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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)

**CONTINUING CONNECTED TRANSACTION
FOR ENTERING INTO THE MUTURAL PRODUCTS AND
SERVICES SUPPLY FRAMEWORK AGREEMENT WITH
ZHEJIANG CONSTRUCTION**

Financial adviser to the Company

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

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



TC CAPITAL

THE FRAMEWORK AGREEMENT

On 13 July 2023 (after trading hours), the Company (for itself and on behalf of its subsidiaries) entered into the Framework Agreement with Zhejiang Construction (for itself and on behalf of its subsidiaries, which excludes the Group) with a term commencing from the Effective Date and ending on 31 December 2025. Pursuant to the Framework Agreement, (i) the Group will supply the Group's Products and Group's Services to Zhejiang Construction Group; and (ii) Zhejiang Construction Group will supply ZC's Products and ZC's Services to the Group.

As at the date of this announcement, Zhejiang Construction is indirectly interested in approximately 72.23% of the entire issued share capital of the Company. Accordingly, Zhejiang Construction is the controlling shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Framework Agreement by the Company and Zhejiang Construction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Proposed Annual Caps under the Framework Agreement exceeds 5%, the transactions contemplated thereunder constitute a non-exempt continuing connected transaction of the Company, which is subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirement 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, Mr. Ho Man Yiu Ivan and Mr. Lai Yuk Fai Stephen JP, has been established by the Company to advise and provide recommendation(s) to the Independent Shareholders in respect of the Framework Agreement and the Proposed Annual Caps. In such connection, the Independent Financial Adviser has been appointed 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, inter alia, consider and, if thought fit, approve the Framework Agreement and the Proposed Annual Caps. As at the date of this announcement, Zhejiang Construction is indirectly interested in approximately 72.23% of the entire issued share capital of the Company. In view of the interests of Zhejiang Construction in the Framework Agreement and the transactions contemplated thereunder, Zhejiang Construction 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 Framework Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution(s) of the Company in approving the Framework Agreement and the transactions contemplated thereunder at the EGM.

None of the Directors had a material interest in the Framework Agreement and the transactions contemplated thereunder. However, since Mr. Guan Manyu, Mr. Yang Haojiang, Ms. Ding Shaojian and Mr. Fan Jingbo also hold directorship and/or management positions in the Zhejiang Construction Group, each of them has voluntarily abstained from voting on the Board resolution(s) approving the Framework Agreement and the transaction contemplated thereunder.

A circular containing, among other things, (i) details of the Framework Agreement and the Proposed Annual Caps; (ii) the recommendation(s) from the Independent Board Committee to the Independent Shareholders in relation to the Framework Agreement and the Proposed Annual Caps; and (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the Proposed Annual Caps, is expected to be despatched to the Shareholders on or before 3 August 2023.

I. THE FRAMEWORK AGREEMENT

The Board hereby announces that, on 13 July 2023 (after trading hours), the Company (for itself and on behalf of its subsidiaries) entered into the Framework Agreement with Zhejiang Construction (for itself and on behalf of its subsidiaries, which excludes the Group) with a term commencing from the Effective Date and ending on 31 December 2025. Pursuant to the Framework Agreement, (i) the Group will supply the Group's Products and Group's Services to Zhejiang Construction Group; and (ii) Zhejiang Construction Group will supply ZC's Products and ZC's Services to the Group.

The principal terms of the Framework Agreement are summarised as follows:

Date

13 July 2023 (after trading hours)

Parties

- (1) the Company (for itself and on behalf of its subsidiaries); and
- (2) Zhejiang Construction (for itself and on behalf of its subsidiaries, which excludes the Group).

As at the date of this announcement, Zhejiang Construction is indirectly interested in approximately 72.23% of the entire issued share capital of the Company. Accordingly, Zhejiang Construction is the controlling shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Framework Agreement by the Company and Zhejiang Construction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Duration

From the Effective Date and ending on 31 December 2025.

Main scope

Pursuant to the Framework Agreement, the Group will supply the Group's Products and the Group's Services to the Zhejiang Construction Group whereas Zhejiang Construction Group will supply the ZC's Products and ZC's Services to the Group.

General principal and price determination

The terms and price of the products and services to be supplied or procured under the Framework Agreement shall be fair and reasonable and be consistent with the terms of the Framework Agreement.

