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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in ZONBONG LANDSCAPE Environmental Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**ZONBONG LANDSCAPE Environmental Limited**  
**中邦园林环境股份有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1855)**

**RENEWAL OF NON-EXEMPT**  
**CONTINUING CONNECTED TRANSACTIONS**  
**AND**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to**  
**the Independent Board Committee and the Independent Shareholders**



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Capitalised terms used in the lower portion of this cover page and the inside cover page of this circular shall have the same respective meanings as those defined in the section headed “DEFINITIONS” of this circular.

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee is set out on pages 13 to 14 of this circular. A letter from Rainbow Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 25 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 11/F, Zhongqing Building, No. 5888 Fuzhi Road, Jingyue High-tech Industrial Development Zone, Changchun City, Jilin Province, PRC on Thursday, 5 January 2023 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use in connection with the EGM is enclosed with this circular. Such form of proxy is also published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.zonbong.com](http://www.zonbong.com)). If you are not able or do not intend to attend the EGM in person and wish to exercise your right as a Shareholder, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company’s Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong as soon as possible but in any event, not later than 48 hours before the time appointed for holding the EGM or its adjournment (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or its adjournment if you so wish. If you attend and vote at the EGM, the instrument appointing your proxy will be deemed to have been revoked.

Hong Kong, 14 December 2022

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## DEFINITIONS

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*In this circular, the following expressions shall have the following respective meanings unless the context otherwise requires:*

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular
“Company”	ZONBONG LANDSCAPE Environmental Limited (中邦园林环境股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 8 March 2019
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 11/F, Zhongqing Building, No. 5888 Fuzhi Road, Jingyue High-tech Industrial Development Zone, Changchun City, Jilin Province, PRC on Thursday, 5 January 2023 at 10:00 a.m. or any adjourned meeting thereof, to consider and, if thought fit, approve, inter alia, the Non-Exempt Continuing Connected Transactions and the relevant Proposed Caps
“Existing Cap(s)”	the existing annual cap(s) for the transactions contemplated under the Landscaping and Ecological Restoration Construction Works Services Framework Agreement
“GAQSIQ”	the General Administration of Quality Supervision Inspection and Quarantine of the PRC (中華人民共和國國家質量監督檢驗檢疫總局)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising the independent non-executive Directors, namely Mr. Gao Xiangnong, Mr. Yin Jun and Mr. Lee Kwok Tung Louis

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## DEFINITIONS

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“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO, being the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement, and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM
“Independent Third Party(ies)”	a person or entity who is not a connected person of the Company under the Listing Rules
“Landscaping and Ecological Restoration Construction Works Services Framework Agreement”	the landscaping and ecological restoration construction works services framework agreement dated 14 December 2020 in relation to the provision of certain landscaping and ecological restoration construction works services by the Group to the ZIHG Connected Persons for the period from 6 January 2021 to 31 December 2022
“Latest Practicable Date”	6 December 2022, being the latest practicable date prior to publication of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Cap(s)”	proposed annual cap(s) for the transactions contemplated under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement, for the three years ending 31 December 2025
“Relevant Period”	the relevant period commencing from 1 January 2022 and ending on 20 October 2022
“MOHURD”	the Ministry of Housing and Urban – Rural Development of the PRC (中華人民共和國住房和城鄉建設部)
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

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## DEFINITIONS

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“New Landscaping and Ecological Restoration Construction Works Services Framework Agreement”	the landscaping and ecological restoration construction works services framework agreement dated 28 October 2022 in relation to the provision of certain landscaping and ecological restoration construction works services by the Group to the ZIHG Connected Persons
“Non-Exempt Continuing Connected Transactions”	being transactions contemplated under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement, for which the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules exceed 5%, and, accordingly, are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Three Northeast Provinces”	Jilin Province, Liaoning Province and Heilongjiang Province in the PRC
“ZIHG”	Zhongqing Investment Holding Group Limited Liability Company* (中慶投資控股(集團)有限責任公司), formerly known as Changchun Mingju Commerce Limited* (長春市銘聚商貿有限責任公司), a company established under the laws of the PRC with limited liability on 16 May 2014
“ZIHG Group”	ZIHG together with its subsidiaries and associates
“ZIHG Connected Persons”	ZIHG, together with its subsidiaries and associates, and/or entities which the ZIHG Group owned 30% or more
“%”	per cent

*English translation of company names in Chinese which are marked with “\*” are for identification purpose only. In the event of any inconsistency, the Chinese name prevails.*

*In this circular, the terms “associate”, “connected person”, “controlling shareholder”, “percentage ratios” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

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## LETTER FROM THE BOARD

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### ZONBONG LANDSCAPE Environmental Limited

### 中邦园林环境股份有限公司

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

**(Stock Code: 1855)**

*Executive Directors*

Mr. LIU Haitao (*Vice-chairman and Chief Executive Officer*)

Ms. WANG Yan (*Chief Financial Officer*)

*Non-executive Directors*

Mr. SUN Juqing (*Chairman*)

Ms. LYU Hongyan

Mr. SHAO Zhanguang

*Independent Non-executive Directors*

Mr. GAO Xiangnong

Mr. YIN Jun

Mr. LEE Kwok Tung Louis

*Registered Office:*

71 Fort Street

PO Box 500,

George Town

Grand Cayman KY1-1106

Cayman Islands

*Head Office and Principal Place  
of Business in PRC:*

3/F, Zhongqing Building,

No.5888 Fuzhi Road,

Jingyue High-tech Industrial Development Zone,

Changchun City,

Jilin Province,

PRC

14 December 2022

*To the Shareholders*

Dear Sir/Madam,

### **RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

#### **1. INTRODUCTION**

References are made to the announcements of the Company dated 28 October 2022 and 1 December 2022, respectively, in which it was stated that the Company has entered into, among others, the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement with ZIHG in respect of the Non-Exempt Continuing Connected Transactions as more particularly set out therein.

