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**CR Construction Group Holdings Limited**

**華營建築集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1582)**

**(1) MAJOR AND CONNECTED TRANSACTION  
ACQUISITION OF THE ENTIRE EQUITY INTEREST  
IN THE TARGET COMPANY; AND  
(2) CONTINUING CONNECTED TRANSACTIONS  
UNDER RULE 14A.60 OF THE LISTING RULES**

**Financial adviser to the Company**



RAINBOW CAPITAL (HK) LIMITED  
宏博資本有限公司

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



**I. MAJOR AND CONNECTED TRANSACTION — ACQUISITION**

On 31 January 2023 (after trading hours), the Company and the Seller entered into the Share Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire from the Seller and the Seller has conditionally agreed to sell to the Company the entire equity interest in the Target Company at the Consideration of RMB201,000,000 (equivalent to approximately HK\$228,409,090), which shall be settled by the Company in cash upon Completion.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Company.

Upon Completion, Zhejiang Tiantai will become a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules by virtue of it being an indirect non wholly-owned subsidiary of the Company where Zhejiang Construction, being a connected person at the Company's level, can exercise or control the exercise of 10% or more of the voting power of Zhejiang Tiantai. Accordingly, Zhejiang Tiantai will remain as a connected person of the Company under Chapter 14A of the Listing Rules after Completion.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, which is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Seller is indirectly interested in approximately 72.23% of the entire issued share capital of the Company. Accordingly, the Seller is the controlling shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition constitutes a connected transaction for the Company which is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **II. CONTINUING CONNECTED TRANSACTIONS UNDER RULE 14A.60 OF THE LISTING RULES**

Prior to the Completion, the Target Group has entered into 6 agreements with the Remaining Group pursuant to which, the Target Group has mainly engaged the Remaining Group to provide, inter alia, (i) property management services; (ii) construction materials and technological systems; and (iii) the project management services. On the other hand, the Target Group has also entered into 9 agreements with the Remaining Group pursuant to which, the Remaining Group has mainly engaged the Target Group to carry out, inter alia, construction, rehabilitation and operation of (i) sewage and reclaimed water treatment plants; and (ii) other environmental related facilities and infrastructure in the PRC. In addition, the Target Company, Zhejiang Construction and Zhejiang Jianshe Decoration has entered into the Loan Agreement, pursuant to which, the Target Company has granted an entrusted loan to Zhejiang Jianshe Decoration through Zhejiang Construction being capital injection for a special purpose vehicle set up by the Remaining Group in Chumen Town, Yuhuan City\* (玉環市楚門鎮), the PRC.

Given the fact that Zhejiang Construction is a controlling shareholder of the Company, each member of the Remaining Group is deemed to be a connected person of the Company in accordance with Chapter 14A of the Listing Rules. Consequently, the continuing transactions between the Target Group and the Remaining Group contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Prior to the Completion, Zhejiang Tiantai and the Target Company entered into the ZT Agreement pursuant to which Zhejiang Tiantai engaged the Target Company to (i) carry out construction and installation services for an expansion of a sewage treatment plant; and (ii) procure relevant sewage construction materials and technological systems. As Zhejiang Tiantai will remain as a connected person of the Company under Chapter 14A of the Listing Rules after Completion, the continuing transaction contemplated under the ZT Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules regarding the Continuing Agreements. If the Continuing Agreements are renewed or the terms of which are varied, the Company will comply with all applicable requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

An Independent Board Committee comprising all the independent non-executive Directors, namely The Honourable Tse Wai Chun Paul JP, Mr. Lau Pak Shing and Mr. Ho Man Yiu Ivan, has been established by the Company to advise and provide recommendation(s) to the Independent Shareholders in respect of the Acquisition. In such connection, TC Capital International Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder. As at the date of this announcement, the Seller is indirectly interested in 361,150,000 Shares of the Company, which are directly held by its wholly-owned subsidiary, CR Construction Investments Limited, representing approximately 72.23% of the total issued share capital of the Company. In view of the Seller's interests in the Share Purchase Agreement and the transactions contemplated thereunder, CR Construction Investments Limited will abstain from voting at the EGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Share Purchase Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution of the Company in approving the Share Purchase Agreement and the transactions contemplated thereunder at the EGM.

None of the Directors had a material interest in the Share Purchase Agreement and the transactions contemplated thereunder. However, since Mr. Guan Manyu, Ms. Chu Ping and Mr. Yang Haojiang also hold directorship and/or management positions in the Seller, each of them has voluntarily abstained from voting on the Board resolution(s) approving the Share Purchase Agreement and the transaction contemplated thereunder.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the recommendation(s) from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iv) the financial information of the Target Group; (v) a notice convening the EGM; and (vi) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 31 March 2023 as additional time is required to prepare the relevant information to be included in the circular.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of the conditions precedent as set out in the Share Purchase Agreement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are therefore reminded to exercise caution when dealing in the securities of the Company.**

## **I. MAJOR AND CONNECTED TRANSACTION — ACQUISITION**

### **INTRODUCTION**

On 31 January 2023 (after trading hours), the Company and the Seller entered into the Share Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire from the Seller and the Seller has conditionally agreed to sell to the Company the entire equity interest in the Target Company at the Consideration of RMB201,000,000 (equivalent to approximately HK\$228,409,090), which shall be settled by the Company in cash upon Completion.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Company.

### **THE SHARE PURCHASE AGREEMENT**

The principal terms of the Share Purchase Agreement are set out below:

**Date:**

31 January 2023, after trading hours

**Parties:**

- (1) China Zhejiang Construction Group (H.K.) Limited, as seller.
- (2) the Company, as purchaser.

As at the date of this announcement, the Seller is indirectly interested in approximately 72.23% of the entire issued share capital of the Company. Accordingly, the Seller is the controlling shareholder of the Company and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. For more details of the Parties, please refer to paragraphs headed “Information of the Group” and “Information of the Seller”, respectively.

**Target to be acquired**

Pursuant to the Share Purchase Agreement, the Company has conditionally agreed to acquire from the Seller and the Seller has conditionally agreed to sell to the Company the entire equity interest in the Target Company.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Company.

**Consideration and payment terms**

The Consideration payable by the Company under the Share Purchase Agreement for the Acquisition is RMB201,000,000 (equivalent to approximately HK\$228,409,090), which shall be settled by the Company in cash upon Completion. The Consideration will be financed by internal resources of the Company and/or external bank borrowings, as the Company considers appropriate.

**Basis of the Consideration**

The Consideration was primarily determined by the Parties after arm’s length negotiation on normal commercial terms, with reference to, among other things: (i) the effective business valuation of the Target Group of approximately RMB238.6 million, having considered (a) the independent preliminary business valuation of the Target Group based on market approach of approximately RMB253.0 million as at 30 September 2022, on the assumption that 80% equity interest of Zhejiang Tiantai Water (which has been acquired by the Target Company as at the date of this announcement) has been combined to the Target Group as at 30 September 2022 but without taking into account of the consideration payable by the Target Company of approximately RMB14.4 million in respect of such acquisition; and (b) the consideration payable by the Target Company of approximately RMB14.4 million in respect of the acquisition of 80% equity interest of Zhejiang Tiantai Water; (ii) the historical combined financial performance of the Target Group and business prospects of the industry in which the Target Group operates; and (iii) the reasons and benefits of the Acquisition as set out in the paragraph headed “Reasons for and benefits of the Acquisition” below. Having considered the aforesaid, the Board (excluding the independent non-executive

Directors) considers that the Consideration is fair and reasonable and the Share Purchase Agreement is on normal commercial terms and the entering into of the Share Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent**

Completion is conditional upon the fulfillment or waiver (as the case may be) of certain conditions which include, inter alia:

- (i) the passing by the Independent Shareholders in accordance with the Listing Rules and all applicable laws at the EGM of the resolution approving the Share Purchase Agreement and the transactions contemplated thereunder;
- (ii) a due diligence report (in content and form satisfactory to the Company at its absolute discretion) having been issued by a PRC qualified lawyer approved by the Company with respect to the Target Group's businesses, and the Seller having provided the Company with its resolutions, consents, authorisations, documents and approvals (in content and form satisfactory to the Company at its absolute discretion) in relation to the Share Purchase Agreement and the transactions contemplated thereunder;
- (iii) all necessary consents, permission and approvals from relevant organisations, institutions, government (including the filing of state-owned assets assessment results and the approval of non-public transfers by agreement administered by State-owned Assets Supervision and Administration Department, if applicable) and regulatory authorities (including but not limited to the Stock Exchange) required to be obtained by the Seller and the Company in respect of the Share Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (iv) the completion of a due diligence exercise to be carried out by the Company in respect of the group structure, financial positions, books and records and businesses of the Target Group, and the relevant results being satisfactory to the Company in its absolute discretion;
- (v) the Seller having provided the Company with the completion accounts of the Target Group (in content and form to the satisfaction of the Company at its absolute discretion);
- (vi) all representations, warranties and undertakings of the Seller remaining true and correct as at the Completion Date, for which the Seller shall have had fulfilled or complied with on or before the Completion Date (as the case may be); and
- (vii) the Seller having provided the Company with a duly signed certificate certifying that as at Completion Date, each of the above conditions (other than (i)) having been fulfilled and that it is not aware of any matter or thing which is in breach of any representations, warranties and undertakings giving by the Seller or is inconsistent with any of the above items.

