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If you have sold or transferred all your shares in CR Construction Group Holdings Limited, you should at once hand this circular accompanying with the form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

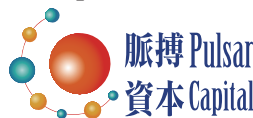
RENEWAL OF CONTINUING CONNECTED TRANSACTION FOR ENTERING INTO THE MUTUAL PRODUCTS AND SERVICES SUPPLY FRAMEWORK AGREEMENT WITH ZHEJIANG CONSTRUCTION AND NOTICE OF THE EGM

Financial Adviser to the Company



RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meaning as those defined in this circular.

A letter from the Board is set out on pages 4 to 21 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 22 to 23 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice and recommendation in respect of the Framework Agreement and the transactions contemplated thereunder is set out on pages 24 to 51 of this circular.

A notice convening the EGM of the Company to be held at Level 26, Standard Chartered Tower of Millennium No. 388 Kwun Tong Road, Kwun Tong, Kowloon, on Monday, 29 December 2025, at 10:00 a.m. is set out on pages 58 to 59 of this circular. A form of proxy for the EGM is enclosed herein. Whether or not you intend to attend and vote in person at the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

8 December 2025

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DEFINITIONS

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

“2023 Continuing Connected Transaction”	the continuing connected transaction in relation to the mutual products and services supply framework agreement dated 13 July 2023 entered into by 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), the details of which are disclosed in the announcement of the Company dated 13 July 2023 and the circular of the Company dated 18 September 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 Main Board of 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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Effective Date”	the Framework Agreement shall, upon each party having executed the Framework Agreement in accordance with its articles of association and applicable laws, be effective on 1 January 2026; or 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 (whichever is later)
“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 and is wholly-owned by the Company

DEFINITIONS

“Environment Engineering Group”	the Environment Engineering Company and its subsidiaries
“Framework Agreement”	a mutual products and services supply framework agreement dated 17 October 2025 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 range determined from time to time by the parties 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 from time to time 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
“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 <i>JP</i> , Mr. Ho Man Yiu Ivan, Ms. Dong Yuk Lai Petrina and Mr. Lai Yuk Fai Stephen <i>JP</i> , 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”	Pulsar Capital 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

DEFINITIONS

“Latest Practicable Date”	4 December 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China, and for the purpose of this circular, 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 2028 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
“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

* *The English translation of the Chinese name is for identification purposes only, and should not be regarded as the official English translation of such name.*

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this circular is based on the exchange rate of RMB1 to HK\$1.09. 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.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Guanhua (*Chairman*)
Mr. Pan Shujie (*Chief Executive Officer*)
Mr. Jiang Wen
Mr. Yang Haojiang
Mr. Chan Tak Yiu

Registered Office in Cayman Islands:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Independent non-executive Directors:

The Honourable Tse Wai Chun Paul *JP*
Mr. Ho Man Yiu Ivan
Ms. Dong Yuk Lai Petrina
Mr. Lai Yuk Fai Stephen *JP*

*Headquarters and Principal Place
of Business in Hong Kong:*

Units 3–16, 32/F
Standard Chartered Tower
Millennium City 1
388 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong

8 December 2025

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTION
FOR ENTERING INTO THE MUTUAL PRODUCTS AND
SERVICES SUPPLY FRAMEWORK AGREEMENT WITH
ZHEJIANG CONSTRUCTION
AND
NOTICE OF THE EGM**

I. THE FRAMEWORK AGREEMENT

The Board hereby announces that, on 17 October 2025 (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) to renew the 2023

LETTER FROM THE BOARD

Continuing Connected Transaction as the current term of the 2023 Continuing Connected Transaction will expire on 31 December 2025. Pursuant to the Framework Agreement, (i) the Group will supply the Group's Products (as defined below) and Group's Services (as defined below) to Zhejiang Construction Group; and (ii) Zhejiang Construction Group will supply ZC's Products (as defined below) and ZC's Services (as defined below) to the Group with a term commencing from the Effective Date to 31 December 2028.

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

Date

17 October 2025 (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 Latest Practicable Date, 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 2028.

Main scope

The following transactions are contemplated under the Framework Agreement:

- (1) Products and services to be supplied by the Group to the Zhejiang Construction Group, including:
 - (a) 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 (the "**Group's Products**");

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- (b)
 - (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;
 - (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; and
 - (iii) other general construction services (together with (i) and (ii), the “**Group’s Services**”)
- (2) Products and services to be supplied by the Zhejiang Construction Group to the Group, including:
 - (a)
 - (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 (the “**ZC’s Products**”);

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- (b) (i) office leases;
- (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 (the “**ZC’s Services**”).

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 to be entered into between Zhejiang Construction Group/the Group (as the case may be) and the relevant governmental units. The price of the main contract will be determined through open tender.

In determining the tender price, Zhejiang Construction Group takes into account:

- (i) the government pricing standards and/or the Government-prescribed Price and/or the Government-guidance Price set out in the relevant pricing regulations and standards implemented by the Chinese government;
- (ii) the prevailing market prices of the relevant products and/or services, by making reference to the prices charged by at least two Independent Third Parties in areas (or nearby areas) providing similar types of products or services. The Zhejiang Construction Group will obtain the quotations (including but not limited to the costs structure) from at least two independent third-party suppliers/service providers (if applicable) in respect of the relevant products and services. If the quotations from independent third-party service providers is not available, the Zhejiang Construction Group will make reference to the historical products or services transacted with the Independent Third Parties;
- (iii) the engineering drawings and bills of quantities for the relevant products and/or services issued by the relevant governmental units;

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- (iv) the bidding price ceiling set by the relevant governmental units for certain relevant products and/or services (where applicable); and
- (v) the historical profit margin of the relevant products and/or services, by making reference to the gross profit of the similar products or services for the past three financial years.

Upon winning the bid, the Zhejiang Construction Group and the relevant government units will enter into a main contract, in which the payment arrangement and the agreed price of the relevant services and/or goods will be specified. If the main contract is subcontracted by the Zhejiang Construction Group to the Group, the relevant subcontracting contract price for environmental construction work thereof will be determined by the Zhejiang Construction Group based on the relevant agreed price stipulated in the main contract entered into between the Zhejiang Construction Group and the relevant governmental units (the “**Main Contract Price**”). For project tenders submitted independently by the Group, the Group takes into account the factors listed in (i), (ii), (iii) and (iv) above in determining the tender price;

- (b) where there is no Main Contract Price, the Government-prescribed Price shall apply. The Zhejiang Construction Group/the Group may refer to the “Standard Method of Measurement for Building Construction and Fitting-Out Works (GB50854-2013)” (房屋建築與裝飾工程工程量計算標準) (GB/T50854-2013) promulgated by The Ministry of Housing and Urban-Rural Development (“**MOHURD**”) (中華人民共和國住房和城鄉建設部) which came into effect on 1 July 2013 and “Standard Method of Measurement for General Building Services Works (GB/T50856-2013)” (通用安裝工程工程量計算標準) (GB/T50856-2013) promulgated by the MOHURD which came into effect on 1 July 2013. Such prescribed prices may be updated by the relevant governmental authorities from time to time.

For instance, the landscaping and road construction work subcontracted from the Zhejiang Construction Group pursuant to the master construction agreement signed between the Zhejiang Construction Group and the Independent Third Parties in 2023 adopted the above two government-prescribed prices.

Save as disclosed above, the macro government-prescribed prices are updated in accordance with the development of national economy and relevant policies to be issued from time to time. The prices prescribed by the people’s governments of the respective provinces, autonomous regions and municipalities are updated by taking into account the local practical situations. The Company will pay close attention to the updates of the government-prescribed prices and determine the prices for relevant products and services accordingly.

LETTER FROM THE BOARD

- (c) where there is no Government-prescribed Price, the Government-guidance Price shall apply. The Zhejiang Construction Group/the Group may refer to “Guiding Opinions on Standardizing Pricing Clauses in Construction Project Bidding Documents” (關於規範建設工程施工招標文件計價條款的指導意見) promulgated by The Zhejiang Provincial Department of Housing and Urban-Rural Development (“ZPDHURD”) (浙江省住房和城鄉建設廳) which came into effect on 1 March 2016. Such guidance prices may be updated by the relevant governmental authorities from time to time.

For instance, the landscaping and road construction work subcontracted from the Zhejiang Construction Group pursuant to the master construction agreement signed between the Zhejiang Construction Group and the Independent Third Parties in 2023 adopted such Government-guidance Price.

Save as disclosed above, the macro government-guidance prices are updated in accordance with the development of national economy and relevant policies to be issued from time to time. The prices prescribed by the people’s governments of the respective provinces, autonomous regions and municipalities are updated by taking into account the local practical situations. The Company will pay close attention to the updates of the government-guidance prices and determine the prices for relevant products and services accordingly.

- (d) where there is no Government-guidance 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. In determining whether the relevant transaction price is fair and reasonable, the Company would 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 to the relevant members of the Group than those available to the Independent Third Parties offered by the Group; and
 - (2) (in the event of supply of products or services by the Zhejiang Construction Group to the Group) the relevant terms and conditions shall be equal to or not less favourable to the relevant members of the Group than those available to the Group offered by the Independent Third Parties (together with (1) and (2), the “**Market Price**”).

LETTER FROM THE BOARD

The Group would only engage the relevant members of the Zhejiang Construction Group for the sales of products or services to them when the terms offered to the relevant members of the Zhejiang Construction Group are equal to or no less favourable to the relevant members of the Group than those offered to the Independent Third Parties, which were referenced to the historical same products or services transacted with the Independent Third Parties and would be updated from time to time so that the members of the Group would have an easy access of information regarding the market price and other terms of contract. For the supply of products or services from the Zhejiang Construction Group to the Group, the Group would only engage the relevant members of the Zhejiang Construction Group when the terms offered by the relevant members of the Zhejiang Construction Group are equal to or no less favourable to the relevant members of the Group than the price quotations offered by at least two Independent Third Parties.

- (e) where there is no Market Price, the transaction price to be agreed between the relevant parties in relation to the products and/or services to be provided or procured shall be equivalent to the reasonable costs incurred in supplying the same plus reasonable profit margin. “Reasonable costs” means the actual costs incurred in supplying the products and/or services as agreed by the relevant parties, while “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, by making reference to the historical average prices of at least two similar products and/or services which were transacted between the Group and the Independent Third Parties within a year.

In a situation which the reasonable profit margin cannot be ascertained through the basis as disclosed above, the reasonable profit margin will be estimated by making reference to the historical gross profit margin of the transactions between the Environment Engineering Group and the Zhejiang Construction Group in the last three financial years prior to the date of the Framework Agreement (the “**Contractual Price**”).

