

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

ZONQING Environmental Limited

中庆环境股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1855)

**MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF 87.50% EQUITY INTEREST IN
JILIN MODERN ZHONGQING**

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

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

THE ACQUISITION

The Board announces that, on 11 April 2023 (after trading hours), Beijing Ecological, an indirect non-wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with, among other parties, ZIHG, pursuant to which Beijing Ecological has agreed to acquire, and ZIHG has agreed to sell, in each case subject to the Conditions Precedent, the Sale Interest at a cash consideration of RMB305,756,410.

Upon Completion, the Target will become a non-wholly-owned subsidiary of the Company, and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group.

IMPLICATIONS OF LISTING RULES

As at the date of this announcement, ZIHG is owned as to approximately 27.00% by Mr. Sun, 35.00% by Ms. Zhao Hongyu (the spouse of Mr. Sun; hence an associate of Mr. Sun), 5.00% by Mr. Liu, 5.00% by Mr. Shao Zhanguang (a non-executive Director), and 5.00% by Mr. Sun Juzhi (the brother of Mr. Sun; hence an associate of Mr. Sun). Mr. Sun, Ms. Zhao Hongyu, Mr. Liu, Mr. Shao Zhanguang and Mr. Sun Juzhi are controlling shareholders of the Company via their respective interests in Zonqing International and/or Zonbong International. Therefore, ZIHG is a connected person of the Company under the Listing Rules. As a result, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. The Acquisition and the February Transaction constitute a series of transactions made within a 12-month period and will be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Acquisition (both on a standalone basis and when aggregated with the February Transaction) exceeds 25% but are all less than 100%, the Acquisition constitutes a major transaction and a connected transaction of the Company subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreement and the Acquisition contemplated thereunder. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, save as Zonqing International and Zonbong International, no Shareholder has a material interest in the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the Acquisition contemplated thereunder.

An Independent Board Committee, comprising the independent non-executive Directors (namely Mr. Gao Xiangnong, Mr. Yin Jun and Mr. Lee Kwok Tung Louis), has been established to advise the Independent Shareholders, and Rainbow Capital (HK) Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition.

A circular containing, among other things (i) further details of the Acquisition; (ii) a letter from the Independent Board Committee on the Acquisition and its recommendation on voting; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the same; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 3 May 2023.

Shareholders and potential investors should note that Completion is subject to the Conditions Precedent to be fulfilled or waived (as the case may be), the Acquisition may or may not proceed as contemplated or at all. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE ACQUISITION

The Board announces that, on 11 April 2023 (after trading hours), Beijing Ecological, an indirect non-wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with, among other parties, ZIHG, pursuant to which Beijing Ecological has agreed to acquire, and ZIHG has agreed to sell, in each case subject to the Conditions Precedent, the Sale Interest at a cash consideration of RMB305,756,410.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarised as follows:

Date	:	11 April 2023 (after trading hours)
Parties	:	(1) Beijing Ecological (the purchaser); (2) ZIHG (the vendor); (3) the Target; (4) Changchun Chengwei (a subsidiary of the Target); (5) Zhonghuan Weilan (a subsidiary of the Target); and (6) the Company. (each a “ Party ” and collectively, the “ Parties ”)
Subject matter	:	Beijing Ecological has conditionally agreed to acquire, and ZIHG has conditionally agreed to sell, the Sale Interests.
Consideration	:	RMB305,756,410, which shall be payable by the purchaser to an account so designated by the vendor in cash within two months of completion of the necessary registration and filing procedures with the Market Supervision and Administration Bureau (市場監督管理局) in connection with the Acquisition (“ PRC Registration Procedures ”), which PRC Registration Procedures shall occur following the satisfaction (or waiver) of the Conditions Precedent.

The consideration for the Acquisition shall be funded by internal resources and/or borrowings of the Group.

