicate led by the lead underwriter(s) on a standby commitment basis.

(i) *Time of issuance*

The Company will select an appropriate time within the validity period of the resolutions to be passed at the EGM and the Class Meetings (where applicable) to implement the A Share Offering. The A Share Offering is subject to approval by the CSRC and other relevant regulatory authorities. The Board and the persons authorised by the Board will determine the actual time of issuance with reference to the domestic and international capital market conditions, as well as the status of review of the Company's application for the relevant approvals by the CSRC and other relevant regulatory authorities.

(j) *Conversion into a joint stock company with limited liability with domestic and overseas listed shares*

Since H Shares of the Company are listed on the main board of the Stock Exchange and the Company intends to apply for the listing of A Shares on the Shanghai Stock Exchange, an application will be made to convert the Company into a joint stock company with limited liability with domestic and overseas listed shares.

(k) *Valid period of the resolutions*

The proposed A Share Offering shall be subject to approval by the Shareholders at the EGM and the Class Meetings. Upon such approval, the proposed A Share Offering and related resolutions will be valid for 12 months from the date of passing of each resolution at the EGM and the Class Meetings.

As the progress of the application for the A Share Offering is dependent on the approval process of the CSRC and other regulatory authorities and is likely to take more time under the current market conditions, the Directors consider a validity of 12 months for the resolutions relating to the A Share Offering flexible and practicable to the application of A Share Offering. In the event that the resolutions described herein expire prior to the A Share Offering, the Directors will seek the Shareholders' approval to extend the validity period of the resolutions relating to the A Share Offering.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval as special resolutions.

2. Feasibility Analysis Report on the Use of Proceeds from the A Share Offering

In accordance with the relevant national industry policies and the development needs of the business operation of the Company, the proceeds to be raised from the A Share Offering, after deduction of relevant offering expenses, will be used in the following aspects: (i) construction enterprise informatization and mechanisation upgrade project; (ii) construction industrialisation of steel structure production base project; and (iii) the Group's liquidity support. The total proceeds to be raised from the A Share Offering and applied to which, will not, in an aggregate, exceed RMB310.02 million.

In preparation for the application of the A Share Offering, the Company has prepared the feasibility analysis report on the use of proceeds from the A Share Offering, a summary of which will be disclosed in the circular which will be despatched to the Shareholders in due course.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

3. Undertakings to be Given for the Purpose of the A Share Offering

In order to protect the interests of the public investors and in accordance with the relevant laws and regulations of the PRC, the Company, its controlling shareholders and Directors, Supervisors and senior management of the Company propose to make, among other things, the following undertakings in the prospectus of the A Share Offering:

- (a) The Company and its controlling shareholders undertake that if the competent government or judicial authorities determine that the prospectus of the A Share Offering contains false content, misleading statements or material omissions, which is material for determining whether the Company satisfies the statutory qualification requirements for the proposed A Share Offering, the Company will repurchase all the new Shares issued under the A Share Offering in accordance with the laws. In addition, the controlling shareholder of the Company will repurchase the Shares publicly offered under the A Share Offering (if any). Details of the share repurchase plan are subject to the requirements of the relevant PRC laws and regulations.
- (b) The Company, the controlling shareholders, actual controllers, Directors, Supervisors and senior management of the Company undertake that if the prospectus of the A Share Offering contains false content, misleading statements or material omissions, which leads to losses to the investors when dealing in the A Shares, such loss will be compensated in accordance with the relevant laws and regulations of the PRC.