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## LETTER FROM THE BOARD

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This circular gives you further information in relation to (i) further details of the Non-Exempt Continuing Connected Transactions including the relevant Proposed Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Non-Exempt Continuing Connected Transactions and the relevant Proposed Caps; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-Exempt Continuing Connected Transactions and the relevant Proposed Caps; (iv) a notice of the EGM; and (v) other information as required under the Listing Rules.

### 2. RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Details of the Non-Exempt Continuing Connected Transactions are set out below:

#### **New Landscaping and Ecological Restoration Construction Works Services Framework Agreement**

##### *1. Principal terms*

<b>Date</b>	:	28 October 2022 (after trading hours)
<b>Parties</b>	:	(1) Company; and (2) ZIHG.
<b>Duration</b>	:	1 January 2023 to 31 December 2025
<b>Subject matter</b>	:	The Group is engaged to provide certain landscaping and ecological restoration construction works services to the ZIHG Connected Persons.
<b>Transaction principles</b>	:	As the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement only sets out the framework of the transactions to be conducted, individual agreements shall be entered into between the Group and the ZIHG Connected Persons separately on normal commercial terms. The scope of the individual agreements shall not exceed the scope specified under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement. In the event of conflicts between the terms of the individual agreements and the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement, the terms of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement shall prevail.

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## LETTER FROM THE BOARD

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**Pricing principles** : The service fees to be charged shall be determined by (i) the indicative price guided by the Code of Bills of Quantities and Valuation for Construction Works (《建設工程工程量清單計價規範》) published by the MOHURD and the GAQSIQ; (ii) prevailing market prices and trend; and (iii) the gross margin offered to Independent Third Parties with respect to comparable services. In this connection, the Code of Bills of Quantities and Valuation for Construction Works includes a calculation matrix for computation and measurement of the quantities of construction work. Such indicative prices are binding in nature and is followed by the cost department of the Group when preparing the relevant fee quotes.

Further, on top of the indicative prices mentioned above, when preparing the fee quote the cost department of the Group would also take into account at least three sets of historical price offered by the Group to Independent Third Parties in respect of comparable services, and the gross margin under the fee quote to be offered to the ZIHG Connected Persons shall be higher, or at least equivalent to that offered to Independent Third Parties. The fee quote prepared by the cost department would then be submitted by the business team of the relevant business unit of the Group to the ZIHG Connected Persons for further consideration and negotiations as appropriate, and individual agreements would only be entered into with the ZIHG Connected Persons if the cost department confirms that the gross margin under the agreed fee quote is more favourable than, or at least equivalent to, that offered to Independent Third Parties.

**Settlement method** : The method of settlement shall be agreed separately between the parties under the individual agreements with reference to (i) prevailing market practice; and (ii) the settlement method adopted under comparable transactions with Independent Third Parties.



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## LETTER FROM THE BOARD

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**Conditions precedent** : The New Landscaping and Ecological Restoration Construction Works Services Framework Agreement are effective upon fulfillment of the following conditions precedent:

- (i) approval(s) by the Independent Shareholders having been obtained for the transactions contemplated under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement; and
- (ii) the requirements (if any) of the relevant regulatory authorities including the Stock Exchange with respect to the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement having been satisfied.

### 2. *Historical data and Proposed Caps*

The table below summarises the historical transaction amounts and the Existing Caps under the Landscaping and Ecological Restoration Construction Works Framework Agreement:

	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Existing Caps	70,777	141,301	141,301
Actual transaction amount (approximate)	53,232	112,255	18,001 <sup>(1)</sup>

*Note (1): The figure represents the unaudited historical transaction amount for the Relevant Period based on the Group's management accounts.*

The significant decrease in transaction amount during the Relevant Period was primarily due to (i) the seasonality factors of the landscaping and ecological restoration business; and (ii) the effect of the COVID-19 pandemic.

With respect to seasonality factors, the Group generally records higher revenue in the second half of a year as compared to the first half, primarily due to, among others, (i) the project halt during the Lunar Chinese New Year holidays in the PRC; and (ii) the increase in demand for greening and ecological restoration related services in winter. Such seasonality factors contributed to the decrease in transaction amounts during the Relevant Period, as compared to the year ended 31 December 2021.

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## LETTER FROM THE BOARD

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Turning to the effect of the COVID-19 pandemic, there was a drop in business demand from the ZIHG Connected Persons under the effect of COVID-19 pandemic and the implementation of control and lockdown measures to combat the COVID-19 outbreak in Changchun city during the first half of 2022. Construction works could not be carried out as scheduled and tendering process had also been delayed, which resulted in a slow down of revenue generation of the Group. Accordingly, there was a decrease in the transaction amounts during the Relevant Period, as compared to compared to the year ended 31 December 2021.

The following sets forth the Proposed Caps under the New Landscaping and Ecological Restoration Construction Works Framework Agreement:

	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Proposed Caps	150,000	160,000	170,000

The Proposed Caps are determined after considering, among others, the following factors:

- (i) the status and amount of existing projects and projects in pipeline. Currently the Group has seven subsisting projects with the ZIHG Connected Persons with total remaining contract value of approximately RMB320.0 million as at 28 October 2022 (i.e. the date of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement), of which approximately RMB51.6 million is expected to be recognised by the end of 2022, approximately RMB93.0 million is expected to be recognised in 2023, approximately RMB4.7 million is expected to be recognised in 2024, and the remaining amount of approximately RMB170.7 million is expected to be recognised from 2025 and onwards until 2028, based on the current and anticipated construction progress and the contract terms of these projects;
- (ii) the historical transaction amounts of the Group, including the historical transaction amounts with the ZIHG Connected Persons and those under the Landscaping and Ecological Restoration Construction Works Framework Agreement;
- (iii) the projects for which the ZIHG Connected Persons anticipate to engage the Group, in particular the Group is currently under negotiations with the ZIHG Connected Persons in relation to (a) a project located in Changchun New Area Beihu (長春新區北湖), with an estimated total contract sum of approximately RMB80.0 million which is expected to generate revenue of approximately RMB20.0 million to RMB30.0 million each year from 2023 to 2025; and (b) a project located in Changchun Jingyue National High-tech Industrial Development Zone (長春淨月高新技術產業開發區), with an estimated total contract sum of approximately RMB150.0 million in which approximately RMB20.0 million and RMB130.0 million are expected to be recognised as revenue by the Group in 2023 and 2024 respectively;
- (iv) the business growth of the Group, by making reference to historical increase in revenue of the Group and assuming that a similar compound annual growth rate of not less than 8.0% will be maintained from 2023 to 2025 and hence the revenue generated under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement is expected to show a similar growth trend; and
- (v) the prevailing market prices and market trend, particularly in light of the 14th Five-Year Plan (2021–2025) issued by the National People's Congress, which highlighted the importance of ecological civilisation in the PRC, hence the Group expects the overall ecological restoration market in the PRC to grow in the future.