If the above conditions precedent (except for conditions precedent (i) and (iii) which are not waivable) are not satisfied or waived by the Company on or before the Long Stop Date, the Share Purchase Agreement shall, subject to certain provisions of the Share Purchase Agreement and liability of any Party to the other in respect of any antecedent breaches of the terms of the Share Purchase Agreement, become void and cease to have effect.

## **Completion**

Completion will take place within five Business Days after fulfilment or waiver (as the case may be) of all the conditions precedent to the Share Purchase Agreement, or at such other date on the Parties may agree in writing.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company, and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

Upon Completion, Zhejiang Tiantai will become a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules by virtue of it being an indirect non wholly-owned subsidiary of the Company where Zhejiang Construction, being a connected person at the Company's level, can exercise or control the exercise of 10% or more of the voting power of Zhejiang Tiantai. Accordingly, Zhejiang Tiantai will remain as a connected person of the Company under Chapter 14A of the Listing Rules after Completion.

## **INFORMATION OF THE GROUP**

The Company is a company incorporated in the Cayman Islands as an exempted company with limited liability on 20 July 2017 and is an investment holding company. As at the date of this announcement, the Group is principally engaged in contractor services for building construction works and repair, maintenance, alteration and addition works projects across public and private sectors in Hong Kong, Malaysia and the United Kingdom. The Group principally acts as a main contractor and is responsible for (i) overall management of the projects; (ii) formulating work programmes; (iii) engaging subcontractors and supervising their works; (iv) sourcing construction materials; (v) communication and coordination with our customers and their consultant teams; and (vi) safeguarding compliance with safety, environmental and other contractual requirements.

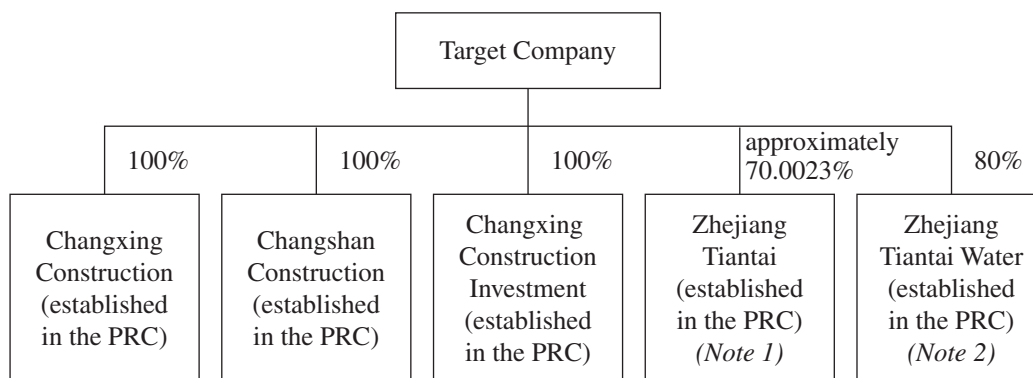
## INFORMATION OF THE SELLER

The Seller is a company incorporated in Hong Kong with limited liability, with an indirect interest of approximately 72.23% of the entire issued share capital of the Company and is one of the controlling shareholders of the Company. The Seller is directly wholly-owned by Zhejiang Construction Group (H.K.) Holdings Limited (浙江省建設集團(香港)控股有限公司), another controlling shareholder of the Company, which is wholly-owned by Zhejiang Construction, which is also a controlling shareholder of the Company and a company listed on Shenzhen Stock Exchange (SZSE Security Code: 002761). Zhejiang Construction is in turn ultimately owned as to (i) approximately 37.90% by Zhejiang State-owned Capital Operation Company Limited\* (浙江省國有資本運營有限公司) (which is wholly-owned by the State-owned Assets Supervision and Administration Commission of the Zhejiang Provincial Government\* (浙江省人民政府國有資產監督管理委員會)); (ii) approximately 9.32% by ICBC Financial Asset Investment Co. Ltd.\* (工銀金融資產投資有限公司); (iii) approximately 8.52% by China Cinda Asset Management Co., Ltd.\* (中國信達資產管理股份有限公司); (iv) approximately 6.21% by Zhejiang Jianyang Investment Company Limited.\* (浙江建陽投資股份有限公司); (v) approximately 6.21% by Deson Development International Holdings Investment Limited.\* (迪臣發展國際集團投資有限公司); (vi) approximately 6.21% by Hung Wan Construction Co., Ltd.\* (鴻運建築有限公司); and (vii) the remaining approximately 25.63% held by other minority shareholders. As at the date of this announcement, Zhejiang Construction is principally engaged in building construction business, engineering related services and investment in infrastructure projects.

As at the date of this announcement, the Seller is principally engaged in (i) building construction business in the Asia Pacific region excluding Hong Kong and Macau; (ii) holding interests in companies engaging working capital management in Hong Kong, financial leasing, civil engineering; and (iii) property management in the PRC.

## INFORMATION OF THE TARGET GROUP

### Group Structure of the Target Group upon Completion





*Notes:*

- (1) The remaining approximately 19.9909% and approximately 10.0068% equity interest in Zhejiang Tiantai is owned by Tiantai State-Owned Assets Capital Management Limited Company\* (天台縣國有資本運營有限公司) and Zhejiang Construction respectively.
- (2) The remaining 20% equity interest in Zhejiang Tiantai Water is held by Tiantai County Qingyuan Water Operation Company Limited\* (天台縣清源水務運營有限公司).

The Target Company is a limited liability company established in the PRC on 17 July 2014 and is a direct wholly-owned subsidiary by the Seller as at the date of this announcement. It is principally engaged in construction, rehabilitation and operation of sewage and reclaimed water treatment plants as well as water distribution plants and other environmental related facilities and infrastructure in the PRC.

As at the date of this announcement, Changxing Construction is a limited liability company established in the PRC on 1 December 2016 and is a direct wholly-owned subsidiary of the Target Company. It is principally engaged in sewage and reclaimed water treatment services.

As at the date of this announcement, Changshan Construction is a limited liability company established in the PRC on 20 March 2017 and is a direct wholly-owned subsidiary of the Target Company. It is principally engaged in sewage and reclaimed water treatment services.

As at the date of this announcement, Changxing Construction Investment is a limited liability company established in the PRC on 14 July 2017 and is a direct wholly-owned subsidiary of the Target Company. It is principally engaged in environmental improvement related construction services, sewage and reclaimed water treatment services, and water distribution services.

As at the date of this announcement, Zhejiang Tiantai is a limited liability company established in the PRC on 23 March 2022 and is owned as to approximately 70.0023% by the Target Company. The remaining approximately 19.9909% and approximately 10.0068% equity interest in Zhejiang Tiantai is owned by Tiantai State-Owned Assets Capital Management Limited Company\* (天台縣國有資本運營有限公司) (which is a state-owned Company) and Zhejiang Construction respectively. It is principally engaged in sewage and reclaimed water treatment services.

As at the date of this announcement, Zhejiang Tiantai Water is a limited liability company established in the PRC on 9 August 2016 and is owned as to approximately 80.0% by the Target Company and approximately 20.0% by Tiantai County Qingyuan Water Operation Co., Ltd.\* (天台縣清源水務運營有限公司). It is principally engaged in sewage and reclaimed water treatment services, Tiantai County Qingyuan Water Operation Company Limited\* (天台縣清源水務運營有限公司) is a limited liability company established in the PRC on 4 November 2013 and is wholly-owned by Tiantai County Water Affairs Group Co., Ltd.\* (天台縣水務集團有限公司). It is principally engaged in sewage and reclaimed water treatment services, municipal facilities management, and engineering management services. Tiantai County Water Affairs Group Co., Ltd.\* (天台縣水務集團有限公司) is a limited liability company established in the PRC on 25 June 2012 and is wholly-owned by Tiantai State-Owned Assets Capital Management Limited Company\* (天台縣國有資本運營有限公司) (which is a stated-owned company). Tiantai County Water Affairs Group Co., Ltd.\* (天

台縣水務集團有限公司) is principally engaged in source water supply; tap water production and supply; hydropower generation; pipeline engineering construction; water conservancy engineering construction and sewage treatment.

As at the date of this announcement, the Target Group has obtained and possessed the following qualifications and licences: construction industry enterprise qualification (municipal public works construction general contracting level three, fire protection facilities engineering professional contracting level two, and ungraded special engineering (structural reinforcement)\* (建築業企業資質證書(市政公用工程施工總承包三級；消防設施工程專業承包二級；特種工程(結構補強)專業承包不分等級) and safe production licence (construction engineering)\* (安全生產許可證(建築施工)) (collectively, the “**Licences**”); high tech enterprise certificate\* (高新技術企業證書), quality management system certification\* (質量管理體系認證), environmental management system certification\* (環境管理體系認證), Zhejiang Province environmental pollution prevention and control project special design service registration evaluation\* (浙江省環境污染防治工程專項設計服務登記評價), Zhejiang Province environmental protection Evaluation of general contracting service capabilities of pollution control projects\* (浙江省環境污染治理工程總承包服務能力評價), evaluation of soil and groundwater ecological restoration engineering capabilities\* (土壤和地下水生態修復工程能力評價) and life garbage treatment and recycling engineering capacity evaluation certificates\* (生活垃圾處理及資源化工程能力評價) (collectively, the “**Qualifications**”).