Conditions Precedent : Completion is conditional upon:

- (a) the due execution of the Equity Transfer Agreement by ZIHG and the Target Group;
- (b) the due approval of the transfer of Sale Interest by the Target's shareholders in general meeting, and the other shareholders of the Target having waived their pre-emptive rights;
- (c)
 - (i) all undertakings and commitments of ZIHG and the Target Group under the Equity Transfer Agreement having been performed or complied with in material aspects; and
 - (ii) all representations and warranties given by ZIHG and the Target Group in the Equity Transfer Agreement remaining true, complete and correct as at the date of execution of the Equity Transfer Agreement and the date of Completion, and if any of such representations and warranties were made on a specified date, they shall remain to be true and correct as at such specified date;
- (d) there having been no event which would have a material adverse effect on the Target Group prior to the Completion or at Completion;
- (e) the Board having approved (i) the Acquisition; and (ii) the signing, delivery and performance of the Equity Transfer Agreement and other related transaction documents;
- (f) the Independent Shareholders having approved (i) the Acquisition; and (ii) the signing, delivery and performance of the Equity Transfer Agreement and other related transaction documents;

- (g) the Stock Exchange and, where applicable, other relevant regulatory institutions having confirmed that they have no further comments on the circular relating to the Acquisition, and no additional conditions precedent to the implementation and completion of the Acquisition having been imposed by them; and
- (h) the release or termination of all guarantee(s) provided by the Target Group for the loans of ZIHG and its subsidiaries (excluding the Target Group).

If the above Conditions Precedent are not satisfied or otherwise waived (except that, conditions (a), (b), (e) to (h) set out above cannot be waived) on or before 31 July 2023, Beijing Ecological shall be entitled to unilaterally:

- (a) postpone the date of Completion to any date no later than 31 December 2023;
- (b) waive the unsatisfied Condition(s) Precedent and proceed to Completion so far as practicable; or
- (c) if Completion has not taken place as at 31 December 2023 due to any Condition(s) Precedent not being satisfied and such unsatisfied Condition(s) Precedent not being waived by Beijing Ecological, Beijing Ecological may terminate the Equity Transfer Agreement or postpone the Completion to another date as agreed in writing by the Parties.

Completion : Upon the satisfaction (or waiver) of the Conditions Precedent, ZIHG shall procure and assist the Target to complete the PRC Registration Procedures.

Upon Completion, Beijing Ecological will assume the rights and obligations as the equity owner of the Sales Interests, and the financial results of the Target Group will be consolidated to the consolidated financial statements of the Group.

- Further undertakings by the vendor** :
- ZIHG shall indemnify Beijing Ecological, the Company, and/or the Target Group in respect of, among others, any liabilities, breaches, acts or infringements of the Target Group which occurred on or before Completion, and any penalties inflicted on the Target Group as a result of non-compliance issues that occurred on or before Completion.
 - ZIHG shall procure its subsidiary, Zhongqing Construction Limited Liability Company* (中慶建設有限責任公司), to fully settle their amounts due to Changchun Chengwei in the amount of approximately RMB627,640,389, which is interest-free, unsecured and repayable on demand, within one month after completion of the PRC Registration Procedures, and provide to Beijing Ecological the relevant proof of settlement. Any delay in payment will result in an accrual of additional outstanding amount of 0.03% per day of the said amounts due to Changchun Chengwei.
 - ZIHG and its associates shall not, directly or indirectly, engage in business activity that competes with the Target Group's existing business, or any other business that it may potentially compete with, except where (i) ZIHG has already recommended relevant business opportunity to the Group but was rejected by the Group; or (ii) the Group has notified ZIHG of its intention not to engage in the relevant business opportunity or agreed to undertake the relevant business opportunity jointly with ZIHG.