The relevant services and products should be provided or procured in accordance with the following general pricing principles and sequence:

- (a) the agreed price of the relevant products and/or relevant services (as the case may be) stipulated in the relevant main contract;
- (b) where there is no main contract, the Government-prescribed Price shall apply;
- (c) where there is no Government-prescribed Price, the Government-guidance Price shall apply;
- (d) where there is no Government-guidance Price, the Market Price shall apply;
- (e) where there is no Market Price, the Contractual Price shall apply.

Execution of individual agreement

The Framework Agreement is a framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time and as required, individual agreements will be entered into between the Group and the Zhejiang Construction Group setting out the specific terms of services and/or products to be provided or procured, including but not limited to the main scope of agreement, payment term, payment and the delivery method. Such terms shall be fair and reasonable and be consistent with the principles and the terms of the Framework Agreement.

II. PROPOSED ANNUAL CAPS

Historical amounts

Reference is made to the announcements of the Company dated 31 January 2023 and 10 February 2023 respectively and a circular of the Company dated 31 March 2023 in relation to, among others, the Acquisition.

To the best knowledge, information and belief of the Directors, upon the completion of the Acquisition, for the period from 8 May 2023 to 10 July 2023, being the latest practicable information available as at the date of this announcement, provision of the Group's Products and Group's Services by the Group to the Zhejiang Construction Group amounted to approximately RMB6,600 (equivalent to approximately HK\$7,333), whereas procurement of the ZC's Products and ZC's Services by the Group from the Zhejiang Construction Group amounted to approximately RMB188,309 (equivalent to approximately HK\$209,232), respectively.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the Framework Agreement for each of the three years ending 31 December 2025 are set out as follows:

	For the year ending 31 December		
	2023	2024	2025
	(Note (i))		
	HK\$'000	HK\$'000	HK\$'000
(1) Transactions contemplated under the provision of the Group's Products and Group's Services by the Group to the Zhejiang Construction Group (the "Sales Annual Caps")	55,000	110,000	110,000
(2) Transactions contemplated under the procurement of the ZC's Products and ZC's Services by the Group from the Zhejiang Construction Group (the "Purchase Annual Caps")	52,500	105,000	105,000

Note:

- (i) The proposed annual cap for the year ending 31 December 2023 is for a period commencing from the Effective Date and ending on 31 December 2023.

The Sales Annual Caps for the period commencing from the Effective Date to the year ending 31 December 2023 and the two years ending 31 December 2025 are determined with reference to, among other things, (i) the estimated indicative contract sum set by Zhejiang Construction to Environment Engineering Group (the "Indicative Contract Sum") for the three years ending 31 December 2025 with reference to the Indicative Contract Sum for the year ending 31 December 2023; (ii) the estimated completion rate of the Indicative Contract Sum by the Environment Engineering Group with reference to the average of the relevant historical completion rate by the Environment Engineering Group for the three years ending 31 December 2022; (iii) the estimated portion of contracts to be entered into between the Environment Engineering Group and the Zhejiang Construction Group out of the total estimated contracts to be entered with reference to the average of the relevant historical portion for the three years ending 31 December 2022; (iv) the estimated duration of contracts to be entered by the Environment Engineering Group with the Zhejiang Construction Group with reference to the relevant historical duration for the three years ending 31 December 2022; (v) the expected approximate timing of the approval by the Independent Shareholders on the Framework Agreement; and (vi) the estimated conversion of RMB into Hong Kong dollars with reference to the exchange rate of HK\$1 to RMB0.9.

The Purchase Annual Caps for the period commencing from the Effective Date to the year ending 31 December 2023 and the two years ending 31 December 2025 are determined based on (i) the Sale Annual Caps for the three years ending 31 December 2025 and (ii) the estimated gross profit margin of Environment Engineering Group for the contracts to be entered with the Zhejiang Construction Group for the three years ending 31 December 2025 with reference to the historical average of the relevant gross profit margins for the three years ending 31 December 2022.

III. REASONS FOR AND BENEFIT OF ENTERING INTO THE FRAMEWORK AGREEMENT

The purpose of entering into the Framework Agreement is to better regulate and streamline the terms of continuing connected transactions between the Group and the Zhejiang Construction Group in the future.

Reference is made to the announcements of the Company dated 31 January 2023 and 10 February 2023 respectively and a circular of the Company dated 31 March 2023 in relation to, among others, the Acquisition. Prior to the completion of the Acquisition, the Environment Engineering Group has been conducting transactions, which are similar to the continuing connected transactions contemplated under the Framework Agreement, with Zhejiang Construction Group. Upon completion of the Acquisition, Environment Engineering Company become a wholly-owned subsidiary of the Group and the financial results of the Environment Engineering Group will be consolidated into the financial statement of the Group.