### Combined financial information of the Target Group

Set out below is a summary of certain combined financial information of the Target Group for the two years ended 31 December 2020 and 2021 and the nine months ended 30 September 2022, prepared in accordance with HKFRSs:

|   | Year ended<br>31 December<br>2020<br><i>RMB'000</i> | Year ended<br>31 December<br>2021<br><i>RMB'000</i> | Nine months<br>ended<br>30 September<br>2022<br><i>RMB'000</i> |
|---|---|---|--|
| Revenue   | 114,780   | 105,374   | 69,999   |
| Gross profit  | 22,035  | 26,293  | 20,967   |
| Net profit before taxation  | 7,812   | 10,186  | 10,192   |
| Net profit after taxation attributable to Shareholders of the Company | 7,320   | 9,618   | 9,250  |

The combined net asset value of the Target Group as at 31 December 2020 and 2021 and 30 September 2022 were approximately RMB168.8 million (equivalent to approximately HK\$191.9 million), RMB178.6 million (equivalent to approximately HK\$203.0 million) and RMB232.0 million (equivalent to approximately HK\$263.6 million), respectively.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Company.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

As at the date of announcement, the Group is principally engaged in building construction, overall project management, and repair, maintenance, alternation and addition projects (“RMAA”) across public and private sectors in Hong Kong, Malaysia and the United Kingdom. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group. By adhering to the Group’s diversified development strategy, the Acquisition will enable the Group to expand its service scopes which generally entail relatively high gross profit margins as compared to its existing business segments of building construction and RMAA.

As at the date of this announcement, with the Licences and Qualifications, the Target Group is principally engaged in the construction, rehabilitation and operation of sewage and reclaimed water treatment plants as well as water distribution plants and other environmental related facilities and infrastructure in the PRC. For the nine months ended 30 September 2022, the Target Group had undertaken a portfolio of over 10 sewage treatment and related projects, which principally scatter across different cities in the Zhejiang Provinces in the PRC.

For the two years ended 31 December 2021, the respective combined revenue generated by the Target Group amounted to approximately RMB114.8 million (equivalent to approximately HK\$130.5 million) and approximately RMB105.4 million (equivalent to approximately HK\$119.8 million), representing approximately 2.8% and approximately 2.5% of the Group’s total revenue, respectively. In light of the stable demand of environmental improvement and protection related services in the PRC, revenue of the Target Group remained at approximately RMB70.0 million (equivalent to approximately HK\$79.5 million) for the nine months ended 30 September 2022. Leveraging on the Target Group’s network, Licences and Qualifications, the Group can diversify its existing business and develop the environmental improvement and protection related construction services; and sewage and reclaimed water treatment services. The Board considers that the Acquisition is able to broaden the Group’s income sources and thereby improves its financial performance and achieves better returns for the Shareholders.

According to the report on the Development of China’s Environmental Protection Industry for 2016–2021 and data issued by Qianzhan Industry Institute\* (前瞻產業研究院), a research institute which primarily provides business information consulting; planning and database services in the PRC which is listed on the National Equities Exchange and Quotations (Stock Code: 839599), revenue of the environmental service industry market in the PRC increased from approximately RMB1,100 billion in 2016 to approximately RMB2,200 billion in 2021, and it is expected to increase to approximately RMB2,500 billion in 2022 and further increase to over RMB4,400 billion in 2027. Based on the report issued by Qianzhan Industry Institute\* (前瞻產業研究院) in 2021, water pollution prevention was the largest component of the environmental service industry market in the PRC. As such, the Company considers that there is a growth potential on the principal business of the Target Group.

On the other hand, ecological and environmental protection guidelines and policies such as the Urban Waste Sorting and Treatment Facility Development Scheme for the 14th Five-Year Plan Period and the Urban Wastewater Treatment and Recycling Program for the 14th Five-Year Plan Period is expected to continue to underscore the PRC government's commitment and determination to address environmental issues, develop ecological conservation and achieve sustainable development, regulating relevant industries and companies as well as leading them towards high-quality growth. The Company considers the environmental improvement and protection related construction service and sewage and reclaimed water treatment services of the Target Company will be benefited by the support of the PRC government and the prospect of such industry is generally optimistic.

Taking into account (i) the continuous implementation of the Group's diversified development strategy; (ii) the stable revenue stream contributed by the Target Group as seen from its historical combined financial performance; and (iii) the potential growth of the Target Group's business in the PRC in light of the aforesaid factors, the Board (excluding the independent non-executive Directors) consider that the Acquisition represents an opportunity for the Group to diversify and venture into the environmental improvement and protection related construction services; and sewage and reclaimed water treatment services which contributes to the cash flow and profitability of the Group, and that the terms of the Acquisition are fair and reasonable, on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

None of the Directors had a material interest in the Share Purchase Agreement and the transactions contemplated thereunder. However, since Mr. Guan Manyu, Ms. Chu Ping and Mr. Yang Haojiang also holds directorship and/or management positions in the Seller, each of them has voluntarily abstained from voting on the board resolution(s) approving the Share Purchase Agreement and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

As one of the percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, which is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Seller is indirectly interested in approximately 72.23% of the entire issued share capital of the Company. Accordingly, the Seller is the controlling shareholder of the Company and hence a connected person of the Company. Therefore, the Acquisition constitutes a connected transaction for the Company which is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **II. CONTINUING CONNECTED TRANSACTIONS UNDER RULE 14A.60 OF THE LISTING RULES**

### **BACKGROUND**

Prior to the Completion, the Target Group has entered into 6 agreements with the Remaining Group pursuant to which, the Target Group has mainly engaged the Remaining Group to provide, inter alia, (i) property management services; (ii) construction materials and technological systems; and (iii) project management services. On the other hand, the Target Group has also entered into 9 agreements with the Remaining Group pursuant to which, the Remaining Group has engaged the Target Group to carry out construction, rehabilitation and operation of sewage and reclaimed water treatment plants and other environmental related facilities and infrastructure in the PRC. In addition, the Target Company, Zhejiang Construction and Zhejiang Jianshe Decoration has entered into the Loan Agreement, pursuant to which, the Target Company has granted an entrusted loan to Zhejiang Jianshe Decoration through Zhejiang Construction being capital injection for a special purpose vehicle set up by the Remaining Group in Chumen Town, Yuhuan City (玉環市楚門鎮), the PRC.

Given the fact that Zhejiang Construction is a controlling shareholder of the Company, each member of the Remaining Group is deemed to be a connected person of the Company in accordance with Chapter 14A of the Listing Rules. Consequently, the continuing transactions between the Target Group and the Remaining Group contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Prior to the Completion, Zhejiang Tiantai and the Target Company entered into the ZT Agreement pursuant to which Zhejiang Tiantai engaged the Target Company to (i) carry out construction and installation services for an expansion of a sewage treatment plant; and (ii) procure relevant sewage construction materials and technological systems. As Zhejiang Tiantai will remain as a connected person of the Company under Chapter 14A of the Listing Rules after Completion, the continuing transaction under the ZT Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

## THE CONTINUING AGREEMENTS

Principal terms of the Continuing Agreements are set out as follows:

### A. Remaining Group as a service and construction materials provider/supplier/subcontractor

| Name and date of agreement  | Paying Party   | Receiving Party  | Main scope of agreement  | Term of agreement  | Payment Term   | Basis for determining the consideration  |
|---|----------------|--|--|--|--|--|
| 1. Property Management Services Agreement dated 8 February 2021 (as supplemented by Supplemental Agreement dated 8 February 2021) | Target Company | Zhejiang Zhejian, an indirect wholly-owned subsidiary of Zhejiang Construction | Provision of property management and public administration services for the office of the Target Company | Property management services: 16 November 2020 to 31 December 2023<br><br>Public administration services: 1 January 2021 to 31 December 2023 | Property management services: The Target Company paid to Zhejiang Zhejian an one-off fee of approximately RMB19,617.75 (equivalent to approximately HK\$22,293) for the period from 16 November 2020 to 31 December 2020 within 10 days upon signing the agreement. Thereafter, the Target Company shall pay a fixed amount of the property management fee to Zhejiang Zhejian on quarterly basis.<br><br>Public administration services: The Target Company shall pay a fixed amount of public administration fee to Zhejiang Zhejian on half-yearly basis. | As confirmed by the Seller and the Target Company, the service fees are determined with reference to (i) the scope of services involved; and (ii) the comparable services provided by Zhejiang Zhejian to other independent third parties. |