- Termination** :
- The Equity Transfer Agreement may be terminated in accordance with the following provisions:
- (a) prior to Completion, by mutual agreement of all Parties in writing;
 - (b) if any of the following events occur from the date of the Equity Transfer Agreement to the date of Completion, either Party may notify the other Parties in writing at least ten (10) business days prior to the intended effective date of termination, namely:

- (i) the representations or warranties of any Party being untrue, inaccurate, misleading or with omissions in a material aspect which directly cause the purposes of the Equity Transfer Agreement to be unattainable (i.e. Beijing Ecological is unable to obtain the Sale Interest or ZIHG is unable to obtain the consideration paid. For the avoidance of doubt, the Target and ZIHG have no right to terminate the Equity Transfer Agreement by relying on their own default); or

- (ii) if any Party fails to perform its agreements, undertakings, obligations and commitments under the Equity Transfer Agreement in a material aspect, the abiding Party may notify the defaulting Party in writing that the breach shall be rectified within thirty (30) days from the date of receipt of such notice. If such breach is not rectified within the thirty (30) day period or the defaulting Party fails to propose a rectification or compensation plan acceptable to the abiding Party (not to be unreasonably refused), such that the purposes of the Equity Transfer Agreement would become unattainable (i.e. Beijing Ecological is unable to obtain the Sale Interest or ZIHG is unable to obtain the consideration paid), the abiding Party shall have the right to terminate the Equity Transfer Agreement by notifying the defaulting Party in writing. For the avoidance of doubt, the Target and ZIHG have no right to terminate the Equity Transfer Agreement by relying on their own default);

- (iii) any member of the Target Group makes an overall assignment for the benefit of its creditors, or declares itself to criminal proceedings, bankruptcy or insolvency proceedings brought by or against such member of the Target Group, or the liquidation or dissolution of any member of the Target Group resulting from bankruptcy, insolvency or reorganisation. If the legal proceedings relating to reorganisation or debt restructuring are brought by or against of any member of the Target Group, Beijing Ecological may terminate the Equity Transfer Agreement; and
- (iv) either Party may terminate the Equity Transfer Agreement if there are any orders, rulings or decisions being issued, or any other actions are being undertaken by any government departments, to restrict, ban or otherwise prohibit the transactions contemplated under the Equity Transfer Agreement, and that such orders, rulings, decisions or other actions being final and not subject to reconsideration, petition or appeal.

Upon termination of the Equity Transfer Agreement, no Party shall continue to be liable to any other Party save for antecedent breaches.

BASIS OF DETERMINATION OF CONSIDERATION

The consideration of the Acquisition was arrived at by the Parties with reference to and taking into account, among others, (i) the historical financial performance and financial position of the Target Group; (ii) the track record and development prospects of the Target Group; and (iii) the business valuation report in respect of the Sale Interest prepared by an independent valuer, pursuant to which the fair value of the Sale Interest as at 31 March 2023 was approximately RMB523.5 million.

INFORMATION ABOUT THE PARTIES TO THE ACQUISITION

Information of Beijing Ecological and the Group

The Company is a company incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Act of the Cayman Islands on 8 March 2019. The Company is an investment holding company. The Group is an established service provider for landscaping and ecological restoration projects in the Three Northeast Provinces of the PRC and it is principally engaged in landscaping, ecological restoration and other related projects. Beijing Ecological is an indirect non-wholly-owned subsidiary of the Company and is primarily engaged in the business of technical consultancy for landscaping, ecological restoration and other projects.

Information of ZIHG

ZIHG is a company established in the PRC with limited liability on 16 May 2014. As at the date of this announcement, ZIHG was owned as to approximately 35.00% by Ms. Zhao Hongyu, 27.00% by Mr. Sun, 10.00% by Ms. Li Ping, 5.00% by Mr. Hou Baoshan, 5.00% by Mr. Liu Haitao, 5.00% by Mr. Shao Zhanguang, 5.00% by Mr. Sun Juzhi, 4.00% by Mr. Shan Dejiang, 1.00% by Mr. Li Peng, 1.00% by Mr. Liu Changli, 1.00% by Mr. Wei Xiaoguang and 1.00% by Mr. Weng Hongzhao. Together with other members of the ZIHG Group (excluding the Target Group), it mainly engages in the infrastructure and municipal construction works business and other businesses.