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## LETTER FROM THE BOARD

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### 3. *Reasons and benefits for the transactions*

Having considered, among others, (i) the Group in its ordinary course of business provides landscaping and ecological restoration construction works services to its customers, including ZIHG Connected Persons; (ii) the continuous business needs of the ZIHG Connected Persons; (iii) the Group's expertise and professional capabilities in this area; and (iv) the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement is entered by the Group in its ordinary and usual course of business and is on normal commercial terms or better, the Directors are of the view that it is in the interests of the Group and the Shareholders as a whole to enter into the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement with ZIHG.

### 3. INFORMATION OF THE GROUP AND ZIHG

#### **The Company and the Group**

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Act of the Cayman Islands on 8 March 2019. The Company is an investment holding company.

The Group is an established service provider for landscaping and ecological restoration projects in the Three Northeast Provinces of the PRC and it is principally engaged in landscaping, ecological restoration and other related projects.

#### **ZIHG**

ZIHG is a company established in the PRC with limited liability on 16 May 2014. As at the Latest Practicable Date, ZIHG was owned as to approximately 35.00% by Ms. Zhao Hongyu, 27.00% by Mr. Sun Juqing (“**Mr. Sun**”), 10.00% by Ms. Li Ping, 5.00% by Mr. Hou Baoshan, 5.00% by Mr. Liu Haitao, 5.00% by Mr. Shao Zhanguang, 5.00% by Mr. Sun Juzhi, 4.00% by Mr. Shan Dejiang, 1.00% by Mr. Li Peng, 1.00% by Mr. Liu Changli, 1.00% by Mr. Wei Xiaoguang and 1.00% by Mr. Weng Hongzhao. Together with other members of the ZIHG Group, it mainly engages in the infrastructure and municipal construction works business and other businesses.

### 4. IMPLICATIONS OF THE LISTING RULES

As at the Latest Practicable Date, ZIHG is owned as to approximately 27.00% by Mr. Sun (a non-executive Director and the chairman of the Board), 35.00% by Ms. Zhao Hongyu (the spouse of Mr. Sun and hence an associate of Mr. Sun), 5.00% by Mr. Liu Haitao (an executive Director, the vice-chairman of the Board and the chief executive officer of the Company), 5.00% by Mr. Shao Zhanguang (a non-executive Director), and 5.00% by Mr. Sun Juzhi (the brother of Mr. Sun and hence an

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## LETTER FROM THE BOARD

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associate of Mr. Sun). Mr. Sun, Ms. Zhao Hongyu, Mr. Liu Haitao, Mr. Shao Zhanguang and Mr. Sun Juzhi are controlling shareholders of the Company via their respective interests in Zonqing International Investment Limited (“**Zonqing International**”) and/or Zonbong International Investment Limited (“**Zonbong International**”). Therefore, ZIHG is a connected person of the Company under the Listing Rules, and accordingly the ZIHG Connected Persons are also connected persons of the Company. Therefore, the transactions contemplated under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Proposed Caps for the transactions contemplated under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement for the three years ending 31 December 2025 exceed 5%, and that the aggregate annual consideration payable under, on an annual basis, exceeds HK\$10.0 million, such transactions constitute Non-Exempt Continuing Connected Transactions of the Company, and are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Mr. Sun, Mr. Liu Haitao and Mr. Shao Zhanguang, in view of their shareholding in ZIHG, have abstained from voting on the board resolutions for approving the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement and the Proposed Caps. Save as disclosed above, none of the Directors has abstained from voting on such board resolutions.

### 5. INTERNAL CONTROL MEASURES

In order to ensure continuous compliance with the proposed annual caps and the relevant requirements under Chapter 14A of the Listing Rules, the Company has adopted the internal control measures below:

1. The project team of the Group regularly communicates and updates the project status with the chief financial officer of our Company (“**CFO**”), and the CFO and other managements of the Group continually monitor and review the utilised amount of the annual cap and assess whether the transaction amounts during the financial year are likely to exceed the annual cap as approved by the Board and/or the independent Shareholders (as the case may be). If the utilised amount of the annual cap are expected to be exceeded before the end of the financial year, or in case of delay in progress of the construction work and the annual caps for the current and/or the coming financial year(s) are likely to be exceeded, the relevant personnel from the finance department will notify the CFO immediately so that the Company will be able to undertake the relevant procedures to comply with the relevant requirements under Chapter 14A of the Listing Rules to revise the Proposed Caps accordingly in a timely manner.
2. The independent non-executive Directors review the continuing connected transactions of the Company on a quarterly basis to consider whether all of the continuing connected transactions of the Group are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, or, if applicable, are conducted in accordance with the relevant pricing policies and on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole.

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## LETTER FROM THE BOARD

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3. The auditors of the Company review the terms and annual caps of the continuing connected transactions contemplated under the relevant contracts on an annual basis.
4. The Company provides training to the Directors and the relevant personnel on the above internal control policies and on the relevant requirements in relation to continuing connected transactions under Chapter 14A of the Listing Rules so as to strengthen their awareness on the compliance requirements and periodically conducts the aforesaid training to ensure that all the above parties maintain their awareness on compliance requirements concerning continuing connected transactions.

### 6. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 30 December 2022 to Thursday, 5 January 2023 (both days inclusive), for the purpose of ascertaining shareholders' entitlement to attend and vote at the EGM. In order to be entitled to attend and vote at the EGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Thursday, 29 December 2022.