| Name and date of agreement                                      | Paying Party   | Receiving Party  | Main scope of agreement   | Term of agreement  | Payment Term  | Basis for determining the consideration  |
|---|----------------|--|---|--|---|--|
| 2. Construction Materials Purchase Agreement dated 30 June 2022 | Target Company | Zhejiang Zhejian, an indirect wholly-owned subsidiary of Zhejiang Construction | Purchase of construction materials including denitrification filter processing package, ultrafiltration membrane processing package, magnetic coagulation processing package and Fenton processing package for the Cangshan Sewage Treatment Plant Construction | From 30 June 2022 to the completion of the Cangshan Sewage Treatment Plant Construction, which is expected to be completed by 31 December 2024 | The preliminary purchase fee is RMB20,677,875 (equivalent to approximately HK\$23,497,585).<br><br>The Target Company shall pay to Zhejiang Zhejian 20% of the purchase fee within 5 days upon signing of the agreement; 40% of the purchase fee within 5 days upon receiving the construction materials; 20% of the purchase fee within 5 days upon completing the installation and testing; 10% of the purchase fee within 5 days upon completion of the inspection of Cangshan Sewage Treatment Plant Construction; 5% of the purchase fee within 5 days upon completion of the environmental inspection; and 5% of the purchase fee upon the expiry of the warranty period. | As confirmed by the Seller and the Target Company, the purchase fee was determined with reference to the prevailing market prices of similar construction materials. |
| 3. Construction Materials Purchase Agreement dated 15 July 2022 | Target Company | Zhejiang Zhejian, an indirect wholly-owned subsidiary of Zhejiang Construction | Purchase of construction materials including deodorization system process package and sludge dewatering system process package for the Cangshan Sewage Treatment Plant Construction   | From 15 July 2022 to the completion of the Cangshan Sewage Treatment Plant Construction, which is expected to be completed by 31 December 2024 | The preliminary purchase fee is RMB7,578,705 (equivalent to approximately HK\$8,612,165).<br><br>The Target Company shall make advance payment of 20% of the purchase fee to Zhejiang Zhejian after signing of the agreement; 40% of the purchase fee after receiving all constructions materials; 20% of the purchase fee after completing the installation and testing; 10% of the purchase fee after completion of the inspection of Cangshan Sewage Treatment Plant Construction; 5% of the purchase fee after completion of the environmental inspection; and 5% of the purchase fee upon the expiry of the warranty period.   | As confirmed by the Seller and the Target Company, the purchase fee was determined with reference to the prevailing market prices of similar construction materials. |

| Name and date of agreement                                   | Paying Party   | Receiving Party  | Main scope of agreement  | Term of agreement   | Payment Term   | Basis for determining the consideration   |
|--|----------------|--|--|---|--|---|
| 4. Construction Materials Purchase Agreement dated July 2022 | Target Company | Zhejiang Zhejian, an indirect wholly-owned subsidiary of Zhejiang Construction | Purchase of construction materials including stencil and square wood products for the Cangshan Sewage Treatment Plant Construction | From July 2022 to the completion of Cangshan Sewage Treatment Plant Construction, which is expected to be completed by 31 December 2024.    | The preliminary purchase fee is RMB1,540,000 (equivalent to approximately HK\$1,750,000).<br><br>Zhejiang Zhejian shall send a monthly invoice to the Target Company stating the purchase fee of the construction materials for the relevant month, pursuant to which 75% of respective monthly purchase fee shall be settled by the Target Company by the 30th of next month. The rest of the purchase fee shall be settled by the Target Company within 3 months upon completion of the final settlement of Cangshan Sewage Treatment Plant Construction.  | As confirmed by the Seller and the Target Company, the purchase fee was determined with reference to the prevailing market prices of similar construction materials.  |
| 5. Steel Purchase Agreement dated 12 July 2022               | Target Company | Zhejiang Jianshe, a non wholly-owned subsidiary of Zhejiang Construction       | Purchase of steel for the Cangshan Sewage Treatment Plant Construction   | From 12 July 2022 to the completion of Cangshan Sewage Treatment Plant Construction, which is expected to be completed by 31 December 2024. | The preliminary purchase fee is RMB7,500,000 (equivalent to approximately HK\$8,522,730).<br><br>The Target Company shall provide a monthly procurement plan to Zhejiang Jianshe for the following month before the 25th of each month. Zhejiang Jianshe shall deliver the steel to the construction site within 5 working days upon receiving the monthly procurement plan from the Target Company. The Target Company shall make prepayment for each order. Zhejiang Jianshe shall submit calculation and settlement statements upon delivery of the respective order setting out the actual amount of fees payable reflecting its actual delivery. In the event that the prepayment exceeds the cost of actual delivery, Zhejiang Jianshe shall refund the extra payment to the Target Company accordingly. | As confirmed by the Seller and the Target Company, the purchase fee was determined with reference to the guidance price on "Mysteel website" ( <a href="https://www.mysteel.com/">https://www.mysteel.com/</a> ) on the day that the order of steel is delivered. |



| Name and date of agreement   | Paying Party   | Receiving Party       | Main scope of agreement   | Term of agreement   | Payment Term   | Basis for determining the consideration  |
|--|----------------|-----------------------|---|---|--|--|
| 6. Sewage Treatment Plant Operation and Maintenance Management Consulting Contract* (污水處理廠運維管理諮詢合同) signed in January 2021 (the "Third Si'an Agreement") | Target Company | Zhejiang Construction | Provision of operation and maintenance management and consultancy services in respect of Changxing Si'an Oasis Sewage Treatment Plant (長興泗安綠洲污水處理廠) in Si'an, Changxing County, Zhejiang Province, the PRC ("Si'an Sewage Treatment Plant") | From 20 October 2020 to the expiry of the First Si'an Agreement | <p>Changxiang Zhejiang and People's Government in Si'an County entered into a transitional operation and maintenance entrustment agreement in relation to the Si'an Sewage Treatment Plant (過渡期委託運營協議) (the "First Si'an Agreement") in October 2020 pursuant to which Changxiang Zhejiang is engaged to, inter alia, operate and maintain sewage water tubes and related equipment in relation to the Si'an Sewage Treatment Plant for the period from 20 October 2020 to the date of the formal sewage treatment plant operation and maintenance entrustment agreement to be entered into (the "Operation Period"). Changxiang Zhejiang and the People's Government in Si'an County are currently in the course of negotiating the terms of the formal sewage treatment plant operation and maintenance entrustment agreement. It is expected the formal agreement will be executed in year 2023.</p> <p>Upon the execution of the First Si'an Agreement, Changxing Zhejiang and the Target Company entered into the sewage treatment plant transitional operation and maintenance entrustment agreement (泗安綠洲污水處理廠過渡期委託運維協議) dated 13 October 2020 (the "Second Si'an Agreement") pursuant to which the Target Company shall provide to Changxing Zhejiang, inter alia, the operation and maintenance services for sewage water tubes and related equipment in relation to the Si'an Sewage Treatment Plant during the Operation Period.</p> <p>After the execution of the Second Si'an Agreement, the Target Company entered into the Third Si'an Agreement with Zhejiang Construction pursuant to which Zhejiang Construction shall provide the Target Company with the relevant consultancy services with the consultancy fee amounted to 5% of the services fees to be received by the Target Company from Chengxing Zhejiang, which shall be settled on the monthly basis.</p> | As confirmed by the Seller and the Target Company, the consultancy fee was determined with reference to the relevant consultancy terms stated in the Second Si'an Agreement. |

## B. Target Group as a service provider/subcontractor/lender

| Name and date of agreement   | Paying Party   | Receiving Party | Main scope of agreement   | Term of agreement   | Payment Term   | Basis for determining the consideration  |
|--|--|-----------------|---|---|--|--|
| 1. Second Si'an Agreement  | Changxing Zhejiang, a wholly-owned subsidiary of Zhejiang Construction | Target Company  | Provision of operation and maintenance services for sewage water tubes and related equipments in relation to the Si'an Sewage Treatment Plant | From 20 October 2020 to the expiry of the First Si'an Agreement   | Changxing Zhejiang shall pay the services fee to the Target Company within 7 working days upon receiving the service fees from the People's Government in Si'an County on the monthly basis.   | As confirmed by the Seller and the Target Company, the services fees was primarily determined with reference to the unit sewage treatment fees as mutually agreed between Changxing Zhejiang and the People's Government in Si'an County and the volume of sewage being treated. If such fees were not agreed during the Operation Period, the parties to the agreement will follow the unit sewage treatment fees as adopted by the previous operating company. |
| 2. Membrane equipment procurement and installation contract* (膜設備採購安裝合同) signed in December 2020 | Zhejiang Construction  | Target company  | Purchase and installation of membrane equipment for expansion project of the Si'an Sewage Treatment Plant                                     | From 20 October 2020 to 15 December 2020.<br><br>As at the date of this announcement, the project is still pending for final certification. Accordingly, to the best knowledge, information and belief of the Directors, the parties to the agreement mutually agreed to extend the term of this agreement to the completion of the final certification, which is expected to be completed by 31 December 2023. | The preliminary contract fee is RMB12,400,000 (equivalent to approximately HK\$14,090,910).<br><br>Upon agreement between the Target Company and Zhejiang Construction on the progress of the installation monthly basis, Zhejiang Construction shall settle 60% of the corresponding contract fee by the 30th of the following month. Zhejiang Construction shall settle 10% of the contract fee upon completion of the installation and inspection; 15% of the contract fee upon completion of the overall project of Si'an Sewage Treatment Plant; and 15% of the contract fee within 30 days from the expiry of the warranty period. | As confirmed by the Seller and the Target Company, the preliminary contract fee was determined with reference to the corresponding terms in relation to the purchase and installation of membrane equipment as stated in the master construction agreement entered into between Changxing Zhejiang and Zhejiang Construction in relation to the expansion project of the Si'an Sewage Treatment Plant.   |