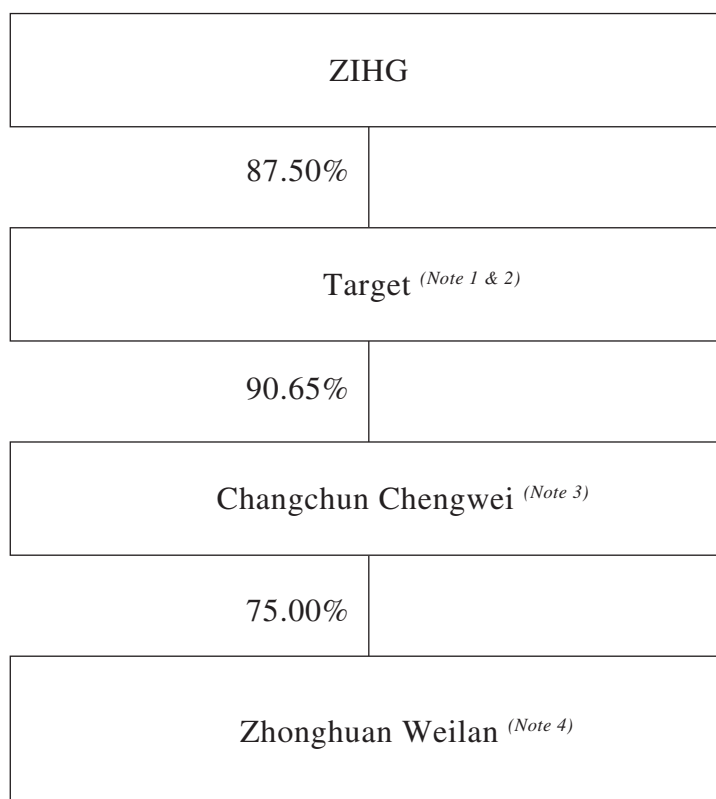
Information of the Target Group

The Target is a company established in the PRC with limited liability and is an investment holding company without any substantive business. As at the date of this announcement, the Target is owned as to approximately 87.50%, 5.00%, 5.00% and 2.50% by ZIHG, Mr. Sun Yangang (孫艷剛), Mr. Li Peng (李鵬) and Kai Ming Investment Holding Limited (“**Kai Ming Investment**”), respectively. As at the date of this announcement, Mr. Li Peng holds approximately 1.0% of the equity interests in Zonqing International and is one of the controlling shareholders of the Company, hence a connected person of the Company. Both Mr. Sun Yangang and Kai Ming Investment are Independent Third Parties.

As at the date of this announcement, the Target owns approximately 90.65% of the total issued shares of Changchun Chengwei, which together with Zhonghuan Weilan (its 75.00% owned subsidiary) are the principal operating subsidiaries of the Target Group. The Target Group is principally engaged in the provision of environmental hygiene services and construction and maintenance services for public work projects.

The Shareholding Structure of the Target Group

(a) Immediately before Completion



Notes:

1. The remaining approximately 12.50% equity interest in the Target is owned by Mr. Sun Yangang, Mr. Li Peng and Kai Ming Investment as to 5.00%, 5.00% and 2.50%, respectively.
2. Pursuant to an internal restructuring of the ZIHG Group in the first quarter of 2023, ZIHG transferred all its shareholding in Changchun Chengwei (representing approximately 90.65% of the total issued shares of Changchun Chengwei) to the Target, and the Target thereby became a shareholder of Changchun Chengwei.
3. The remaining approximately 9.35% issued shares of Changchun Chengwei are owned by 30 individual shareholders. Save as Ms. Zhao Hongyu (the spouse of Mr. Sun) who owns approximately 0.16% of the total issued shares of Changchun Chengwei, the remaining 29 individual shareholders are Independent Third Parties.
4. The remaining 25.00% equity interests in Zhonghuan Weilan are held by Ms. Yin Qi (尹琪), an Independent Third Party.