LETTER FROM THE BOARD

Every time before executing a contract following any of the pricing principles (a) to (e), the cost and contract department (成本合約部) of the Group would first prepare the relevant individual agreement for the relevant transaction and submit it to the department heads of the finance department and legal department of the Group for review and approval. The department heads of the finance department and legal department of the Group would review the terms of the proposed transaction and the draft individual agreement to be entered into to make sure that the terms are in compliance with the pricing policy of the Group and the overall terms and conditions (including prices and payment terms) are (1) (in the event of supply of products or services by the Group to the Zhejiang Construction Group) no less favourable to the relevant members of the Group than those offered to the Independent Third Parties; and (2) (in the event of supply of products or services by the Zhejiang Construction Group to the Group) no less favourable to the relevant member of the Group than those offered by the Independent Third Parties. The transactions could only be carried out after the finance department and the legal department have given their approval therefor.

In particular,

- (1) in respect of the Group's Products, the Group's Services, the ZC's Products (excluding office supplies, daily necessities and equipment) and ZC's Services (excluding office leases, property management and public administration services, non-project related human resource management and canteen catering services), (a) the Main Contract Price shall apply; (b) if there is no Main Contract Price, the Government-prescribed Price shall apply; (c) if there is no Government-prescribed Price, the Government-guidance Price shall apply; (d) if there is no Government-guidance Price, the Market Price shall apply; and (e) if there is no available Market Price, the Contractual Price shall apply; and
- (2) in respect of the certain ZC's Products (including office supplies, daily necessities and equipment) and certain ZC's Services (including office leases, property management and public administration services, non-project related human resource management and canteen catering services), (a) the Market Price shall apply; and (b) the if there is no available 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.

LETTER FROM THE BOARD

II. PROPOSED ANNUAL CAPS

Historical amounts

Reference is made to the announcement of the Company dated 13 July 2023 and the circular of the Company dated 18 September 2023 in relation to, inter alia, the 2023 Continuing Connected Transaction.

The historical transaction amount of the 2023 Continuing Connected Transaction for the two years ended 31 December 2024 and the six months ended 30 June 2025 are as follows:

	For the period between 5 October 2023 (being the commencement date of the 2023 Continuing Connected Transaction) and 31 December 2023 <i>HK\$'000</i>	For the year ended 31 December 2024 <i>HK\$'000</i>	For the six months ended 30 June 2025 <i>HK\$'000</i>
Transactions contemplated under the provision of the Group's Products and Group's Services by the Group to the Zhejiang Construction Group	251	–	–
Existing sales annual caps:	55,000	110,000	110,000
Transactions contemplated under the procurement of the ZC's Products and ZC's Services by the Group from the Zhejiang Construction Group	26,978	11,159	3,421
Existing purchase annual caps:	52,500	105,000	105,000
	52,500	105,000	105,000

LETTER FROM THE BOARD

As shown in the above table, compared to the existing sales annual caps and purchase annual caps, the low utilisation rates were primarily attributable to the fact that there was a decrease of number of municipal environmental protection projects undertaken by the Zhejiang Construction Group, which in turn affect the number of new projects being subcontracted or awarded to the Environmental Engineering Group from the Zhejiang Construction Group during the relevant periods. Due to the decrease of (i) environmental protection projects awarded from the Independent Third Parties and (ii) municipal environmental protection projects undertaken by the Zhejiang Construction Group as aforesaid, there was a decrease in demand of the ZC's Products and ZC's Services being procured by the Group to be applied on these environmental protection projects during the relevant periods. The Environmental Engineering Group possess the relevant qualification and expertise for executing and performing the environmental protection projects, including the provision of sewage and reclaimed water treatment related services and equipment. By leveraging on the state-owned background of the Zhejiang Construction Group and upon its successful bidding of the relevant projects from the governmental units, the Zhejiang Construction Group will subcontract the related projects to the Environmental Engineering Group. Correspondingly, subject to the specification and requirement of each project on the equipment, facilities and administration services such as project site and human resources management services, the Environmental Engineering Group will procure the relevant supplies from the Zhejiang Construction Group at terms and conditions equal to or not less favourable to the relevant members of the Group than those available to the Group offered by the Independent Third Parties.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the Framework Agreement for each of the three years ending 31 December 2028 are set out as follows:

	For the year ending 31 December		
	2026	2027	2028
	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")	311,630	228,470	143,000
(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")	104,150	104,150	104,150

LETTER FROM THE BOARD

The Sales Annual Caps

The Sales Annual Caps for the three years ending 31 December 2028 are determined after arm's length negotiations between the Group and the Zhejiang Construction Group, which consist of the estimated sales amounts for: (i) planned Group's Products and Group's Services; and (ii) ad hoc unplanned Group's Products and Group's Services. Set forth below is the breakdown of the Sales Annual Caps:

	For the year ending 31 December		
	2026	2027	2028
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Estimated sales amounts for:			
(a) Planned Group's Products and Group's Services	283,300	207,700	130,000
(b) Ad hoc unplanned Group's Products and Group's Services	<u>28,330</u>	<u>20,770</u>	<u>13,000</u>
Total	<u><u>311,630</u></u>	<u><u>228,470</u></u>	<u><u>143,000</u></u>

Estimated sales amounts for planned Group's Products and Group's Services:

In relation to the estimated sales amounts for planned Group's Products and Group's Services, it is determined with reference mainly to: (i) the estimated number of construction projects that the Group anticipates to be subcontracted from the Zhejiang Construction Group for the provision of the relevant products and services under the Framework Agreement; and (ii) the estimated construction fees to be recognised for the three years ending 31 December 2028 according to the estimated contract sum and duration for each construction project.

LETTER FROM THE BOARD

It is expected that three construction projects will be subcontracted from the Zhejiang Construction Group to the Group based on the Group's understanding from the Zhejiang Construction Group on its plan of project tendering from the governmental units in the PRC in the second half of 2025, which comprises the provision of sewage treatment and environmental protection construction engineering related construction materials and equipment during the term of the Framework Agreement. To the best knowledge, information and belief of the Directors, the three construction projects will be secured upon the successful bidding of the tenders from the Zhejiang Construction Group. The Group estimates that the three construction projects will commence since 2026 if the bids are successful. Details of the three construction projects are set forth below:

Contracts	Key products and services to be provided	Duration (year)	Total contract sum (Note) (HK\$'000)	Estimated sales amounts for the year ending 31 December		
				2026 (HK\$'000)	2027 (HK\$'000)	2028 (HK\$'000)
Centralised Wastewater Treatment Project – Beilun Electroplating Industrial Park Phase II – Beilun Surface Treatment Center (北侖電鍍產業園二期 – 北侖表面處理中心污水集中處理項目)	To build new centralized sewage collection and treatment facilities	1.5	95,000	63,300	31,700	–
Jinhua City Wucheng District Green Low-Carbon Circular Economy Industrial Base (金華市婺城區綠色低碳循環經濟產業基地)	To build new construction waste recycling facilities	3	390,000	130,000	130,000	130,000
Macrobrachium rosenbergii breeding enhancement project (羅氏沼蝦繁育提升項目)	To build new water treatment area and the related ancillary facilities	1.5	136,000	90,000	46,000	–
Total			621,000	283,300	207,700	130,000

Note: The total contract sum represents the estimated total investment amount of the relevant project. It is expected that the Zhejiang Construction Group will subcontract the whole project in respect of the three projects to the Group.

LETTER FROM THE BOARD

The estimated sales amount to be recognised for the three years ending 31 December 2028 is determined with reference to: (i) the main contract price set by the relevant governmental units for the relevant products and/or services as set out in the bidding documents; (ii) the expected timing of commencement of the relevant projects; and (iii) the expected project duration of the relevant projects.

Estimated sales amounts for ad hoc unplanned Group's Products and Group's Services:

In relation to the estimated sales amounts for ad hoc unplanned Group's Products and Group's Services, it serves as a buffer and is set at approximately 10% of the estimated sales amounts for the planned Group's Products and Group's Services. Such buffer is estimated to accommodate for the possible increase in demand which in turn will lead to the possible increase in the estimated sales amount for the coming three years.

The Purchase Annual Caps

The Purchase Annual Caps for the three years ending 31 December 2028 are determined after arm's length negotiations between the Group and the Zhejiang Construction Group, which consist of the estimated purchase amounts for: (i) planned ZC's Products and ZC's Services; and (ii) ad hoc unplanned ZC's Products and ZC's Services. Set forth below is the breakdown of the Purchase Annual Caps:

	For the year ending 31 December		
	2026	2027	2028
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Estimated purchase amounts for:			
(c) Planned ZC's Products and ZC's Services	94,650	94,650	94,650
(d) Ad hoc unplanned ZC's Products and ZC's Services	9,500	9,500	9,500
Total	<u>104,150</u>	<u>104,150</u>	<u>104,150</u>

Estimated purchase amounts for planned ZC's Products and ZC's Services:

In relation to the estimated purchase amounts for planned ZC's Products and ZC's Services, it is determined with reference mainly to: (i) the status and number of existing contracts and contracts in pipeline that the Group anticipates to engage the Zhejiang Construction Group to supply the relevant services to the Group under the Framework Agreement; and (ii) the estimated purchase amounts to be recognised for the three years ending 31 December 2028 according to the existing contract sum and the estimated contract sum for each contract.

LETTER FROM THE BOARD

It is expected that the Group will enter six contracts with the Zhejiang Construction Group in relation to office leases, property management, public administrative services and human resource management during the term of the Framework Agreement. Amongst the six contracts to be entered, labour subcontracting contract constitutes the majority portion of the estimated purchase amounts for the three years ending 31 December 2028, in view of the three projects expecting to be subcontracted by the Zhejiang Construction Group and other projects to be self-undertaken by the Environmental Engineering Group. In estimating the contract sum of such labour subcontracting contract, the Environmental Engineering Group mainly takes into account (i) the historical labour subcontracting costs incurred; and (ii) the actual and estimated subcontracting costs incurred/to be incurred in the current and future project pipelines. Details of the six contracts are set forth below:

Contracts	Key products and services to be provided	Estimated purchase amounts for the year ending 31 December		
		2026 (HK\$'000)	2027 (HK\$'000)	2028 (HK\$'000)
Office administration annual maintenance	Office administrative system annual maintenance, technical support, software implementation and system update	55	55	55
Office leasing	Office leases annual leasing	2,725	2,725	2,725
Property management	Property management annual services	520	520	520
E-commerce platform orders	Office IT system annual maintenance	550	550	550
Labour subcontracting	Human resources management	87,200	87,200	87,200
Human resources outsourcing	Human resources management	3,600	3,600	3,600
Total		<u>94,650</u>	<u>94,650</u>	<u>94,650</u>

The estimated purchase amounts for each contract is determined with reference to: (i) the historical market price, which is the historical transaction price in respect of the services provided by the Zhejiang Construction Group for the period between 5 October 2023 and 31 December 2023 and for the year ended 31 December 2024; and (ii) the historical contractual price between the Group and the Zhejiang Construction Group.