| Name and date of agreement   | Paying Party   | Receiving Party | Main scope of agreement   | Term of agreement   | Payment Term   | Basis for determining the consideration   |
|--|--|-----------------|---|---|--|---|
| 3. A subcontract agreement in relation to sewage standpipe reconstruction and household connection project in zero direct sewage discharge area on Damaiyu Street, Yuhuan City 玉環市大麥嶼街道污水零直排區建設工程(EPC總承包)項目立管改造及接戶工程專業分包合同 dated 8 August 2019 (the "First Damaiyu Agreement") | Zhejiang Construction Investment, a wholly-owned subsidiary of Zhejiang Construction | Target Company  | Reconstruction of sewage standpipe and household connection project in zero direct sewage discharge area, which is located on Damaiyu Street, Yuhuan City* (玉環市大麥嶼街), Taizhou, Zhejiang Province, the PRC | From 15 July 2019 to 14 July 2020<br><br>As at the date of this announcement, the whole project under the Master Reconstruction Agreement is still pending for final certification.<br><br>Accordingly, to the best knowledge, information and belief of the Directors, the parties to the agreement mutually agreed to extend the term of the First Damaiyu Agreement to the completion of the final certification, which is expected to be completed by 31 December 2023. | In July 2019, Yuhuan City People's Government Damaiyu Sub-district Office, Dayuhuan City* (玉環市人民政府大玉環市大麥嶼街道辦事處) and Zhejiang Construction Investment entered into an agreement (EPC Main Contractor) in relation to sewage standpipe reconstruction and household connection project in zero direct sewage discharge area on Damaiyu Street, Yuhuan City (the "Master Reconstruction Agreement") pursuant to which, Zhejiang Construction Investment was appointed as a main contractor to carry out, inter alia, (i) sewage standpipe reconstruction and household connection project in zero direct sewage discharge area; and (ii) in-depth investigation service in zero direct sewage discharge area.<br><br>On 8 August 2019, Zhejiang Construction Investment engaged the Target Company to carry out the sewage standpipe reconstruction and household connection project in zero direct sewage discharge area on Damaiyu Street, Yuhuan City.<br><br>According to the Master Reconstruction Agreement, Yuhuan City People's Government Damaiyu Sub-district Office, Dayuhuan City shall pay to Zhejiang Construction Investment 10% of the contract fee within 10 working days upon signing the Master Reconstruction Agreement; 20% of the contract fee upon the passing of the preliminary design review; 25% of the contract fee upon the passing of the construction design review; 25% of the contract fee upon the completion of construction; 10% of the contract fee upon the completion of the inspection; and 10% upon the completion of the final certification.<br><br>The preliminary contract fee under the First Damaiyu Agreement is RMB24,000,000 (equivalent to approximately HK\$27,272,730), which shall be payable in accordance with the same payment terms of Master Reconstruction Agreement. Zhejiang Construction Investment shall pay the corresponding amount to the Target Company within 10 days from receiving the relevant contract fee from Yuhuan City People's Government Damaiyu Sub-district Office, Dayuhuan City* (玉環市人民政府大玉環市大麥嶼街道辦事處). | As confirmed by the Seller and the Target Company, the contract fee was determined with reference to the payment terms of the corresponding scope of services as stated in the Master Reconstruction Agreement. |

| Name and date of agreement  | Paying Party   | Receiving Party | Main scope of agreement  | Term of agreement  | Payment Term  | Basis for determining the consideration   |
|---|--|-----------------|--|--|---|---|
| 4. A subcontract agreement in relation to in-depth investigation services in zero direct sewage discharge area on Damaiyu Street, Yuhuan City* (玉環市大麥街) 玉環市大麥嶼街道污水零直排區建設工程(EPC總承包)深度排査服務分包合同 dated 8 August 2019 (the "Second Damaiyu Agreement") | Zhejiang Construction Investment, a wholly-owned subsidiary of Zhejiang Construction | Target Company  | Provision of in-depth investigation services in zero direct sewage discharge area on Damaiyu Street, Yuhuan City   | Within 15 calendar days after the issue of the award notice of tender<br><br>As at the date of this announcement, the whole project under the Master Reconstruction Agreement is still pending for final certification.<br><br>Accordingly, to the best knowledge, information and belief of the Directors, the parties to the agreement mutually agreed to extend the term of the Second Damaiyu Agreement to the completion of the final certification, which is expected to be completed by 31 December 2023. | In light of the Master Reconstruction Agreement, Zhejiang Construction Investment, on 8 August 2019, engaged the Target Company to provide an in-depth investigation services in zero direct sewage discharge area on Damaiyu Street, Yuhuan City. According to the Master Reconstruction Agreement, Yuhuan City People's Government Damaiyu Sub-district Office, Dayuhuan City shall pay 10% of the contract fee within 10 working days upon signing the Master Reconstruction Agreement; 20% of the contract fee upon the passing of the preliminary design review; 25% of the contract fee upon the passing of the construction design review, 25% of the contract fee upon the completion of construction; 10% of the contract fee upon the completion of the inspection; and 10% upon the completion of the final certification.<br><br>The preliminary contract fee under the Second Damaiyu Agreement is RMB6,123,950 (equivalent to approximately HK\$6,959,040), which shall be payable in accordance with the same payment terms of Master Reconstruction Agreement. Zhejiang Construction Investment shall pay the corresponding amount to the Target Company within 10 days from receiving the relevant contract fee from Yuhuan City People's Government Damaiyu Sub-district Office, Dayuhuan City. | As confirmed by the Seller and the Target Company, the contract fee was determined with reference to the payment terms of the corresponding scope of services as stated in the Master Reconstruction Agreement. |
| 5. Technical consultation contract for the inspection of water and soil conservation facilities (including water and soil conservation monitoring)* (水土保持設施驗收(含水土保持監測)技術諮詢合同) dated 29 September 2020   | Shaoxing Yuecheng a non-wholly owned subsidiary of Zhejiang Construction             | Target Company  | Provision of consultancy service in relation to the assessment of water and soil conservation facilities (including water and soil conservation monitoring) of the Mashanzha drainage and ancillary river project (Yuecheng area) in Shaoxing City, Zhejiang Province, the PRC | From 29 September 2020 to the completion of the inspection of the water and soil conservation facilities, which is expected to be completed by 31 December 2024  | The preliminary contract fee is RMB217,000 (equivalent to approximately HK\$246,600). Shaoxing Yuecheng shall pay to the Target Company 40% of the contract fee within one month from signing of the agreement and receiving the implementation plan and 60% of the contract fee within 30 days from the passing of the inspection of the water and soil conservation facilities.   | As confirmed by the Seller and the Target Company, the contract fee was determined primarily on the prevailing market price.  |

| Name and date of agreement   | Paying Party          | Receiving Party | Main scope of agreement  | Term of agreement   | Payment Term  | Basis for determining the consideration   |
|--|-----------------------|-----------------|--|---|---|---|
| 6. Subcontracts for greening, paving and landscape in Yuehu District and Binjiang Avenue F-G District of Yuehu Cuihu Ecological Corridor Construction Project in Longgang City* (龍港市月湖翠湖生態廊道建設工程項目月湖區、濱江大道F-G區的綠化、鋪裝、景觀等專業分包合同) dated 1 June 2021 (“Longgang Subcontract”) | Zhejiang Construction | Target Company  | Provision of greening, paving and landscape services in Yuehu District and Binjiang Avenue F-G District of Yuehu Cuihu Ecological Corridor Construction Project in Longgang City | From 4 May 2021 to 31 August 2021<br><br>As at the date of this announcement, the construction project has not yet completed. Accordingly, to the best knowledge, information and belief of the Directors, the parties to the agreement mutually agreed to extend the term of agreement and the expected completion date is 30 June 2024. | In June 2021, Zhejiang Construction, Zhejiang Construction Engineering Group Co., Ltd* (浙江省建工集團有限責任公司) and Longgang New City Construction and Development Co., Ltd.* (龍港市新城建設發展有限公司) (“Longgang New City”) entered into a master construction agreement (the “Master Construction Agreement”), pursuant to which Zhejiang Construction as a lead manager was engaged to carry out the greening project construction in Longgang Xincheng Central Business District. Pursuant to the Master Construction Agreement, Longgang New City shall pay to Zhejiang Construction (i) the survey and design fee; and (ii) the construction fee.<br><br>In relation to the survey and design fee, Longgang New City shall pay to Zhejiang Construction 35% of the survey and design fee upon the approval of the design; 45% of the survey and design fee upon the completion of 50% of the construction; 10% of the survey and design fee upon the completion of the inspection of the construction; and 10% of the survey and design fee upon the completion of the settlement assessment and audit.<br><br>In relation to the construction fee, Zhejiang Construction shall submit the progress report to Longgang New City and upon approval, Longgang New City shall pay to Zhejiang Construction 80% of the corresponding construction fee. Longgang New City shall pay to Zhejiang Construction 5% of the corresponding construction fee upon the completion of the inspection of the each construction item; 5% of the construction fee upon the completion of the inspection of whole construction; 8.5% of the construction fee upon the completion of the settlement assessment and audit. The remaining 1.5% of the construction fee shall be kept by Longgang New City as construction quality guarantee and the guarantee period is 2 years after the completion of the settlement assessment and audit.<br><br>The contract fee under Longgang Subcontract is RMB42,200,000 (equivalent to approximately HK\$47,954,350). The payment term of the subcontract is the same as Master Construction Agreement. Upon receiving the fee from Longgang New City, Zhejiang Construction shall pay the corresponding amount to the Target Company within 15 days from such receipt. | The contract fee payable to the Target Company is based on payment term of the corresponding scope of service in the Master Construction Agreement. |