(b) Upon Completion



Notes:

1. Beijing Ecological is an indirect non-wholly-owned subsidiary of the Company. It is owned as to approximately 99.00% by Jilin Zonbong Ecological Environmental Limited* (吉林中邦生態環境有限公司), a wholly-owned subsidiary of the Company, and approximately 1.00% by Jilin Shengyi Engineering Consulting Limited* (吉林晟藝工程諮詢有限公司), an associate of the controlling shareholders of the Company.
2. The remaining approximately 12.50% equity interest in the Target is owned by Mr. Sun Yangang, Mr. Li Peng and Kai Ming Investment as to 5.00%, 5.00% and 2.50%, respectively.
3. The remaining approximately 9.35% issued shares of Changchun Chengwei are owned by 30 individual shareholders. Save as Ms. Zhao Hongyu (the spouse of Mr. Sun) who owns approximately 0.16% of the total issued shares of Changchun Chengwei, the remaining 29 individual shareholders are Independent Third Parties.
4. The remaining 25.00% equity interests in Zhonghuan Weilan are held by Ms. Yin Qi, an Independent Third Party.

Financial information of the Target Group

Set out below are the summary of the unaudited combined financial information of the Target Group for the years ended 31 December 2021 and 2022:

	For the year ended 31 December	
	2021	2022
	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	665,598	463,001
Net profit before taxation	352	9,806
Net profit after taxation	1,013 ^(Note)	9,311

Note: The higher amount of net profit after taxation as compared to the net profit before taxation of the same year was primarily due to qualified R&D expenses are allowed for additional tax deduction.

The unaudited combined net assets value of the Target Group as at 31 December 2022 was approximately RMB430.0 million.

The Target was established by ZIHG and the Target acquired 90.65% equity interest in Changchun Chengwei from ZIHG as a result of the internal restructuring of the ZIHG Group. The original investment cost of Changchun Chengwei by ZIHG prior to such restructuring was approximately RMB314.5 million, being the corresponding issued and paid-in capital of ZIHG's then shareholding in Changchun Chengwei.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company has been exploring opportunities to expand and diversify on its business portfolios. As at the date of this announcement, the Group has been engaging in various aspects of the green construction and management industry, including environmental and landscape designing, the construction, engineering and operation management for ecological restoration and other related projects, and provision of design and consultancy services for municipal construction projects. With the Acquisition, the Group could expand vertically along the industry value chain to the environmental hygiene, sanitation services and city maintenance sector via the Target Group, and in particular Changchun Chengwei and its subsidiaries, thereby enrich the service offerings of the Group and facilitate the Group's market penetration in the green construction and management industry. Accordingly, the Acquisition, if completed, could consolidate the Group's market position in the green construction and management industry and diversify the business and income stream of the Group.

Further, as disclosed in the 2021 annual report of the Company, the Group has planned to continue to increase the number of different types of qualifications through acquisitions and qualification upgrades. Changchun Chengwei has, among others, accredited the First-Grade Qualification of Main Contractor for Municipal Public Works (市政公用工程施工總承包壹級資質) and various permits in relation to Municipal Solid Waste Cleaning, Collection and Transportation Permit (城市生活垃圾清掃、收集、運輸服務許可證) and Road Transportation Permit (道路運輸許可證), together with the support of a pool of talented employees experienced in municipal level services, the Acquisition will strengthen the Group's capabilities and expertise in undertaking municipal projects of larger scales, particularly in relation to garbage sorting and recycling, garbage collection and system maintenance, greenway maintenance and river cleaning services for public work projects, and thereby enhance the overall competitiveness of the Group and facilitate the growth and development of the Group in the long run.