### 7. EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting of the Company to be held at 11/F, Zhongqing Building, No. 5888 Fuzhi Road, Jingyue High-tech Industrial Development Zone, Changchun City, Jilin Province, PRC on Thursday, 5 January 2023 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular, at which the resolutions will be proposed for the purpose of considering and, if thought fit, approving, among others, the (i) the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement; and (ii) the Proposed Caps.

A form of proxy for use in connection with the EGM is enclosed with this circular and can also be downloaded from the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.zonbong.com](http://www.zonbong.com)). If you are not able or do not intend to attend the EGM and wish to exercise your right as a Shareholder, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the branch share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event, not later than 48 hours before the time appointed for holding the EGM or its adjournment (as the case may be). Completion and return of the form of proxy will not preclude any Shareholder from attending and voting in person at the EGM or its adjournment should he/she/it so wishes. If the Shareholder attends and votes at the EGM, the instrument appointing the proxy will be deemed to have been revoked.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Non-Exempt Continuing Connected Transactions. As at the Latest Practicable Date, Zonqing International held 181,202,166 Shares, representing approximately 65.89% interests of the Company, which in turn was owned as to approximately (i) 27.00% by Mr. Sun (a non-executive Director and the chairman of the Board); (ii) 35.00% by Ms. Zhao Hongyu (the spouse of Mr. Sun); (iii) 5.00% by

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## LETTER FROM THE BOARD

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Mr. Liu Haitao (an executive Director and vice-chairman of the Board); and Zonbong International held 14,054,104 Shares, representing approximately 5.11% interest of the Company, which in turn was owned as to (i) 60.11% by Mr. Liu Haitao; and (ii) 22.41% by Mr. Sun. In this connection, Zonqing International and Zonbong International will abstain from voting on the resolutions in relation to the Non-Exempt Continuing Connected Transactions at the EGM, in view of the interests of Ms. Zhao Hongyu, Mr. Sun and Mr. Liu Haitao in ZIHG. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, save as Zonqing International and Zonbong International, no Shareholder has a material interest in the resolutions in respect of the Non-Exempt Continuing Connected Transactions or should be required to abstain from voting on the resolutions to be proposed at the EGM.

### 8. VOTING BY POLL AT THE EGM

Pursuant to the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions to be proposed at the EGM and contained in the notice of the EGM will be voted by way of a poll by the Shareholders.

### 9. RECOMMENDATION

The Directors (including the independent non-executive Directors whose view is set out in the letter from the Independent Board Committee in this circular) believe that (i) the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement and the transactions contemplated thereunder; and (ii) the Proposed Caps are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that the Independent Shareholders should vote in favour of the relevant resolutions to be proposed at the EGM to approve (i) the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement; and (ii) the Proposed Caps.

### 10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular and the notice of the EGM.

### 11. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

By order of the Board  
**ZONBONG LANDSCAPE Environmental Limited**  
**Sun Juqing**  
*Chairman and non-executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the full text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement and the relevant Proposed Caps:*



**ZONBONG LANDSCAPE Environmental Limited**

**中邦园林环境股份有限公司**

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

**(Stock Code: 1855)**

14 December 2022

*To the Independent Shareholders*

Dear Sir or Madam,

### **RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated 14 December 2022 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement and the relevant Proposed Caps and to advise the Independent Shareholders as to the fairness and reasonableness of the same. Rainbow Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **RECOMMENDATION**

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 12 of the Circular, and the letter from Rainbow Capital which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement and the relevant Proposed Caps as set out on pages 15 to 25 of the Circular. After taking into consideration the advice from Rainbow Capital, we concur with their views and consider that (i) the terms of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement are fair and reasonable and on normal commercial terms, and the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement is in the interests of the Company and the Shareholders as a whole and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group; and

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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(ii) the relevant Proposed Caps are fair and reasonable, so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve (i) the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement and (ii) the relevant Proposed Caps.

Yours faithfully  
Independent Board Committee

**Mr. Gao Xiangnong**  
*Independent non-executive  
Director*

**Mr. Yin Jun**  
*Independent non-executive  
Director*

**Mr. Lee Kwok Tung Louis**  
*Independent non-executive  
Director*



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## LETTER FROM RAINBOW CAPITAL

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*The following is the full text of a letter of advice from Rainbow Capital to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement which has been prepared for the purpose of inclusion in this circular.*



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

14 December 2022

*To the Independent Board Committee and the Independent Shareholders*

ZONBONG LANDSCAPE Environmental Limited  
3/F, Zhongqing Building  
No.5888 Fuzhi Road  
Jingyue High-tech Industrial Development Zone  
Changchun City  
Jilin Province, PRC

Dear Sir or Madam,

### **RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement (the “**Transactions**”) and the proposed annual caps (the “**Proposed Annual Caps**”) for the Transactions up to 31 December 2025, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 14 December 2022 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 14 December 2020, the Group and ZIHG entered into the Landscaping and Ecological Restoration Construction Works Services Framework Agreement, pursuant to which the Group agreed to provide certain landscaping and ecological restoration construction works services to the ZIHG Connected Persons for the period from 6 January 2021 to 31 December 2022. As the Landscaping and Ecological Restoration Construction Works Services Framework Agreement will expire on 31 December 2022, on 28 October 2022, the Company entered into the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement with ZIHG, pursuant to which the Group agreed to provide certain landscaping and ecological restoration construction works services to the ZIHG Connected Persons for the three years ending 31 December 2025.

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## LETTER FROM RAINBOW CAPITAL

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As at the Latest Practicable Date, ZIHG is owned as to 27% by Mr. Sun (a non-executive Director, the chairman of the Board and a controlling shareholder of the Company), 35% by Ms. Zhao Hongyu (the spouse of Mr. Sun who is an associate of Mr. Sun and a controlling shareholder of the Company), 5% by Mr. Liu Haitao (an executive Director, the vice-chairman of the Board and the chief executive officer of the Company), and 5% by Mr. Shao Zhanguang (a non-executive Director), and hence ZIHG is a connected person of the Company under the Listing Rules, and accordingly the ZIHG Connected Persons are also connected persons of the Company. Therefore, the transactions contemplated under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Proposed Annual Caps exceed 5% and the aggregate annual consideration payable thereunder, on an annual basis, exceeds HK\$10.0 million, the Transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules, which are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. Zonqing International and Zonbong International will abstain from voting on the resolutions to be proposed at the EGM in respect of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement and the Transactions.

