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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)

DISCLOSEABLE TRANSACTION FORMATION OF THE JV COMPANY

Financial adviser to the Company

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司

FORMATION OF THE JV COMPANY

The Board is pleased to announce that, on 23 June 2025, the Company and ZCIEE, a direct wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with the JV Company and the Original JV Shareholder. As at the date of the Capital Increase Agreement, the registered capital of the JV Company is RMB50.0 million and only RMB10.0 million has been paid up by the Original JV Shareholder. Pursuant to the Capital Increase Agreement, the parties have agreed to increase the registered capital of the JV Company from RMB50.0 million to RMB96.5 million, and Tiantai Construction, the Company and ZCIEE have agreed to contribute RMB40.18 million, RMB45.355 million and RMB0.965 million, respectively in cash, subject to the terms and conditions set out therein.

As at the date of this announcement, the JV Company is solely owned by Tiantai Construction. Upon Completion, the equity interest of the JV Company is owned as to 52.0%, 47.0% and 1.0% by Tiantai Construction, the Company and ZCIEE, respectively, and the JV Company will become a sino-foreign joint venture and will be accounted as a joint venture of the Company.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in accordance with the Listing Rules in respect of the Formation of JV exceeds 5% but is less than 25%, the Formation of JV constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 23 June 2025, the Company and ZCIEE, a direct wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with the JV Company and the Original JV Shareholder. As at the date of the Capital Increase Agreement, the registered capital of the JV Company is RMB50.0 million and only RMB10.0 million has been paid up by the Original JV Shareholder. Pursuant to the Capital Increase Agreement, the parties have agreed to increase the registered capital of the JV Company from RMB50.0 million to RMB96.5 million, and Tiantai Construction, the Company and ZCIEE have agreed to contribute RMB40.18 million, RMB45.355 million and RMB0.965 million, respectively in cash, subject to the terms and conditions set out therein.

CAPITAL INCREASE AGREEMENT

Date

23 June 2025

Parties

- (1) Tiantai Construction (the Original JV Shareholder);
- (2) The Company (the Investor);
- (3) ZCIEE (the Investor); and
- (4) The JV Company

Subject matter

Pursuant to the Capital Increase Agreement, the Company and ZCIEE agreed to invest an aggregate of RMB46.32 million in cash to the JV Company, and Tiantai Construction agreed to pay up its outstanding amount in full (i.e. RMB40.18 million) in accordance with their respective proposed equity interest in the JV Company.

Upon Completion, the registered capital of the JV Company will increase from RMB50.0 million to RMB96.5 million and the JV Company will become a sino-foreign joint venture. As at the date of this announcement, the JV Company is solely owned by Tiantai Construction who has paid up capital of RMB10 million to the JV Company.

Consideration

The aggregate amount of capital contribution payable by the JV Shareholders to the JV Company for the Formation of JV under the Capital Increase Agreement is RMB86.50 million, further details of which are set out below:

JV Shareholders	Amount of capital contribution payable (RMB)
Tiantai Construction	40.18 million
The Company	45.355 million
ZCIEE	<u>0.965 million</u>
Total:	<u><u>86.50 million</u></u>

The payment of the capital contribution by the JV Shareholders shall be made within twenty (20) business days to an account designated by the JV Company after the Capital Increase Agreement being effective.

The amount of capital contribution for the Formation of JV was determined after arm’s length negotiations among the JV Shareholders with reference to, among other things, (i) their respective equity interest in the JV Company; and (ii) the estimated funding needs to be required for the Project of the JV Company.

The amount of capital contribution for the Formation of JV by the Company and ZCIEE will be funded by the internal resources of the Group.

Completion

Each party to the Capital Increase Agreement shall apply to the relevant departments for registration and approval for the necessary procedures in relation to the change of the shareholding structure of the JV Company.

Upon Completion, the JV Company shall issue a shareholding certificate to the JV Shareholders in a timely manner in accordance with the requirements of laws and regulations, and complete the necessary procedures regarding the increase of registered capital and the change of the paid-up capital of the JV Company.