The Directors (excluding (i) Mr. Sun, Mr. Liu and Mr. Shao Zhanguang who had abstained from voting on the relevant resolutions of the Board; and (ii) members of the Independent Board Committee, whose view on the Equity Transfer Agreement and the Acquisition will be set out in the letter from the Independent Board Committee to be contained in the circular to be despatched to the Shareholders after considering the advice from the Independent Financial Adviser), namely, Ms. Wang Yan and Ms. Lyu Hongyan, are of the view that the terms of the Equity Transfer Agreement and Acquisition contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS OF LISTING RULES

As at the date of this announcement, ZIHG is owned as to approximately 27.00% by Mr. Sun, 35.00% by Ms. Zhao Hongyu (the spouse of Mr. Sun; hence an associate of Mr. Sun), 5.00% by Mr. Liu, 5.00% by Mr. Shao Zhanguang (a non-executive Director), and 5.00% by Mr. Sun Juzhi (the brother of Mr. Sun; hence an associate of Mr. Sun). Mr. Sun, Ms. Zhao Hongyu, Mr. Liu, Mr. Shao Zhanguang and Mr. Sun Juzhi are controlling shareholders of the Company via their respective interests in Zonqing International and/or Zonbong International. Therefore, ZIHG is a connected person of the Company under the Listing Rules. As a result, the Acquisition constitutes a connected transaction of the Company under the Listing Rules. The Acquisition and the February Transaction constitute a series of transactions made within a 12-month period and will be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Acquisition (both on a standalone basis and when aggregated with the February Transaction) exceeds 25% but are all less than 100%, the Acquisition constitutes a major transaction and a connected transaction of the Company subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. For information of the February Transaction, see the Company's announcements dated 18 February 2022 and 10 March 2022 in such connection.

GENERAL

Mr. Sun, Mr. Liu and Mr. Shao Zhanguang, in view of their shareholding in ZIHG, have abstained from voting on the board resolutions for approving the Acquisition. Save as disclosed above, none of the Directors has abstained from voting on such board resolutions.

An Independent Board Committee comprising the independent non-executive Directors (namely Mr. Gao Xiangnong, Mr. Yin Jun and Mr. Lee Kwok Tung Louis), has been established to advise the Independent Shareholders, and Rainbow Capital (HK) Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreement and the Acquisition contemplated thereunder. As at the date of this announcement, Zonqing International held 181,202,166 Shares, representing approximately 65.89% interests of the Company, which in turn was owned as to approximately (i) 27.00% by Mr. Sun; (ii) 35.00% by Ms. Zhao Hongyu (the spouse of Mr. Sun); (iii) 5.00% by Mr. Liu; and Zonbong International held 14,054,104 Shares, representing approximately 5.11% interest of the Company, which in turn was owned as to approximately (i) 60.11% by Mr. Liu; and (ii) 22.41% by Mr. Sun. In this connection, Zonqing International and Zonbong International will abstain from voting on the resolutions in relation to the Acquisition at the EGM, in view of the interests of Ms. Zhao Hongyu, Mr. Sun, Mr. Liu Haitao and Mr. Sun Juzhi in ZIHG. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, save as Zonqing International and Zonbong International, no Shareholder has a material interest in the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the Acquisition contemplated thereunder.

A circular containing, among other things, (i) further details of the Acquisition; (ii) a letter from the Independent Board Committee on the Acquisition and its recommendation on voting; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the same; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 3 May 2023.