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Gao Xiangnong, Mr. Yin Jun and Mr. Lee Kwok Tung Louis, has been formed to advise the Independent Shareholders in relation to the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement and the Transactions (including the Proposed Annual Caps). We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group and ZIHG that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group or any other party to the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement. Accordingly, we are qualified to give independent advice in respect of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement and the Transactions (including the Proposed Annual Caps).

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## LETTER FROM RAINBOW CAPITAL

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### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of the Group, ZIHG Group or any of their respective substantial shareholders, subsidiaries or associates.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In considering whether the terms of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement (including the Proposed Annual Caps) are fair and reasonable, we have taken into account the principal factors and reasons set out below:

#### **1. Information on the Group and ZIHG**

As disclosed in the prospectus of the Company dated 22 December 2020 (“**Prospectus**”), the Group is an established service provider for landscaping and ecological restoration projects in the northeast China. With robust in-house design capabilities in addition to construction capabilities and diversified industry qualifications, the Group can undertake a diverse range of works for landscaping and ecological restoration projects.

The Group generated most of its revenue from landscaping and ecological restoration projects. For the year ended 31 December 2021, revenue of the Group amounted to approximately RMB896.7 million, among which (i) revenue generated from landscaping amounted to approximately RMB705.4 million and (ii) revenue generated from ecological restoration amounted to RMB149.9 million.

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## LETTER FROM RAINBOW CAPITAL

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In contrast, the ZIHG Group is principally engaged in infrastructure and municipal construction works, such as the construction of roads, underground railways, highways, bridges, and tunnels. Due to the different business focus, there is significant difference in the qualifications and expertise of the Group and the ZIHG Group. As such, the Group and the ZIHG Group may work together to complete certain projects which require their respective expertise. As disclosed in the Prospectus, the Group is one of the qualified subcontractors of the ZIHG Group and the Group have provided landscaping and ecological restoration construction works services to the ZIHG Connected Persons.

### **2. Reasons for the Transactions**

The Group is principally engaged in landscaping and ecological restoration projects. Revenue generated from landscaping and ecological restoration projects accounted for approximately 95.4% and approximately 96.8% of the total revenue for the year ended 31 December 2021 and the six months ended 30 June 2022.

As stated in the section headed “1. Information on the Group and ZIHG”, the ZIHG Group is principally engaged in infrastructure and municipal construction works, such as the construction of roads, underground railways, highways, bridges, and tunnels. Sometimes, these infrastructure and municipal construction projects may involve works related to landscaping and ecological restoration which require different expertise. Under this situation, the ZIHG Group would subcontract the landscaping and ecological restoration works to subcontractors including the Group.

As disclosed in the Prospectus, the Group has been providing landscaping and ecological restoration services to ZIHG Connected Persons in the past. In order to regulate the provision of such services, the Group and ZIHG entered into the Landscaping and Ecological Restoration Construction Works Services Framework Agreement on 14 December 2020. The transaction amount under the Landscaping and Ecological Restoration Construction Works Services Framework Agreement was approximately RMB112.3 million for the year ended 31 December 2021, accounting for approximately 12.5% of the total revenue of the Group during the same period. As the Landscaping and Ecological Restoration Construction Works Services Framework Agreement will expire on 31 December 2022, on 28 October 2022, the Company entered into the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement with ZIHG.

After considering (i) the Group is principally engaged in landscaping and ecological restoration projects; (ii) the ZIHG Connected Persons’ continuous business needs for landscaping and ecological restoration services as explained above; and (iii) provision of relevant services to ZIHG Connected Persons could generate additional revenue and improve financial performance of the Group, we are of the view that the entering into the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement and the Transactions are in the ordinary and usual course of business of the Group and are in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM RAINBOW CAPITAL

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### 3. Principal terms of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement

Details of the terms of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement are set out in the Letter from the Board, which are summarised as follows:

- Date : 28 October 2022
- Parties : (i) The Company; and  
(ii) ZIHG.
- Term : 1 January 2023 to 31 December 2025
- Subject Matter : The Group is engaged to provide certain landscaping and ecological restoration construction works services to the ZIHG Connected Persons
- Transaction principles : As the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement only sets out the framework of the transactions to be conducted, individual agreements shall be entered into between the Group and the ZIHG Connected Persons separately on normal commercial terms. The scope of the individual agreements shall not exceed the scope specified under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement. In the event of conflicts between the terms of the individual agreements and the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement, the terms of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement shall prevail
- Pricing term : The service fees to be charged shall be determined by (i) the indicative price guided by the Code of Bills of Quantities and Valuation for Construction Works (《建設工程工程量清單計價規範》) published by the MOHURD and the GAQSIQ; (ii) prevailing market prices and trend; and (iii) the gross margin offered to Independent Third Parties with respect to comparable services. In this connection, the Code of Bills of Quantities and Valuation for Construction Works includes a calculation matrix for computation and measurement of the quantities of construction work. Such indicative prices are binding in nature and is followed by the cost department of the Group when preparing the relevant fee quotes

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## LETTER FROM RAINBOW CAPITAL

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Further, on top of the indicative prices mentioned above, when preparing the fee quote, the cost department of the Group would also take into account at least three sets of historical prices offered by the Group to Independent Third Parties in respect of comparable services, and the gross margin under the fee quote to be offered to the ZIHG Connected Persons shall be higher, or at least equivalent to that offered to Independent Third Parties. The fee quote prepared by the cost department would then be submitted by the business team of the relevant business unit of the Group to the ZIHG Connected Persons for further consideration and negotiations as appropriate, and individual agreements would only be entered into with the ZIHG Connected Persons if the cost department confirms that the gross margin under the agreed fee quote is more favourable than, or at least equivalent to, that offered to Independent Third Parties

Settlement method : The method of settlement shall be agreed separately between the parties under the individual agreements with reference to (i) prevailing market practice and (ii) the settlement method adopted under comparable transactions with Independent Third Parties

Conditions precedent : The New Landscaping and Ecological Restoration Construction Works Services Framework Agreement are effective upon fulfillment of the following conditions precedent:

- (i) approval(s) by the Independent Shareholders having been obtained for the transactions contemplated under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement; and
- (ii) the requirements (if any) of the relevant regulatory authorities including the Stock Exchange with respect to the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement having been satisfied.

