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ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED

珠海控股投資集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00908)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE

On 28 September 2018, ZJ Construction entered into the JV Agreement and the Articles with Guangdong No. 2 Hydropower in respect of, among other things, business cooperation and the proposed formation of the JV Company. Pursuant to the JV Agreement, the JV Company will be engaged in, among other things, the construction and operation of the PPP Project.

Pursuant to the JV Agreement and the Articles, the registered capital of the JV Company will be RMB128 million. ZJ Construction will contribute RMB126.72 million and Guangdong No. 2 Hydropower will contribute the remaining RMB1.28 million, in cash towards the registered capital of the JV Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the JV Agreement and the Articles exceed 5% but are less than 25%, the formation of joint venture contemplated under the JV Agreement and the Articles will be subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

In August 2018, ZJ Construction jointly participated in, and was awarded the tender of the PPP Project with Guangdong No. 2 Hydropower. In such connection, ZJ Construction entered into the JV Agreement and the Articles with Guangdong No. 2 Hydropower in respect of, among other things, the proposed formation of the JV Company.

THE JV AGREEMENT

The principal terms of the JV Agreement are set out below:

Date: 28 September 2018

Parties: (i) ZJ Construction; and

(ii) Guangdong No.2 Hydropower

To the best of the Directors' knowledge, information and belief and after making reasonable enquiries, Guangdong No.2 Hydropower and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Scope of business: Water conservancy and inland port engineering construction; engineering technology; engineering management services; water resources management; municipal facilities management; environmental sanitation management; green management; park management.

Roles and responsibilities: ZJ Construction will appoint a management team and be responsible for the day-to-day operation of the JV Company. ZJ Construction will also be responsible for, among other things, obtaining financing of the PPP Project and its construction.

Guangdong No. 2 Hydropower will be responsible for the general construction contracting works of the PPP Project, including the construction work and the maintenance of safety and quality of the construction work. Guangdong No. 2 Hydropower will not participate in the operation of the JV Company.

THE ARTICLES

The principal terms of the Articles are set out below:

Date: 28 September 2018

Parties: (1) ZJ Construction; and
(2) Guangdong No. 2 Hydropower

Term: 15 years from the date of approval of the JV Company's business license

Registered capital: RMB128 million, which shall be contributed by ZJ Construction and Guangdong No. 2 Hydropower as to RMB126.72 million (99%) and RMB1.28 million (1%), respectively, in cash.

The capital contribution shall be made in accordance with the progress of the PPP Project, and 30% of the registered capital shall be paid simultaneously by ZJ Construction and Guangdong No.2 Hydropower before 20 October 2018. The remaining 70% of the registered capital shall be paid simultaneously by them before 20 September 2020.

Profit sharing: ZJ Construction and Guangdong No.2 Hydropower will be entitled to distribution of profit of the JV Company in proportion to their respective shareholdings in the JV Company.

Management of the JV Company: The JV Company does not have a board of directors, but it will be managed by an executive director, who will be nominated by ZJ Construction and appointed by shareholders of the JV Company. The JV Company will have a manager and a financial controller, who will be nominated by ZJ Construction and appointed by such executive director of the JV Company. The JV Company will have one supervisor, who will also be nominated by ZJ Construction.

Restrictions on equity transfers and pre-emptive right:

Except for transfer of equity transfer in the JV Company by ZJ Construction to its parent or group companies controlled by its parent, the shareholders of the JV Company will not transfer any part of their equity interest in the JV Company during a two-year lock-up period after the construction of the PPP Project.

Shareholders of the JV Company shall have pre-emptive right on transfer of equity interest in the JV Company by the other party. Any transfer of equity interest in the JV Company from an existing shareholder to a third party will be subject to the consent of more than a half of the other shareholders.

Existing shareholders of the JV Company shall have priority on subscription of additional registered capital of the JV Company based on their proportional interest in the JV Company.

Pursuant to the JV Agreement, after the expiration of such two-year lock-up period, Guangdong No. 2 Hydropower may transfer its equity interest in the JV Company in accordance with the provisions under 《企業國有產權轉讓管理暫行辦法》(Interim Measures for the Management of the Transfer of the State-owned Property Right of Enterprises*).

The JV Company will become a non-wholly owned subsidiary of the Company and hence, the financial results and position of the JV Company will be consolidated into the Company's financial statements.

REASONS FOR AND BENEFITS OF THE FORMATION OF JV COMPANY

Guangdong No. 2 Hydropower has expertise in the civil engineering sector and has experience in undertaking various engineering projects including water resources and hydropower projects in Guangdong, the PRC. According to the tendering document of the PPP Project, the PPP Project is expected to have an investment size of around RMB641 million. The establishment of the JV Company is for purpose of implementing the PPP Project. The Company believes that by participating in the PPP Project, the Group will be able to develop and expand its business in the civil engineering sector, enhance its experience in project construction and operation and diversify its income stream in the future.