LETTER FROM THE BOARD

Estimated purchase amounts for ad hoc unplanned ZC's Products and ZC's Services:

In relation to the estimated purchase amounts for ad hoc unplanned ZC's Products and ZC's Services, it serves as a buffer and is set at approximately 10% of the estimated purchase amounts for the planned ZC's Products and ZC's Services. Such buffer is estimated to accommodate for the possible increase in demand which in turn will lead to the possible increase in the estimated purchase amount for the coming three years.

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.

It is expected that the provision of the Group's Products and Group's Services to the Zhejiang Construction Group under the Framework Agreement will provide a stable source of income to the Group. At the same time, the Group will also secure a steady and reliable supply of the ZC's Services and ZC's Products under the Framework Agreement through the Zhejiang Construction Group, a state-owned enterprise with years of operation and history, and is expected to help the overall procurement management and improve the efficiency of the Group.

The Directors (including the independent non-executive Directors) 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 Latest Practicable Date, 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 one or more applicable percentage ratio(s) (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.

LETTER FROM THE BOARD

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 Group has designated one of the executive Directors 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 (or vice versa) which shall predominantly follow the Main Contract Price (i.e. general pricing principles (a) under the paragraph headed "I. The Framework Agreement – General principal and price determination"), 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 Price) and the Government-guidance Price (where there is no Government-prescribed Price) (i.e. general pricing principles (b) and (c) under the paragraph headed "I. The Framework Agreement – General principal and price determination" respectively), the Group have implemented certain internal control measures, which include, designating one of the executive Directors to perform review work, such as reviewing individual contracts signed between the Group and connected persons, reviewing the performance of procedures prior to signing of individual contracts as well as the fulfilment of transactions thereunder, inspecting the specific terms of the Group's transactions with connected persons and comparing it with the terms of the comparable transactions of the Group entered into with Independent Third Parties, to ensure that the pricing and other contractual terms for the Group's continuing connected transactions under individual contracts 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 applicable 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 general manager of the 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 general manager of the Environmental Engineering Company 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 on the requirements of the Listing Rules.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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 35.89% 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 7.24% by ICBC Financial Asset Investment Co. Ltd.* (工銀金融資產投資有限公司); (iii) approximately 3.42% by China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司); (iv) approximately 3.00% by Hung Wan Construction Co., Ltd.* (鴻運建築有限公司); (v) approximately 4.34% by Zhejiang Financial Development Co. Ltd* (浙江省財務開發有限責任公司); and (vi) the remaining approximately 46.11% held by other minority shareholders. As at Latest Practicable Date, 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. Ho Man Yiu Ivan, Ms. Dong Yuk Lai Petrina 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 Latest Practicable Date, Zhejiang Construction is indirectly interested in approximately 72.23% of the entire issued share capital of the Company, which are directly held by its indirect wholly-owned subsidiary, CR Construction Investments Limited. In view of the interests of Zhejiang Construction in the Framework Agreement and the transactions contemplated thereunder, CR Construction Investments Limited, which holds 361,150,000 issued Shares (approximately 72.23% of the entire issued share capital of the Company), 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.

LETTER FROM THE BOARD

None of the Directors had a material interest in the Framework Agreement and the transactions contemplated thereunder. However, since Mr. Zhang Guanhua, Mr. Jiang Wen and Mr. Yang Haojiang are the representative appointed by 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.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 22 to 23 of this circular which contains its recommendation to the Independent Shareholders in relation to the Framework Agreement and the Proposed Annual Caps.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 24 to 51 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the Proposed Annual Caps and the principal factors and reasons taken into account in arriving at its recommendation.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Framework Agreement 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.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of advice from the Independent Board Committee, prepared for the purpose of inclusion in this circular, setting out its recommendation to the Independent Shareholders in relation to the Framework Agreement and the Proposed Annual Caps:



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)

8 December 2025

To the Independent Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTION
FOR ENTERING INTO THE MUTUAL PRODUCTS AND
SERVICES SUPPLY FRAMEWORK AGREEMENT WITH
ZHEJIANG CONSTRUCTION
AND
NOTICE OF THE EGM**

We refer to the circular of the Company to the Shareholders dated 8 December 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used herein will have the same meanings as defined in the Circular, unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to advise you on the Framework Agreement and the Proposed Annual Caps. Pulsar Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 24 to 51 of this circular. Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information set out in the appendix thereto.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the Framework Agreement and the Proposed Annual Caps and taking into account the advice of the Independent Financial Adviser, in particular the principal factors, reasons and recommendations as set out in their letter, we consider that (i) the Framework Agreement and the Proposed Annual Caps are on normal commercial terms and are fair and reasonable; and (ii) the entering into of the Framework Agreements is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Framework Agreement and the Proposed Annual Caps.

Yours faithfully,
the Independent Board Committee

The Honourable Tse Wai Chun Paul JP Mr. Ho Man Yiu Ivan Ms. Dong Yuk Lai Petrina

Mr. Lai Yuk Fai Stephen JP
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Pulsar Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the Proposed Annual Caps, for the purpose of inclusion in this circular.

8 December 2025

*The Independent Board Committee and the Independent Shareholders
CR Construction Group Holdings Limited*

Dear Sir/Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTION FOR ENTERING INTO THE MUTUAL PRODUCTS AND SERVICES SUPPLY FRAMEWORK AGREEMENT WITH ZHEJIANG CONSTRUCTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the Proposed Annual Caps, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company dated 8 December 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

On 17 October 2025 (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) to renew the 2023 Continuing Connected Transaction, as the current term of the 2023 Continuing Connected Transaction will expire on 31 December 2025. Pursuant to the Framework Agreement, (I) the Group will supply (i) 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 (the “**Group’s Products**”) and (ii) (a) 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; (b) 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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; and (c) other general construction services ((a) to (c) collectively, the “**Group’s Services**”) to Zhejiang Construction Group; and (II) Zhejiang Construction Group will supply (i) (a) office supplies, daily necessities and equipment; and (b) 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 ((a) and (b) collectively, the “**ZC’s Products**”); and (ii) (a) office leases; (b) property management and public administration services, human resource management; (c) canteen catering services; and (d) operation and maintenance management and consulting services for sewage treatment plants ((a) to (d) collectively, the “**ZC’s Services**”) to the Group, with a term commencing from the Effective Date to 31 December 2028.

As at the Latest Practicable Date, 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 one or more applicable percentage ratio(s) (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 (the “**Non-exempt Continuing Connected Transaction**”), which is subject to the reporting, announcement, annual review and the Independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all of the 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, 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.

We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether (i) the terms of the Non-exempt Continuing Connected Transaction are fair and reasonable and on normal commercial terms or better; (ii) the Non-exempt Continuing Connected Transaction is conducted in the ordinary and usual course of business of the Group; (iii) the Non-exempt Continuing Connected Transaction is conducted in the interests of the Group and the Shareholders as a whole; (iv) the Proposed Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole; and (v) the Independent Shareholders should vote in favour of the Non-exempt Continuing Connected Transaction and the Proposed Annual Caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company, Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Save for this transaction, we had not (i) acted as the independent financial adviser or financial adviser to the Company for any other transactions; and (ii) provided any other services to the Company in the last two years. Apart from normal professional fees payable to us by the Company in connection with the current appointment, no arrangement exists whereby we have received or will receive any fees or benefits from the Company or the Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we were independent from the Company and none of the circumstances set out in Rule 13.84 of the Listing Rules existed that could reasonably be regarded as a hindrance to our independence to act as the independent financial adviser in respect of the Non-exempt Continuing Connected Transaction and the Proposed Annual Caps.

BASIS OF OUR OPINION

In formulating our opinion and recommendation in respect of the Non-exempt Continuing Connected Transaction, we have relied on all the information, statements, opinions and representations provided or made by the Company, its management (the “**Management**”), the Directors and/or the representatives of the Group to us for which they are solely and wholly responsible for and we have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true, accurate and complete as at the date of the Circular. We have reviewed documents including, among other things, (i) the Framework Agreement; (ii) the previous mutual products and services supply framework agreement dated 13 July 2023 (the “**Previous Framework Agreement**”); and (iii) the other information as set out in the Circular. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects.

We have assumed that all statements of belief, opinion and intention made by the Company, its representatives, the Management and the Directors as set out in the Circular were reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular. The Directors confirmed that they have provided us with all information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of such information and the information contained in the Circular to provide a reasonable basis of our opinion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our review and analyses were based upon the information and facts contained or referred to in the Circular, the information provided by the Company and the relevant public information. We consider that we have reviewed sufficient information to reach an informed view to justify our reliance on the accuracy of the information contained in the Circular as aforesaid and to provide reasonable grounds for our recommendation. In addition, we have no reason to doubt the truth, accuracy and/or completeness of the information and representations as provided or made by the Directors, the Management and/or the representatives of the Group to us. We have not, however, carried out any independent due diligence on the documents, information, opinions and representation provided or made by the Directors and the representatives of the Group to us, nor have we conducted any form of independent due diligence on the business, affairs, operations, financial position or future prospect of the Company and Zhejiang Construction and their respective subsidiaries and associates.

PRINCIPAL FACTORS CONSIDERED

In arriving at our recommendation in respect to the Non-exempt Continuing Connected Transaction and the Proposed Annual Caps, we have taken into consideration the following principal factors:

I. Background of the parties involved

The Company

As stated in the Board Letter, as at the Latest Practicable Date, 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 (the “**Water & Environmental Protection Business**”).

Zhejiang Construction

As stated in the Board Letter, Zhejiang Construction is a company listed on Shenzhen Stock Exchange (SZSE Security Code: 002761) and one of the controlling shareholders of the Company. As at the Latest Practicable Date, the Zhejiang Construction Group is principally engaged in building construction business, engineering related services and investment in infrastructure projects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

II. Reasons for conducting the Non-exempt Continuing Connected Transaction

As stated in the Board Letter, the principal reasons for and benefit for the Group of entering into the Framework Agreement include (i) the better regulation and streamlining of the terms of the continuing connected transactions between the Group and the Zhejiang Construction Group in the future; (ii) the provision of the Group's Products and the Group's Services to the Zhejiang Construction Group will provide a stable source of income to the Group; and (iii) the steady and reliable supply of the ZC's Services and the ZC's Products to the Group through the Zhejiang Construction Group, a state-owned enterprise with years of operation and history, will be secured and is expected to help the overall procurement management and improve the efficiency of the Group.

