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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)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION IN RELATION TO CAPITAL INCREASE IN TARGET COMPANY

Reference is made to the announcement of the Company dated 23 July 2026 (the “**Announcement**”) in relation to the capital increase in the Target Company. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement. The Company would like to provide the following additional information regarding the Capital Increase.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

As disclosed in the Announcement, the Target Company was established on 19 December 2025 and has not yet commenced business operations. In considering the Capital Increase, the Board primarily focuses on the state-owned background of Yubang Holdings and the strategic alignment on the intended business scope of the Target Company with the Group’s existing operations rather than the historical operating track record of the Target Company.

The Board considers that the synergies and benefits are expected to be realised through the Capital Increase in the following ways:

- (a) *Technical and operational synergy:* The Target Company is expected to focus on water pollution control and wastewater treatment. Simultaneously, Yubang Holdings (the existing shareholder of the Target Company, which will retain a 50% equity interest upon completion of the Capital Increase) possesses a broad business presence and local resources in areas such as equity investment, asset management, engineering management and municipal facility management. Through this collaboration, the Group will benefit from the local experience and industry network of Yubang Holdings to accelerate the business establishment and growth of the Target Company.

- (b) *Resource and project pipeline synergy:* Yubang Holdings is wholly owned by the Finance Bureau of Dinghai District, Zhoushan City (State-owned Assets Supervision and Management Office). Its state-owned enterprise background is expected to provide the Target Company with advantages in securing local government projects, policy support and financing channels. Through the Capital Increase, the Group will gain access to the Target Company's project pipeline, enabling efficient resource allocation and benefiting from the local influence of Yubang Holdings to expand market reach;
- (c) *Project experience synergy:* The Group's extensive experience in constructing and operating wastewater treatment plants and environmental infrastructure will provide the Target Company with operational and managerial support, while the Target Company's focused business in water pollution control will contribute specialised capabilities to the Group's project portfolio; and
- (d) *Industry chain integration:* The Capital Increase is expected to catalyse greater integration to form a comprehensive industry chain in environmental protection, covering both construction/restoration and specialised water treatment operations, thereby strengthening the Group's competitive positioning in the environmental services sector.

While the Target Company has not yet commenced operations as of the date of the Announcement, the Board is of the view that the Capital Increase represents a potential business opportunity which allows the Company to leverage on the background of Yubang Holdings and its relationship with the local government to expand the local market reach, thereby strengthening the Group's competitive positioning in the environmental services sector. The synergies and benefits described above are forward-looking in nature and are expected to materialise progressively as the Target Company commences and scales its business operations following the Capital Increase.

BASIS FOR DETERMINING THE CAPITAL CONTRIBUTION AMOUNT

As disclosed in the Announcement, the capital contribution amount of RMB20 million was determined based on arm's length negotiations between the parties. The Board wishes to provide the following additional details regarding the basis for determining the capital contribution amount:

- (a) *Business plan of the Target Company:* The Target Company's business plan contemplates the development and operation of water pollution control and wastewater treatment and recycling projects in the PRC. The initial phase of the business plan focuses on establishing operational capabilities, securing project contracts and deploying treatment technologies. The capital contribution amount of RMB20 million from ZCIED, together with the existing registered capital of RMB20 million contributed by Yubang Holdings, will provide the Target Company with total registered capital of RMB40 million, which the Board considers sufficient to support the Target Company's initial business development and operational needs.

- (b) *Capital requirement of the Target Company:* The capital requirement of the Target Company was assessed based on its projected operational expenses, including but not limited to (i) technology acquisition and development costs; (ii) project bidding and pre-contract costs; (iii) staffing and operational expenses; and (iv) working capital requirements for initial project execution. The Board has considered the Target Company's projected capital expenditure and operational budget in the course of negotiations.
- (c) *Source of funding:* The capital contribution amount of RMB20 million will be funded entirely from the Group's internal resources.

Furthermore, as the Target Company was established on 19 December 2025 and had not yet commenced business operations as at 31 December 2025, its net asset value was nil as at that date. In the absence of historical financial performance or operating track record, the parties determined the capital contribution amount at par value (i.e., RMB1 per RMB1 of registered capital) based on arm's length negotiations, taking into account the Target Company's business plan, the strategic value of the investment to the Group, and the fact that the Target Company was newly established with no accumulated profits or losses. The Board considers the terms of the Capital Increase Agreement, including the capital contribution amount, to be fair and reasonable and on normal commercial terms.

DETAILS OF THE TARGET COMPANY'S CORPORATE GOVERNANCE AND THE ACCOUNTING TREATMENT

Corporate Governance

Upon completion of the Capital Increase, the registered capital of the Target Company will be increased from RMB20 million to RMB40 million, and each of ZCIED and Yubang Holdings will hold 50% of the equity interest in the Target Company.

The Target Company's board of directors will be composed of five directors. ZCIED and Yubang Holdings shall each have the right to nominate two directors, and the remaining one director shall be an employee director, who shall be elected by the employee representative congress. The employee director shall not be directly nominated by any shareholder. The chairman of the board of the Target Company shall be recommended annually by Yubang Holdings.

Matters requiring approval by the board of directors of the Target Company shall be decided by a simple majority vote of the directors present at a duly convened board meeting. However, certain major matters, including but not limited to (i) amendments to the articles of association of the Target Company; (ii) changes to the registered capital of the Target Company; (iii) mergers, demergers, dissolutions or changes to the corporate form of the Target Company; (iv) the sale or disposal of material assets of the Target Company; and (v) approval of the annual budget and business plan of the Target Company, shall require the affirmative vote of at least two-third (2/3) of the directors present at a duly convened board meeting, effectively granting both ZCIED and Yubang Holdings veto rights over such major decisions.

The Target Company will have a general manager appointed by the board of directors upon nomination by ZCIED, and a chief financial officer appointed by the board of directors upon nomination by Yubang Holdings.

Accounting Treatment

Upon completion of the Capital Increase, the Target Company will not become a subsidiary of the Company, and its financial results will not be consolidated into the consolidated financial statements of the Group.

Given that ZCIED and Yubang Holdings will each hold 50% of the equity interest in the Target Company upon completion of the Capital Increase, and neither party will have unilateral control over the Target Company (as reflected in the corporate governance arrangements described above, which require joint decision-making on major matters), the Target Company will be accounted for as a joint venture under the equity method of accounting in the Group's consolidated financial statements.

Save as disclosed above, all other information as set out in the Announcement remains unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

By order of the board of
CR Construction Group Holdings Limited
Zhang Guanhua
Chairman

Hong Kong, 10 August 2026

As at the date of this announcement, the Company has three executive Directors, namely Mr. Zhang Guanhua, Mr. Jiang Wen, Mr. Yang Haojiang, and one non-executive Director, namely Mr. Jin Hongliang and four independent non-executive Directors, namely Mr. Tse Wai Chun Paul JP, Mr. Ho Man Yiu Ivan, Ms. Dong Yuk Lai Petrina and Mr. Lai Yuk Fai Stephen JP.