Should the relevant laws, regulations and regulatory documents (including the listing rules of the jurisdiction where the Shares of the Company are listed) have other requirements in respect of the Company's performance of the above undertakings, the Company shall unconditionally comply with such other requirements. This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

4. Accumulated profit distribution plan before the A Share Offering

The accumulated undistributed profits of the Company before the A Share Offering should be shared among all the Shareholders (including holders of H Shares, Domestic Shares and A Shares) in proportion to their respective shareholdings after the completion of the A Share Offering.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

5. Dividend Return Plan Within Three Years After the A Share Offering

In order to further strengthen and improve the profit distribution policy, and to offer continuous, stable and reasonable investment returns to the Shareholders, the Company has formulated the dividend return plan within three years after the A Share Offering based on the relevant rules and regulations as well as the Articles of Association, and taking into full account of its actual operations and the needs of future development. Details of the plan will be disclosed in the circular which will be despatched to the Shareholders in due course.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

6. Dilution of Immediate Return Arising from the A Share Offering and Remedial Measures

In order to enhance the protection of the interests of small and medium investors in capital market and in accordance with the relevant laws and regulations, the Company has conducted the analysis of the dilution of immediate return arising from the A Share Offering, and has adopted relevant remedial measures on recovery of return. Details of the analysis and the relevant remedial measures will be disclosed in the circular which will be despatched to the Shareholders in due course.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

7. Price Stabilising Plan for the A Shares Within Three Years After the A Share Offering

In order to effectively protect the interests of the Shareholders and enhance the investment confidence of the investors and in accordance with the relevant laws and regulations, the Company has formulated a price stabilising plan for the A Shares within three years after the A Share Offering. Details of the plan will be disclosed in the circular which will be despatched to the Shareholders in due course.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

8. Proposed Amendments to the Articles of Association and Adoption of the Rules of Procedures of the General Meetings, the Board of Directors and the Board of Supervisors of the Company and Other Corporate Governance Procedures in Preparation for the A Share Offering

In accordance with the Company Law and the Securities Law of the PRC, the Guidelines for Articles of Association of Listed Companies (上市公司章程指引), as well as related laws, regulations and regulatory documents, the Company proposes to make certain amendments to the Articles of Association and adopt the rules of procedures of the general meetings, the Board of Directors and the Supervisory Committee and other corporate governance procedures to further optimise the corporate governance structure of the Company in preparation for the A Share Offering, which will be effective upon the approval by the Shareholders at the EGM and the Class Meetings. Details of the proposed amendments to the Articles of Association and the full text of the rules of procedures of the general meetings, the Board of Directors and the Supervisory Committee and other corporate governance procedures will be disclosed in the circular which will be despatched to the Shareholders in due course.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

9. Proposed Adoption of Draft Articles of Association with Effect upon the Listing of the A Shares

In accordance with the Company Law and the Securities Law of the PRC, the Guidelines for Articles of Association of Listed Companies (上市公司章程指引), as well as related laws, regulations and regulatory documents, the Company proposes to adopt the Draft Articles of Association to reflect the share capital and shareholding structure of the Company upon the A Share Offering, which will be effective upon the listing of the A Shares on the Shanghai Stock Exchange. Details of the Draft Articles of Association will be disclosed in the circular which will be despatched to the Shareholders in due course.

This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings for consideration and approval by way of special resolutions.

10. Authorisation to the Board to Implement the A Share Offering

A resolution will be proposed at the EGM and Class Meetings that the Board will be authorized to deal with all matters in connection with the A Share Offering under the framework and principles approved by the Shareholders.

11. Other Resolutions Relating to the A Share Offering

The Board also passed other resolutions in connection with the A Share Offering at the Meeting, including, among other things, (1) the report on the use of proceeds of the H Share Offering; (2) the report on internal control assessment; and (3) the appointment of intermediaries including: (i) AJ Securities Company Limited* (愛建證券有限責任公司) as the Sponsor and Lead Underwriter, (ii) All Bright Law Offices as the PRC Legal Advisor, and (iii) Ernst & Young Hua Ming LLP. (Special General Partnership) as the Company's auditors.

II. REASONS AND BENEFITS OF THE A SHARE OFFERING

The Directors consider that the A Share Offering will further optimize the corporate governance structure of the Company, develop domestic and international financing platforms and improve the liquidity of all Shares held by the Shareholders.