Upon Completion, the equity interest of the JV Company is owned as to 52.0%, 47.0% and 1.0% by Tiantai Construction, the Company and ZCIEE, respectively, and the JV Company will become a sino-foreign joint venture and will be accounted as a joint venture of the Company.

Shareholding Structure of the JV Company

The table below sets forth the shareholding structure of the JV Company as at the date of this announcement and upon Completion:

JV Shareholders	As at the date of this announcement		Upon Completion	
	Amount of contribution (RMB)	Percentage of shareholding (%)	Amount of contribution (RMB)	Percentage of shareholding (%)
Tiantai Construction	50.00 million	100.00	50.18 million	52.00
The Company	–	–	45.355 million	47.00
ZCIEE	–	–	0.965 million	1.00
Total	50.00 million	100.00	96.50 million	100.00

Use of proceeds

All the funds obtained by the JV Company through the Formation of JV shall be used to replenish the working capital required by the Project of the JV Company.

Management of the JV Company

After Completion, there will be no change in the voting mechanism and composition of the board of directors of the JV Company, which will continue to be comprised of five (5) directors, including three (3) directors appointed by Tiantai Construction, one (1) director appointed by the Company and one (1) director appointed by ZCIEE.

Exit mechanism

In view of the fact that the Company and ZCIEE are persons acting in concert, in the event that the Company intends to withdraw its shareholding in the JV Company, Tiantai Construction unconditionally and irrevocably undertakes to forgo the right of first refusal to acquire the equity interest of the JV Company proposed to be withdrawn by the Company, and ZCIEE shall have the priority to exercise such right of first refusal.

Operating arrangement of the Project

ZCIEE shall be responsible for the management and operation of the Project after the completion of the Project. The JV Company shall provide ZCIEE all necessary services and assistances for ZCIEE's production and operation activities within the scope of its duties. The office and the relevant facilities of the Project shall be provided to ZCIEE free of charge.

Liability of breach of the JV Agreement

If either Tiantai Construction, the Company or ZCIEE fail to make the capital contribution in accordance with the terms of the Capital Increase Agreement, the relevant party shall pay the JV Company a penalty of 0.5% of the outstanding investment amount for each day of delay.

If the Company proposes to transfer its equity interest to ZCIEE but such proposal could not occur and be completed within 30 days due to reasons other than the Company and ZCIEE, Tiantai Construction shall pay ZCIEE a penalty of 0.5% of the Company's investment amount for each day of delay.

INFORMATION OF THE PARTIES

Information on the JV Company

The JV Company is a company with limited liability incorporated under the laws of the PRC. The JV Company was established by Tiantai Construction on 29 July 2024 and is principally engaged in sewage treatment and recycling, municipal facilities management and engineering management services.

As at the date of this announcement, the JV Company has been awarded the Project which involves the construction of sewage treatment plant of Tiantai County Cangshan Chemical Park (the "Cangshan Wastewater Treatment Plant Phase III Project")* (天台縣蒼山產業集聚區化工園區污水處理工程(蒼山污水處理廠三期工程)). To the best knowledge, information and belief of the Directors, the JV Company has obtained various government approvals and administrative licenses required for construction, development and operation of the Project.

Based on the financial statements of the JV Company prepared in accordance with the applicable accounting standards, the financial information of the JV Company for the year ended 31 December 2024 and five months ended 31 May 2025 was approximately as follows:

	For the year ended 31 December 2024 (audited) (RMB'000)	For the five months ended 31 May 2025 (audited) (RMB'000)
Profits before taxation	34	137
Profits after taxation	34	137

The audited total assets and audited net asset value of the JV Company as at 31 May 2025 were approximately RMB28.1 million and RMB9.8 million, respectively.