After considering the above factors, the Directors are of the view that the JV Agreement and the Articles are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company is an investment holding company. The principal activities of the Group consist of investment holding, the provision of port facilities in Zhuhai, the provision of ferry services between Zhuhai on the one part and Hong Kong and Shekou on the other part, the management of a holiday resort, a theme park and an amusement park, property development and the operation of a golf club, the provision of financial information services and internet financial information intermediary services and the trading and distribution of fuel oil, to form three major business segments, namely (1) 九洲藍色幹線 (Jiuzhou Blue Sea Jet*, maritime transportation) and 藍色海洋旅遊 (Blue Marine Tourism*); (2) green leisure tourism and composite real estate; and (3) public utilities and financial investments.

ZJ Construction is established under the laws of the PRC with limited liability and a wholly-owned subsidiary of ZJ Development. ZJ Development is a sino-foreign co-operative joint venture company established under the laws of the PRC which is indirectly owned as to 60% by the Company and 40% by ZJ Holdings, a controlling shareholder of the Company. The principal activities of ZJ Construction include construction project management consulting and construction project management.

Guangdong No.2 Hydropower is a state-owned enterprise established under the laws of the PRC, and is listed on the Shenzhen Stock Exchange. Guangdong No. 2 Hydropower is a construction company qualified with water conservancy and hydropower (具有水利水電一級以上資質的廣東省國企). Guangdong No.2 Hydropower is principally engaged in civil engineering business and undertakes various engineering projects.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the JV Agreement and the Articles exceed 5% but are less than 25%, the formation of joint venture contemplated under the JV Agreement and the Articles will be subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Articles”	the articles of association of the JV Company entered into by ZJ Construction and Guangdong No. 2 Hydropower on 28 September 2018
“Board”	the board of Directors
“Company”	Zhuhai Holdings Investment Group Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange
“Group”	the Company and its subsidiaries
“Guangdong No. 2 Hydropower”	廣東水電二局股份有限公司 (Guangdong No. 2 Hydropower Engineering Co., Ltd.), a state-owned enterprise established under the laws of the PRC and a company listed on the Shenzhen Stock Exchange (stock code: 002060)
“JV Agreement”	the investment cooperation agreement dated 28 September 2018 and entered into between ZJ Construction and Guangdong No. 2 Hydropower in relation to the proposed formation of the JV Company
“JV Company”	珠海九控環境建設工程有限公司 (Zhuhai Jiuzhou Environmental Development Construction Co., Ltd.), a joint venture company to be established and to be held 99% by ZJ Construction and 1% by Guangdong No. 2 Hydropower

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange in force for the time being
“Main Board”	Main Board of the Stock Exchange
“PRC”	the People’s Republic of China
“PPP Project”	a public-private partnership project, namely, the “Construction of 15 Rivers in the Port of Gaolan” 珠海高欄港經濟區十五條河域整治項目工程)
“RMB”	the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ZJ Construction”	珠海九控建設工程有限公司 (Zhuhai Jiuzhou Development Construction Co., Ltd.*), a wholly-owned subsidiary of the ZJ Development and a non-wholly owned subsidiary of the Company
“ZJ Development”	珠海九控房地產有限公司 (Zhuhai Jiuzhou Holdings Property Development Co., Ltd.*), a sino-foreign co-operative joint venture company established under the laws of the PRC which is indirectly owned as to 60% by the Company and 40% by ZJ Holdings
“ZJ Holdings”	珠海九洲控股集團有限公司 (Zhuhai Jiuzhou Holdings Group Co., Ltd.*), a State-owned enterprise established in the PRC and a controlling shareholder of the Company
“%”	percent

In this announcement, the terms “controlling shareholder” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By Order of the Board
Zhuhai Holdings Investment Group Limited
Huang Xin
Chairman

Hong Kong, 28 September 2018

As at the date of this announcement, the Board comprises Mr. Huang Xin, Mr. Jin Tao, Mr. Ye Yuhong and Mr. Li Wenjun as executive Directors; Datuk Wira Lim Hock Guan (Mr. Lim Seng Lee as his alternate), Mr. Kwok Hoi Hing and Mr. Zou Chaoyong as non-executive Directors; and Mr. Hui Chiu Chung, Mr. Chu Yu Lin, David, Mr. Albert Ho and Mr. Wang Yijiang as independent non-executive Directors.

* The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.