Since the Company currently mainly focuses on its core business in the PRC, the A Share Offering will enhance the Company's corporate image, further widen the Company's funding channels, increase the Company's working capital and achieve stronger recognition of the capital markets by attracting large institutional as well as medium and small investors in the PRC. The Directors also believe that the A Share Offering will be beneficial to the Company's business growth, financing flexibility and business development. It will also enable the Company to obtain more financial resources and improve the competitiveness of the Company, which would be beneficial to the long term development of the Company. Further more, the PRC securities regulatory authorities are promoting reform on the share offering registration system to increase the marketisation and financing efficiency of the securities market.

Having considered, among other things, the foregoing reasons for the A Share Offering, the Directors consider that the A Share Offering is in the interest of the Company and the Shareholders as a whole.

III. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

As of the date of this announcement, the Company has not conducted any fund raising activities in relation to the issue of equity securities of the Company in the 12 months immediately preceding the date of this announcement, except for the H Share Offering, details of which are set out in the Prospectus.

IV. PUBLIC FLOAT

As at the date of this announcement, based on the publicly available information and to the best of the Directors' knowledge, approximately 32.5% of the total issued Shares are held by the public, and the Company has maintained a public float above the minimum requirements as prescribed in the Listing Rules. The Company undertakes that it will continue to comply with the public float requirement as prescribed in the Listing Rules during the application process and after completion of the A Share Offering.

V. EFFECTS OF THE A SHARE OFFERING ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For reference and illustration purposes only, assuming that (i) a total of 59,262,223 A Shares are to be issued under the A Share Offering, and (ii) there are no other changes to the issued share capital of the Company, the shareholding structure of the Company (a) as at the date of this announcement and (b) immediately after completion of the A Share Offering are set out as follows:

	as at the date of this announcement		immediately after completion of the A Share Offering	
	Number of Shares	%	Number of Shares	%
Non-public Shareholders				
– Domestic Shares	400,000,000	75.0	400,000,000	67.5
Public Shareholders				
– new A Shares to be issued pursuant to A Share Offering	–	–	59,262,223	10.0
– H Shares	133,360,000	25.0	133,360,000	22.5
Total	533,360,000	100.0	592,622,223	100.0

VI. CHANGE OF DIRECTOR AND SUPERVISORS

Resignation of independent non-executive Director

Mr. Xu has tendered his resignation, as independent non-executive Director, the chairman of the Remuneration and Appraisal Committee, a member of the Audit Committee and a member of the Nomination Committee due to personal work commitment which requires more of his time and dedication, with effect from the date of the appointment of the proposed new Director (being Mr. Yu), if approved at the EGM.

Mr. Xu has confirmed that he has no disagreement with the Board, and there is no other matter which has to be brought to the attention of the Shareholders or the Stock Exchange.

The Board would like to express their sincere gratitude to Mr. Xu for his valuable contribution to the Company during his tenure of service.

Proposed appointment of independent non-executive Director

Relevant resolutions have been passed at the Meeting to propose the appointment of Mr. Yu as independent non-executive Director of the first session of the Board, the chairman of the Audit Committee and a member of the Nomination Committee.

In accordance with the Articles of Association, the proposed appointment of Mr. Yu is subject to the Shareholders' approval at the general meeting of the Company. Relevant proposals will be put forward at the EGM for Shareholders' consideration and approval by way of ordinary resolutions.

Mr. Yu, aged 44, obtained a master's degree in management majoring in accounting from Shanghai University of Finance and Economics in February 2001, and a doctor's degree in management majoring in agricultural economics management from Northwest A&F University in June 2011. Mr. Yu has been an associate professor at the School of Accounting in ZUFE since November 2004, and is currently the secretary and deputy officer to the financial management department of Party Branch Committee. He served as a teaching assistant from August 1993 to March 1999, and a lecturer from March 1999 to November 2004 in ZUFE.

The term of office of Mr. Yu will commence upon the approval of his appointment by the Shareholders at the EGM and shall expire at the end of the first session of the Board in 2017. The Company will enter into a letter of appointment with Mr. Yu. The annual remuneration of Mr. Yu will be RMB80,000, as determined by the Board with reference to his responsibilities, the Company's remuneration policy and the prevailing market conditions.

