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Jianzhong Construction Development Limited

建中建設發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 589)

VOLUNTARY ANNOUNCEMENT UPDATE ON SIGNING OF SUPPLEMENTAL SEWAGE TREATMENT INFRASTRUCTURE AGREEMENT

Reference is made to the prospectus dated 29 February 2020 (the “**Prospectus**”) issued by Jianzhong Construction Development Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) and the voluntary announcement of the Company dated 6 July 2020 (the “**First Voluntary Announcement**”) regarding an update on signing of the Supplemental Sewage Treatment Infrastructure Agreement. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus. This announcement should be read in conjunction with the Prospectus and the First Voluntary Announcement.

The Board wishes to announce that the Supplemental Sewage Treatment Infrastructure Agreement was officially signed on 23 July 2020 by the Sewage Treatment Operator and Customer I. Apart from those expected key changes stated in the First Voluntary Announcement, there were no other key changes in relation to the contract terms of the Supplemental Sewage Treatment Infrastructure Agreement to those originally agreed.

The Board also wishes to announce that upon the official signing of the Supplemental Sewage Treatment Infrastructure Agreement, on 29 July 2020, Jianzhong Environmental Technology entered into an agreement with the Sewage Treatment Operator and the Project Company under which the Project Company shall pay Jianzhong Environmental Technology, with respect to sewage treatment operation, an unit price of RMB0.782/cubic meter of wastewater treatment, which is identical to the unit price under the Supplemental Sewage Treatment Infrastructure Agreement, and it will settle payment with Jianzhong Environmental Technology within three days after receiving payment from Customer I.

The Prospectus mentioned that if the Supplemental Sewage Treatment Infrastructure Agreement was not officially signed by the relevant parties by the end of June 2020 or the terms and conditions of the said agreement are less favourable in any material aspect than those originally agreed, Mr. Xun MH, being one of the Controlling Shareholders, has undertaken that he would use his personal funds to acquire the entire sewage treatment infrastructure operation business by acquiring the entire equity interest in Jianzhong Environmental Technology, the project company thereof, from the Group at (i) the then fair market value evaluated by an independent third party valuer; or (ii) the cost incurred by the Group for this project, whichever is the higher.

Based on the reasons as disclosed in the First Voluntary Announcement, the Board is of the view that the revision of terms and conditions of the Supplemental Sewage Treatment Infrastructure Agreement are not less favourable than those originally agreed in any material aspect. Having considered that the Supplemental Sewage Treatment Infrastructure Agreement had been signed in July 2020 and the sewage treatment operation business is beneficial to the Group's development, the Board is of the view that Mr Xun MH is not required to fulfill the buyback undertaking as stated in the Prospectus.

By order of the Board
Jianzhong Construction Development Limited
Mr. Xun Minghong
Chairman and Executive Director

Hong Kong, 30 July 2020

As at the date of this announcement, the board of Directors of the Company comprises Mr. Xun Minghong, Mr. He Wenlin and Ms. Zheng Ping as Executive Directors; Mr. Yang Kaifa, Mr. Zeng Guohua and Mr. Xun Liangbao as Non-executive Directors; and Mr. Sze Irons, Mr. Wong Kun Kau and Mr. Zhu Diwu as Independent Non-executive Directors.