Shareholders and potential investors should note that Completion is subject to the Conditions Precedent to be fulfilled or waived (as the case may be), the Acquisition may or may not proceed as contemplated or at all. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Interest pursuant to the Equity Transfer Agreement
“Beijing Ecological”	Beijing Zhongqing Ecological Environment Co., Ltd.* (北京中慶生態環境有限公司), a company established under the laws of the PRC with limited liability, and an indirect non-wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Changchun Chengwei”	Changchun Chengjianweihu Group Co., Ltd.* (長春市城建維護集團股份有限公司), a company established under the laws of the PRC with limited liability and owned as to approximately 90.65% by the Target as at the date of this announcement
“Conditions Precedent”	the conditions precedent as stipulated under the Equity Transfer Agreement
“Company”	ZONQING Environmental Limited (中慶環境股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1855)
“Completion”	completion of the Acquisition pursuant to the terms of the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be held for the purpose of considering, and if thought fit, approving the Equity Transfer Agreement and the transactions contemplated thereunder
“Equity Transfer Agreement”	the equity transfer agreement dated 11 April 2023 entered into among Beijing Ecological, ZIHG, the Target, Changchun Chengwei, Zhonghuan Weilan and the Company in relation to the Acquisition
“February Transaction”	the then acquisition of the 97% equity interest in Jilin Jinghe Design by Zonbong Shanshui (as purchaser), and ZIHG (as vendor), pursuant to the amended and restated agreement dated 10 March 2022 relating to the acquisition agreement dated 18 February 2022, entered into among Zonbong Shanshui, ZIHG and Jilin Jinghe Design
“Group”	the Company and its subsidiaries (including the Target Group as the context may require)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising the independent non-executive Directors, namely Mr. Gao Xiangnong, Mr. Yin Jun, and Mr. Lee Kwok Tung Louis
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO, being the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM
“Independent Third Party(ies)”	a person or entity who is not a connected person of the Company under the Listing Rules

“Jilin Jinghe Design”	Jilin Province Jinghe Design Engineering Co., Ltd.* (吉林省境和設計工程有限公司), a company established under the laws of the PRC with limited liability on 23 July 2009
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Mr. Liu”	Liu Haitao (劉海濤), an executive Director, the vice-chairman of the Board and the chief executive officer of the Company
“Mr. Sun”	Mr. Sun Juqing (孫舉慶), a non-executive Director of the Company and the chairman of the Board
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	87.50% of the equity interest in the Target
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target” or “Jilin Modern Zhongqing”	Jilin Modern Zhongqing City Construction Co. Ltd.* (吉林現代中慶城市建設有限公司), a company established under the laws of the PRC with limited liability and owned as to approximately 87.50% by ZIHG as at the date of this announcement
“Target Group”	The Target and its subsidiaries, namely Changchun Chengwei and Zhonghuan Weilan
“Three Northeast Provinces of the PRC”	Heilongjiang province, Jilin province and Liaoning province of the PRC

“Zonbong Shanshui”	Zonbong Shanshui Planning and Design Limited (中邦山水規劃設計有限公司), an indirect wholly-owned subsidiary of the Company
“Zhonghuan Weilan”	Jilin Zhonghuan Weilan Environmental Protection Technology Co., Ltd.* (吉林省中環蔚藍環保科技有限公司), a company established under the laws of the PRC with limited liability, and owned as to 75.00% by Changchun Chengwei as at the date of this announcement
“ZIHG”	Zhongqing Investment Holding Group Limited Liability Company* (中慶投資控股(集團)有限責任公司), formerly known as Changchun Mingju Commerce Limited* (長春市銘聚商貿有限責任公司), a company established under the laws of the PRC with limited liability on 16 May 2014
“ZIHG Group”	ZIHG together with its subsidiaries and associates
“Zonbong International”	ZONBONG International Investment Limited (中邦國際投資有限公司), a company incorporated in the BVI with limited liability on 18 February 2019, and is owned as to 60.11% by Mr. Liu, 22.41% by Mr. Sun and 17.48% by other 13 PRC individuals
“Zonqing International”	ZONQING International Investment Limited (中慶國際投資有限公司), a company incorporated in the BVI with limited liability on 18 February 2019, and is owned as to 35% by Ms. Zhao Hongyu, 27% by Mr. Sun, 5% by Mr. Liu and 33% by other nine PRC individuals
“%”	per cent

* For identification purpose only

In this announcement, the terms “associate”, “connected person”, “controlling shareholder”, “percentage ratios” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

Hong Kong, 11 April 2023

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