As at the date of this announcement, Mr. Yu confirms for himself that: (i) he has not held any other directorships in any public companies, the securities of which are listed on any securities market in Hong Kong and/or overseas in the past three years, nor held any other major appointment or professional qualification; (ii) he does not have any interests in the shares or securities of the Company within the meaning of Part XV of the SFO; and (iii) he does not have any other relationship with other current Directors, senior management or substantial shareholders or controlling shareholders of the Company.

There is no other matter concerning the appointment of Mr. Yu that needs to be brought to the attention of the Shareholders nor is there any information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Resignation of Supervisors

The Board further announces that Mr. Shen and Mr. Lv Zili (呂自力) has recently tendered their resignations as employee representative Supervisor and Shareholder representative Supervisor with effect from 20 August 2016 and the date of the appointment of the proposed new Shareholder representative Supervisor (being Mr. Zhu), if approved at the EGM, respectively. Mr. Shen resigned as the chairman and a member of the Supervisory Committee as he reached the age of retirement and Mr. Lv Zili will resign as Shareholder representative Supervisor due to his other business commitment which requires more of his time and dedication. As the resignation of Mr. Shen and Mr. Lv Zili will result in the number of members of the Supervisory Committee falling below the minimum requirement stipulated under the Articles of Association, Mr. Shen's resignation will take effect upon the appointment of Mr. Lv as a new employee representative Supervisor being 20 August 2016 and Mr. Lv Zili's resignation will take effect upon the appointment of new Supervisor (being Mr. Zhu) at the EGM.

Each of Mr. Shen and Mr. Lv Zili has confirmed that he has no disagreement with the Board, the Supervisory Committee and/or the Company, and there is no other matter which has to be brought to the attention of the Shareholders or the Stock Exchange.

The Board and the Supervisory Committee would like to express their sincere gratitude to Mr. Shen and Mr. Lv Zili for their valuable contribution to the Company during their tenure of service.

Appointment of Employee Representative Supervisor

The Board further announces that Mr. Lv has been elected as an employee representative Supervisor of the first session of the Supervisory Committee in a democratic election by the employees of the Company in accordance with the Articles of Association of the Company on 20 August 2016 and was subsequently appointed as the chairman of the first session of the

Supervisory Committee by the meeting of Supervisory Committee convened on 25 August 2016. His term of office commences from 20 August 2016 and will end on the date on which the term of the first session of the Supervisory Committee in 2017.

Mr. Lv, aged 43, completed three years studies in industrial and civil construction at Zhejiang Radio & Television University* (浙江廣播電視大學) in June 2001. He joined the Company as the deputy chief of the operation division in August 1996, and promoted to chief of the operation division in April 2001. He served as the manager of sales department of the Company from February 2006 to January 2014 and is currently the standing deputy general manager of the sales centre of the Company. Previously, he served as a budget forecaster of Tongxiang County Qitang Construction Company* (桐鄉縣騎塘建築工程公司), the predecessor of the Company, from December 1991 to August 1996.

Mr. Lv has entered into a service contract with the Company and his term of office ends on the expiry of the term of the first session of the Supervisory Committee in 2017. The remuneration of Mr. Lv will be RMB60,000, as determined by the Board with reference to his responsibilities, the Company's remuneration policy and the prevailing market conditions.

Save as disclosed above, Mr. Lv has not held any other positions in the Company or any of its subsidiaries or any directorships in any public companies, the securities of which are listed on any securities market in Hong Kong and/or overseas in the past three years, nor held any other major appointment or professional qualification.

As at the date of this announcement, Mr. Lv confirms for himself that: (i) he does not have any interests in the shares or securities of the Company within the meaning of Part XV of the SFO; and (ii) he does not have any other relationship with other current Directors, senior management or substantial shareholders or controlling shareholders of the Company.

There is no other matter concerning the appointment of Mr. Lv that needs to be brought to the attention of the Shareholders nor is there any information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Proposed Appointment of Shareholder Representative Supervisor

The Board also resolved at the Meeting to propose the appointment of Mr. Zhu as a Shareholder representative Supervisor of the first session of the Supervisory Committee.