| Name and date of agreement   | Paying Party   | Receiving Party | Main scope of agreement   | Term of agreement  | Payment Term  | Basis for determining the consideration   |
|--|--|-----------------|---|--|---|---|
| 7. Subcontract Agreement in relation to upgrading and renovation project for rural domestic sewage in 25 villages in the secondary protection zone of Changtan Reservoir* (長潭水庫二級保護區25個村農村生活污水提升改造工程(EPC工程總承包) 建設工程施工專業分包合同) dated 1 July 2018 | Zhejiang Construction Investment, a wholly-owned subsidiary of Zhejiang Construction | Target Company  | Procurement, transportation, installation, commissioning, trial operation of terminal equipment | From 20 June 2018 to 20 November 2018.<br><br>As at the date of this announcement, the project has not yet completed. Accordingly, to the best knowledge, information and belief of the Directors, the parties to the agreement mutually agreed to extend the term of the subcontract agreement to the completion of the project, which is expected to be by 31 December 2023. | In June 2018, Housing and Urban-Rural Development Bureau of Huangyan District, Taizhou City* (台州市黃岩區住房和城鄉建設局) (“Huangyan Bureau”) as a lead manager and Zhejiang Construction Investment as a main contractor entered into a EPC contract in relation to upgrading and renovation project of rural domestic sewage in 25 villages in the secondary protection zone of Changtan Reservoir (the “EPC Contract”), pursuant to which, Huangyan Bureau shall pay to Zhejiang Construction Investment (i) survey and design fee; (ii) construction fee; and (iii) operation and maintenance fee.<br><br>In relation to the survey and design fee, Huangyan Bureau shall pay to Zhejiang Construction Investment 5% of the survey and design fee upon the signing of the EPC Contract; 45% of the survey and design fee upon the completion of design; 30% of the survey and design fee upon the completion of the construction; 10% of the survey and design fee upon the completion of preliminary inspection; 10% of the survey and design fee upon the completion of the inspection.<br><br>In relation to the construction fee, Huangyan Bureau shall pay to Zhejiang Construction Investment 5% of the construction fee upon the signing of the EPC Contract. Huangyan Bureau shall pay to Zhejiang Construction Investment the construction fee on monthly basis from the date of the EPC Contract to the completion of the construction, which in aggregate shall constitutes 45% of the construction fee. Huangyan Bureau shall pay to Zhejiang Construction Investment 20% of the construction fee upon the expiry of 6 months after the inspection; 10% of the construction fee upon the expiry of 12 months after the inspection; 10% of the construction fee upon the expiry of 18 months after the inspection; 10% of the construction fee upon the completion of the settlement and the expiry of 24 months after the inspection. | The contract fee payable to the Target Company is based on the payment terms of the corresponding scope of services under the EPC Contract. |

| Name and date of agreement | Paying Party | Receiving Party | Main scope of agreement | Term of agreement | Payment Term   | Basis for determining the consideration |
|----------------------------|--------------|-----------------|-------------------------|-------------------|--|---|
|                            |              |                 |                         |                   | <p>In relation to the operation and maintenance fee, Huangyan Bureau shall pay to Zhejiang Construction Investment the operation and maintenance fee (which is equivalent to 90% x operation and maintenance work volume at particular point in time x the agreed operation and maintenance unit for each household) for the periods between (i) the delivery of the construction and the completion date of the inspection; (ii) the completion date of the inspection and the expiry date of 6 months after the inspection; (iii) the expiry date of 6 months after the inspection and the expiry date of 12 months after the inspection; and (iv) the expiry date of 12 months after the inspection and the expiry date of 18 months after the inspection. Huangyan Bureau shall pay to Zhejiang Construction Investment the maintenance fee (which is equivalent to 100% x operation and maintenance work volume at particular point in time x the agreed operation maintenance unit for each household) for the period between the expiry date of 18 months after the inspection and the expiry date of 24 months after the inspection.</p> |   |
|                            |              |                 |                         |                   | <p>On 1 July 2018, Zhejiang Construction Investment and the Target Company has entered into the subcontract agreement for the purpose of procurement, transportation, installation, commissioning, trial operation of terminal equipment. The preliminary contract fee is RMB24,870,000 (equivalent to approximately HK\$28,261,370). The payment term under the subcontract agreement is the same as the EPC Contract. Upon receiving the fee from Huangyan Bureau, Zhejiang Construction Investment shall pay the corresponding amount to the Target Company within 10 days from such receipt.</p>   |   |

| Name and date of agreement  | Paying Party   | Receiving Party | Main scope of agreement  | Term of agreement  | Payment Term   | Basis for determining the consideration  |
|---|--|-----------------|--|--|--|--|
| 8. Subcontract agreement dated 1 July 2018 in relation to upgrading and renovation project of rural domestic sewage in 25 villages in the secondary protection zone of Changtan Reservoir* (長潭水庫二級保護區25個村農村生活污水提升改造工程(EPC工程總承包)建設工程施工專業分包合同)  | Zhejiang Construction Investment, a wholly-owned subsidiary of Zhejiang Construction | Target Company  | Provision of management and maintenance services for the period between the completion of the inspection of the project (whole or partial) and 31 December 2020.   | From 30 December 2018 to 30 December 2020<br><br>As at the date of this announcement, the project is still pending for final certification. Accordingly, to the best knowledge, information and belief of the Directors, the parties to the agreement mutually agreed to extend the term of the subcontract agreement to the completion of the final certification, which is expected to be by 31 December 2023. | The preliminary contract fee is RMB4,506,604 (equivalent to approximately HK\$5,121,150). The payment term under the subcontract agreement is the same as the EPC Contract. Upon receiving the fee from Huangyan Bureau, Zhejiang Construction Investment shall pay the corresponding amount to the Target Company within 10 days from such receipt.   | The contract fee payable to the Target Company is based on the payment terms of the corresponding scope of services under the EPC Contract.  |
| 9. Subcontract agreement dated 20 June 2018 in relation to upgrading and renovation project of rural domestic sewage in 25 villages in the secondary protection zone of Changtan Reservoir* (長潭水庫二級保護區25個村農村生活污水提升改造工程(EPC工程總承包)建設工程施工專業分包合同) | Zhejiang Construction Investment, a wholly-owned subsidiary of Zhejiang Construction | Target Company  | Excavation, backfilling and concrete pouring of new roads; demolition and repair of original roads; pipeline laying and backfilling, new roads; terminal civil works under the upgrading and renovation project of rural domestic sewage.  | From 20 June 2018 to 20 November 2018<br><br>As at the date of this announcement, the project is still pending for final certification. Accordingly, to the best knowledge, information and belief of the Directors, the parties to the agreement mutually agreed to extend the term of the subcontract agreement to the completion of the final certification, which is expected to be by 31 December 2023.     | The preliminary contract fee is RMB20,000,000 (equivalent to approximately HK\$22,727,280). The payment term under the subcontract agreement is the same as the EPC Contract. Upon receiving the fee from Huangyan Bureau, Zhejiang Construction Investment shall pay the corresponding amount to the Target Company within 10 days from such receipt. | The contract fee payable to the Target Company is based on the payment terms of the corresponding scope of services under the EPC Contract.  |
| 10. The Loan Agreement  | Zhejiang Jianshe Decoration, a non-wholly owned subsidiary of Zhejiang Construction  | Target Company  | The Target Company provided an entrusted loan in the principal amount of RMB29,500,000 at an interest rate of 6.0% per annum to Zhejiang Jianshe Decoration through Zhejiang Construction, being capital injection for a special purpose vehicle set up by the Remaining Group (the "SPV") in Chumen Town, Yuhuan City* (玉環市楚門鎮), the PRC. | From 22 September 2022 to 21 September 2023  | Zhejiang Jianshe Decoration shall pay a fixed amount of interest at 6.0% per annum on monthly basis, and repay the loan principal by 21 September 2023.  | As confirmed by the Seller and the Target Company, the principal amount was agreed based on the expected required capital injection amount of the SPV. The interest rate was determined with reference to the interest rate of similar short term loan granted by Zhejiang Construction. |