Information on Tiantai Construction

Tiantai Construction is a limited liability company established in the PRC on 23 March 2018 and is wholly-owned by Zhejiang Tiantai County State-Owned Assets Management Co., Ltd. (浙江省天台縣國有資產經營有限公司) (which is a state-owned Company), which is wholly-owned by Zhejiang Tiantai Investment Holding Co., Ltd.* (浙江天台投資控股有限公司), which is ultimately wholly-owned by Tiantai County State-owned Assets Affairs Center* (天台縣國有資產事務中心) (which is a state-owned business unit in Tiantai County, Taizhou, Zhejiang Province, the PRC) and is principally engaged in construction and development, financing, industry cultivation and investment operation.

Save as otherwise disclosed in this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Tiantai Construction and its ultimate beneficial owners is a third party independent of the Company and its connected persons.

Information on the Company and ZCIEE

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 is a limited liability company established in the PRC on 17 July 2014 and is a direct wholly-owned subsidiary by 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.

REASONS FOR AND BENEFITS OF THE FORMATION OF JV

The Formation of JV represents a strategic initiative for the Company to explore opportunities in the investment in the environmental services industry market and sewage treatment industry which can facilitate the development of the existing business of ZCIEE. As at the date of this announcement, ZCIEE 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 while the JV Company has been awarded the Project which involves the construction of sewage treatment plant of Tiantai County Cangshan Chemical Park (the “Cangshan Wastewater Treatment Plant Phase III Project”)* (天台縣蒼山產業集聚區化工園區污水處理工程(蒼山污水處理廠三期工程)). By entering into the Capital Increase Agreement, the Company and ZCIEE do not only invest in the sewage treatment industry, but also secure the involvement in the operation of the Project, which can broaden the Group’s income sources and thereby improves its financial performance and achieve better returns for its shareholders. The Directors believe that the Formation of JV will enable better business development of the Company and ZCIEE through complementary advantages, synergy and resources integration. The Formation of JV will create higher value for the shareholders and potential investors of the Company, and will achieve outstanding performance in the areas of construction of sewage treatment.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Increase Agreement, which were negotiated on an arm’s length basis, are fair and reasonable and the Formation of JV is in the interests of the Company its shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

“Board”	the board of Directors
“Capital Increase Agreement”	the capital increase agreement entered into among Tiantai Construction, the Company, ZCIEE and the JV Company in relation to the Formation of JV dated 23 June 2025
“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 Main Board of the Stock Exchange (Stock Code: 1582)
“Completion”	the completion of the Formation of JV in accordance with the terms and conditions of the Capital Increase Agreement
“Director(s)”	the director(s) of the Company
“Formation of JV”	the proposed arrangement between the JV Shareholders in relation to the capital contribution for the increase in the registered capital of the JV Company by RMB86.50 million by Tiantai Construction, the Company and ZCIEE in the amount of RMB40.18 million, RMB45.355 million and RMB0.965 million, respectively
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investors”	the Company and ZCIEE, and each a “Investor”
“JV Company”	Tiantai Economic Development Zone Water Operation Co., Ltd.* (天台經濟開發區水務運營有限公司), a limited liability company established in the PRC
“JV Shareholders”	Tiantai Construction, the Company and ZCIEE, and each a “JV Shareholder”

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange (as amended and supplemented from time to time)
“Original JV Shareholder”	Tiantai Construction
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excludes, Hong Kong, Taiwan and Macau Special Administrative Region
“Project”	the construction of sewage treatment plant of Tiantai County Cangshan Chemical Park (the “Cangshan Wastewater Treatment Plant Phase III Project”)* (天台縣蒼山產業集聚區化工園區污水處理工程(蒼山污水處理廠三期工程)), which is located in Tiantai County, Taizhou, Zhejiang Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tiantai Construction”	Tiantai Economic Development Zone Construction Co., Ltd.* (天台經濟開發區建設有限公司), a limited liability company established in the PRC
“ZCIEE”	Zhejiang Construction Investment Environment Engineering Company Limited* (浙江建投環保工程有限公司), a limited liability company established in the PRC
“%”	per cent

* For identification purpose only

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

Hong Kong, 23 June 2025

As at the date of this announcement, the Company has four executive directors, namely Mr. Zhang Guanhua, Mr. Pan Shujie, 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 Pertrina and Mr. Lai Yuk Fai Stephen JP.