In accordance with the Articles of Association, the proposed appointment of Mr. Zhu is subject to the Shareholders' approval at the general meeting of the Company. Relevant proposal will be put forward at the EGM for Shareholders' consideration and approval by way of an ordinary resolution.

Mr. Zhu, aged 53, completed three years studies in Mathematics at Zhejiang Institute of Education* (浙江教育學院) in July 1989. Mr. Zhu has been the general manager of Zhejiang Yonghe Adhesive Products Co., Ltd* (浙江永和膠粘製品股份有限公司) since August 1998 and a director at Bank of Jiaxing since May 2007. Before that, he served as a biology teacher in Tongxiang City Gaoqiao Secondary School* (桐鄉市高橋中學) from July 1983 to June 1988 and the factory director of school-run factory of Tongxiang City Gaoqiao Secondary School* (桐鄉市高橋中學校辦廠) from June 1988 to August 1998.

Mr. Zhu will enter into a service contract with the Company, and his term of office ends on the expiry of the term of the first session of the Supervisory Committee in 2017. The remuneration of Mr. Zhu will be RMB60,000 as determined by the Board with reference to his responsibilities, the Company's remuneration policy and the prevailing market conditions.

As at the date of this announcement, Mr. Zhu confirms for himself that: (i) he has not held any other directorships in any public companies, the securities of which are listed on any securities market in Hong Kong and/or overseas in the past three years, nor held any other major appointment or professional qualification; (ii) he does not have any interests in the shares or securities of the Company within the meaning of Part XV of the SFO; and (iii) he does not have any other relationship with other current Directors, senior management or substantial shareholders or controlling shareholders of the Company.

There is no other matter concerning the appointment of Mr. Zhu that needs to be brought to the attention of the Shareholders nor is there any information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

VII. ESTABLISHMENT OF STRATEGIC COMMITTEE AND CHANGES IN COMPOSITION OF THE BOARD COMMITTEES

Establishment of Strategic Committee

The Board also resolved at the Meeting to propose the establishment of the Strategic Committee. In accordance with the Articles of Association and relevant laws and regulations in the PRC, the proposed establishment of the Strategic Committee is subject to the Shareholders' approval at the general meeting of the Company. Relevant proposal will be put forward at the EGM for Shareholders' consideration and approval by way of an ordinary resolution.

It was proposed that Mr. Lv Yaoneng, Mr. Lin Tao and Mr. Zheng Gangbe appointed as members of the Strategic Committee and Mr. Lv Yaoneng be appointed as the chairman of the Strategic Committee.

Re-designation of chairman of the Audit Committee and Remuneration and Appraisal Committee

Mr. Wong Ka Wai has resigned as the chairman of the Audit Committee with effect from the date of the appointment of the proposed new independent non-executive Director (being Mr. Yu), if approved at the EGM and will remain as a member thereof. In addition to proposing Mr. Yu to be appointed as the chairman of the Audit Committee, and a member of the Nomination Committee, the Board also resolved at the Meeting to re-designate Mr. Wong Ka Wai as the chairman of the Remuneration and Appraisal Committee with effect from the of date the appointment of the proposed new independent non-executive Director (being Mr. Yu), if approved at the EGM.

Subject to the approval of appointment of the proposed new independent non-executive Director (being Mr. Yu) and the establishment of Strategic Committee at the EGM, the composition of the committees of the Board will be adjusted as follows:

Audit Committee

Mr. Yu Jingxuan (*Chairman*)

Mr. Lin Tao

Mr. Wong Ka Wai

Nomination Committee

Mr. Lin Tao (*Chairman*)

Mr. Lv Yaoneng

Mr. Yu Jingxuan

Remuneration and Appraisal Committee

Mr. Wong Ka Wai (*Chairman*)

Mr. Lv Yaoneng

Mr. Lin Tao

Strategic Committee

Mr. Lv Yaoneng (*Chairman*)

