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ZONQING Environmental Limited
中庆环境股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1855)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

References are made to the Company's previous announcements in relation to the continuing connected transactions between the Group and ZIHG. As (i) the existing framework agreements entered into with ZIHG for the period ending 31 December 2025 will expire; and (ii) the Company expects that the relevant transactions will continue thereafter to meet ongoing business needs and project delivery schedules, the Board announces that on 17 November 2025 (after trading hours) the Group entered into a series of framework agreements with ZIHG for a term from 1 January 2026 to 31 December 2028. The 2026 Framework Agreements cover (a) equipment usage, (b) survey and design services, (c) property leasing, (d) culture, commerce and tourism project management services, (e) general contracting management of construction and municipal public works and (f) landscaping and ecological restoration construction works services. The Company proposes the corresponding annual caps for each of the three years ending 31 December 2028 for such continuing connected transactions.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, ZIHG is owned as to approximately 27.00% by Mr. Sun Juqing (a non-executive Director and the chairman of the Board) ("**Mr. Sun**"), 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 associate of Mr. Sun). ZIHG is therefore a connected person of the Company under Chapter 14A of the Listing Rules and the ZIHG Connected Persons are connected persons of the Company. The transactions contemplated under the 2026 Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the proposed annual caps for the transactions contemplated under the 2026 Framework Agreements exceed 0.1% but are below 5%, such transactions constitute partially-exempt continuing connected transactions of the Company and are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

In view of their interests in ZIHG, Mr. Sun Juqing, Mr. Liu Haitao and Mr. Shao Zhanguang have abstained from voting on the board resolutions approving the 2026 Framework Agreements and the proposed annual caps. Save as disclosed above, none of the Directors has abstained from voting on such board resolutions. The Directors (including the INEDs) have confirmed that the 2026 Framework Agreements were negotiated on an arm's length basis, are in the ordinary and usual course of business of the Group and are either on normal commercial terms or better or on terms no less favourable to the Group than those available to or from independent third parties. The Directors (including the INEDs) are of the view that the terms of the 2026 Framework Agreements, the Continuing Connected Transactions contemplated thereunder and the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. No extraordinary general meeting is required as the applicable percentage ratios for the proposed annual caps are below 5%.

I. INTRODUCTION

References are made to the Company's announcements dated 28 October 2022 regarding the continuing connected transactions between the Group and ZIHG. As the existing framework agreements will expire on 31 December 2025 and given that the Group expects the transactions to continue thereafter in light of confirmed engagements and project pipelines, on 17 November 2025 (after trading hours) the Group entered into the 2026 Framework Agreements with ZIHG to govern the transactions for the period from 1 January 2026 to 31 December 2028.

The 2026 Framework Agreements cover the following categories set out below in the table summarizing the framework agreements entered into between the Company and ZIHG and the respective proposed annual caps for FY2026, FY2027 and FY2028:

Agreement	**FY2026** *RMB'000*	**FY2027** *RMB'000*	**FY2028** *RMB'000*
A. Equipment Usage Framework Agreement	2,000	2,000	2,000
B. Survey and Design Services Framework Agreement	20,000	20,000	20,000
C. Property Leasing Framework Agreement	4,100	4,100	4,100
D. Culture, Commerce and Tourism Project Management Services Framework Agreement	24,000	24,000	21,000
E. General Contracting Management of Construction and Municipal Public Works Framework Agreement	30,000	20,000	20,000
F. Landscaping and Ecological Restoration Construction Works Services Framework Agreement	70,000	70,000	70,000

A. Equipment Usage Framework Agreement

1. Principle terms

Date:	17 November 2025 (after trading hours)
Parties:	The Company and ZIHG
Duration:	1 January 2026 to 31 December 2028
Subject matter	The Group will lease designated equipment (including water sprinkling vehicles and other project-use equipment) to ZIHG Connected Persons for their business use, as required by project execution needs.
Transaction principles	This is a framework arrangement. Specific leases will be implemented through separate individual agreements on normal commercial terms. Each individual agreement must remain within the framework scope; if any inconsistency arises, the framework shall prevail.
Pricing principles	Rental rates will be set with reference to fees the Group charges independent third parties for comparable equipment and terms, having regard to prevailing market rates, utilisation and lease tenor. The Group will only enter into an individual lease if the expected gross margin is higher than, or at least equivalent to, that achieved from comparable leases with independent third parties.
Settlement method	Settlement (invoicing cycle, payment schedule, deposits/prepayments) will be agreed in the individual agreements by reference to prevailing market practice and the Group's arrangements in comparable transactions with independent third parties.