In assessing the reasonableness and benefits for the Group of entering into the Framework Agreement, we have considered the following factors:

- (a) after the completion of the acquisition by the Company of the entire equity interest in the Environment Engineering Company from China Zhejiang Construction International Group Limited (formerly known as China Zhejiang Construction Group (H.K.) Limited), which is an indirect wholly-owned subsidiary of Zhejiang Construction and one of the controlling shareholders of the Company, in May 2023, the Group's business has been expanded to the Water & Environmental Protection Business and the Framework Agreement will continue to govern the transactions of the Group's Products and the Group's Services between the Group and the Zhejiang Construction Group after the expiration of the Previous Framework Agreement;
- (b) according to the Management, during the term of the Framework Agreement, it is expected that the Zhejiang Construction Group will tender projects for the construction contracts in relation to sewage treatment plants or other environmental improvement and protection related infrastructure, the Zhejiang Construction Group will then subcontract certain works under such construction contracts to the Group, which supply the Group's Products and the Group's Services in executing such contracts, and hence we consider it is financially beneficial for the Group to enter into the Framework Agreement to continue to secure such revenue source when opportunities arose;
- (c) according to the Management, during the term of the Framework Agreement, it is expected that the Zhejiang Construction Group will continue to supply the ZC's Products and the ZC's Services to the Group. As advised by the Management, the Group, through the Environmental Engineering Group, primarily undertakes government environmental protection projects with strict delivery on-time requirement and the Zhejiang Construction Group, being the largest construction group in Zhejiang province, can provide the Group with the required and necessary products and services on time, which can ensure the timely operation and delivery of the projects undertaken by the Group and hence the entering into the Framework Agreement is able to continue to ensure stable and timely supply of the project related ZC's Products (excluding office supplies, daily necessities and equipment) and the ZC's Services (excluding office leases, property management and public administration services, human resource management and canteen catering services) to the Group when needed;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (d) according to the Management, in relation to non-project related ZC's Products (including office supplies, daily necessities and equipment) and ZC's Services (including office leases, property management and public administration services, human resource management (both project and non-project related) and canteen catering services), due to the centralised procurement and management of these products and services by the Zhejiang Construction Group for better and efficient management, the Group need to procure such non-project related products and services from the Zhejiang Construction Group for its daily operation, e.g. the Group leases office from the Zhejiang Construction Group who owned and managed the office or procure human resource staff outsourcing services from the Zhejiang Construction Group. Therefore, we consider that it is beneficial for the Group to enter into the Framework Agreement to ensure the continuation of the stable supply of these non-project related products and services to the Group;
- (e) the Framework Agreement, as did so for the Previous Framework Agreement, does not restrict the Group to procure the ZC's Products and the ZC's Services from other independent third parties, nor to sell the Group's Products and the Group's Services to other independent third parties, which might offer more competitive terms than the Zhejiang Construction Group and hence the execution of the Framework Agreement only offers an alternative supplier and customer option to the Group; and
- (f) as did so for the Previous Framework Agreement, the entering into of the Framework Agreement would continue to streamline the whole transaction process of the Group's Products, the Group's Services, the ZC's Products and the ZC's Services between the Group and the Zhejiang Construction Group, as well as the reporting, announcement and Independent Shareholders' approval (if necessary) for the Group, and hence reduce its administrative costs.

Based on the foregoing, we are of the view that the Framework Agreement has been entered into in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

III. Principal terms of the Framework Agreement

Please refer to the Board Letter for the details of principal terms of the Framework Agreement.

We are of the view that the pricing principles of the Group's Products, the Group's Services, the ZC's Products and the ZC's Services are the most important term of the Framework Agreement. According to the Board Letter, 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 to be entered into between the Zhejiang Construction Group/the Group (as the case may be) and the relevant governmental units (the "**Main Contract Price**").

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Board Letter, in relation to the project tenders submitted by the Zhejiang Construction Group, the price of the main contract to be entered into between the Zhejiang Construction Group and the relevant governmental units will be determined through open tender. The Group does not involve in the price determination process of the tender prices of the projects submitted by the Zhejiang Construction Group. In determining the tender price, the Zhejiang Construction Group takes into account: (i) the government pricing standards and/or the Government-prescribed Price and/or the Government-guidance Price set out in the relevant pricing regulations and standards implemented by the Chinese government; (ii) the prevailing market prices of the relevant products and/or services, by making reference to the prices charged by at least two Independent Third Parties in areas (or nearby areas) providing similar types of products or services. The Zhejiang Construction Group will obtain the quotations (including but not limited to the costs structure) from at least two independent third-party suppliers/service providers (if applicable) in respect of the relevant products and services. If the quotations from independent third-party service providers is not available, the Group will make reference to the historical products or services transacted with the Independent Third Parties; (iii) the engineering drawings and bills of quantities for the relevant products and/or services issued by the relevant governmental units; (iv) the bidding price ceiling set by the relevant governmental units for certain relevant products and/or services (where applicable); and (v) the historical profit margin of the relevant products and/or services, by making reference to the gross profit of the similar products or services for the past three financial years.

Upon winning the bid, the Zhejiang Construction Group and the relevant government units will enter into a main contract, in which the payment arrangement and the agreed price of the relevant services/goods will be specified. If the main contract is subcontracted by the Zhejiang Construction Group to the Group, the relevant subcontracting contract price for environmental construction work thereof will be determined by the Zhejiang Construction Group based on the relevant agreed price stipulated in the main contract entered into between the Zhejiang Construction Group and the relevant governmental units. In assessing the tender price/subcontracting price determined by the Zhejiang Construction Group, the Group considers that the tender and bidding process is an open process based on market participation and the tender prices under such process reflect the applicable prices available in the open market. The Group will not compare the subcontracting price with that offered to other Independent Third Parties because each project requirement is unique, specific and different. Instead, the Group will take into account the historical products or services transacted with the Independent Third Parties following pricing principles (d) and (e) below. For project tenders submitted independently by the Group, according to the Management, the Group takes into account the factors listed in (i), (ii), (iii) and (iv) above in determining the tender price

- (b) where there is no Main Contract Price, the Government-prescribed Price shall apply. According to the Management, the Government-prescribed Price can be fixed (which sets out the maximum ceiling price which cannot be exceeded for construction projects) or a prescribed range for the provision of services.

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According to the Board Letter, the Zhejiang Construction Group/the Group may refer to the “Standard Method of Measurement for Building Construction and Fitting-Out Works (GB/T50854-2013)” (房屋建築與裝飾工程工程量計算標準) (GB/T50854-2013) promulgated by the Ministry of Housing and Urban-Rural Development (“**MOHURD**”) (中華人民共和國住房和城鄉建設部) which came into effect on 1 July 2013 and “Standard Method of Measurement for General Building Services Works (GB/T50856-2013)” (通用安裝工程工程量計算標準) (GB/T50856-2013) promulgated by the MOHURD which came into effect on 1 July 2013. Such prescribed prices may be updated by the relevant governmental authorities from time to time. According to the Management, the environmental projects undertaken by the Group involve construction work which is under the supervision of the MOHURD;

- (c) where there is no Government-prescribed Price, the Government-guidance Price shall apply. According to the Management, the Government-guidance Price can be fixed (which sets out the maximum ceiling price which cannot be exceeded for construction projects) or a prescribed range for the provision of services.

According to the Board Letter, the Zhejiang Construction Group/the Group may refer to “Guiding Opinions on Standardizing Pricing Clauses in Construction Project Bidding Documents” (關於規範建設工程施工招標文件計價條款的指導意見) promulgated by the Zhejiang Provincial Department of Housing and Urban-Rural Development (浙江省住房和城鄉建設廳) which came into effect on 1 March 2016. Such guidance prices may be updated by the relevant governmental authorities from time to time. According to the Management, the environmental projects undertaken by the Group involve construction work which is under the supervision of the MOHURD;

- (d) where there is no Government-guidance 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. In determining whether the relevant transaction price is fair and reasonable, the Company would 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 to the relevant members of the Group than those available to the Independent Third Parties offered by the Group; and (2) (in the event of supply of products or services by the Zhejiang Construction Group to the Group) the relevant terms and conditions shall be equal to or not less favourable to the relevant members of the Group than those available to the Group offered by the Independent Third Parties (together with (1) and (2), the “**Market Price**”).

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According to the Management, the Group would only engage the relevant members of the Zhejiang Construction Group for the sales of products or services to them when the terms offered to the relevant members of the Zhejiang Construction Group are equal to or no less favourable to the relevant members of the Group than those offered to the Independent Third Parties, which were referenced to the historical same products or services transacted with the Independent Third Parties and would be updated from time to time so that the members of the Group would have an easy access of information regarding the market price and other terms of contract. For the supply of products or services from the Zhejiang Construction Group to the Group, the Group would only engage the relevant members of the Zhejiang Construction Group when the terms offered by the relevant members of the Zhejiang Construction Group are equal to or no less favourable to the relevant members of the Group than the price quotations offered by at least two Independent Third Parties;

- (e) where there is no Market Price, the transaction price to be agreed between the relevant parties in relation to the products and/or services to be provided or procured shall be equivalent to the reasonable costs incurred in supplying the same plus reasonable profit margin. “Reasonable costs” means the actual costs incurred in supplying the products and/or services as agreed by the relevant parties, while “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, by making reference to the historical average prices of at least two similar products and/or services which were transacted between the Group and the Independent Third Parties within a year (the “**Historical Average Transaction Price**”).

In a situation which the reasonable profit margin cannot be ascertained through the basis as disclosed above, the reasonable profit margin will be estimated by making reference to the historical gross profit margin of the transactions between the Environment Engineering Group and the Zhejiang Construction Group in the last three financial years prior to the date of the Framework Agreement (the “**Contractual Price**”).

According to the Management, every time before executing a contract following any of the pricing principles from (a) to (e) above, the cost and contract department of the Group would first prepare the relevant individual agreement for the relevant transaction and submit it to the department heads of the finance department and legal department of the Group for review and approval. The department heads of the finance department and legal department of the Group would review the terms of the proposed transaction and the draft individual agreement to be entered into to make sure that the terms are in compliance with the pricing policy of the Group and the overall terms and conditions (including prices and payment terms) are (1) (in the event of supply of products or services by the Group to the Zhejiang Construction

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Group) no less favourable to the relevant members of the Group than those offered to the Independent Third Parties; and (2) (in the event of supply of products or services by the Zhejiang Construction Group to the Group) no less favourable to the relevant members of the Group than those offered by the Independent Third Parties. The transactions could only be carried out after the finance department and the legal department have given their approval therefor.

As further set out in the Board Letter, (1) in respect of the Group's Products, the Group's Services, the ZC's Products (excluding office supplies, daily necessities and equipment), and ZC's Services (excluding office leases, property management and public administration services, non-project related human resource management and canteen catering services), (a) the Main Contract Price shall apply; (b) if there is no Main Contract Price, the Government-prescribed Price shall apply; (c) if there is no Government-prescribed Price, the Government-guidance Price shall apply; (d) if there is no Government-guidance Price, the Market Price shall apply; and (e) if there is no available Market Price, the Contractual Price shall apply; and (2) in respect of the certain ZC's Products (including office supplies, daily necessities and equipment) and certain ZC's Services (including office leases, property management and public administration services, non-project related human resource management and canteen catering services), (a) the Market Price shall apply; and (b) the if there is no available Market Price, the Contractual Price shall apply.