Mr. Lin Tao

Mr. Zheng Gang

VIII. CONTINUING CONNECTED TRANSACTIONS AND REVISION OF THE ANNUAL CAPS

References are made to the Prospectus in relation to the continuing connected transactions under the 2015 Master Agreement with Jujiang Holdings. As the 2015 Master Agreement will be expired on 31 December 2016, and the Board expects that mainly because Jujiang Holdings

has engaged the Group to provide construction contracting services for certain new projects, the Existing Annual Cap will no longer be sufficient, and therefore the Board has proposed to revise the Existing Annual Cap, and on 25 August 2016 (after trading hours), the Company and Jujiang Holdings entered into the 2016 Master Agreement to extend the terms of the 2015 Master Agreements to 31 December 2018.

2016 Master Agreement

Date

25 August 2016 (after trading hours)

Parties

The Group (as service provider) and Jujiang Holdings

Subject matter

Pursuant to the 2016 Master Agreement, the Company and Jujiang Holdings agreed to extend the term of the 2015 Master Agreement to 31 December 2018, subject to the Shareholders' approval. Save as amended by the 2016 Master Agreement, all other terms of the 2015 Master Agreement (as disclosed below) shall remain unchanged.

Services

Pursuant to the 2016 Master Agreement, Jujiang Holdings agreed to engage construction contracting services such as building construction, foundation work, curtain wall construction, building decoration and fire equipment installation from the Group.

Pricing policy

The Group and Jujiang Holdings agreed that the transactions to be contemplated under the 2016 Master Agreement shall be conducted on normal commercial terms, in particular:

- (a) on terms no less favourable to the Group than terms available to or from (as appropriate) Independent Third Parties;
- (b) in the ordinary and usual course of business of the Group and conducted after arm's length negotiations; and
- (c) will not exceed the annual caps.

The construction contracting service fees payable by Jujiang Holdings to the Group under the 2016 Master Agreement will be determined after arm's length negotiation between Jujiang Holdings and the Group. In order to ensure that the service fees we received for our

provision of construction contracting services are fair and reasonable and in line with market practices, we will keep ourselves abreast of the prevailing fee level in market and the market conditions. Further, before we provide any construction contracting service, we will also refer to the historical fees received from third-party customers for providing similar construction contracting services.

Historical Figures

For the years ended 31 December 2013, 2014 and 2015, the aggregate service fees paid by Jujiang Holdings Group for the construction contracting services provided by our Group were approximately RMB498.3 million, RMB367.7 million and RMB392.3 million, respectively. During the six months ended 30 June 2016, a total service fees of approximately RMB131.1 million respectively were received from Jujiang Holdings under the 2015 Master Agreement.

Revised Annual Caps

The Existing Annual Cap amounts of the construction contracting services fees to be payable to the Group for the construction contracting services under the 2015 Master Agreement for the two years ending 31 December 2016 are RMB511.7 million and RMB180.2 million respectively.

The Company has decided to increase the annual cap for the transactions contemplated for the year ending 31 December 2016 to RMB321 million and estimates that the annual transaction amounts under the 2016 Master Agreement for the years ending 31 December 2017 and 2018 will not exceed the annual caps of HK\$325 million and HK\$318 million respectively.

Basis of the Revised Annual Caps

When determining the above Revised Annual Caps, the Board has considered: (i) the historical amount paid by the Jujiang Holdings Group to the Group for the four years ended 31 December 2015 and for the period from 1 January 2016 to 30 June 2016; (ii) the anticipated receivable amount under the construction projects under the 2015 Master Agreement; (iii) the anticipated progress of the construction projects; and (iv) our anticipated gross floor area of construction projects requiring our provision of construction contracting services for the three years ending 31 December 2018.

Conditions

The 2016 Master Agreement is conditional upon the resolution regarding the 2016 Master Agreement (including the annual caps) and the transactions contemplated thereunder being approved by the Independent Shareholders at the EGM.