2. Proposed caps

Set out below are the approximate historical transaction amounts, existing annual caps and the proposed annual caps for the transaction to be conducted pursuant to the renewal framework agreement:

	Approximate historical amounts		
	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
Equipment Usage	0	0	0

	Existing annual caps		
	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
	600	700	800

	Proposed annual caps		
	FY2026	**FY2027**	**FY2028**
	RMB'000	*RMB'000*	*RMB'000*
Equipment Usage	2,000	2,000	2,000

The Proposed Annual Caps have been determined after taking into account, among others, the following factors: (i) the historical transaction amounts of the Group, including those with the ZIHG Connected Persons and under the Equipment Usage Framework Agreement; (ii) the status of the existing projects and projects in the pipeline; (iii) the anticipated equipment usage demand from the ZIHG Connected Persons; (iv) the business growth and expansion of the Group; and (v) prevailing market prices and trends.

The increase in the proposed annual caps for equipment usage mainly reflects the Group's expanded business scale and project demand following its recent acquisitions. In 2024, through the acquisitions of Guangdong Fengyue Construction Engineering Co., Ltd., Changchun Chaoyang Chengji Construction Co., Ltd. and Jilin Shengyu Municipal Works Co., Ltd.* (吉林省晟宇市政工程有限公司), the Group obtained several new construction qualifications, including First-Grade and Second-Grade Main Contractor qualifications for municipal public works and construction projects. These qualifications have enhanced the Group's capability to undertake larger and more complex projects, resulting in a greater demand for construction equipment.

To support the increased project volume and maintain operational efficiency, the Group anticipates higher utilisation of equipment provided by the ZIHG Connected Persons on normal commercial terms. Accordingly, the proposed annual caps for equipment usage have been increased to align with the Group's enlarged operational scale and project requirements.

3. Reasons and benefits for the transactions

In order for the Group to capture the business need and the continuous growth expected to be brought along by the increase in transaction amounts for the leasing of water sprinkling vehicles by the ZIHG Connected Persons, and given that the Equipment Usage Framework Agreement is entered into 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 interest of the Group and the Shareholders as a whole to enter into the Equipment Usage Framework Agreement with ZIHG.

B. Survey and Design Services Framework Agreement

1. Principle terms

Date:	17 November 2025 (after trading hours)
Parties:	The Company and ZIHG
Duration:	1 January 2026 to 31 December 2028
Subject matter	The Group will provide survey, investigation and design services for landscaping, ecological restoration and/or municipal public works projects to the ZIHG Connected Persons, covering engineering survey, scheme and construction design, and related technical consultancy.
Transaction principles	The framework sets parameters and standards. Specific engagements will be documented in separate individual agreements on normal commercial terms, which will not exceed the scope detailed in the framework. If any inconsistency arises, the framework prevails.

Pricing principles Fees will be based on detailed cost budgets and with reference to: (i) Engineering Survey and Design Fee Rates (NDRC/MOHURD), where applicable; (ii) applicable laws/regulations; (iii) prevailing market prices/trends; and (iv) gross margin levels offered to independent third parties. Execution occurs only where the gross margin to the ZIHG Connected Persons is higher than, or at least equivalent to, that for comparable third party services.

Settlement method Milestone billing and payment schedules will be agreed in the individual agreements by reference to prevailing market practice and the Group's terms in comparable third party engagements.

The Proposed Annual Caps are determined after considering, among others, the following factors: (i) the status of the existing projects and projects in the pipeline; (ii) the historical transaction amounts of the Group, including the historical amounts with the ZIHG Connected Persons and those under the Survey and Design Services Framework Agreement; (iii) the projects for which the ZIHG Connected Persons anticipate to engage the Group; (iv) the business growth of the Group; and (v) the prevailing market prices and market trend.

