

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.



ZONBONG LANDSCAPE Environmental Limited

中邦园林环境股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1855)

**REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS**

**REVISION OF THE ORIGINAL SURVEY AND DESIGN SERVICES
ANNUAL CAPS**

Reference is made to the continuing connected transactions between the Company and ZIHG Connected Persons under the Survey and Design Services Framework Agreement, details of which were disclosed in the Prospectus of the Company dated 22 December 2020. Pursuant to the Survey and Design Services Framework Agreement, the Group agreed to provide survey and design services to ZIHG Connected Persons for landscaping, ecological restoration and/or municipal works projects.

In view of (i) the change of outsourcer in the Changchun Transaction from an Independent Third Party into Changchun Chengtou, a ZIHG Connected Person, and/or its associate, Lvyuan Chengtai; and (ii) the expected increase in business opportunities from ZIHG Connected Persons as a whole in FY2021 and FY2022 due to recent business and market development, the Board envisages that the Original Survey and Design Services Annual Caps in respect of in FY2021 and FY2022 will not be sufficient. The Board therefore resolved to revise and increase the Original Survey and Design Services Annual Caps to the Revised Survey and Design Services Annual Caps.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ZIHG is owned as to 27% by Mr. Sun, the non-executive Director and a controlling shareholder of the Company, and 35% by Ms. Zhao Hongyu, the spouse of Mr. Sun who is an associate of Mr. Sun and a controlling shareholder of the Company, and hence ZIHG Connected Persons are connected persons of the Company under the Listing Rules. The transactions contemplated under the Survey and Design Services Framework Agreement constitute continuing connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Revised Survey and Design Services Annual Caps for FY2021 and FY2022 exceed 0.1% but do not exceed 5%, the Revised Survey and Design Services Annual Caps are subject to the reporting, announcement and annual review requirements but exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

REVISION OF THE ORIGINAL SURVEY AND DESIGN SERVICES ANNUAL CAPS

Reference is made to the continuing connected transactions between the Group and ZIHG Connected Persons under the Survey and Design Framework Agreement, details of which were disclosed in the Prospectus. Pursuant to the Survey and Design Services Framework Agreement, the Group agreed to provide survey and design services to ZIHG Connected Persons for landscaping, ecological restoration and/or municipal works projects.

In view of (i) the change of outsourcer in the Changchun Transaction from an Independent Third Party into Changchun Chengtou, a ZIHG Connected Person, and/or its associate, Lvyuan Chengtai; and (ii) the expected increase in business opportunities from ZIHG Connected Persons as a whole in FY2021 and FY2022 due to recent business and market development, the Board envisages that the Original Survey and Design Services Annual Caps in respect of FY2021 and FY2022 will not be sufficient. The Board therefore resolved to revise and increase the Original Survey and Design Services Annual Caps to the Revised Survey and Design Services Annual Caps.

CONTINUING CONNECTED TRANSACTIONS UNDER THE SURVEY AND DESIGN SERVICES FRAMEWORK AGREEMENT

The terms of the Survey and Design Services Framework Agreement have not been changed or modified in any way and the major terms are set out in the section headed "Connected Transactions — Partially-Exempt Continuing Connected Transactions — (c) Survey and design services framework agreement" in the Prospectus.

THE ORIGINAL AND REVISED SURVEY AND DESIGN SERVICES ANNUAL CAPS

Set out below are the Original Survey and Design Services Annual Caps and the Revised Survey and Design Services Annual Caps:

	FY2021 <i>(RMB million)</i>	FY2022 <i>(RMB million)</i>
Original Survey and Design Services Annual Caps	0.65	0.65
Revised Survey and Design Services Annual Caps	20.0	20.0

The transaction amounts under the Survey and Design Services Framework Agreement for FY2020 was RMB20,457,000, which did not exceed the annual cap of RMB20,544,000 for FY2020. For the year ended 31 December 2017, 2018 and 2019, the historical transaction amounts for survey and design services provided to the ZIHG Connected Persons were approximately RMB5.1 million, RMB4.5 million and RMB10.9 million, respectively.