We have compared the pricing term of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement with the pricing term of the Landscaping and Ecological Restoration Construction Works Services Framework Agreement and noted that they are generally consistent.

As stated in the table above, the Group would only enter into individual agreements under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement if the cost department confirms that the gross margin under the agreed fee quote is more favourable than, or at least equivalent to, that offered to Independent Third Parties.

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## LETTER FROM RAINBOW CAPITAL

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As disclosed in the Letter from the Board, in order to ensure continuous compliance with the Proposed Annual Caps and the relevant requirements under Chapter 14A of the Listing Rules, the Group has adopted certain internal control measures: (i) the project team of the Group should regularly communicate and update the project status with the chief financial officer of our Company; and (ii) the review of the terms and the Proposed Annual Caps of the Transactions by the auditors and independent non-executive Directors of the Company.

In order to assess the fairness and reasonableness of the pricing terms under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement, we have obtained and reviewed project lists (the “**Project Lists**”) prepared by the management of the Company with detailed information of the revenue and gross profit of each project for the two years ended 31 December 2021. In reviewing the Project Lists, we noted that the overall gross profit margin of landscaping and ecological restoration projects subcontracted from ZIHG Connected Persons (the “**ZIHG Projects**”) is higher than that of landscaping and ecological restoration projects from independent third parties (the “**Independent Projects**”). Given (i) the ZIHG Projects are governed by the pricing term which is generally consistent with that of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement; and (ii) the overall gross profit margin of ZIHG Projects is higher than that of the Independent Projects, we consider that the terms of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement are on normal commercial terms which are fair and reasonable.

#### 4. The Proposed Annual Caps for the Transactions

The Proposed Annual Caps for the Transactions for the three years ending 31 December 2025 are set out below:

	<b>For year ending 31 December 2023 RMB'000</b>	<b>For year ending 31 December 2024 RMB'000</b>	<b>For year ending 31 December 2025 RMB'000</b>
The New Landscaping and Ecological Restoration Construction Works Services Framework Agreement	150,000	160,000	170,000

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## LETTER FROM RAINBOW CAPITAL

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As stated in the Letter from the Board, the Proposed Annual Caps are determined primarily based on, among others, (i) the status of the existing projects and projects in the pipeline. Currently the Group has seven subsisting projects with the ZIHG Connected Persons with total remaining contract value of approximately RMB320.0 million as at 28 October 2022, of which approximately RMB51.6 million is expected to be recognised by the end of 2022, approximately RMB93.0 million is expected to be recognised in 2023, approximately RMB4.7 million is expected to be recognised in 2024, and the remaining amount of approximately RMB170.7 million is expected to be recognised from 2025 and onwards until 2028, based on the current and anticipated construction progress and the contract terms of these projects; (ii) the historical transaction amounts with ZIHG Connected Persons; (iii) the projects for which the ZIHG Connected Persons anticipate to engage the Group, in particular the Group is currently under negotiations with the ZIHG Connected Persons in relation to (a) a project located in Changchun New Area Beihu, with an estimated total contract sum of approximately RMB80.0 million which is expected to generate revenue of approximately RMB20.0 million to RMB30.0 million each year from 2023 to 2025; and (b) a project located in Changchun Jingyue National High-tech Industrial Development Zone, with an estimated total contract sum of approximately RMB150.0 million in which approximately RMB20.0 million and RMB130.0 million are expected to be recognised as revenue by the Group in 2023 and 2024 respectively; (iv) the business growth of the Group by making reference to historical increase in revenue of the Group; and (v) the prevailing market prices and market trend, particularly in light of the 14th Five- Year Plan (2021–2025) issued by the National People’s Congress, which highlighted the importance of ecological civilisation in the PRC.

Based on the existing and potential projects above, the transaction amount is expected to be approximately HK\$140 million and HK\$150 million for the year ending 31 December 2023 and 2024, respectively, which are consistent with the proposed annual caps for the year ending 31 December 2023 and 2024 after taking into account certain buffer.

In order to further assess the fairness and reasonableness of the Proposed Annual Caps, we have reviewed (i) the historical transaction amount of the landscaping and ecological restoration construction works services to the ZIHG Connected Persons; and (ii) the revenue of the Group during the period from the year ended 31 December 2017 to the year ended 31 December 2021, being a five years review period (the “**Review Period**”).

We noted that (i) the historical transaction amount of the landscaping and ecological restoration construction works services to the ZIHG Connected Persons during the Review Period (a) ranged from approximately RMB36.8 million to RMB243.9 million, with an average of approximately RMB124.5 million (the “**Historical Average**”) and (b) increased from approximately RMB36.8 million for the year ended 31 December 2017 to approximately RMB112.3 million for the year ended 31 December 2021 at a compound annual growth rate (“**CAGR**”) of approximately 32.18%; and (ii) the revenue of the Group increased from approximately RMB655.5 million for the year ended 31 December 2017 to approximately RMB896.7 million for the year ended 31 December 2021 at a CAGR of approximately 8.15%.