Our views

In respect to the pricing principle (a), according to the Management, no contracts which adopted pricing principle (a) under the Previous Framework Agreement were executed during the Review Period. However, having considered that the Main Contract Price is determined in accordance with the agreed price of the relevant products and/or relevant services (as the case may be) stipulated in the relevant main contract to be entered into between the Zhejiang Construction Group/the Group (as the case may be) and the relevant governmental units, which in turn (i) is required to follow the government pricing standards and/or the Government-prescribed Price and/or the Government-guidance Price stipulated in the relevant pricing regulations and standards implemented by the Chinese government, the engineering drawings and bills of quantities for the relevant products and/or services as stipulated in the corresponding tendering documents issued by the relevant governmental units, and where applicable, the bidding price ceiling set by the relevant governmental units for certain relevant products and/or services as stipulated in the corresponding tendering documents which are therefore considered transparent and publicly available information accessible to all parties; and (ii) is accepted by the relevant governmental units after their comparison with other tenderers of which is not discretionary determined by the Zhejiang Construction Group nor the Group in material extent and the Group will follow pricing principles (d) and (e) to assess the tender price/subcontracting price, we are of the view that such pricing principle is fair and reasonable.

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In respect to the pricing principles (b) and (c), according to the Management, no contracts which adopted pricing principles (b) and (c) under the Previous Framework Agreement were executed during the Review Period. Having considered that the Government-prescribed Price and the Government-guidance Price are (i) the benchmark prices solely established by the relevant governmental units that all industry players must adhere to; (ii) transparent and publicly available information accessible to all parties; and (iii) determined independently from the Zhejiang Construction Group and the Group, we are of the view that such pricing principles are fair and reasonable.

In respect to the pricing principle (d), according to the Management, no contracts which adopted the Market Price pricing principle in relation to the sales of the Group's Products and the Group's Services under the Previous Framework Agreement were executed during the Review Period. In relation to the contracts executed during the Review Period for the purchase of the ZC's Products and the ZC's Services under the Previous Framework Agreement, as part of our work done to assess whether the Group's internal control measures are properly in place to ensure the pricing principles of the Previous Framework Agreement were adhered as detailed under the section headed "V. Internal control measures" below, we have obtained, reviewed and compared (i) two purchase contracts both executed in December 2024 entered into between the Group and the Zhejiang Construction Group for the purchase of general construction systems and equipments; and (ii) the price quotations of the relevant products from two Independent Third Parties for each purchase and noted that the pricing terms offered by the Zhejiang Construction Group were no less favourable to the relevant members of the Group than those available to the Group offered by the Independent Third Parties. We obtained and reviewed the internal approval documents in relation to the execution of the purchase contracts and noted that the department heads of the finance department and legal department of the Group had reviewed the terms of the contracts and compared the price quotations obtained from two Independent Third Parties for each purchase to ensure the price charged to the Group was no less favourable to the relevant members of the Group than those offered by the Independent Third Parties to the Group. Having considered that the Market Price is determined (i) with reference to the transaction prices of the relevant products and/or services under the non-connected transactions entered into between the Group and the Independent Third Parties; (ii) with reference to the quotations for the relevant products and/or services provided by at least two Independent Third Parties to the Group; and (iii) independently from the Zhejiang Construction Group and the Group, we are of the view that such pricing principle is fair and reasonable.

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In respect to the pricing principle (e), according to the Management and our work done to assess whether the Group's internal control measures are properly in place to ensure the pricing principles of the Previous Framework Agreement were adhered as detailed in under the section headed "V. Internal control measures" below, it is rare circumstances that no Main Contract Price, Government-prescribed Price, Government-guidance Price nor Market Price is available and pricing principle (e) was adopted. Nevertheless, having considered that the reasonable profit margin is determined with reference to (i) the Historical Average Transaction Price, which is derived from the historical average prices of at least two similar products or services transacted between the Group and the Independent Third Parties within a year, is (1) considered recent, reasonable and representative of the prevailing market price of the relevant products and/or services; and (2) determined independently from the Zhejiang Construction Group and the Group; and/or (ii) the Contractual Price, which is determined based on the historical gross profit margin of the transactions between the Environment Engineering Group and the Zhejiang Construction Group in the last three financial years, is considered feasible, well-based, auditable and acceptable and shall be applied only when the recent pricing information from the Independent Third Parties is inaccessible to the Zhejiang Construction Group and the Group, we are of the view that such pricing principle is fair and reasonable.

Moreover, we are of the view that the sequence of determining the applicable pricing term is fair and reasonable since priority is given to the pricing terms which are determined independently from the Zhejiang Construction Group and the Group i.e. pricing principles (a) to (d) above, over the pricing term which is jointly determined by the Zhejiang Construction Group and the Group i.e. pricing principle (e) above.

Having considered the above and the fact that the pricing principles of the Group's Products, the Group's Services, the ZC's Products and the ZC's Services under the Framework Agreement are the same as that under the Previous Framework Agreement, which was approved by the Independent Shareholders on 5 October 2023, we are of the view that the terms of the Framework Agreement are fair and reasonable and on normal commercial terms or better.

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IV. The Proposed Annual Caps

The following table sets out the Proposed Annual Caps for the transactions contemplated under the Framework Agreement for each of the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	2027	2028
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(1) Transactions contemplated under the provision of the Group's Products and the Group's Services by the Group to the Zhejiang Construction Group (the "2026-2028 Sales Annual Caps")	311,630	228,470	143,000
(2) Transactions contemplated under the procurement of the ZC's Products and the ZC's Services by the Group from the Zhejiang Construction Group (the "2026-2028 Purchase Annual Caps")	104,150	104,150	104,150

The 2026-2028 Sales Annual Caps

Set out below are (i) the sales annual caps from the commencement date of the 2023 Continuing Connected Transaction, i.e. 5 October 2023 to 31 December 2025 under the Previous Framework Agreement (the "2023-2025 Sales Annual Caps"); (ii) the actual sales amounts of the Group's Products and the Group's Services under the Previous Framework Agreement during the period from 5 October to 31 December 2023, the year ended 31 December 2024 and the six months ended 30 June 2025 (the "Review Period"); and (iii) the 2026-2028 Sales Annual Caps:

	5 October to 31 December					
	2023	2024	2025	2026	2027	2028
The 2023-2025 Sales Annual Caps (<i>HK\$'000</i>)	55,000	110,000	110,000	N/A	N/A	N/A
Actual transaction amounts (<i>Approx. HK\$'000</i>)	251	0	0	N/A	N/A	N/A
			<i>(note)</i>			
Utilisation Rate (%)	0.5	0	0	N/A	N/A	N/A
The 2026-2028 Sales Annual Caps (<i>HK\$'000</i>)	N/A	N/A	N/A	311,630	228,470	143,000

Note: Being the actual transaction amounts for the six months ended 30 June 2025.

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According to the Board Letter, the low utilization rates of the 2023-2025 Sales Annual Caps during the Review Period were primarily attributable to the fact that there was a decrease in the number of municipal environmental protection projects undertaken by the Zhejiang Construction Group, which in turn affect the number of new projects being subcontracted or awarded to the Environment Engineering Group from the Zhejiang Construction Group during the relevant periods.

As set out in the Board Letter, the 2026-2028 Sales Annual Caps are determined after arm's length negotiations between the Group and the Zhejiang Construction Group, which consist of the estimated sales amounts for (i) planned Group's Products and Group's Services; and (ii) ad hoc unplanned Group's Products and Group's Services:

	For the year ending 31 December		
	2026	2027	2028
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Estimated sales amounts for:			
(a) Planned Group's Products and Group's Services	283,300	207,700	130,000
(b) Ad hoc unplanned Group's Products and Group's Services	<u>28,300</u>	<u>20,770</u>	<u>13,000</u>
Total	<u><u>311,630</u></u>	<u><u>228,470</u></u>	<u><u>143,000</u></u>

As set out in the Board Letter, in arriving the estimated sales amounts for planned Group's Products and Group's Services, it is expected that three construction projects will be subcontracted from the Zhejiang Construction Group to the Group based on the Group's understanding from the Zhejiang Construction Group on its plan of project tendering from the governmental units in the PRC in the second half of 2025, which comprises the provision of sewage treatment and environmental protection construction engineering related construction materials and equipment during the term of the Framework Agreement. To the best knowledge, information and belief of the Directors, the three construction projects will be secured upon the successful bidding of the tenders by the Zhejiang Construction Group. The Group estimates that the three construction projects will commence since 2026 if the bids are successful. Details of the three construction projects are set forth below:

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Contracts	Key products and services to be provided	Duration (year)	Total contract sum (HK\$'000) (Note)	Estimated sales amounts for the year ending 31 December		
				2026 (HK\$'000)	2027 (HK\$'000)	2028 (HK\$'000)
Centralised Wastewater Treatment Project – Beilun Electroplating Industrial Park Phase II – Beilun Surface Treatment Center (北侖電鍍產業園二期 – 北侖表面處理中心污水集中處理項目) (the “Beilun Electroplating Industrial Park Phase II Project”)	To build new centralized sewage collection and treatment facilities	1.5	95,000	63,300	31,700	–
Jinhua City Wucheng District Green Low-Carbon Circular Economy Industrial Base (金華市婺城區綠色低碳循環經濟產業基地) (the “Jinhua City Wucheng District Project”)	To build new construction waste recycling facilities (which belongs to other general construction services)	3	390,000	130,000	130,000	130,000
Macrobrachium rosenbergii breeding enhancement project (羅氏沼蝦繁育提升項目) (the “Macrobrachium Rosenbergii Breeding Project”)	To build new water treatment area and the related ancillary facilities	1.5	136,000	90,000	46,000	–
Total			621,000	283,300	207,700	130,000

Note: The total contract sum represents the estimated total investment amount of the relevant project. According to the Management, such contract sum represents the estimated tender price for the whole project to be tendered by the Zhejiang Construction Group.

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We obtained and reviewed the relevant documents in relation to the above three construction projects such as the feasibility study reports issued by consulting company, research institute or construction management company and noted that the project particulars e.g. the total contract sum and project duration matched with the above table in all material aspects. According to the Management, the Zhejiang Construction Group has better qualifications and stronger financial position than the Group and therefore the tenders of the three projects will be made by the Zhejiang Construction Group. If the bids are successful, it is expected that the Zhejiang Construction Group will subcontract the whole project in respect of the three projects to the Group and therefore it is expected that the subcontracting price will be the same as the tender price of the tender by the Zhejiang Construction Group. According to the Management, the results of the bidding of the above three environmental construction projects have not yet been completed as at the Latest Practicable Date and the Group could not, on their best endeavours, obtain private information such as details of the bidding documents, tender/subcontracting prices of the tender projects from the Zhejiang Construction Group. Based on the above, we concur with the Management that the total contract sum, which equal to the estimated total investment amount of the relevant project, provides the best estimation of the subcontracting price to be charged by the Zhejiang Construction Group to the Group. We also confirmed with the Management that the allocation of the total contract sum of each project for each of the three years ending 31 December 2028 has been referenced to the respective project duration commencing from 2026. Without further details on the detailed work progress or payment schedules of the project, we are of the view that the even distribution of the contract sum over the project duration for each project is a prudent method to determine the estimated sales amounts for each of the three years ending 31 December 2028 and consider it is fair and reasonable.