Factors and basis for the Revised Survey and Design Services Annual Caps

The Revised Survey and Design Services Annual Caps are primarily determined with reference to:

- (a) the terms and conditions of the existing agreements;
- (b) the status of the existing projects and projects in the pipeline in light of the long history of cooperation and synergy between the ZIHG Group and the Group;
- (c) the historical transaction amount in FY2020;
- (d) the number of projects for which the ZIHG Connected Persons anticipate to engage the Group;
- (e) the historical transactions with Independent Third Parties and the ZIHG Connected Persons which the Group provided similar services;
- (f) the Group's intention to continue developing and expanding the survey and design services business with design capabilities being a core competitive strength of the Group's business; and
- (g) the expected increase in business opportunities from ZIHG Connected Persons as a whole due to the recent business and market development, including:
 - i. the change of outsourcer (發包商) in one of the Group's proposed transactions in Changchun city for the provision of survey and design services in FY2021 from an Independent Third Party to Changchun Chengtuo, a ZIHG Connected Person, and/or its associate, Lvyuan Chengtai (the "**Changchun Transaction**");
 - ii. expected increase of business opportunities from Changchun Chengtuo and/or its associate, Lvyuan Chengtai; and
 - iii. expected growth of the business of ZIHG Connected Persons under favourable government policies.

Details of which are set out in the section "Other Factors and Basis for the Revised Survey and Design Services Annual Caps" below.

Other factors and basis for the Revised Survey and Design Services Annual Caps

Change of Outsourcer

The proposed revision of the annual caps of in the FY2021 was contributed by the change of outsourcer in Changchun Transaction from an Independent Third Party to Changchun Chengtou, a ZIHG Connected Person, and/or its associate, Lvyuan Chengtai.

Prior to the Company's Listing, in relation to the Changchun Transaction, the Group has won a joint bidding together with Changchun Chengtou, ZCLLC, and Chemical Industry Department of the Changchun Geological Engineering Exploration Institute* (化工部長春地質工程勘察院) (collectively referred as the "**Joint Bidders**") for a municipal construction project in Changchun city, Jilin Province (the "**Changchun Project**") in 2015, in which the Group was responsible for the provision of survey and design services. In such connection, the Changchun Lvyuan Ministry of Housing and Urban-Rural Development Bureau* (長春市綠園區住房和城鄉建設局) ("**Changchun Lvyuan Housing Bureau**") as the original outsourcer of the Changchun Project entered into a contract with the Joint Bidders in 2016. As the original outsourcer, namely, Changchun Lvyuan Housing Bureau, is an Independent Third Party, it was not contemplated nor disclosed as a connected transaction or continuing connected transaction in the Prospectus expected to be carried out after Listing, and hence not included in the estimation of the Original Survey and Design Services Annual Caps.

In or around May 2021, followed by the recent negotiation among Changchun Lvyuan Housing Bureau and the Joint Bidders, the parties agreed to re-start the Changchun Project with a new outsourcer, being Changchun Chengtou and/or its associate, Lvyuan Chengtai.

The business scope of Changchun Chengtou includes engagement in, among others, operation of urban infrastructure (entrusted by the Changchun Municipal People's Government), urban infrastructure investment and construction, affordable housing development and construction, land consolidation, sewage treatment and recycling. The business scope of Lvyuan Chengtai includes engagement in, among others, design, construction, infrastructure and municipal engineering and investment. Lvyuan Chengtai is owned as to approximately 2.0% by Changchun Lvyuan Municipal Construction Co., Ltd. (長春市城建維護集團股份有限公司), a subsidiary of ZIHG, and 98.0% by Changchun Chengtou. Changchun Chengtou is owned as to 27.87% by ZIHG, 19.74% by ZCLLC, a wholly-owned subsidiary of ZIHG, 1.38% by the Zonbong Landscape, and 51.0% by Changchun Urban Construction Investment (Group) Co., Ltd.* (長春城投建設投資(集團)有限公司), a company indirectly wholly-owned by the Changchun local government authorities. Given that ZIHG can exercise more than 30% or more voting rights in Changchun Chengtou, it is an associate of ZIHG and a connected person of the Company. The Board therefore resolved to revise and increase the Original Survey and Design Services Annual Caps for FY2021 to the Revised Survey and Design Services Annual Caps.

Expected Increase of Business Opportunities from Changchun Chengtou and/or its associate, Lvyuan Chengtai

Further, for the annual caps of in FY2022, the Board has considered that based on the recent discussions with the Changchun local government authorities, the Company understands that Changchun Chengtou and/or Lvyuan Chengtai will leverage on the Group's expertise and capabilities in the field of survey and design services and to engage in new municipal construction projects in the future. As stated in the "Business — Our Strategies" section in the Prospectus, the Company will continue to rely its own experience in public sector projects and continue to cooperate with local governments and other public sector entities. The Company intends to ride on this opportunity and participate actively in the bidding of such projects for the provision of survey and design services and anticipates the connected transactions under the Survey and Design Services Framework Agreement to increase in FY2022.