## C. The ZT Agreement

| Name and date of agreement | Paying Party     | Receiving Party    | Key scope of agreement  | Term of agreement   | Payment term  | Basis for determining the consideration   |
|----------------------------|------------------|--------------------|---|---|---|---|
| ZT Agreement               | Zhejiang Tiantai | The Target Company | Provision of construction and installation services for an expansion of the Cangshan Sewage Treatment Plant Construction and procurement of relevant sewage construction materials and technological systems. | From 15 June 2022 to 11 April 2023.<br><br>As confirmed by the Seller and the Target Company, the parties to the ZT Agreement have mutually agreed to extend the agreement to the completion of the expansion of the Cangshan Sewage Treatment Plant Construction, which is expected to be completed by 31 December 2024. | The preliminary estimated contract fee is approximately RMB114,821,000 (equivalent to approximately HK\$130,478,410).<br><br>In relation to the provision of construction and installation services:<br><br>Payment on monthly basis. Zhejiang Tiantai shall, in each month, determine the progress of the construction and installation and, on monthly basis pay to the Target Company 80% of the corresponding contract fee. Zhejiang Tiantai shall pay to the Target Company 10% of the contract fee upon passing of inspection of construction; 8.5% of the contract fee within 1 month from completion of certification of construction work. The remaining 1.5% of the contract fee shall be kept by Zhejiang Tiantai as construction quality guarantee and shall be returned within 7 days upon passing of the warranty period.<br><br>In relation to procurement of relevant sewage construction materials and technological systems:<br><br>Zhejiang Tiantai shall pay to the Target Company 50% of the procurement fee upon the supply of relevant materials and systems; 45% of the procurement fee upon passing of the inspection of relevant materials and systems; payment of 3.5% of the procurement fee upon completion of certification of work. The remaining 1.5% of the procurement fee shall be kept by Zhejiang Tiantai as construction quality guarantee and shall be returned within 7 days upon passing of the warranty period. Procurement fee shall be paid on monthly basis. | Regarding the provision of construction and installation services:<br><br>As confirmed by the seller and the Target Company, the service fees are determined with reference to the scope of work stated in the ZT Agreement.<br><br>Regarding the procurement of relevant sewage construction materials and technological systems:<br><br>As confirmed by the Seller and the Target Company, the procurement fees are determined with reference to the prevailing market prices of similar materials and systems. |

## **REASONS FOR AND BENEFITS OF THE OF THE CONTINUING CONNECTED TRANSACTIONS**

While the Group continues to focus on its existing business segments of building construction and RMAA, the acquisition of the Target Group, which is principally engaged in the construction, rehabilitation and operation of sewage and reclaimed water treatment plants as well as water distribution plants and other environmental related facilities and infrastructure in the PRC, is able to diversify and expand the service scope of the Group.

The Remaining Group has been supplying construction materials and providing construction project management and consulting services to the Target Company prior to the Acquisition. In view of the long term business relationship and the familiarity of the business of the Target Group, the entering into of the Continuing Agreements whereas the Remaining Group continues to be the service provider and construction material provider, supplier or subcontractor of the relevant services or products is beneficial to the Group in controlling the relevant costs at normal commercial term.

In addition, upon the completion of the Acquisition, the financial results of the Target Group will be consolidated into the financial statements of the Company. By leveraging on the listing status and the state-owned background of Zhejiang Construction, the Remaining Group was awarded the construction contracts in relation to sewage treatment plants or other environmental improvement and protection related infrastructure prior to the Acquisition. The entering into of the Continuing Agreements whereas the Target Group continues to be the service provider, subcontractor of the relevant services or lender of a short term loan serve to enhance the operating income, assist in maintaining the Group's sustainable growth and generate an immediate short term interest income upon the completion of the Acquisition.

The Directors are of the view that the Continuing Agreements and the continuing connected transactions contemplated thereunder have been entered into on normal commercial terms, and are therefore fair and reasonable and in the interests of the Company and its Shareholders as a whole. None of the Directors had a material interest in the Continuing Agreements and the transactions contemplated thereunder. However, since Mr. Guan Manyu, Ms. Chu Ping and Mr. Yang Haojiang also hold directorships and/or management positions in the Seller, each of them has voluntarily abstained from voting on the board resolution(s) approving the continuation of transactions contemplated under the Continuing Agreements.

## INFORMATION OF THE PARTIES TO THE AGREEMENTS AND ZT AGREEMENT

Zhejiang Construction is a company listed on Shenzhen Stock Exchange (SZSE Security Code: 002761) and one of the controlling shareholders of the Company. Zhejiang Construction is owned as to (i) 37.90% by Zhejiang State-owned Capital Operation Company Limited\* (浙江省國有資本運營有限公司) (which is wholly-owned by the State-owned Assets Supervision and Administration Commission of the Zhejiang Provincial Government\* (浙江省人民政府國有資產監督管理委員會)); (ii) 9.32% by ICBC Financial Asset Investment Co. Ltd.\* (工銀金融資產投資有限公司); (iii) 8.52% by China Cinda Asset Management Co., Ltd.\* (中國信達資產管理股份有限公司); (iv) 6.21% by Zhejiang Jianyang Investment Company Limited.\* (浙江建陽投資股份有限公司); (v) 6.21% by Deson Development International Holdings Investment Limited.\* (迪臣發展國際集團投資有限公司); (vi) 6.21% by Hung Wan Construction Co., Ltd.\* (鴻運建築有限公司); and (vii) the remaining 25.63% held by other minority shareholders. As at the date of this announcement, Zhejiang Construction is principally engaged in building construction business, engineering related services and investment in infrastructure projects.

Zhejiang Construction Investment is a limited liability company established in the PRC on 16 December 1999 and is wholly owned by Zhejiang Construction and is principally engaged in provision of engineering construction services.

Changxing Zhejian is a limited liability company established in the PRC on 15 August 2017 and is wholly owned by Zhejiang Construction. Changxing Zhejian is principally engaged in provision of urban infrastructure construction, industrial investment, housing construction, interior and exterior decoration construction and property management services.

Zhejiang Jianshe is a limited liability company established in the PRC on 27 March 2012 and owned (i) as to approximately 51.0% by Zhejiang Construction; (ii) as to approximately 19.0% by Zhejiang Construction Engineering Group Co., Ltd.\* (浙江省建工集團有限責任公司) (“**Zhejiang Construction Engineering**”), which is wholly owned by Zhejiang Construction; (iii) as to 10.0% by Zhejiang Province Yijian Construction Group Co., Ltd.\* (浙江省一建建設集團有限公司) (“**Zhejiang Province Yijian Construction**”), which is owned as to approximately 86.9% by Zhejiang Construction and approximately 13.1% by Guoxin Jianxin Equity Investment Fund (Chengdu) Partnership (L.P.)\* (國新建源股權投資基金(成都)合夥企業(有限合夥)) (“**Guoxin Jianxin**”); (iv) as to 10.0% owned by Zhejiang Erjian Construction Group Co., Ltd. (浙江省二建建設集團有限公司), which is owned as to approximately 75.3% by Zhejiang Construction and approximately 24.7% by Guoxin Jianxin; and (v) as to 10.0% owned by Zhejiang Sanjian Construction Group Co., Ltd.\* (浙江省三建建設集團有限公司). As at the date of this announcement, Zhejiang Jianshe is principally engaged in sales of building materials, metals and machinery electric equipment, etc.

Zhejiang Zhejian is a limited liability company established in the PRC on 15 December 2016 and is wholly owned by Zhejiang Provincial Construction Investment Group Co., Ltd.\* (浙江省建設投資集團有限公司), which is a limited liability company established in the PRC on 14 April 1998 and wholly owned by Zhejiang Construction. As at the date of this announcement, Zhejiang Zhejian is principally engaged in catering service (operated by license), construction project management and consulting services, property management, leasing, building materials, decoration engineering and construction engineering, etc..

Shaoxing Yuecheng is a limited liability company established in the PRC on 12 September 2018 and is owned (i) as to approximately 80.0% by Zhejiang Construction; (ii) as to approximately 10.0% by Shaoxing Yuecheng District Construction Investment Co., Ltd.\* (紹興市越城區建設投資有限公司) (which in turn is indirectly owned as to approximately 90.9% by Finance Bureau of Yuecheng District, Shaoxing City\* (紹興市越城區財政局)); (iii) as to approximately 9.0% by Zhejiang Construction Engineering; and (iv) as to approximately 1.0% by Zhejiang Construction Engineering Water Conservancy and Hydropower Construction Co., Ltd.\* (浙江建工水利水電建設有限公司) (which in turn is indirectly wholly owned by Zhejiang Construction). As at the date of this announcement, Shaoxing Yuecheng is principally engaged in construction project management, architectural decoration engineering design and construction and housing construction engineering general contracting.

Zhejiang Jianshe Decoration is a limited liability company established in the PRC on 8 February 1986 and is owned (i) as to approximately 70.0% by Zhejiang Zhejian Meili Xiangcun Construction Co., Ltd.\* (浙江浙建美麗鄉村建設有限公司), which is wholly-owned by Zhejiang Construction; and (ii) as to approximately 30.0% by Zhejiang Province Yijian Construction. As at the date of this announcement, Zhejiang Jianshe Decoration is principally engaged in building construction business, architectural engineering design, curtain wall installation and engineering related services.

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules in respect of the Continuing Agreements. The Company will further comply with all applicable requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Continuing Agreements.