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## LETTER FROM RAINBOW CAPITAL

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	<b>For year ending 31 December 2023 <i>RMB'000</i> <math>C=A*(1+B)</math></b>	<b>For year ending 31 December 2024 <i>RMB'000</i> <math>D=C*(1+B)</math></b>	<b>For year ending 31 December 2025 <i>RMB'000</i> <math>E=D*(1+B)</math></b>
The Historical Average <i>(RMB'000) (A)</i>	124,496		
Annual growth rate <i>(B)</i>	8.15%		
Estimation transaction amount	134,642	145,616	157,483
Buffer	11%	10%	8%
The Proposed Annual Caps	150,000	160,000	170,000

The Proposed Annual Caps could be arrived after considering (i) the historical average transaction amount during the Review Period of approximately RMB124.5 million (i.e., the Historical Average); (ii) an annual growth rate of approximately 8.15%. Given the annual growth rate of approximately 8.15% is consistent with the CAGR of the total revenue of the Group during the Review Period of approximately 8.15% and is also lower than the CAGR of historical transaction amount during the Review Period of approximately 32.18%, we consider such growth rate to be prudent; and (iii) certain buffer to cater for any unexpected increases in demand for relevant services for the three years ending 31 December 2025.

Meanwhile, we also noted that the Proposed Annual Caps are within the historical transaction amounts during the Review Period ranging from approximately RMB36.8 million to RMB243.9 million.

Given (i) based on the existing and potential projects above, the transaction amount is expected to be approximately HK\$140 million and HK\$150 million for the year ending 31 December 2023 and 2024, respectively, which are consistent with the proposed annual caps for the year ending 31 December 2023 and 2024 after taking into account certain buffer; (ii) the Proposed Annual Caps could be arrived after considering historical average transaction amount, a prudent growth rate and certain buffer; and (iii) the Proposed Annual Caps are within the range of historical transaction amount during the Review Period, we consider that the Proposed Annual Caps are fair and reasonable.

### 5. Reporting requirements and conditions of the continuing connected transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Transactions are subject to the following annual review requirements:

- (i) the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that the Transactions have been entered into:
  - (a) in the ordinary and usual course of business of the Group;
  - (b) on normal commercial terms or better; and

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## LETTER FROM RAINBOW CAPITAL

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- (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) the Company must engage its auditors to report on the Transactions every year. The Company's auditors must provide a letter to the Board (with a copy to be provided to the Stock Exchange at least ten business days before the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Transactions:
  - (a) have not been approved by the Board;
  - (b) were not, in all material respects, in accordance with the pricing policies of the Group if the Transactions involve the provision of goods or services by the Group;
  - (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and
  - (d) have exceeded the Proposed Annual Caps;
- (iii) the Company must allow, and ensure that the counter-parties to the Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Transactions as set out in paragraph (ii); and
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the Proposed Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Transactions and the Proposed Annual Caps not being exceeded, we are of the view that appropriate measures have been in place to monitor the conduct of the Transactions and assist in safeguarding the interests of the Independent Shareholders.

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## LETTER FROM RAINBOW CAPITAL

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### OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the continuing connected transactions contemplated under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement (including the Proposed Annual Caps).

Yours faithfully,  
For and on behalf of  
**Rainbow Capital (HK) Limited**  
**Danny Leung**  
*Managing Director*

*Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors and the chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) which will be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules, are set out as follows:

#### (i) Interests in the Shares

Name of Director	Capacity	Nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Sun Juqing (“Mr. Sun”) <sup>(1)</sup>	Interest of spouse/ Interest in a controlled corporation	Long position	181,202,166	65.89%
Mr. Liu Haitao <sup>(2)</sup>	Interest in a controlled corporation	Long position	14,054,104	5.11%

*Notes:*

- (1) As at the Latest Practicable Date, these Shares were held by Zonqing International Investment Limited (“Zonqing International”). As Mr. Sun and Ms. Zhao Hongyu (the spouse of Mr. Sun) are the beneficial owners of 27.00% and 35.00% shareholding in Zonqing International, respectively, Mr. Sun is therefore deemed to be interested in the Shares held by Zonqing International for the purposes of the SFO.
- (2) As at the Latest Practicable Date, these Shares were held by Zonbong International Investment Limited (“Zonbong International”). As Mr. Liu Haitao is the beneficial owner of 60.11% shareholding in Zonbong International, he therefore is deemed to be interested in the Shares held by Zonbong International for the purposes of the SFO.

*(ii) Interests in the ordinary shares of associated corporations of the Company*

Name of Director	Name of associated corporations	Capacity	Nature of interests	Approximate percentage of shareholding
Mr. Sun <sup>(1)(2)</sup>	Zonqing International	Beneficial owner	Long position	62.00%
Mr. Sun	Zonbong International	Beneficial owner	Long position	22.41%
Mr. Liu Haitao	Zonqing International	Beneficial owner	Long position	5.00%
Mr. Liu Haitao <sup>(3)</sup>	Zonbong International	Beneficial owner	Long position	60.11%
Mr. Shao Zhanguang	Zonqing International	Beneficial owner	Long position	5.00%
Mr. Shao Zhanguang	Zonbong International	Beneficial owner	Long position	7.04%
Ms. Lyu Hongyan	Zonbong International	Beneficial owner	Long position	1.92%
Ms. Wang Yan	Zonbong International	Beneficial owner	Long position	1.02%

*Note:*

- (1) Mr. Sun and Ms. Zhao Hongyu are the beneficial owners of 27.00% and 35.00% shareholding in Zonqing International, respectively, as at the Latest Practicable Date. As Mr. Sun and Ms. Zhao Hongyu are the spouse of each other, they are deemed to be interested in the same number of shares that the other person is interested in for the purpose of the SFO.
- (2) As at the Latest Practicable Date, Mr. Sun is the sole director of Zonqing International.
- (3) As at the Latest Practicable Date, Mr. Liu Haitao is the sole director of Zonbong International.

Saved as disclosed above, none of the Directors, or chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at the Latest Practicable Date.