As set out in the Board Letter, the estimated sales amounts for ad hoc unplanned Group's Products and Group's Services were set at approximately 10% of the estimated sales amounts for the planned Group's Products and Group's Services as a buffer to accommodate for the possible increase in demand for the Group's Products and the Group's Services.

To assess the fairness and reasonableness of the buffer of 10%, we have conducted research regarding to the buffer adopted by other Hong Kong listed companies in determining the annual caps for their continuing connected transactions. Our selection criteria covered the continuing connected transactions related circulars published by other Hong Kong listed companies during the period from 18 April 2025 to 17 October 2025, being 6 months preceding the date of the Framework Agreement, which had incorporated buffer(s) in the annual cap(s) for continuing connected transactions and therefore we consider reasonable as it would allow us to identify sufficient and recent samples (the "**Research**"). According to our selection criteria, there were 43 continuing connected transactions related circulars published by Hong Kong listed companies that had incorporated buffer(s) in their annual caps for their continuing connected transactions. Among the above, 17 of them had incorporated a buffer of 10%. Therefore, we consider that incorporation of buffer of 10% in annual caps in determining the 2026-2028 Sales Annual Caps by the Group is not uncommon among Hong Kong listed companies and therefore it is justifiable.

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Furthermore, based on our independent research, we noted that (i) Rule 49 of the “Government Procurement Law of the People’s Republic of China*” (中華人民共和國政府採購法), which was published on the website of the National Public Complaints and Proposals Administration (國家信訪局), mentioned that if the purchaser needs to add goods, construction works or services during the performance of government procurement contracts, they may negotiate and sign a supplementary contract with the supplier without changing other terms of the contract. However, the total procurement amount of all supplementary contracts shall not exceed 10% of the original contract procurement amount; and (ii) the “Notice from the National Development and Reform Commission (the “NDRC”) on Strengthening the Management of Estimates Adjustment for Central Budget Investment Projects (NDRC Investment [2009] No.1550)*” (關於加強中央預算內投資項目概算調整管理的通知) (發改投資[2009]1550號), which was published on the website of the NDRC, mentioned that if the approved budget cannot meet the actual needs of the project due to price increases, policy adjustments, significant changes in geological conditions or other reasons during the construction process, an application for budget adjustment should be submitted to the NDRC. For any budget adjustments that exceed 10% of the original approved budget, the NDRC will generally require the budget adjustments to be audited before approval. Based on the above, we consider that the buffer of 10% set by the Group to allow for contract sum variations arising from unexpected circumstances or possible increase in demand is in line with the threshold set by the relevant government laws and regulations and therefore is fair and reasonable.

Notwithstanding the low utilization rates of the 2023-2025 Sales Annual Caps, we are of the view that such historical low utilisation does not undermine the reasonableness of the 2026-2028 Sales Annual Caps, given that (i) the low utilisation in 2023–2025 was primarily due to the fewer than expected number of municipal environmental protection projects undertaken by Zhejiang Construction Group, which was outside the Group’s control; (ii) the Management expects that three new projects will be awarded to the Zhejiang Construction Group which in turn is anticipated to subcontract the whole project to the Group; (iii) without prior approval of the 2026–2028 Sales Annual Caps, the Group’s ability to undertake such new subcontracting work in a timely manner may be restricted, thereby potentially reducing its revenue, and it would also be administratively burdensome and time-consuming if such approval had to be sought separately after each new project is confirmed to be awarded to the Zhejiang Construction Group; and (iv) the basis in determining the 2026-2028 Sales Annual Caps as discussed above is fair and reasonable. Taking into account the above factors, we are of the view that the 2026-2028 Sales Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that the 2026-2028 Sales Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of operating income to be generated from the transactions contemplated under the Framework Agreement.

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The 2026-2028 Purchase Annual Caps

Set out below are (i) the purchase annual caps from the commencement date of the 2023 Continuing Connected Transaction i.e. 5 October 2023 to 31 December 2025 under the Previous Framework Agreement (the “**2023-2025 Purchase Annual Caps**”); (ii) the actual purchase amounts of the ZC’s Products and the ZC’s Services under the Previous Framework Agreement during the Review Period; and (iii) the 2026-2028 Purchase Annual Caps:

	5 October to 31 December					
	2023	2024	2025	2026	2027	2028
The 2023-2025 Purchase Annual Caps (HK\$’000)	52,500	105,000	105,000	N/A	N/A	N/A
Actual transaction amounts (Approx. HK\$’000)	26,978	11,159	3,421 <i>(note)</i>	N/A	N/A	N/A
Utilisation Rate (%)	51.4	10.6	3.3	N/A	N/A	N/A
The 2026-2028 Purchase Annual Caps (HK\$’000)	N/A	N/A	N/A	104,150	104,150	104,150

Note: Being the actual transaction amounts for the six months ended 30 June 2025.

According to the Board Letter, the low utilization rates of the 2023-2025 Purchase Annual Caps during the Review Period were primarily attributable to the fact that there was a decrease of number of municipal environmental protection projects undertaken by the Zhejiang Construction Group, which in turn affect the number of new projects being subcontracted or awarded to the Environmental Engineering Group from the Zhejiang Construction Group during the relevant periods as mentioned under the section headed “The 2026-2028 Sales Annual Caps” above. Due to the decrease of (i) environmental protection projects awarded from the Independent Third Parties; and (ii) municipal environmental protection projects undertaken by the Zhejiang Construction Group as aforesaid, there was a decrease in demand of the ZC’s Products and the ZC’s Services being procured by the Group to be applied on these environmental protection projects during the relevant periods. The Environmental Engineering Group possess the relevant qualification and expertise in executing and performing the environmental protection projects, including the provision of sewage and reclaimed water treatment related services and equipment. By leveraging on the state-owned background of the Zhejiang Construction Group and upon its successful bidding of the relevant projects from the governmental units, the Zhejiang Construction Group will subcontract the related projects to the Environmental Engineering Group. Correspondingly, subject to the specification and requirement of each project on the equipment, facilities and administration services such as project site and human resources management services, the Environmental Engineering Group will procure the relevant supplies from the Zhejiang Construction Group at terms and conditions equal to or not less favourable to the relevant members of the Group than those available to the Group offered by the Independent Third Parties.

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As set out in the Board Letter, the 2026-2028 Purchase Annual Caps are determined after arm's length negotiations between the Group and the Zhejiang Construction Group, which consist of the estimated purchase amounts for (i) planned ZC's Products and ZC's Services; and (ii) ad hoc unplanned ZC's Products and ZC's Services:

	For the year ending 31 December		
	2026	2027	2028
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Estimated purchase amounts for:			
(a) Planned ZC's Products and ZC's Services	94,650	94,650	94,650
(b) Ad hoc unplanned ZC's Products and ZC's Services	<u>9,500</u>	<u>9,500</u>	<u>9,500</u>
Total	<u><u>104,150</u></u>	<u><u>104,150</u></u>	<u><u>104,150</u></u>

As set out in the Board Letter, in arriving the estimated purchase amounts for planned ZC's Products and ZC's Services, it is expected that the Group will enter into six contracts with the Zhejiang Construction Group in relation to office leases, property management, public administrative services and human resource management during the term of the Framework Agreement. Amongst the six contracts to be entered, labour subcontracting contract constitutes the majority portion of the estimated purchase amounts for the three years ending 31 December 2028, in view of the three projects expecting to be subcontracted by the Zhejiang Construction Group and other projects to be self-undertaken by the Environmental Engineering Group. In estimating the contract sum of such labour subcontracting contract, the Environmental Engineering Group mainly takes into account (i) the historical labour subcontracting costs incurred; and (ii) the actual and estimated subcontracting costs incurred/to be incurred in the current and future project pipelines. Details of the six contracts are set forth below:

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		Actual transaction amounts			Estimated purchase amounts for the year ending 31 December		
		For the period from	For the year ended	For the six months ended			
Contracts	Key products and services to be provided	5 October to 31 December 2023 <i>(HK\$'000)</i>	31 December 2024 <i>(HK\$'000)</i>	30 June 2025 <i>(HK\$'000)</i>	2026 <i>(HK\$'000)</i>	2027 <i>(HK\$'000)</i>	2028 <i>(HK\$'000)</i>
Office administration annual maintenance	Office administrative system annual maintenance, technical support, software implementation and system update	59	3	11	55	55	55
Office leasing	Office leases annual leasing	– <i>(note)</i>	– <i>(note)</i>	922	2,725	2,725	2,725
Property management	Property management annual services	54	434	253	520	520	520
E-commerce platform orders	Office IT system annual maintenance	167	640	239	550	550	550
Labour subcontracting	Human resources management	25,913	6,943	436	87,200	87,200	87,200
Human resources outsourcing	Human resources management	785	3,139	1,560	3,600	3,600	3,600
Total		26,978	11,159	3,421	94,650	94,650	94,650

Note: According to the Management, no office leasing expenses were incurred by the Environmental Engineering Group as the Zhejiang Construction Group agreed to waive the office lease expenses payable by the Environmental Engineering Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In relation to office administration annual maintenance, as advised by the Management, the estimated purchase amounts are determined with reference to (i) the historical transaction amounts of the office administrative system annual maintenance for the Review Period; and (ii) the expected increase in office administrative system maintenance expenses by the Environment Engineering Group arising from the increase in demand for cloud connect network products and services as a result of software implementation and system upgrade. We obtained from the Company the historical transaction amounts of the office administrative system annual maintenance during the Review Period and noted that the average historical transaction amount of the office administrative system maintenance expenses during the Review Period was approximately HK\$41,700 per annum. We also obtained and reviewed the cloud connect network products and services agreement in November 2024 and noted that the amount of expenses for the cloud connect network bandwidth upgrade and new lines expenses payable by the Environment Engineering Group stated therein is RMB11,856 per annum (equivalent to approximately HK\$13,000 per annum). As a result, the aggregate office administrative system maintenance expenses are estimated to be HK\$54,700 per annum, which is close to the estimated purchase amounts of HK\$55,000 per annum. Therefore, we consider that the estimated purchase amounts of office administration annual maintenance for the three years ending 31 December 2028 are fair and reasonable.