Based on the following reasons, the Directors (excluding the independent non-executive Directors who will form their views after considering the opinion(s) of the Independent Financial Adviser) are of the view that the Framework Agreement and the transactions contemplated thereunder are beneficial for the Company to enter into the Framework Agreement:

1. the historical connection and long-standing business cooperation relationship between the Environment Engineering Group and Zhejiang Construction Group;
2. Zhejiang Construction Group, with its listing status in Shenzhen Stock Exchange and state-owned background, has been and will be having competitive advantages in being awarded the construction contracts in relation to sewage treatment plants or other environmental improvement and protection related infrastructure. In light of the relationship between the Group and Zhejiang Construction Group, Zhejiang Construction Group might sub-contract certain works under such construction contracts to the Environment Engineering Group under the same terms and conditions as compared to that of the Independent Third Parties and will therefore facilitate the overall operations and growth of the Group's business, which in return will enhance the Group's influence in environmental service industry in the PRC and generate stable revenue stream of the Group; and

3. Zhejiang Construction Group, which is familiar with the business and needs of the Environment Engineering Group, can always ensure the standard and stable supply of the ZC's Products and ZC's Services so as to meet the requirement of the Environment Engineering Group.

The Directors (excluding the independent non-executive Directors who will form their views after considering the opinion of the Independent Financial Adviser) are of the view that the Framework Agreement and the transactions contemplated thereunder have been entered into by the Group in the ordinary and usual course of business and on normal commercial terms, and are therefore fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IV. LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhejiang Construction is indirectly interested in approximately 72.23% of the entire issued share capital of the Company. Accordingly, Zhejiang Construction is the controlling shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Proposed Annual Caps under the Framework Agreement exceeds 5%, the transactions contemplated thereunder constitute a non-exempt continuing connected transaction of the Company, which is subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

V. INTERNAL CONTROL MEASURES

In addition to compliance with the requirements on annual review by external auditors and independent non-executive Directors under the Listing Rules in respect of the Group's continuing connected transactions, the Company and Environment Engineering Company has designated relevant personnel to perform internal review and control over the continuing connected transactions. Except for (i) the subcontracting contracts to be granted to the Group by Zhejiang Construction Group which shall predominantly follow the pricing terms and conditions of the relevant main contracts to be entered into between Zhejiang Construction and the relevant governmental units (i.e. general pricing principles (a) under the Framework Agreement), of which the relevant main contracts shall generally be based on the pricing terms and conditions of the public tendering documents to be stipulated by the relevant governmental units; and (ii) following an objective pricing mechanism with reference to the Government-prescribed Price (where there is no main contract) and the Government-guidance Price (where there is no

Government-prescribed Price) (i.e. general pricing principles (b) and (c) under the Framework Agreement respectively), the Company and the Environment Engineering Company have implemented certain internal control measures, which include, reviewing individual contracts signed between the Company and connected persons, reviewing the performance of procedures prior to signing of individual contracts as well as the fulfilment of transactions thereunder, regularly inspecting the specific terms of the Company's transactions with connected persons and comparing it with the terms of the comparable transactions of the Company entered into with Independent Third Parties, to ensure that the pricing and other contractual terms for the Group's continuing connected transactions under individual contract are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole and that the continuing connected transactions are conducted in accordance with the individual contracts and in compliance with the laws and regulations and the general pricing principles under the Framework Agreement.

To ensure that the continuing connected transactions under the Framework Agreement do not exceed the Proposed Annual Caps, the relevant personnel of the Group and Environment Engineering Company shall review the continuing connected transactions on a quarterly basis. In the event that the amount of the continuing connected transactions incurred and to be incurred for a financial year is expected to reach the Proposed Annual Caps, the relevant personnel will follow up forthwith by reporting and proposing a response to the management of the Company, and in case that a revision to the Proposed Annual Caps is required, report particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance of the requirements under the Listing Rules.

The Company also arranges compliance training for the Directors, senior management and staff from the relevant departments of the Company and its subsidiaries from time to time, primarily focusing the requirements of the Listing Rules.

VI. INFORMATION ON THE PARTIES

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 (i) 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; and (ii) 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.