Reasons for 2016 Master Agreement and the revision of the Existing Annual Cap

The increase in annual cap for the three years ending 31 December 2018 is mainly because Jujiang Holdings has engaged the Group to provide construction contracting services for certain new projects. Taking into account that the Group has already provided construction contracting services to Jujiang Holdings in the past and that provision of such services has offered stable and considerable profits to the Group historically, our Directors (excluding the independent non-executive Directors, whose opinion will be set out in the circular of the EGM) consider that it is in the interests of the Company and the Shareholders as a whole to continue our relationship with Jujiang Holdings and to provide construction contracting services to Jujiang Holdings by entering into the 2016 Master Agreement and revising the Existing Annual Cap.

Information on the Group

The Group was the largest construction company in Jiaxing, Zhejiang Province in terms of output value in 2014, holding a market share of 10.4%, according to Ipsos Limited. The Group was established in 1965 as one of the earliest construction companies in Jiaxing, a city currently with a population of more than 4.5 million and strong commercial and light industrial activities. With 50 years' experience in the construction industry, the Group has built a successful track record in the industry in which the Group operates.

Information on Jujiang Holdings

Jujiang Holdings mainly engages in the business of, amongst other things, property development and investment holding and it is also the shareholder of various subsidiaries (including the Company). As at the date of this announcement, the Company is owned as to 38.25% by Jujiang Holdings and Jujiang Holdings is owned as to approximately 51.33% by Mr. Lv Yaoneng and approximately 48.67% by eight other individual shareholders.

As Jujiang Holdings is one of our controlling shareholders and a connected person of the Company, the transactions contemplated under the 2016 Master Agreement between Jujiang Holdings and the Group will constitute continuing connected transactions for the Group under Chapter 14A of the Listing Rules.

As each of Mr. Lv Yaoneng, Mr. Lv Dazhong, Mr. Li Jinyan and Mr. Lu Zhicheng, being both Directors of the Company and shareholders of Jujiang Holdings, they have material interests in the transactions contemplated under the 2016 Master Agreement, he has abstained from voting on the Board resolutions approving the 2016 Master Agreement and the transactions contemplated thereunder.

Listing Rules Implication

The transactions contemplated under the 2016 Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the proposed annual caps in respect of the 2016 Master Agreement for each of the three years ending 31 December 2018 is more than HK\$10,000,000, and at least one of the applicable ratios calculated thereof is more than 5%, the transactions contemplated under the 2016 Master Agreement and the respective proposed annual caps are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders, in respect of the 2016 Master Agreement and the Revised Annual Caps.

IX. GENERAL

The Company will convene the EGM and Class Meetings (where applicable) to seek approval from the Shareholders for the above matters.

A circular containing, among other things, details of (i) the aforesaid proposal for the A Share Offering, and other relevant resolutions; (ii) change in Directors and Supervisors; (iii) establishment of Strategic Committee; (iv) the 2016 Master Agreement and Revised Annual Caps; (v) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (vi) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and (vii) the notices of the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, will be despatched to the Shareholders in accordance with the Listing Rules and the Articles of Association in due course.

The proposed A Share Offering is subject to certain conditions, including but not limited to the market condition, the Shareholders' approval at the EGM and the Class Meetings, as well as the approvals of the CSRC and/or other relevant regulatory authorities, and accordingly, may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the H Shares or other securities of the Company.

DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement have the following meanings:

“2015 Master Agreement”	the construction contracting service master agreement dated 10 September 2015 entered into between the Company and Jujiang Holdings
“2016 Master Agreement”	the construction contracting service master agreement dated 25 August 2016 entered into between the Company and Jujiang Holdings
“A Share(s)”	ordinary share(s) proposed to be issued by the Company pursuant to the A Share Offering and subscribed for in Renminbi
“A Share Offering”	the Company’s proposed initial public offering of not more than 59,262,223 A Shares, which are proposed to be listed on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit Committee”	audit committee of the Board
“Board”	the board of Directors
“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)
“Class Meeting(s)”	the H Shareholders’ Class Meeting and/or the Domestic Shareholders’ Class Meeting (as the case may be)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi by PRC nationals and/or PRC corporate entities