2. Proposed caps

Set out below are the approximate historical transaction amounts, existing annual caps and the proposed annual caps for the transaction to be conducted pursuant to the renewal framework agreement:

	Approximate historical amounts		
	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
Survey and Design Services	6,271	1,874	16,056

	Existing annual caps		
	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
	20,000	20,000	20,000

	Proposed annual caps		
	FY2026	**FY2027**	**FY2028**
	RMB'000	*RMB'000*	*RMB'000*
Survey and Design Services	20,000	20,000	20,000

3. Reasons and benefits for the transactions

Having considered, among others, (i) the Group provides survey and design services to its customers, including the ZIHG Connected Persons in its ordinary and usual course of business; (ii) the continuous business needs of the ZIHG Connected Persons; (iii) the Group's expertise and professional capabilities in this area; and (iv) the Survey and Design Services Framework Agreement is entered into 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 interest of the Group and the Shareholders as a whole to enter into the Survey and Design Services Framework Agreement with ZIHG.

C. Property Leasing Framework Agreement

1. Principle terms

Date:	17 November 2025 (after trading hours)
Parties:	The Company and ZIHG
Duration:	1 January 2026 to 31 December 2028
Subject matter	The Group, as tenant, will lease certain office and operational premises from the ZIHG Connected Persons, as landlord, for use in its ordinary and usual course of business.
Transaction principles	Specific leases will be effected by individual tenancy agreements negotiated on an arm's length basis and on normal commercial terms. Each tenancy must align with the framework; where inconsistent, the framework prevails.

Pricing principles Rent will be determined after arm's length negotiations with reference to: (i) prevailing market rental levels for comparable premises in the vicinity; and (ii) rents offered by independent landlords to the Group for comparable premises. The Group will only enter into an individual lease where the rent payable to the ZIHG Connected Persons is equivalent to or lower than that payable to independent landlords for comparable premises.

Settlement method Base rent, management fees, deposits and payment intervals will be set out in individual leases by reference to market practice and the Group's arrangements with independent landlords for comparable premises.

2. Proposed caps

Set out below are the approximate historical transaction amounts, existing annual caps and the proposed annual caps for the transaction to be conducted pursuant to the renewal framework agreement:

	Approximate historical amounts		
	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
Property Leasing	2,544	2,463	2,904

	Existing annual caps		
	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
	4,500	4,800	4,800

	Proposed annual caps		
	FY2026	**FY2027**	**FY2028**
	RMB'000	*RMB'000*	*RMB'000*
Property Leasing	4,100	4,100	4,100

The Proposed Annual Caps are determined after considering, among others, the following factors: (i) the terms and conditions of the existing property leasing agreements with the ZIHG Connected Persons; (ii) inflation rate in the PRC with reference to the Consumer Price Index published by National Bureau of Statistics of China; (iii) the market rent of comparable premises, taking into account the term of lease and the market trend and conditions; (iv) the Group's anticipated demand for office premises in the coming years; and (v) the business growth of the Group.

3. Reasons and benefits for the transactions

Having considered, among others, (i) the Group's existing property leasing agreements with the ZIHG Connected Persons, and the costs and disruptions that may be caused if the Group is to relocate the relevant offices to other premises; (ii) the Group's entitlement to long-term property rights can be safeguarded under the Property Leasing Framework Agreement; (iii) the ZIHG Connected Persons have a better understanding of the property requirements of the Group in relation to office premises; (iv) the geographical proximity with the ZIHG Connected Persons will facilitate the Group's business cooperation with them; and (v) the Property Leasing Framework Agreement is entered into 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 interest of the Group and the Shareholders as a whole to enter into the Property Leasing Framework Agreement with ZIHG.

D. Culture, Commerce and Tourism Project Management Services Framework Agreement

Date:	17 November 2025 (after trading hours)
Parties:	The Company and ZIHG
Duration:	1 January 2026 to 31 December 2028
Subject matter	The Group will provide consultancy and project management services to ZIHG Connected Persons for culture, commerce and tourism related projects, including preliminary studies (resources classification, policy research, land use and market analysis), project planning (business model, development plans, zoning), integrated planning (architecture, landscape and technical consultancy) and project operation support.
Transaction principles	The framework prescribes governing terms and boundaries. Each engagement will be documented in a separate individual agreement on normal commercial terms within the framework scope; in case of inconsistency, the framework prevails.
Pricing principles	Fees will be determined with reference to: (i) applicable regulatory requirements (where available); (ii) prevailing market prices/trends for comparable professional services; and (iii) gross margin levels offered to independent third parties. The Group will only contract where the expected gross margin is higher than, or at least equivalent to, that for comparable third party mandates.
Settlement method	Staged payments against defined deliverables and acceptance will be agreed in individual agreements by reference to prevailing market practice and the Group's comparable third party arrangements.