Zhejiang Construction is a company listed on Shenzhen Stock Exchange (SZSE Security Code: 002761) and one of the controlling shareholders of the Company. Based on the latest public information available, Zhejiang Construction is ultimately owned as to (i) approximately 35.90% 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 8.14% by ICBC Financial Asset Investment Co. Ltd.* (工銀金融資產投資有限公司); (iii) approximately 5.00% by China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司); (iv) approximately 5.00% by Zhejiang Jianyang Investment Company Limited.* (浙江建陽投資股份有限公司); (v) approximately 5.00% by Deson Development International Holdings Investment Limited.* (迪臣發展國際集團投資有限公司); (vi) approximately 5.00% by Hung Wan Construction Co., Ltd.* (鴻運建築有限公司); (vii) approximately 4.34% by Zhejiang Financial Development Co. Ltd.* (浙江省財務開發有限責任公司); and (viii) the remaining approximately 31.62% held by other minority shareholders. As at the date of this announcement, the Zhejiang Construction Group is principally engaged in building construction business, engineering related services and investment in infrastructure projects.

VII. GENERAL

An Independent Board Committee comprising all the independent non-executive Directors, namely The Honourable Tse Wai Chun Paul JP, Mr. Lau Pak Shing, Mr. Ho Man Yiu Ivan and Mr. Lai Yuk Fai Stephen JP, has been established by the Company to advise and provide recommendation(s) to the Independent Shareholders in respect of the Framework Agreement and the Proposed Annual Caps. In such connection, The Independent Financial Adviser has been appointed 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, inter alia, consider and, if thought fit, approve the Framework Agreement and the Proposed Annual Caps. As at the date of this announcement, Zhejiang Construction is indirectly interested in approximately 72.23% of the entire issued share capital of the Company. In view of the interests of Zhejiang Construction in the Framework Agreement and the transactions contemplated thereunder, Zhejiang Construction 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 Framework Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution(s) of the Company in approving the Framework Agreement and the transactions contemplated thereunder at the EGM.

None of the Directors had a material interest in the Framework Agreement and the transactions contemplated thereunder. However, since Mr. Guan Manyu, Mr. Yang Haojiang, Ms. Ding Shaojian and Mr. Fan Jingbo also hold directorship and/or management positions in the Zhejiang Construction Group, each of them has voluntarily abstained from voting on the Board resolution(s) approving the Framework Agreement and the transaction contemplated thereunder.

A circular containing, among other things, (i) details of the Framework Agreement and the Proposed Annual Caps; (ii) the recommendation(s) from the Independent Board Committee to the Independent Shareholders in relation to the Framework Agreement and the Proposed Annual Caps; and (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the Proposed Annual Caps, is expected to be despatched to the Shareholders on or before 3 August 2023.

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 Environment Engineering Company, as disclosed in the circular of the Company dated 31 March 2023, which was approved by the Independent Shareholders in the extraordinary general meeting of the Company held on 28 April 2023
“Board”	the board of Directors of the Company
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction”	has the meaning ascribed to it under the Listing Rules

“Contractual Price”	<p>The transaction price to be agreed between the relevant parties in relation to the products or services to be provided or procured shall be equivalent to the reasonable costs incurred in supplying the same plus reasonable profit margin</p> <p>“reasonable costs” means the actual costs incurred in supplying the products or services as agreed by the relevant parties</p> <p>“reasonable profit margin” means the profit margin to be determined by the relevant parties in accordance with the terms of the Framework Agreement. The relevant parties shall determine whether the profit margin is fair and reasonable with reference to (to the extent available) the historical average price of the previous transactions and/or historical average price in relation to the relevant products or services issued by the relevant industrial associations and/or the profit margin of comparable products and services disclosed by other listed companies</p>
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Effective Date”	<p>the effective date of the Framework Agreement shall be the latest date among the following:</p> <ol style="list-style-type: none"> 1. each party having executed the Framework Agreement in accordance with its articles of association and applicable laws; 2. each party having performed its internal decision-making procedures in accordance with the relevant law, the Listing Rules and its articles of association; and 3. the Company having obtained approval from the Independent Shareholders in relation to the transactions contemplated under the Framework Agreement in accordance with the Listing Rules and having complied with the rules in relation to the continuing connected transaction under the Listing Rules