Save as disclosed above, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

**(b) Substantial shareholders**

As at the Latest Practicable Date, the register of substantial Shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following Shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company:

Name of Shareholders	Capacity	Nature of interests	Number of Shares held	Approximate percentage of shareholding
Zonqing International	Beneficial owner	Long position	181,202,166	65.89%
Ms. Zhao Hongyu <sup>(1)</sup>	Interest in a controlled corporation/interest of spouse	Long position	181,202,166	65.89%
Mr. Sun <sup>(1)</sup>	Interest in a controlled corporation/interest of spouse	Long position	181,202,166	65.89%
Zonbong International	Beneficial owner	Long position	14,054,104	5.11%
Mr. Liu Haitao <sup>(2)</sup>	Interest in a controlled corporation	Long position	14,054,104	5.11%
Ms. Wang Tiannv <sup>(3)</sup>	Interest of spouse	Long position	14,054,104	5.11%

*Notes:*

- (1) Mr. Sun and Ms. Zhao Hongyu are the beneficial owners of 27.00% and 35.00% shareholding in Zonqing International, respectively, as at the Latest Practicable Date. As Mr. Sun and Ms. Zhao Hongyu are the spouse of each other, they are deemed to be interested in the same number of shares that the other person is interested in and therefore they are deemed to be interested in the Shares held by Zonqing International, for the purpose of the SFO.
- (2) Given that Mr. Liu Haitao is the beneficial owner of 60.11% shareholding in Zonbong International, Mr. Liu Haitao is deemed to be interested in the Shares held by Zonbong International for the purposes of the SFO.
- (3) Ms. Wang Tiannv is the spouse of Mr. Liu Haitao. Accordingly, Ms. Wang Tiannv is deemed to be interested in the Shares in which Mr. Liu Haitao is interested for the purposes of the SFO.

Saved as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares, underlying shares or debentures of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

**3. COMPETING BUSINESS**

As at the Latest Practicable Date, the Directors are not aware that any of them or any of their close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group, or had or might have any other conflicts of interest with the Group which would require disclosure pursuant to Rule 8.10 of the Listing Rules.

#### 4. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement, which was subsisting and significant in relation to the business of the Group.

Save for the acquisition of Jilin Province Jinghe Design Engineering Co., Ltd.\* (吉林省境和設計工程有限公司) by Zonbong Shanshui Planning and Design Limited\* (中邦山水規劃設計有限公司), an indirect wholly-owned subsidiary of the Company, from ZIHG, a connected person of the Company under Listing Rules, at a consideration of RMB12,204,540 (the “**Acquisition**”), which was completed in July 2022, none of the Directors had, or has had, any direct or indirect material interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2021, the date of which the latest published audited consolidated financial statements of the Company were made up. For details of the relationship between the Company and ZIHG, please refer to “Letter of the Board – 4. Implications of the Listing Rules” in this circular. For details of the Acquisition, please refer to the announcements of the Company dated 18 February 2022 and 10 March 2022, respectively.

#### 5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract with the Company or any of its subsidiaries which does not expire or which is not determinable by the Company within a year without payment of any compensation, other than statutory compensation.

#### 6. MATERIAL ADVERSE CHANGE

Save as disclosed in the profit warning announcement of the Company dated 15 August 2022 and the interim report of the Company published on 21 September 2022, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up).

#### 7. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has given opinion or advice, which is contained in this circular:

Name	Qualification(s)
Rainbow Capital	a licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

Rainbow Capital has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of its letter and the reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, (i) Rainbow Capital had no interest, either direct or indirect, in any assets which have been, since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) Rainbow Capital had no shareholding interests in any member of the Group and it did not have any right, whether legally enforceable or not, to subscribe for or nominate any persons to subscribe for securities of any members of the Group.

#### **8. DOCUMENTS ON DISPLAY**

A copy of each of the following documents will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.zonbong.com](http://www.zonbong.com)) for a period of 14 days from the date of this circular:

- (a) the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement;
- (b) the letter of recommendation from the Independent Board Committee dated 14 December 2022, the text of which is set out on pages 13 to 14 of this circular;
- (c) the letter of advice from Rainbow Capital dated 14 December 2022, the text of which is set out on pages 15 to 25 of this circular;
- (d) the written consent from Rainbow Capital; and
- (e) this circular.



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## NOTICE OF THE EGM

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### ZONBONG LANDSCAPE Environmental Limited

### 中邦园林环境股份有限公司

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

**(Stock Code: 1855)**

## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) of ZONBONG LANDSCAPE Environmental Limited (the “**Company**”) will be held at 11/F, Zhongqing Building, No. 5888 Fuzhi Road, Jingyue High-tech Industrial Development Zone, Changchun City, Jilin Province, PRC on Thursday, 5 January 2023 at 10:00 a.m. for the following purposes:

### ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions of the Company:

**“THAT:**

1. the landscaping and ecological restoration construction works services framework agreement dated 28 October 2022 (“**New Landscaping and Ecological Restoration Construction Works Services Framework Agreement**”) (a copy of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement has been produced at the meeting marked “A” and signed by the chairman of the meeting for identification purpose), the terms and conditions thereof and the transactions contemplated thereunder, and the relevant proposed annual cap amounts of the transactions contemplated under the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement for the years ending 31 December 2023, 2024 and 2025 as shown in the Company’s circular dated 14 December 2022 be and are hereby approved, confirmed and ratified; and
2. any one of the directors of the Company be and is hereby authorised to do all such acts and things and to sign and execute all such other documents or instrument for and on behalf of the Company (including the affixation of the common seal of the Company where required) as he/she may consider necessary, appropriate, expedient or desirable in connection with, or to give effect to, the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement and to implement the transactions contemplated thereunder and to agree to such variations, amendments or waivers of matters relating thereto that are of administrative nature and ancillary to the implementation of the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement and any other transactions contemplated under or incidental to the New Landscaping and Ecological Restoration Construction Works Services Framework Agreement.”

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## NOTICE OF THE EGM

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By order of the Board  
**ZONBONG LANDSCAPE Environmental Limited**  
**Sun Juqing**  
*Chairman and non-executive Director*

Hong Kong, 14 December 2022

*Notes:*

1. All resolutions at the EGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and vote instead of him/her. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder of the Company presents in person or by proxy shall be entitled to one vote for each share held by him/her.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited of Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong not less than 48 hours before the time appointed for the EGM or the adjourned meeting (as the case may be). Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 30 December 2022 to 5 January 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited of Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on 29 December 2022.
5. References to time and dates in this notice are to Hong Kong time and dates.