2. Proposed caps

Set out below are the approximate historical transaction amounts, existing annual caps and the proposed annual caps for the transaction to be conducted pursuant to the renewal framework agreement:

	Approximate historical amounts		
	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
Culture/Commerce/Tourism PM Services	8,308	6,149	0

	Existing annual caps		
	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
	30,000	40,000	40,000

	Proposed annual caps		
	FY2026	**FY2027**	**FY2028**
	RMB'000	*RMB'000*	*RMB'000*
Culture/Commerce/Tourism PM Services	24,000	24,000	21,000

The Proposed Annual Caps are determined after considering, among others, the following factors: (i) the prevailing market prices and market trend; (ii) the status of the projects in pipeline; (iii) the projects for which the ZIHG Connected Persons anticipate to engage the Group; and (iv) the business growth of the Group.

3. Reasons and benefits for the transactions

Having considered, among others, (i) the Group could capture the business opportunities offered by ZIHG Connected Persons that engage in the development and operations of culture, commerce and tourism projects; (ii) the ZIHG Connected Persons are long-term reliable business partners of the Group where the parties are familiar with the operational needs and requirements of each other; and (iii) the Culture, Commerce and Tourism Project Management Services Framework Agreement is entered into 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 the transactions contemplated under the Culture, Commerce and Tourism Project Management Services Framework Agreement are beneficial to the business operation of the Group, such that it is in the interest of the Group and the Shareholders as a whole to enter into the Culture, Commerce and Tourism Project Management Services Framework Agreement.

E. General Contracting Management of Construction and Municipal Public Works Framework Agreement

1. Principle terms

Date:	17 November 2025 (after trading hours)
Parties:	The Company and ZIHG
Duration:	1 January 2026 to 31 December 2028
Subject matter	The Group will provide general contracting management and supervision services to construction projects of the ZIHG Connected Persons, including schedule, quality, safety, cost management and coordination across construction and municipal public works.
Transaction principles	The framework sets overarching terms. Individual project management mandates will be implemented through separate agreements on normal commercial terms, within framework scope; where inconsistent, the framework prevails.
Pricing principles	Fees will be built on detailed cost budgets and with reference to: (i) Engineering Survey and Design Fee Rates (NDRC/MOHURD); (ii) Measures to Preparation of Municipal Public Works Investment Estimation (MOHURD) for municipal works; (iii) applicable laws/ regulations; (iv) prevailing market prices/trends; and (v) gross margin levels offered to independent third parties. Execution occurs only where the margin to ZIHG Connected Persons is higher than, or at least equivalent to, that for comparable third party projects.
Settlement method	Milestone based billing linked to management deliverables/progress will be agreed in individual agreements by reference to market practice and the Group's comparable third party engagements.

2. Proposed caps

Set out below are the approximate historical transaction amounts, existing annual caps and the proposed annual caps for the transaction to be conducted pursuant to the renewal framework agreement:

	Approximate historical amounts		
	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
General Contracting Management (Construction/ Municipal)	18,127	5,433	36

	Existing annual caps		
	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
	30,000	40,000	40,000

	Proposed annual caps		
	FY2026	**FY2027**	**FY2028**
	RMB'000	*RMB'000*	*RMB'000*
General Contracting Management (Construction/ Municipal)	30,000	20,000	20,000

The Proposed Annual Caps are determined after considering, among others, the following factors: (i) prevailing market prices and market trend; (ii) the status of the projects in pipeline; (iii) the projects for which the ZIHG Connected Persons anticipate to engage the Group; and (iv) the business growth of the Group.