Expected Growth of The Business of ZIHG Connected Persons Under Favourable Government Policies

Since 2021, the local government authorities in Jilin Province and the Three Northeast Provinces have made more efforts in ecological restorations, as such, market is expected to grow in the future. The Board is optimistic about the prospects of the landscaping and ecological restoration market as the newly issued 14th Five-Year Plan (2021–2025) issued by the National People's Congress highlighted the importance of ecological civilisation in China.

Taking into account that the PRC government has been further promoting the use of EPC model so that the main contractors are responsible for the whole projects including the design, sub-contracting and construction under pre-defined requirements, the Board anticipates that the number of new ecological restoration projects under EPC model to grow in the near future. ZIHG Group, which is primarily focusing on infrastructure and municipal construction works business, is expected to undertake more municipal public work in FY2021 and FY2022. Therefore, the corresponding demand for the survey and design services provided by the Group to ZIHG Connected Persons is expected to increase in the upcoming years as well.

REASONS FOR AND BENEFITS OF THE REVISED SURVEY AND DESIGN SERVICES ANNUAL CAPS AND THE CONTINUING CONNECTED TRANSACTIONS

The Board has been monitoring the historical transaction amounts of the Continuing Connected Transactions. Taking into account the various bases set out in this announcement above, the Board envisages that the aggregate transaction amounts of the Continuing Connected Transactions would exceed the Original Survey and Design Services Annual Caps in respect of FY2021 and FY2022. In order for the Group to capture the growth expected to be brought along by the increase in such transaction amounts for the survey and design services, it will be necessary for the Company to revise the relevant annual caps, and the Board therefore resolved to revise and increase the Original Survey and Design Services Annual Caps for FY2021 and FY2022 to the Revised Survey and Design Services Annual Caps.

As one of the qualified subcontractors of the ZIHG Group which has passed their subcontractors screening and evaluation procedures, the Group has provided survey and design services for landscaping, ecological restoration and/or municipal works projects to the ZIHG Connected Persons historically. Leveraging on the Group's expertise and professional capabilities, the Group provides the services from time to time pursuant to ZIHG Connected Persons' business needs. To the best knowledge, information and belief of the Directors, ZIHG engaged the Group to provide such services through direct engagement after obtaining fee quotes from various subcontractors on their list of qualified subcontractors and considering the available service providers' qualifications, capabilities, experience and track record of cooperation with the ZIHG Connected Persons.

The Continuing Connected Transactions are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of businesses of the Group and ZIHG Connected Persons.

The Directors (including the independent non-executive Directors, but except the Director as set out in the section headed "Approval by the Board" in this announcement) are of the view that the Continuing Connected Transactions are on normal commercial terms or better and the terms of the Survey and Design Services Framework Agreement and the Revised Survey and Design Services Annual Caps are fair and reasonable, and it is in the Group's interest to continue the business relationship with the ZIHG Connected Persons and to continue to receive the payments from the ZIHG Connected Persons for the provision of survey and design services.

The Company will continue to apply the same pricing policies as set out in the paragraphs headed “(c) Survey and design services framework agreement — Pricing policies” and the internal control measures” set out in “Internal Control Measures”, both disclosed in the section headed “Connected Transactions” in the Prospectus to ensure continuous compliance with the Revised Survey and Design Services Annual Caps and the relevant requirements under Chapter 14A of the Listing Rules. Please refer to the relevant disclosures in the Prospectus for details.

INFORMATION REGARDING THE PARTIES

The Company

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 March 2019. 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.

ZIHG

ZIHG, ZIHG Group and ZIHG Connected Persons are mainly engaged in the provision of infrastructure and municipal construction works and other businesses.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ZIHG is owned as to 27% by Mr. Sun, the non-executive Director and a controlling shareholder of the Company, and 35% by Ms. Zhao Hongyu, the spouse of Mr. Sun, who is an associate of Mr. Sun and a controlling shareholder of the Company, and hence ZIHG Connected Persons are connected persons of the Company under the Listing Rules. The transactions contemplated under the Survey and Design Services Framework Agreement constitute continuing connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Revised Survey and Design Services Annual Caps for FY2021 and FY2022 exceed 0.1% but do not exceed 5%, the Revised Survey and Design Services Annual Cap are subject to the reporting, announcement and annual review requirements but exempt from the circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Approval by the Board