“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to, inter alia, consider and, if thought fit, approve the Framework Agreement and the Proposed Annual Caps
“Environment Engineering 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
“Environment Engineering Group”	the Environment Engineering Company and its subsidiaries
“Framework Agreement”	a mutual products and services supply framework agreement dated 13 July 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and Zhejiang Construction (for itself and on behalf of its subsidiaries, which excludes the Group)
“Government-guidance Price”	the price determined from time to time by the parties within the range as provided under the laws, regulations, decisions or orders or in respect of particular types of products or services promulgated by the central government, provincial government or other regulatory authorities in the PRC
“Government-prescribed Price”	the price jointly determined by the relevant price control authorities, the industry regulators in the PRC and the relevant manufacturing enterprises involved in the particular transaction(s)
“Group”	the Company and its subsidiaries
“Group’s Products”	the sewage treatment and environmental protection construction engineering related construction materials and equipment, including but not limited to facilities and equipment in relation to sewage treatment plants, water plants and comprehensive environmental management, as well as waste gas treatment equipment and other environmental protection-related products

“Group’s Services”	<ul style="list-style-type: none"> <li data-bbox="590 151 1410 670">(i) sewage and reclaimed water treatment related engineering services, including but not limited to the provision of operation and maintenance services for sewage pipes and related equipment of sewage treatment plants; provision of construction, repair and equipment installation services for sewage treatment plants; provision of engineering services for zero direct sewage discharge area, pipelines transformation, household connection project and in-depth investigation services; construction, maintenance, management, commissioning and trial operation of sewage upgrading and renovation projects; and <li data-bbox="590 712 1410 1521">(ii) environmental protection related engineering services, including but not limited to solid waste treatment; garbage disposal; comprehensive land improvement; ecology and soil restoration and governance; environmental protection engineering design and consultation; environmental protection technology development and technical consulting services; construction engineering; mechanical and electrical installation engineering; municipal engineering; design and construction of landscaping and greening projects; design, construction and operation of sanitation integration projects; design, construction and operation of comprehensive environmental management related projects; environmental protection equipment sales and installation services; comprehensive management of water environment; water and soil conservation monitoring, construction and facility acceptance; consulting services for water and soil conservation facilities
“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, Mr. Lau Pak Shing and Mr. Lai Yuk Fai Stephen JP, has been established for the purpose of advising and giving recommendation(s) to the Independent Shareholders in respect of the Framework Agreement and the Proposed Annual Caps
“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 Framework Agreement and the Proposed Annual Caps
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM
“Independent Third Parties”	any third parties that is not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Market Price”	The transaction price of the products and/or services shall be determined by the price under the non-connected transactions entered into between the Company and the Independent Third Parties. For determining whether the relevant transaction price is fair and reasonable, the Company is entitled to obtain comparable market prices from at least two Independent Third Parties while the Company shall also take into account the costs, quantities, qualities, taxation, insurance, market condition and timing arrangement in ensuring that under the same terms and conditions:

1. (in the event of supply of products or services by the Group to the Zhejiang Construction Group) the relevant terms and conditions shall be equal to or not less favourable than those available to the Group offered by the Independent Third Parties; and
2. (in the event of supply of products of services by Zhejiang Construction Group to the Group) the relevant terms and conditions shall be equal to or no less favourable than those available to the Group offered by the Independent Third Parties.

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Annual Caps”	the proposed annual caps contemplated under the Framework Agreement for the three years ending 31 December 2025 as shown under the paragraph headed “II. Proposed Annual Caps”
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ZC’s Products”	<ol style="list-style-type: none"> (i) office supplies, daily necessities and equipment; and (ii) general construction systems and equipment, including but not limited to denitrification filter process package, ultrafiltration membrane process package, magnetic coagulation process package, sporadic process package, fenton process package, deodorization system process package, sludge dewatering system process package, templates, square wood, steel and interior and exterior wall coatings, municipal engineering ancillary materials and landscaping species, and the related ancillary services.

“ZC’s Services”	<ul style="list-style-type: none"> (i) office lease; (ii) property management and public administration services, human resource management; (iii) canteen catering services; and (iv) operation and maintenance management and consulting services for sewage treatment plants.
“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)
“Zhejiang Construction Group”	Zhejiang Construction and its subsidiaries, which exclude the Group
“%”	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 RMB0.9. 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, 13 July 2023

As at the date of this announcement, the Company has three executive directors, namely Mr. Guan Manyu, Mr. Li Kar Yin and Mr. Chan Tak Yiu; three non-executive directors, namely Mr. Yang Haojiang, Ms. Ding Shaojian and Mr. Fan Jingbo; and four independent non-executive directors, namely The Honourable Tse Wai Chun Paul JP, Mr. Ho Man Yiu Ivan, Lau Pak Shing and Mr. Lai Yuk Fai Stephen JP.