3. Reasons and benefits for the transactions

The proposed annual caps under the General Contracting Management of Construction and Municipal Public Works Framework Agreement for 2026 have been maintained at a similar level to the previous period, primarily to accommodate the Group's existing and newly secured contracts that are expected to commence or reach peak execution in 2026. These include projects carried forward from earlier years and new municipal works to be undertaken following the Group's acquisition of additional qualifications through its subsidiaries Zonbong Jinghe Design Group Limited* (境和設計集團有限公司) and Jilin Jinghe Design Engineering Co., Ltd.* (吉林省境和設計工程有限公司). However, the proposed annual caps for 2027 and 2028 have been adjusted downward to reflect the Group's updated project schedule and a more moderate level of new project intake expected after 2026. Based on the current pipeline and anticipated pace of new contract awards from the ZIHG Connected Persons, the management expects that a number of large-scale projects will be substantially completed by 2026, resulting in lower demand for project management services in the subsequent two years. In addition, the Group intends to focus on improving efficiency, strengthening internal project management, and redeploying resources to higher-margin service areas during the later years of the framework period. Accordingly, the decrease in the proposed annual caps for 2027 and 2028 reflects a prudent projection aligned with the Group's project timeline, business priorities, and expected market conditions, rather than a reduction in cooperation with the ZIHG Connected Persons.

F. Landscaping and Ecological Restoration Construction Works Services Framework Agreement

1. Principle terms

Date:	17 November 2025 (after trading hours)
Parties:	The Company and ZIHG
Duration:	1 January 2026 to 31 December 2028
Subject matter	The Group will provide landscaping and ecological restoration construction works services to the ZIHG Connected Persons, including site formation, planting, greening, ecological restoration and associated construction activities.
Transaction principles	This is a framework arrangement for construction works. Specific works packages will be awarded and implemented under individual contracts on normal commercial terms within the framework scope; the framework prevails on conflict. Effectiveness is subject to Independent Shareholders' approval and satisfaction of any applicable regulatory requirements (including the Stock Exchange).
Pricing principles	Fees will be determined with reference to: (i) the Code of Bills of Quantities and Valuation for Construction Works (MOHURD/GAQSIQ), as applicable; (ii) prevailing market prices/trends for comparable works; and (iii) gross margin levels offered to independent third parties. The cost department will apply the pricing code, benchmark at least three recent independent party comparables (where available), and confirm that the gross margin is higher than, or at least equivalent to, that for comparable third party contracts before execution.
Settlement method	Progress payment valuation, certification, retention and final account arrangements will be stipulated in individual construction contracts by reference to prevailing market practice and the Group's arrangements under comparable third party projects.

2. Proposed caps

Set out below are the approximate historical transaction amounts, existing annual caps and the proposed annual caps for the transaction to be conducted pursuant to the renewal framework agreement:

	Approximate historical amounts		
	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
Landscaping and Ecological Restoration Construction Works	8,189	25,834	9,720

	Existing annual caps		
	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
	150,000	160,000	170,000

	Proposed annual caps		
	FY2026	**FY2027**	**FY2028**
	RMB'000	*RMB'000*	*RMB'000*
Landscaping and Ecological Restoration Construction Works	70,000	70,000	70,000

The Proposed Annual Caps have been determined after taking into account, among others, (i) the status and value of the Group's existing landscaping and ecological restoration projects and those in the pipeline; (ii) the expected construction progress of major projects undertaken for the ZIHG Connected Persons, most of which are anticipated to reach the mid-to-late stages of execution between 2025 and 2026; (iii) the Group's current development plan and refined project mix following completion of several large-scale projects in 2024–2025; (iv) the anticipated level of new project intake during 2026 to 2028, which, while stable, is expected to be moderate compared with the previous period; and (v) prevailing market conditions and pricing trends in the landscaping and ecological restoration industries.

The lower annual caps for the three years ending 31 December 2028 primarily reflect the Group's updated construction schedule and the transition of a number of large, equipment-intensive ecological restoration projects into their later phases, during which work volume and contract value gradually decrease. In addition, the Group plans to focus on consolidating operational resources, improving project management efficiency, and prioritising higher-margin and higher-quality projects during the new framework period. Accordingly, the proposed annual caps represent a prudent and realistic projection of transaction values that align with the Group's latest business outlook while maintaining stable cooperation with the ZIHG Connected Persons.

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 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 interest of the Group and the Shareholders as a whole to enter into the Landscaping and Ecological Restoration Construction Works Services Framework Agreement with ZIHG.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS; DIRECTORS' AND INEDS' VIEWS

The Group is principally engaged in landscaping, ecological restoration and related municipal public works, as well as cultural and tourism related services. In the ordinary and usual course of business, the Group provides such services to customers including the ZIHG Connected Persons and, for efficiency and expertise reasons, also leases office premises and equipment, procures goods, and subcontracts works to qualified service providers, including the ZIHG Connected Persons. The ZIHG Connected Persons are experienced in infrastructure and municipal construction and have maintained a long-term, stable cooperative relationship with the Group. The renewal of the framework agreements will enable the Group to effectively capture business opportunities arising from the supportive policy environment for private enterprises and continued investment in infrastructure and green development in China, while ensuring the orderly delivery of projects on terms no less favourable to the Group than those offered to or by independent third parties for comparable transactions.