In relation to office leasing, as advised by the Management, the estimated purchase amounts of office leases annual leasing for the three years ending 31 December 2028 are determined with reference to (i) the existing office area of 1,078.5 square meters currently leased by the Environment Engineering Group; (ii) a new extension of office area of 500 square meters in the same property that may be leased by the Environment Engineering Group in 2026; and (iii) the historical contractual rental rate of RMB4.3 per square metre per day as stated in the office lease contract dated 1 January 2025. We obtained and reviewed the office lease contract and recalculated the estimated annual lease amounts by multiplying the aggregate office area of 1,578.5 square meters with the historical contractual rental rate, resulting in an aggregate of approximately RMB2.5 million (equivalent to approximately HK\$2.725 million). Based on our work done, no material discrepancies were noted. Therefore, we consider that the estimated purchase amounts of office leasing for the three years ending 31 December 2028 are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In relation to property management, as advised by the Management, the estimated purchase amounts of property management annual services for the three years ending 31 December 2028 are determined with reference to (i) the existing office management area of 1,183⁽¹⁾ square meters currently leased by the Environment Engineering Group; (ii) a new extension of office area of 500 square meters in the same property that may be leased by the Environment Engineering Group in 2026; (iii) the historical property management fee rate of RMB15 per square metre per month and fixed common public area management fee as stated in the property management services contract in January 2025; and (iv) the average historical electricity fees charged during the Review Period. We obtained and reviewed the property management services contract and recalculated the estimated purchase amounts by (i) multiplying the aggregate office area of 1,683 square meters with the historical property management fee rate; (ii) adding the fixed common public area management fee of RMB91,200; (iii) adding the historical average electricity fees charged of approximately RMB78,000 per annum during the Review Period, resulting in an aggregate of approximately RMB472,200 per annum (equivalent to approximately HK\$515,000), which is close to the estimated purchase amounts of HK\$520,000 per annum. Based on our work done, no material discrepancies were noted. Therefore, we consider that the estimated purchase amounts of property management annual services for the three years ending 31 December 2028 are fair and reasonable.

In relation to e-commerce platform orders, as advised by the Management, the estimated purchase amounts for the three years ending 31 December 2028 are determined with reference to the historical transaction amounts of the e-commerce platform orders by the Environment Engineering Group during the Review Period. We obtained the historical breakdown schedule of the e-commerce platform orders during the Review Period and noted that the average historical transaction amount of the e-commerce platform orders during the Review Period was approximately HK\$597,700 per annum, which is higher than the estimated purchase amounts of HK\$550,000 per annum for each of the three years ending 31 December 2028. Based on the above, we consider that the estimated purchase amounts of e-commerce platform orders for the three years ending 31 December 2028 are fair and reasonable.

¹ According to the Management, the difference of 104.5 square meters as compared to the 1,078.5 square meters office area mentioned in office leasing represents the additional common area of the building outside the office which were included in property management services provided to the Environmental Engineering Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In relation to the estimated purchase amounts of labour subcontracting for environmental construction projects, as advised by the Management, the estimated purchase amounts of labour subcontracting for environmental construction projects for the three years ending 31 December 2028 are determined with reference to (i) the historical transaction amounts of labour subcontracting costs during the Review Period; (ii) the expected increase in labour subcontracting costs arising from the three construction projects as mentioned under the section headed “The 2026-2028 Sales Annual Caps” above based on the average annual sales amount of the three construction projects multiplied by the average historical proportion of the labour subcontracting costs to total contract sum of projects for the Review Period; and (iii) the expected increase in labour subcontracting costs arising from new projects to be self-undertaken by the Environmental Engineering Group. It is expected that subcontracting fee will increase mainly due to the following factors: (i) the subcontracting of the three construction projects mentioned above to the Group will result in more demand for the ZC’s Services by the Group for these construction projects; and (ii) it is expected that more projects will be bid or self-undertaken by the Environmental Engineering Group in the future instead of relying on new projects being subcontracted or awarded to the Environmental Engineering Group from the Zhejiang Construction Group. We obtained and reviewed (i) the labour subcontracting contract entered into between the Environmental Engineering Group and the Zhejiang Construction Group in February 2023 for the provision of the human resource management services for the period from 1 January 2023 to 31 December 2024; (ii) the historical labour subcontracting costs for the Review Period and noted that the average historical transaction amount of the labour subcontracting costs during the Review Period was approximately HK\$19.0 million per annum; (iii) the proportion of labour subcontracting cost relative to the total contract sum during the Review Period and noted that the average historical proportion of the labour subcontracting costs to total contract sum of projects was approximately 25%; and (iv) the notification of successful bidding of the sewage treatment plant project by the Environmental Engineering Group, the executed contract in September 2025 in relation to the project with estimated contract value of approximately RMB58 million and the contract approval procedures of the project. We recalculated the estimated purchase amounts by adding (i) the average historical transaction amount of the labour subcontracting costs during the Review Period of approximately HK\$19.0 million per annum; (ii) the average annual sales amounts of the three construction projects of approximately HK\$207 million multiplied by 25%, resulting in approximately HK\$52 million; and (iii) the estimated contract value of the sewage treatment plant project of RMB58 million multiplied by 25%, which results in approximately RMB15 million (equivalent to approximately HK\$16 million), resulting in an aggregate of approximately HK\$87 million, which is very close to the estimated purchase amounts of HK\$87.2 million. Based on our review and work done as detailed under the section headed “The 2026-2028 Sales Annual Caps” and the above, we are of the view that the estimated purchase amounts of labour subcontracting for the three years ending 31 December 2028 are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In relation to human resources outsourcing for operation and maintenance, as advised by the Management, the estimated purchase amounts are determined with reference to (i) the historical transaction amounts of the human resources outsourcing costs for the Review Period; and (ii) the expected increase in demand for human resources management arising from the provision of operation and maintenance management and consulting services for sewage treatment plants and the increase in office area. We obtained the historical transaction amount of the human resources outsourcing costs during the Review Period and noted that the average historical transaction amount of the human resources outsourcing costs during the Review Period was approximately HK\$3.1 million per annum. We noted that the estimated purchase amounts of HK\$3.6 million for each of the three years ending 31 December 2028 represents an increase of approximately HK\$0.5 million per annum or approximately 16.1% from the average historical transaction amount during the Review Period. Having considered that (i) the subcontracting of the three construction projects may result in more demand for the ZC's Services by the Group for operation and maintenance services in the future, resulting in more demand for operation and maintenance staff; (ii) the new extension of office area in the property that may be leased by the Environment Engineering Group in 2026 and the software implementation and system update as discussed above may result in more demand for operation and maintenance staff in the future; and (iii) the three environmental construction projects as mentioned under the section headed "The 2026-2028 Sales Annual Caps" above may lead to more demand for operation and maintenance services in the future, we are of the view that the increase in the estimated purchase amounts allows a buffer to accommodate the expected increase in demand for operation and maintenance staff and is therefore fair and reasonable. Based on the above, we are of the view that the estimated purchase amounts for human resources outsourcing for the three years ending 31 December 2028 are fair and reasonable.

Based on our review, we noted that (a) the estimated purchase amounts were generally determined with reference to historical transaction levels or existing contractual terms; and (b) our recalculations of the estimated purchase amounts based on such information did not reveal any material discrepancies. Having considered the bases and assumptions adopted by the Management and our work done, we are of the view that the estimated purchase amounts for each of the above categories are fair and reasonable.

As set out in the Board Letter, the estimated purchase amounts for ad hoc unplanned ZC's Products and ZC's Services were set at approximately 10% of the estimated purchase amounts for the planned ZC's Products and ZC's Services as a buffer to accommodate for the possible increase in demand for the ZC's Products and the ZC's Services. According to our research as detailed under the section headed "The 2026-2028 Sales Annual Caps", we noted that the incorporation of buffer of 10% in determining the proposed annual caps for their continuing connected transactions is not uncommon among listed companies in Hong Kong and is in line with the threshold set by the relevant government laws and regulations. Therefore, we consider that the incorporation of buffer of 10% in determining the 2026-2028 Purchase Annual Caps by the Group is justifiable.

Having considered the above, we are of the view that the 2026-2028 Purchase Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders should note that the 2026-2028 Purchase Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of purchase amounts to be incurred from the transactions contemplated under the Framework Agreement.

V. Internal control measures

As set out in the Board Letter, the Group has designated one of the executive Directors to perform internal review and control over the continuing connected transactions conducted by the Group. Except for (i) the subcontracting contracts to be granted to the Group by the Zhejiang Construction Group which shall predominantly follow the pricing terms and conditions of the relevant main contracts to be entered into between the Zhejiang Construction Group and the relevant governmental units (i.e. general pricing principle (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. pricing principles (b) and (c) under the Framework Agreement respectively), the Group have implemented certain internal control measures, which include, designating one of the executive Directors to perform review work, such as reviewing individual contracts signed between the Group and connected persons, reviewing the performance of procedures prior to signing of individual contracts as well as the fulfilment of transactions thereunder, inspecting the specific terms of the Group's transactions with connected persons and comparing it with the terms of the comparable transactions of the Group entered into with Independent Third Parties, to ensure that the pricing and other contractual terms for the Group's continuing connected transactions under individual contracts 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 applicable laws and regulations and the general pricing principles under the Framework Agreement.

To assess whether the above internal control measures are properly in place, we have obtained, reviewed and compared (i) two purchase contracts both executed in December 2024 entered into between the Group and the Zhejiang Construction Group for the purchase of general construction systems and equipments under the Previous Framework Agreement (all of which adopted the Market Price pricing principle); (ii) the price quotations of the relevant products and/or services from two Independent Third Parties for each purchase; and (iii) the relevant internal approval records for the execution of the contracts. Based on our review, we noted that the department heads of the finance department and legal department of the Group had reviewed the terms of the contract and the draft individual agreement to be entered into and compared the price quotations obtained from two Independent Third Parties for each purchase to make sure that the terms are in compliance with the pricing policy of the Group and the overall terms and conditions (including prices and payment terms) are no less favourable to the relevant members of the Group than those offered by the Independent Third Parties. Based on our review and work done as detailed under the section headed "III. Principal terms of the Framework Agreement – Our views"

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

above, we noted that (i) the pricing principles and sequence of the Group's Products, the Group's Services, the ZC's Products and the ZC's Services during the Review Period were adhered, e.g. in pricing principle (d), we noted that the terms offered by the Zhejiang Construction Group are not less favourable to the relevant members of the Group than those offered by the four Independent Third Parties for the two purchase contracts both executed in December 2024 in relation to the purchase of general construction systems and equipments when the Group chose the Zhejiang Construction Group to be the supplier; and (ii) the pricing policy and internal control measures adopted for the historical transactions under the Previous Framework Agreement are strictly followed and are the same under the Framework Agreement.

In addition, we also examined other independent confirmation by reviewing the letters issued by the auditors of the Company (the "Auditors") to the Board and noted that the Auditors had performed procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) and with reference to Practice Note 740 (Revised) and confirmed that they had performed analytical review procedures and testing on a sample basis on the continuing connected transactions entered into between the Group and Zhejiang Construction Group during the years ended 31 December 2023 and 2024 and had not found that the continuing connected transactions were not entered into, in all material respects, in accordance with the pricing policies of the Group.