## **GENERAL**

An Independent Board Committee comprising all the independent non-executive Directors, namely The Honourable Tse Wai Chun Paul JP, Mr. Lau Pak Shing and Mr. Ho Man Yiu Ivan, has been established by the Company to advise and provide recommendation(s) to the Independent Shareholders in respect of the Acquisition. In such connection, TC Capital International Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder. As at the date of this announcement, the Seller is indirectly interested in 361,150,000 Shares of the Company, which are directly held by its wholly-owned subsidiary, CR Construction Investments Limited, representing approximately 72.23% of the total issued share capital of the Company. In view of the Seller's interests in the Share Purchase Agreement and the transactions contemplated thereunder, CR Construction Investments Limited will abstain from voting at the EGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Share Purchase Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution of the Company in approving the Share Purchase Agreement and the transactions contemplated thereunder at the EGM.

None of the Directors had a material interest in the Share Purchase Agreement and the transactions contemplated thereunder. However, since Mr. Guan Manyu, Ms. Chu Ping and Mr. Yang Haojiang also holds directorship and/or management roles in the Seller, each of them has voluntarily abstained from voting on the board resolution(s) approving the continuation of transactions contemplated under the Share Purchase Agreement.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the recommendation(s) from the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iv) the financial information of the Target Group; (v) a notice convening the EGM; and (vi) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 31 March 2023 as additional time is required to prepare the relevant information to be included in the circular.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment of the conditions precedent as set out in the Share Purchase Agreement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are therefore reminded to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

|               |   |
|---------------|---|
| “Acquisition” | the acquisition by the Company of the entire equity interest in the Target Company from the Seller pursuant to the Share Purchase Agreement   |
| “Agreements”  | the Loan Agreement and various agreements entered into between the Target Group and the Remaining Group prior to the Completion in relation to various continuing transactions between the Target Company and the Remaining Group and remain effective after the Completion |

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| “Board”  | the board of Directors of the Company  |
| “Business Day(s)”                              | a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business  |
| “Cangshan Sewage Treatment Plant Construction” | the construction PPP Project of phase II of Cangshan Sewage Treatment Plant* (蒼山污水處理廠), which is located in Tiantai County, Taizhou, Zhejiang Province, the PRC  |
| “Changshan Construction”                       | Changshan Construction Investment Water Company Limited* (常山建投水務有限公司), a limited liability company established in the PRC and is wholly-owned by the Target Company  |
| “Changxing Construction”                       | Changxing Construction Investment Water Company Limited* (長興建投水務有限公司), a limited liability company established in the PRC and is wholly-owned by the Target Company  |
| “Changxing Construction Investment”            | Changxing Construction Investment Environmental Technology Company Limited* (長興建投環保科技有限公司), a limited liability company established in the PRC and is wholly-owned by the Target Company   |
| “Changxing Zhejian”                            | Changxing Zhejian Town Construction Co., Ltd.* (長興浙建城鎮建設有限公司), a limited liability company established in the PRC  |
| “Company”                                      | CR Construction Group Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and registered as a non-Hong Kong company in Hong Kong, the shares of which are listed on the Stock Exchange (Stock Code: 1582) |
| “Completion”                                   | completion of the Acquisition pursuant to the terms and conditions of the Share Purchase Agreement   |
| “Completion Date”                              | within five Business Days after fulfilment or waiver (as the case may be) of all the conditions precedent to the Share Purchase Agreement, or at such other date on the Parties may agree in writing   |
| “connected person(s)”                          | has the meaning ascribed to it under the Listing Rules   |
| “connected transaction”                        | has the meaning ascribed to it under the Listing Rules   |
| “Continuing Agreements”                        | the Agreements and the ZT Agreement  |

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|---------------------------------|---|
| “controller shareholder”        | has the meaning ascribed to it under the Listing Rules  |
| “Consideration”                 | the consideration payable by the Company for the Acquisition described under the heading “Consideration and payment terms” in this announcement   |
| “Director(s)”                   | director(s) of the Company  |
| “EGM”                           | the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder  |
| “Group”                         | the Company and its subsidiaries  |
| “HKFRS”                         | Hong Kong Financial Reporting Standards   |
| “HK\$”                          | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the PRC  |
| “Independent Board Committee”   | an independent board committee of the Company, comprising all the independent non-executive Directors, namely The Honourable Tse Wai Chun Paul JP, Mr. Ho Man Yiu Ivan and Mr. Lau Pak Shing, has been established for the purpose of advising and giving recommendation(s) to the Independent Shareholders in respect of the Acquisition   |
| “Independent Financial Adviser” | TC Capital International Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition |
| “Independent Shareholders”      | Shareholders who do not have any material interest in the transactions in respect of the Share Purchase Agreement pursuant to the Listing Rules and all applicable laws   |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time   |
| “Loan Agreement”                | an entrustment loan agreement entered into between Zhejiang Construction, the Target Company and Zhejiang Jianshe Decoration in September 2022  |

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| “Long Stop Date”           | 30 April 2023 or such other date as may be agreed by the Parties in writing   |
| “Parties”                  | the Company and the Seller, being the parties to the Share Purchase Agreement, and a “Party” shall be construed accordingly   |
| “PRC”                      | the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan  |
| “Remaining Group”          | Zhejiang Construction and its subsidiaries upon Completion, which excludes the Group and the Target Group   |
| “RMB”                      | Renminbi, the lawful currency of the PRC  |
| “Seller”                   | China Zhejiang Construction Group (H.K.) Limited (中國浙江建設集團(香港)有限公司), a company incorporated in Hong Kong and one of the controlling shareholders of the Company as at the date of this announcement   |
| “Shaoxing Yuecheng”        | Shaoxing Yuecheng Zhejiang Construction Project Management Limited Company (紹興市越城區浙建建設項目管理有限公司), a limited liability company established in the PRC   |
| “Share Purchase Agreement” | the sale and purchase agreement in relation to the Acquisition entered into between the Company and the Seller on 31 January 2023   |
| “Shareholder(s)”           | the holder(s) of the issued Shares  |
| “Share(s)”                 | ordinary share(s) of the Company with nominal value of HK\$0.01 each in the share capital of the Company  |
| “Stock Exchange”           | The Stock Exchange of Hong Kong Limited   |
| “Target Company”           | Zhejiang Construction Investment Environment Engineering Company Limited* (浙江建投環保工程有限公司), a limited company established in the PRC and the entire equity interest of which is legally owned by the Seller as at the date of this announcement |
| “Target Group”             | the Target Company and its subsidiaries   |
| “Zhejiang Construction”    | Zhejiang Construction Investment Group Co., Ltd.* (浙江省建設投資集團股份有限公司), a limited liability company established in the PRC and listed on Shenzhen Stock Exchange (SZSE Security Code: 002761)  |



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| “Zhejiang Construction Investment” | Zhejiang Construction Investment Transport Foundation Infrastructure Group Limited.* (浙江省建投交通基礎建設集團有限公司) (formerly known as Zhejiang Dacheng Construction Group Limited Company* (浙江省大成建設集團有限公司)), a limited liability company established in the PRC  |
| “Zhejiang Jianshe”                 | Zhejiang Jianshe Trading & Logistics Co., Ltd.* (浙江建設商貿物流有限公司), a limited liability company established in the PRC   |
| “Zhejiang Jianshe Decoration”      | Zhejiang Jianshe Decoration Group Co., Ltd.* (浙江省建設裝飾集團有限公司) (formerly known as Zhejiang Wulin Construction Decoration Group Co., Ltd.* (浙江省武林建築裝飾集團有限公司)), a limited liability company established in the PRC   |
| “Zhejiang Tiantai”                 | Zhejiang Tiantai Construction Environment Technology Company Limited* (浙江天台浙建環保科技有限公司), a limited liability company established in the PRC and is owned as to approximately 70.0023% by the Target Company and as to approximately 10.0068% by Zhejiang Construction as at the date of this announcement                     |
| “Zhejiang Tiantai Water”           | Zhejiang Tiantai Construction Investment Water Co., Ltd* (浙江天台建投水務有限公司), a limited liability company established in the PRC and is owned as to 80% by the Target Company as at the date of this announcement   |
| “Zhejiang Zhejian”                 | Zhejiang Zhejian Industrial Development Co., Ltd.* (浙江浙建實業發展有限公司), a limited liability company established in the PRC  |
| “ZT Agreement”                     | a construction agreement dated 17 August 2022 entered into between Zhejiang Tiantai and the Target Company in relation to, inter alia, provision the construction and installation services for an expansion of a sewage treatment plant and procurement of relevant sewage construction materials and technological systems |
| “%”                                | per cent.  |

\* For identification purposes only

*For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this announcement is based on the exchange rate of HK\$1 to RMB0.88. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.*

By Order of the Board  
**CR Construction Group Holdings Limited**  
**Guan Manyu**  
*Chairman*

Hong Kong, 31 January 2023

*As at the date of this announcement, the Company has five executive directors, namely Mr. Guan Manyu, Mr. Li Kar Yin, Ms. Chu Ping, Mr. Law Ming Kin, Mr. Chan Tak Yiu; one non-executive director, namely Mr. Yang Haojiang; and three independent non-executive directors, namely The Honourable Tse Wai Chun Paul JP, Mr. Ho Man Yiu Ivan and Mr. Lau Pak Shing.*