In early 2025, the Central Government reaffirmed strong policy support for the private economy, emphasizing tax and fee reductions, financing facilitation and other supportive measures, which have improved market confidence and strengthened the operating environment for private enterprises. Against this backdrop, continued advancement in high-quality economic development, green transformation, and infrastructure investment – particularly in new urbanization, rural revitalization, and regional coordination – is expected to generate steady project demand across the Group's business areas. In addition, as the government's debt cancellation policy for public projects is implemented, the Group's cash flow position is expected to improve, further allowing it to allocate more resources toward business expansion and operational efficiency enhancement.

The Directors (including the independent non-executive Directors) consider that the 2026 Framework Agreements were entered into through arm's length negotiation, are in the ordinary and usual course of business of the Group, on normal commercial terms or better, and that the proposed annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The independent non-executive Directors further consider that: (i) the transactions are conducted in the ordinary and usual course of business of the Group; (ii) the transactions are on normal commercial terms or better; (iii) the transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (iv) the basis for determining payments complies with Rule 14A.51 of the Listing Rules, and that the proposed annual caps and cap determination basis are fair and reasonable.

INTERNAL CONTROL MEASURES

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

1. Monitoring and reporting mechanism

   The project team of the Group regularly communicates and updates the project progress and transaction status with the chief financial officer of the Company ("**CFO**"). The CFO and other members of the management team of the Group will 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 is expected to be exceeded before the end of the financial year, or in the event of delay in project progress resulting in the annual caps for the current and/or the subsequent financial year(s) being likely to be exceeded, the relevant personnel from the finance department shall notify the CFO and the management team immediately so that the Company can promptly undertake the necessary procedures in compliance with the relevant requirements under Chapter 14A of the Listing Rules to revise the annual cap accordingly.

2. Review by INEDs

   The INEDs review the continuing connected transactions of the Company on a quarterly basis to consider whether all such transactions of the Group are entered into (i) in the ordinary and usual course of business of the Group, (ii) on normal commercial terms or better, and (iii) pursuant to the relevant pricing policies (where applicable), and whether the terms thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

3. Annual review by auditors

   The auditors of the Company conduct an annual review of the continuing connected transactions (including the relevant terms and annual caps) contemplated under the relevant framework agreements to ensure compliance with the requirements under Chapter 14A of the Listing Rules.

4. Training and compliance awareness

   The Company provides regular training to the Directors and relevant personnel on the internal control policies and the requirements in relation to continuing connected transactions under Chapter 14A of the Listing Rules to strengthen their understanding and compliance awareness. The Company will periodically conduct refresher training sessions to ensure that all relevant personnel and Directors maintain a clear and updated understanding of the compliance requirements concerning continuing connected transactions.

INFORMATION ON THE PARTIES

The Company is an investment holding company 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 Group is a comprehensive service provider in the pan-municipal public works, green construction and management and cultural and tourism development industry in the Three Northeast Provinces of the PRC. The Group is principally engaged in landscaping, ecological restoration, cultural and tourism and other related projects.

ZIHG is a company established in the PRC with limited liability on 16 May 2014. As at the date of this announcement, ZIHG was owned as to approximately 35.00% by Ms. Zhao Hongyu, 27.00% by 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ZIHG is owned as to approximately 27.00% by Mr. Sun, 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 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 and/or 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 2026 Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the proposed annual caps for the continuing connected transactions described above are over 0.1% but below 5%, the transactions are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for ZIHG and its associates as connected persons, the counterparties to the individual agreements to be entered into pursuant to the frameworks are connected persons of the Company by virtue of their relationship with ZIHG and are not independent third parties.

Approval by the Board

In view of their shareholdings in ZIHG, Mr. Sun Juqing, Mr. Liu Haitao and Mr. Shao Zhanguang have abstained from voting on the Board resolutions approving the 2026 Framework Agreements and the proposed annual caps. Save as disclosed above, none of the Directors has a material interest in the transactions, and none has abstained from voting on the relevant board resolutions.