Having considered the above, we are of the view that (i) the internal control measures with respect to the Framework Agreement are properly in place as demonstrated during the term of the Previous Framework Agreement; and (ii) such internal control measures are also adequate to ensure that the transactions between the Group and the Zhejiang Construction Group during the term of the Framework Agreement will continue to be conducted on normal commercial terms and in accordance with the pricing principles stipulated therein.

CONTINUING CONNECTED TRANSACTIONS REQUIREMENTS UNDER THE LISTING RULES

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the Framework Agreement are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the transactions contemplated under the Framework Agreement and confirm in the annual report whether such transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) on normal commercial terms or better; and
 - (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) The Company must engage its auditors to report on the transactions contemplated under the Framework Agreement every year and the auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that such transactions:
 - (i) have not been approved by the Board;
 - (ii) were not carried out, in all material respects, in accordance with the pricing policies of the Group (if applicable);
 - (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
 - (iv) have exceeded the Proposed Annual Caps;
- (c) the Company must provide a copy of the auditors' letter to the Stock Exchange at least 10 business days before the bulk printing of its annual report;
- (d) the Company must allow, and ensure that the counterparties to the transactions contemplated under the Framework Agreement allow, the auditors sufficient access to their records for the purpose of the reporting on the transactions; and
- (e) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors cannot confirm the matters as required.

As stated in the Board Letter, to ensure that the continuing connected transactions under the Framework Agreement do not exceed the Proposed Annual Caps, the general manager of the 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 general manager of the Environment Engineering Company 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.

As further stated in the Board Letter, 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 on the requirements of the Listing Rules.

In light of the above annual review requirements attached to the transactions contemplated under the Framework Agreement and the relevant measures implemented by the Company, we are of the view that appropriate measures will be in place to monitor the conduct of the transactions and assist in safeguarding the interests of the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above, we are of the view that (i) the terms of the Non-exempt Continuing Connected Transaction are fair and reasonable and on normal commercial terms or better; (ii) the Non-exempt Continuing Connected Transaction is conducted in the ordinary and usual course of business of the Group; (iii) the Non-exempt Continuing Connected Transaction is conducted in the interests of the Group and the Shareholders as a whole; (iv) the Proposed Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole; and (v) the Independent Shareholders should vote in favour of the Non-exempt Continuing Connected Transaction and the Proposed Annual Caps.

Yours faithfully
For and on behalf of
Pulsar Capital Limited

Michael Lee
Director

Note: Mr. Michael Lee is a Responsible Officer of Pulsar Capital Limited licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 15 years of experience in corporate finance industry.

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there is no other matter the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director and chief executive

As at the Latest Practicable Date, interests and short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required to be entered into the register required to be kept by the Company under Section 352 of the SFO; or (c) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) were set out below:

Long positions in Shares, underlying Shares debentures and Debentures

Name of Directors	Capacity/Nature of Interest	Number of ordinary Shares/ underlying Shares (long position)	Approximate percentage of the Company's issued share capital ⁽¹⁾ (%)
Mr. CHAN Tak Yiu	Beneficial owner	100,000	0.02
Mr. YANG Haojiang	Beneficial owner	500,000	0.10

Note:

(1) As at the Latest Practicable Date, the number of issued Shares of the Company was 500,000,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders and other persons

As at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long Positions in the Shares

Name of shareholder	Capacity/Nature of interests	Number of Ordinary Shares/ underlying Shares (long position)	Approximate percentage of the Company's issued share capital ⁽³⁾
Zhejiang State-owned Capital Operation Company Limited	Interest in a controlled corporation ⁽¹⁾	361,150,000	72.23
Zhejiang Construction Investment Group Co., Ltd.	Interest in a controlled corporation ⁽¹⁾	361,150,000	72.23
Zhejiang Construction Group (H.K.) Holdings Limited	Interest in a controlled corporation ⁽¹⁾	361,150,000	72.23
China Zhejiang Construction International Group Limited (formerly known as China Zhejiang Construction Group (H.K.) Limited)	Interest in a controlled corporation ⁽¹⁾	361,150,000	72.23
CR Construction Investments Limited	Beneficial owner ⁽¹⁾	361,150,000	72.23
Ning Shing (Holdings) Company Limited ("Ning Shing")	Beneficial owner ⁽²⁾	25,000,000	5.00

Notes:

- (1) As at the Latest Practicable Date, CR Construction Investments Limited directly holds 361,150,000 Shares in the Company. CR Construction Investments Limited is a wholly owned subsidiary of China Zhejiang Construction International Group Limited (formerly known as China Zhejiang Construction Group (H.K.) Limited), which is in turn a wholly-owned subsidiary of Zhejiang Construction Group (H.K.) Holdings Limited. China Zhejiang Construction International Group Limited is a wholly-owned subsidiary of Zhejiang Construction Investment Group Co., Ltd.. Zhejiang State-owned Capital Operation Company Limited holds 35.89% interests in Zhejiang Construction Investment Group Co., Ltd. By virtue of the SFO, each of China Zhejiang Construction International Group Limited, Zhejiang Construction Group (H.K.) Holdings Limited, Zhejiang Construction Investment Group Co., Ltd., and Zhejiang State-owned Capital Operation Company Limited is deemed to have an interest in the Shares held by CR Construction Investments Limited.
- (2) As at the Latest Practicable Date, Ning Shing directly holds 25,000,000 Shares of the Company. Ning Shing is a state-owned company wholly owned by the Ningbo Municipal Government established in Hong Kong in May 1995.
- (3) As at the Latest Practicable Date, the number of issued Shares of the Company was 500,000,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, no person, other than the Directors or chief executive of the Company had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO. As at the Latest Practicable Date, none of the Directors and the chief executive of the Company was a director or employee of a company which has an interest or short position in the Shares and underlying shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or any of their respective close associates has engaged in any business that competed or may compete either directly or indirectly, with the business of the Group and any conflict of interests which any such person had or might have with the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

6. MATERIAL INTERESTS

As at the Latest Practicable Date, none of the Directors (i) had any direct or indirect interest in any assets which had been, since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) was materially interested in any transaction, contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the capital increase agreement dated 23 June 2025 entered into between the Company and the Environmental Engineering Company (as investors), Tiantai Economic Development Zone Construction Co., Ltd.* (天台經濟開發區建設有限公司) (as the original joint venture shareholder) and Tiantai Economic Development Zone Water Operation Co., Ltd.* (天台經濟開發區水務運營有限公司) (as the joint venture company) in relation to the increase of the registered capital of the joint venture company from RMB50.0 million to RMB96.5 million;
- (b) the supplemental lease agreement dated 17 February 2025 entered into between CR Construction Company Limited and Riderstrack Development Limited in relation to the lease of Unit Nos. 1-3, 5-13 and 15-18 on Level 32 of Standard Chartered Tower of Millennium City 1, No. 388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong;
- (c) the supplemental lease agreement dated 17 February 2025 entered into between CR Construction Company Limited and Hero Town Limited in relation to the lease of the Whole on Level 26 of Standard Chartered Tower of Millennium City 1, No. 388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong; and
- (d) the joint venture agreement dated 20 September 2024 entered into between the Environmental Engineering Company and Shanghai MS Energy Technology Co., Ltd.* (上海美克生能源科技有限公司) in relation to the establishment of a joint venture company with a registered capital of RMB50.0 million.

Litigation

As at the Latest Practicable Date, the Group were not engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Company or any of its subsidiaries.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinion or advice which is contained in this circular:

Name	Qualification
Rainbow Capital (HK) Limited	A licensed corporation to carry out Type 1 (dealing in securities and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Pulsar Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of the experts named above (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) had no direct or indirect interest in any assets which had been, since 31 December 2024 (the date to which the latest published audited consolidated financial statements of the Company were made up, acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

Each of the experts named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and the reference to its name included herein in the form and context in which it appears.

9. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Lau King Ho, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands.
- (c) The head office and principal place of business in Hong Kong is at Units 3–16, 32/F, Standard Chartered Tower, Millennium City 1, 388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.
- (d) The principal registrar and transfer office of the Company in the Cayman Islands is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text in case of inconsistencies.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.crconstruction.com.hk/>) during the period of 14 days from the date of this circular up to and including the 14th day thereafter:

- (a) the Framework Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in the circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out in the circular;
and
- (d) the written consents from the experts referred to in the paragraph headed “8. Experts and Consents” in this appendix.

NOTICE OF THE EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of CR Construction Group Holdings Limited (the “Company”) will be held at Level 26, Standard Chartered Tower of Millennium No. 388 Kwun Tong Road, Kwun Tong, Kowloon, on Monday, 29 December 2025, at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the mutual products and services supply framework agreement dated 17 October 2025 (the “**Framework Agreement**”), a copy of which is tabled at the meeting and marked “A” and signed by the chairman of the meeting for identification purpose, pursuant to which, among others, the Company and the Zhejiang Construction Investment Group Co., Ltd mutually agreed to supply a variety of products and services to each other for a term commencing from the effective date of the Framework Agreement and ending on 31 December 2028; and the transactions and proposed annual caps contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he/she may consider necessary or desirable for the purpose of or in connection with or to give effect to the transactions contemplated under the Framework Agreement and the proposed annual caps contemplated thereunder (including any amendment, supplement and/or any waiver of any terms thereunder), as such Director may in his/her absolute discretion deem fit.”

Yours faithfully,

On behalf of the Board

CR Construction Group Holdings Limited

Zhang Guanhua

Chairman

Hong Kong, 8 December 2025

NOTICE OF THE EGM

Registered Office:

Cricket Square,
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:

Units 3–16, 32/F
Standard Chartered Tower
Millennium City 1
388 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong

Notes:

1. The resolution set out in this notice of EGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. Any member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy needs not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. Completion and return of the form of proxy will not preclude members from attending and voting in person at the EGM or at any adjourned meeting (as the case may be) should they so wish. If the relevant member attends the EGM, the form of proxy shall be deemed to be revoked.
5. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be).
6. Whether or not you intend to attend the EGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.
7. Where there are joint registered holders of any Share, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such Share as if he/she was solely entitled thereto, but if more than one of such joint registered holders are present at the EGM, whether in person or by proxy, the joint registered holders present whose name stands first on the register of members of the Company in respect of the Shares shall be accepted to the exclusion of the votes of the other registered holders.
8. The register of members of the Company will be closed, for the purpose of determining the identity of members who are entitled to attend and vote at the EGM, from Monday, 22 December 2025 to Monday, 29 December 2025, both days inclusive, during which period no transfers of shares will be effected. In order to be eligible to attend and vote at the EGM, all properly completed and duly stamped transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 19 December 2025.