

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE COMPANY

Financial adviser to the Company

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

The Board is pleased to announce that on 20 September 2024 (after trading hours), ZCIEE, a wholly-owned subsidiary of the Company, entered into the JV Agreement with MS Energy, pursuant to which the parties agreed to establish the JV Company with a registered capital of RMB50 million. Upon its establishment, the JV Company will be owned as to 70% by ZCIEE and 30% by MS Energy.

As one or more of the applicable percentage ratios in respect of the formation of the JV Company exceeds 5% but less than 25%, the formation of the JV Company constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

FORMATION OF JOINT VENTURE COMPANY

The Board is pleased to announce that on 20 September 2024 (after trading hours), ZCIEE, a wholly-owned subsidiary of the Company, entered into the JV Agreement with MS Energy, pursuant to which the parties agreed to establish the JV Company with a registered capital of RMB50 million.

THE JV AGREEMENT

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

Date

20 September 2024 (after trading hours)

Parties

- (1) ZCIEE (a subsidiary of the Company); and
- (2) MS Energy.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, MS Energy and its ultimate beneficial owners are Independent Third Parties.

Formation of the JV Company and its registered capital

Pursuant to the JV Agreement, ZCIEE and MS Energy agreed to establish the JV Company, which will be an investment platform specialising in energy storage business and provision of comprehensive new energy services. The JV Company will be a limited liability company to be established in accordance with the laws of the PRC.

The proposed name of the JV Company is Zhejiang Construction Investment New Energy Technology Co., Ltd.* (浙江建投新能源科技有限公司) (subject to the final name as approved and registered by the relevant government authority in the PRC).

Upon the establishment of the JV Company, the JV Company will be owned as to 70% by ZCIEE and 30% by MS Energy. The registered share capital of the JV Company shall be RMB50 million, which will be contributed in cash as to 70% by ZCIEE (i.e. RMB35 million), and 30% by MS Energy (i.e. RMB15 million). The registered share capital of RMB15 million shall be injected into the JV Company in cash as to 70% by ZCIEE and 30% by MS Energy within 50 days after the JV Company obtaining the business license. The remaining registered share capital should be paid in instalments by each shareholder of the JV Company in proportion to their subscribed registered share capital based on the funding needs of the JV Company and applicable laws and regulations.

Accordingly, the JV Company will be accounted for as a subsidiary of the Group and its financial results will be consolidated into the consolidated financial statements of the Group. The capital contribution of RMB35 million by ZCIEE will be funded by internal resources of the Group. The amount of capital contributions was determined after arm's length negotiation between the parties to the JV Agreement having taken into account the expected capital requirements of the JV Company.

Corporate governance

The board of directors of the JV Company shall comprise five directors. ZCIEE is entitled to nominate four directors and MS Energy is entitled to nominate one director. The chairman of the board of directors of the JV Company shall be a director nominated by ZCIEE.

The legal representative of the JV Company shall be the chairman of the board of directors of the JV Company.

No supervisory committee will be formed in the JV Company while MS Energy is entitled to nominate one supervisor of the JV Company.

ZCIEE is also entitled to nominate one general manager and two vice general managers of the JV Company while MS Energy is entitled to nominate one vice general manager of the JV Company.

Distribution of profit

Each shareholder of the JV Company shall be entitled to the profits of the JV Company according to their respective proportion of paid-up capital contribution actually made.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the formation of the JV Company exceeds 5% but less than 25%, the formation of the JV Company constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE COMPANY AND THE PARTIES TO THE JV AGREEMENT

COMPANY

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.

ZCIEE

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

MS Energy

MS Energy is a limited liability company established in the PRC on 19 January 2018. As at the date of this announcement, MS Energy is a leading distributed green energy aggregation service provider in the PRC focusing on “electrochemical-level” battery safety pre-diagnosis technology and providing customers with comprehensive solutions such as investment, construction, operation and management of green energy assets.

As at the date of this announcement, MS Energy is owned as to: (i) approximately 18.86% by Shanghai Tuxin Enterprise Management Partnership (Limited Partnership)* (上海途新企業管理合夥企業(有限合夥)), of which Ms. Wei Qiong is the general partner and holds approximately 46.09% equity interest; (ii) approximately 15.95% by Ms. Wei Qiong; (iii) approximately 10.03% by Suzhou Junlian Xiangdao Equity Investment Partnership (Limited Partnership)* (蘇州君聯相道股權投資合夥企業(有限合夥)); (iv) approximately 9.75% by Mr. Yan Xiao; (v) approximately 8.80% by Suzhou Yuanming Venture Capital Center (Limited Partnership)* (蘇州源明創業投資中心(有限合夥)); (vi) approximately 6.78% by National Green Development Fund Co., Ltd.* (國家綠色發展基金股份有限公司); and (vii) remaining approximately 29.83% held by other minority shareholders.

REASONS FOR AND BENEFITS OF FORMATION OF THE JV COMPANY

In July 2021, National Development and Reform Commission and National Energy Administration of the PRC issued the “Guiding Opinions on Accelerating the Development of New Energy Storage” (《關於加快推動新型儲能發展的指導意見》), which for the first time clarified and quantified the development targets of the energy storage industry at the national level, and proposed to promote the transformation of new energy storage from the early stage of commercialisation to large-scale development. According to the statistic of National Energy Administration of the PRC, the cumulative installed capacity of new energy storage projects built and commissioned have reached 35.3 million kilowatts/77.68 million kilowatt-hours as at the end of the first quarter of 2024, representing an increase of more than 12% from that as at the end of 2023 and an increase of more than 210% from that as at the end of the first quarter of 2023.

The JV Company will be an investment platform specialising in energy storage business and provision of comprehensive new energy services. It represents a strategic initiative for the Company to explore opportunities in the emerging new energy industry, which is consistent with the Company’s development strategies and is beneficial for the Company’s long term business development.

The Directors believe that the formation of the JV Company, which consolidated MS Energy’s leading technology in energy storage and the Group’s project resources, plays a constructive role in achieving complementary advantages, resource integration and win-win cooperation, thereby enhancing the Company’s competitiveness.

The terms of the JV Agreement were negotiated between the parties thereto after arm’s length negotiations. In light of the above, the Directors consider that the terms of the JV Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

DEFINITIONS

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

“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
“Director(s)”	director(s) of the Company
“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 Third Parties”	any third party that is not a connected person of the Company
“JV Agreement”	the shareholders cooperation agreement dated 20 September 2024 entered into between ZCIEE and MS Energy in relation to the formation of the JV Company
“JV Company”	the company to be formed under the JV Agreement and to be established under the laws of the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“MS Energy”	Shanghai MS Energy Technology Co., Ltd.* (上海美克生能源科技有限公司), a limited liability company established in the PRC on 19 January 2018

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ZCIEE”	Zhejiang Construction Investment Environmental Engineering Company Limited* (浙江建投環保工程有限公司), a limited liability company established in the PRC on 17 July 2014 and a wholly-owned subsidiary of the Company
“%”	per cent

* For identification purpose only

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

Hong Kong, 20 September 2024

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; one non-executive director, namely Mr. Yang Haojiang; and four independent non-executive directors, namely The Honourable Tse Wai Chun Paul JP, Mr. Ho Man Yiu Ivan, Ms. Dong Yuk Lai Petrina and Mr. Lai Yuk Fai Stephen JP.