DEFINITIONS

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

"2026 Framework Agreements"	collectively, the framework agreements entered into on 17 November 2025 between the Company and ZIHG (for the term from 1 January 2026 to 31 December 2028), namely: (a) Equipment Usage Framework Agreement, (b) Survey and Design Services Framework Agreement, (c) Property Leasing Framework Agreement, (d) Culture, Commerce and Tourism Project Management Services Framework Agreement, (e) General Contracting Management of Construction and Municipal Public Works Framework Agreement, and (f) Landscaping and Ecological Restoration Construction Works Services Framework Agreement
"Applicable Percentage Ratios"	the percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules
"Board"	the board of Directors of the Company
"China or PRC"	the People's Republic of China, for the purpose of this announcement excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company"	ZONQING Environmental Limited (中庆环境股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1855)
"Continuing Connected Transactions"	the transactions contemplated under the 2026 Framework Agreements
"Culture, Commerce and Tourism Project Management Services Framework Agreement"	the framework agreement dated 17 November 2025 in relation to the provision of consultation, project planning, overall planning (including architectural and landscape design and technical consultancy) and project operation services by the Group to the ZIHG Connected Persons for the period from 1 January 2026 to 31 December 2028

"Director(s)"	the director(s) of the Company
"Equipment Usage Framework Agreement"	the framework agreement dated 17 November 2025 in relation to the lease by the Group of construction-related and other equipment from the ZIHG Connected Persons for the period from 1 January 2026 to 31 December 2028
"FY2023"	the Company's financial year ended 31 December 2023
"FY2024"	the Company's financial year ended 31 December 2024
"FY2025"	the Company's financial year ended 31 December 2025
"FY2026"	the Company's financial year ended 31 December 2026
"FY2027"	the Company's financial year ended 31 December 2027
"FY2028"	the Company's financial year ended 31 December 2028
"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)
"General Contracting Management of Construction and Municipal Public Works Framework Agreement"	the framework agreement dated 17 November 2025 in relation to the provision of general contracting management and supervision services for construction and municipal public works by the Group to the ZIHG Connected Persons for the period from 1 January 2026 to 31 December 2028
"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 Non-executive Directors" or "INEDs"	the independent non-executive Directors of the Company
"Independent Shareholders"	shareholders of the Company who are not required to abstain from voting if shareholders' approval is required

"Independent Third Party(ies)"	person(s) or entity(ies) who is/are not connected person(s) of the Company under the Listing Rules
"Landscaping and Ecological Restoration Construction Works Services Framework Agreement"	the framework agreement dated 17 November 2025 in relation to the provision of landscaping and ecological restoration construction works services by the Group to the ZIHG Connected Persons for the period from 1 January 2026 to 31 December 2028
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"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)
"Proposed Annual Caps" or "Annual Caps"	the proposed annual caps for the Continuing Connected Transactions for each of the three years ending 31 December 2026, 2027 and 2028, as disclosed in this announcement
"Property Leasing Framework Agreement"	the framework agreement dated 17 November 2025 in relation to the lease of office premises by the Group (as tenant) from the ZIHG Connected Persons (as landlord) for the period from 1 January 2026 to 31 December 2028
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.0003 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Survey and Design Services Framework Agreement"	the framework agreement dated 17 November 2025 in relation to the provision of survey and design services for landscaping, ecological restoration and/or municipal public works and related technical consultancy services by the Group to the ZIHG Connected Persons for the period from 1 January 2026 to 31 December 2028
"ZIHG"	Zhongqing Investment Holding Group Limited Liability Company* (中慶投資控股(集團)有限責任公司)
"ZIHG Connected Persons"	ZIHG together with its subsidiaries and associates
"%"	per cent

In this announcement, 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.

* *For identification purpose only*

By order of the Board
ZONQING Environmental Limited
Sun Juqing
Chairman and non-executive Director

Hong Kong, 17 November 2025

As at the date of this announcement, the Board of the Company comprises Mr. Liu Haitao (vice-chairman) and Ms. Wang Yan as executive Directors, Mr. Sun Juqing (chairman), Ms. Lyu Hongyan and Mr. Shao Zhanguang as non-executive Directors, and Mr. Gao Xiangnong, Mr. Yin Jun and Mr. Lee Kwok Tung Louis as independent non-executive Directors.