Mr. Sun, in view of his shareholding in ZIHG, has abstained from voting on the board resolution for approving the Survey and Design Services Framework Agreement and the Revised Survey and Design Services Annual Caps.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Unless the context otherwise requires, the following terms have the following meanings when used in this announcement:

“Board”	the board of directors of the Company
“Changchun Chengtou”	Changchun Chengtou Urbanisation and Construction Investment Limited (長春城投城鎮化建設投資有限公司), a company established under the laws of the PRC on 10 July 2013 and a connected person of the Company
“China”, “Mainland China” or “the PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administration Region and Taiwan
“Company”	ZONBONG LANDSCAPE Environmental Limited (中邦園林環境股份有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 8 March 2019
“Continuing Connected Transactions”	the transactions contemplated under the Survey and Design Services Framework Agreement
“Director(s)”	the director(s) of the Company
“EPC”	Engineering, Procurement and Construction, a particular form of contracting arrangement where the Group is engaged as main contractor and responsible for all the project works such as engineering design, procurement of all the equipment and materials, construction, trial operations and delivery of a functioning facility or asset to their clients

“FY2020”, “FY2021” and “FY2022”	financial years ended or ending (as the case may be) 31 December 2020, 2021 and 2022, respectively
“Group” or “the Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	Shareholders excluding ZIHG and its associates
“Independent Third Party(ies)”	individual(s) or company(ies) which are independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholder of the Company or any of the subsidiaries or any of their respective associates
“Listing”	the listing of Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lvyuan Chengtai”	Changchun Lvyuan Chengtai Construction Engineering Co., Ltd.* (長春市綠園區城泰建設工程有限公司)
“Main Board”	the Main Board of the Stock Exchange
“Mr. Sun”	Sun Juqing (孫舉慶), non-executive Director of the Board and one of the controlling shareholders of the Company
“Original Survey and Design Annual Caps”	the annual cap amounts in respect of the survey and design services agreements that the Group and ZIHG Connected Persons have and may enter into pursuant to the Survey and Design Services Framework Agreement for FY2021 and FY2022 respectively as stated in the section headed “THE ORIGINAL AND REVISED SURVEY AND DESIGN SERVICES ANNUAL CAPS” in this announcement
“Prospectus”	the prospectus issued by the Company dated 22 December 2020
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of China

“Revised Survey and Design Services Annual Caps”	the revised annual cap amounts in respect of the survey and design services agreements that the Group and the ZIHG Connected Persons have and may enter into pursuant to the Survey and Design Services Framework Agreement for FY2021 and FY2022 respectively as stated in the section headed “THE ORIGINAL AND REVISED SURVEY AND DESIGN SERVICES ANNUAL CAPS” in this announcement
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary shares with a nominal value of HK\$0.001 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Survey and Design Services Framework Agreement”	The survey and design services framework agreement dated 14 December 2020 made between the Company and ZIHG in relation to the provision of survey and design services by the Group to ZIHG Connected Persons
“ZCLLC”	Zhongqing Construction Limited Liability Company (中慶建設有限責任公司), formerly known as Changchun Chengda Luqiao Limited (長春市成達路橋有限責任公司), a company established under the laws of the PRC on 27 October 2004 and a wholly-owned subsidiary of ZIHG
“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 on 16 May 2014
“ZIHG Connected Person(s)”	ZIHG or its subsidiaries, or which the ZIHG Group owned 30% or more
“ZIHG Group”	ZIHG together with its subsidiaries and associates as defined under the Listing Rules

“Zonbong Landscape”

Zonbong Huize Landscape Environmental Construction Limited (中邦匯澤園林環境建設有限公司), formerly known as Changchun Qida Green Landscape Engineering Limited (長春市啟達綠化景觀工程有限公司) and Zonbong Landscape Co., Ltd. (中邦園林股份有限公司), a company established under the laws of the PRC on 22 December 2008 and an indirect wholly-owned subsidiary of the Company

“%”

per cent

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
ZONBONG LANDSCAPE Environmental Limited
Liu Haitao
Chairman and executive Director

Hong Kong, 31 May 2021

As at the date of this announcement, the Board of the Company comprises Mr. Liu Haitao as Chairman and executive Director, Mr. Wang Xudong and Ms. Wang Yan as executive Directors, Mr. Sun Juqing, 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.

* *If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translation, the Chinese version shall prevail.*