“Domestic Shareholder(s)”	holder(s) of Domestic Share(s)
“Domestic Shareholders’ Class Meeting”	the class meeting of the holders of Domestic Shares to be convened and held on around 12 October 2016 immediately after the conclusion of the EGM to be held on the same date at the same place or any adjournment thereof
“Draft Articles of Association”	the draft Articles of Association which will be effective upon the listing of A Shares on the Shanghai Stock Exchange
“EGM”	the forthcoming extraordinary general meeting of the Company to be held on around 12 October 2016 or any adjournment thereof
“Existing Annual Cap”	the existing annual cap for the transactions contemplated under the 2015 Master Agreement for a term ending on 31 December 2016
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested shares in the share capital of the Company, which are listed on the main board of the Stock Exchange with a nominal value of RMB1.00 each
“H Shareholders’ Class Meeting”	the class meeting of the holders of H Shares to be convened and held on around 12 October 2016 immediately after the conclusion of the Domestic Shareholders’ Class Meeting to be held on the same date at the same place or any adjournment thereof
“H Share Offering”	the initial public offering of the Company’s H Shares globally and the listing of such H Shares on the Stock Exchange on 12 January 2016
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee, comprising all of the independent non-executive Directors of the Company, namely Mr. Xu Guoqiang, Mr. Lin Tao and Mr. Wong Ka Wai, formed to advise the Independent Shareholders in respect of, amongst others, the 2016 Master Agreement and the Revised Annual Caps
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of, amongst others, the 2016 Master Agreement and the Revised Annual Caps

“Independent Shareholders”	shareholders of the Company other than Jujiang Holdings and its associates
“Independent Third Party(ies)”	means person(s) who, as far as the Directors are aware after having made all reasonable enquiries, are not connected persons of the Company
“Jujiang Holdings”	Zhejiang Jujiang Holdings Co., Ltd.* (浙江巨匠控股集團有限公司), a limited liability company incorporated in the PRC and a 38.25%shareholder in the Company as at the date of this announcement. It is held by Mr. Lv Yaoneng as to approximately 51.33% and eight other individual shareholders together as to approximately 48.67%
“Jujiang Holdings Group”	Jujiang Holdings, its subsidiaries and their associates(other than our Group)
“Listing”	the listing of the H Shares on the Stock Exchange which commenced on 12 January 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Meeting”	the meeting of the Board held on 25 August 2016
“Mr. Lv”	Mr. Lv Xingliang (呂興良)
“Mr. Shen”	Mr. Shen Bingkun (沈炳坤)
"Mr. Yu"	Mr. Yu Jingxuan (余景選)
“Mr. Zhong”	Mr. Zhong Zhihua (鍾志華)
"Mr. Zhu"	Mr. Zhu Jialian (朱家煉)
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	prospectus of the Company dated 30 December 2015

“RMB”	Renminbi, the lawful currency of the PRC
“Remuneration and Appraisal Committee”	Remuneration and appraisal committee of the Board
“Revised Annual Caps”	the adjusted annual caps for the continuing connected transactions contemplated under the 2016 Master Agreement for the three years ending 31 December 2018
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Domestic Share(s) and/or the H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Committee”	the strategic committee of the Board
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	supervisory committee of the Company
“ZUFE”	Zhejiang University of Finance and Economics (浙江財經大學會計學院)

By order of the Board of Directors
Jujiang Construction Group Co., Ltd.
Mr. Lv Yaoneng
Chairman

Zhejiang Province, the PRC, 25 August 2016

As of the date of this notice, the Board of the Company comprises Mr. Lv Yaoneng, Mr. Lv Dazhong, Mr. Li Jinyan, Mr. Lu Zhicheng, Mr. Shen Haiquan and Mr. Zheng Gang, as executive Directors; and Mr. Xu Guoqiang, Mr. Lin Tao, and Mr. Wong Kai Wai, as independent non-executive Directors.

** for identification purposes only*