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河北建設集團股份有限公司

HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1727)

**ANNOUNCEMENT
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
FOR 2026 TO 2027**

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS FOR 2026 TO 2027

1. Renewal of the Labor Subcontract Framework Agreement

References are made to the announcement dated 26 May 2022 and the circular dated 9 June 2022 of the Company in relation to, among others, the renewal of Labor Subcontract Framework Agreement between the Company and Baoding Tianli on 26 May 2022, and the annual caps set for the continuing connected transactions thereunder for 2023, 2024 and 2025.

As the Labor Subcontract Framework Agreement will expire on 31 December 2025, the Company has entered into the New Labor Subcontract Framework Agreement with Baoding Tianli on 13 May 2025, and proposed the annual caps for 2026 and 2027 thereunder to renew such continuing connected transactions.

2. Renewal of the Property Leasing Framework Agreement

Reference is made to the announcement dated 26 May 2022 of the Company in relation to, among others, the renewal of the Property Leasing Framework Agreement between the Company and Zhongming Zhiye on 26 May 2022, and set annual caps for the continuing connected transactions thereunder for 2023, 2024 and 2025.

As the Property Leasing Framework Agreement will expire on 31 December 2025, the Company has entered into the New Property Leasing Framework Agreement with Zhongming Zhiye on 13 May 2025, and proposed the annual caps for 2026 and 2027 thereunder to renew such continuing connected transactions.

3. Renewal of the Leased Property Framework Agreement

Reference is made to the announcement dated 26 May 2022 of the Company in relation to, among others, the renewal of the Leased Property Framework Agreement between the Company and Zhongming Zhiye on 26 May 2022, and set annual caps for the continuing connected transactions thereunder for 2023, 2024 and 2025.

As the Leased Property Framework Agreement will expire on 31 December 2025, the Company has entered into the New Leased Property Framework Agreement with Zhongming Zhiye on 13 May 2025, and proposed the annual caps for 2026 and 2027 thereunder to renew such continuing connected transactions.

4. Renewal of the Goods Procurement Framework Agreement

Reference is made to the announcement dated 26 May 2022 of the Company in relation to, among others, the renewal of the Goods Procurement Framework Agreement between the Company and Zhongming Zhiye on 26 May 2022, and set annual caps for the continuing connected transactions thereunder for 2023, 2024 and 2025.

As the Goods Procurement Framework Agreement will expire on 31 December 2025, the Company has entered into the New Goods Procurement Framework Agreement with Zhongming Zhiye on 13 May 2025, and proposed the annual caps for 2026 and 2027 thereunder to renew such continuing connected transactions.

5. Renewal of the Property Services Framework Agreement

Reference is made to the announcement dated 26 May 2022 of the Company in relation to, among others, the renewal of the Property Services Framework Agreement between the Company and Zhongming Zhiye on 26 May 2022, and set annual caps for the continuing connected transactions thereunder for 2023, 2024 and 2025.

As the Property Services Framework Agreement will expire on 31 December 2025, the Company has entered into the New Property Services Framework Agreement with Zhongming Zhiye on 13 May 2025, and proposed the annual caps for 2026 and 2027 thereunder to renew such continuing connected transactions.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, Baoding Tianli is a wholly-owned subsidiary of Zhongming Zhiye, which is owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the controlling shareholders of the Company, respectively. Therefore, Baoding Tianli and Zhongming Zhiye are connected persons of the Company. According to the Listing Rules, the transactions contemplated under the New Labor Subcontract Framework Agreement, the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement constitute continuing connected transactions of the Company.

For the purpose of the New Labor Subcontract Framework Agreement, as its highest applicable percentage ratio (as defined under the Listing Rules) is higher than 5%, it is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the purpose of the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement, as the highest applicable percentage ratio (as defined under the Listing Rules) of these transactions is higher than 0.1% but less than 5%, they are subject to the reporting, annual review and announcement requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Having considered the pricing policies, basis of determination for the proposed annual caps, reasons for and benefits of the continuing connected transactions, and internal control measures of the Company, the Directors (including the independent non-executive Directors) are of the view that the New Labor Subcontract Framework Agreement, the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement are entered into on normal commercial terms in the ordinary and usual course of business of the Company, the terms and the proposed annual caps of the continuing connected transactions contemplated thereunder are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

AGM

The AGM will be held by the Company for Shareholders to consider and approve (among other things) the New Labor Subcontract Framework Agreement and the transactions contemplated thereunder, and the proposed annual caps for 2026 and 2027.

Zhongru Investment and Qianbao Investment will abstain from voting on relevant resolution at the AGM. To the best of the knowledge, information and belief of the Directors after having made all reasonable inquiries, except for Zhongru Investment and Qianbao Investment, no other Shareholders will be required to abstain from voting at the AGM regarding the relevant resolution.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the New Labor Subcontract Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for 2026 and 2027. The Company has appointed Halcyon Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding such matters.

A circular containing, among other things, (i) details of the New Labor Subcontract Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for 2026 and 2027; (ii) a letter from the Independent Board Committee to Independent Shareholders on the above matters; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders on the above matters; and (iv) the notice of the AGM is expected to be published on the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.hebjs.com.cn) in accordance with the Listing Rules and despatched to the H shareholders of the Company who have indicated that they wish to receive a printed version of the corporate communications of the Company, within 15 business days after the publication of this announcement.

I. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS FOR 2026 TO 2027

1. New Labor Subcontract Framework Agreement

(1) Background

References are made to the announcement dated 26 May 2022 and the circular dated 9 June 2022 of the Company in relation to, among others, the renewal of Labor Subcontract Framework Agreement between the Company and Baoding Tianli on 26 May 2022, and the annual caps set for the continuing connected transactions thereunder for 2023, 2024 and 2025. Pursuant to the Labor Subcontract Framework Agreement, Baoding Tianli and its associates shall provide labor subcontract services to the Group in its ordinary course of business, including but not limited to contracting for building construction projects and infrastructure construction projects, for which Baoding Tianli will charge the Group total subcontract fees (including subcontract service fees, labor wages and social insurance expenses, taxation, auxiliary materials and tools costs, and other fees).

As the Labor Subcontract Framework Agreement will expire on 31 December 2025, the Company has entered into the New Labor Subcontract Framework Agreement with Baoding Tianli on 13 May 2025, and proposed the annual caps for 2026 and 2027 thereunder to renew such continuing connected transactions. Subject to the approval on the AGM, the agreement is valid for a term of two years commencing from 1 January 2026 and expiring on 31 December 2027.

(2) *New Labor Subcontract Framework Agreement*

Date: 13 May 2025

Parties: the Company (as contractor); and
Baoding Tianli (as sub-contractor).

Principal terms:

Baoding Tianli and its associates shall provide labor subcontract services to the Group in its ordinary course of business, including but not limited to contracting for building construction projects and infrastructure construction projects, for which Baoding Tianli will charge the Group subcontract fees (including subcontract service fees, labor wages and social insurance expenses, taxation, auxiliary materials and tools costs, and other fees). The term of the New Labor Subcontract Framework Agreement shall commence on 1 January 2026 and end on 31 December 2027 (both days inclusive). Subject to compliance with relevant laws and regulations and the Listing Rules, it can be renewed for another three years upon its expiry as agreed by relevant parties, upon which the Company will continue to comply with the applicable requirements under the Listing Rules. Relevant subsidiaries or associated companies of both parties will enter into separate specific agreements which will set out the specific terms and conditions according to the principles provided in the New Labor Subcontract Framework Agreement.

Pricing policy:

In accordance with the New Labor Subcontract Framework Agreement, the total subcontract fees to be paid by the Group to Baoding Tianli and its associates will be determined based on the following pricing policy:

When the Group subcontracts labor supply for the construction projects, public bidding procedures will be carried out in accordance with the relevant PRC laws and regulations and the relevant internal systems of the Group. Prior to the bidding procedures, the Group will publish announcements on its bidding invitation on public websites. There must be at least three Independent Third Party bidders attending the bidding procedures, otherwise the bidding will be canceled, and the Company will publish new bidding information and perform the bidding procedures again.

The review panel for any bidding consists of experts selected by the Group as well as the project manager, and the comparable quoted bidding price (including subcontract service fees, labor wages and social insurance expenses, taxation, auxiliary materials and tools costs, and other fees) is an important, but not the only, factor to be considered. The review panel shall consist of an odd number of three or more experts, all of whom are internal management personnel of the Group, including the general managers and deputy general managers of the production safety department, operational management department, financial management department and quality and technology department of the Group; the deputy general managers and business department managers in charge of safety, production, technology, quality, finance and operation of the branches; and the persons in charge of operation, technology, quality, production and finance of the project management department. The experts are selected by taking into account their professionalism, business competence, years of experience and other factors. To avoid conflict of interest, the management staff in charge of the tender project shall not participate in the evaluation as an expert member of the review panel for such tender project.

The review panel will also take into consideration factors including, but not limited to, the bidder's sufficient licenses and qualifications, business scale and capacities and its historical results, as well as make reference to prevailing market terms and prices. The bidder with the highest score comprehensively determined by the review panel wins, and the bidding price offered by such bidder will be implemented.

Therefore, only in the event that Baoding Tianli and its associates win the bidding with the highest score determined by the review panel, the Group will enter into business agreements with Baoding Tianli and its associates under the New Labor Subcontract Framework Agreement.

(3) Historical amount

The annual caps of the total subcontracting fees payable by the Group to Baoding Tianli and its associates for the four years ended/ending 31 December 2022, 2023, 2024 and 2025 are set out below:

(Unit: RMB million)

| | Annual caps for the year ended/ending | | | |
|------------|--|-------------|-------------|-------------|
| | 2022 | 2023 | 2024 | 2025 |
| Total fees | 4,000 | 4,000 | 4,000 | 4,000 |

The actual total subcontracting fees paid by the Group to Baoding Tianli and its associates for the three years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025 are set out below:

(Unit: RMB million)

| | Actual transaction amount | | | |
|------------|---------------------------------------|-------------|-------------|--|
| | for the year ended 31 December | | | for the three months ended 31 March |
| | 2022 | 2023 | 2024 | 2025 |
| Total fees | 2,825 | 2,970 | 1,987 | 401 |

(4) Proposed annual caps

The proposed annual caps of the total subcontracting fees payable by the Group to Baoding Tianli and its associates for the two years ending 31 December 2026 and 2027 are set out below:

(Unit: RMB million)

| | Proposed annual caps for the year ending 31 December | |
|------------|---|-------------|
| | 2026 | 2027 |
| Total fees | 2,200 | 2,200 |

(5) Basis of determination of the proposed annual caps

The proposed annual caps under the New Labor Subcontract Framework Agreement for the two years ending 31 December 2026 and 2027 were determined mainly with reference to: (i) the Group's output forecast for the next two years; (ii) the labor costs of the Group; (iii) the Group's supply chain security decision-making considerations and labor subcontracting optionality; (iv) the estimated percentage of the total subcontracting fees payable to Baoding Tianli and its associates to the Group's labor costs; and (v) the historical transaction amounts with Baoding Tianli and its associates. Details are as follows:

- (i) The traditional housing construction market is expected to stabilize, and the demand for new infrastructure, urban renewal and overseas reconstruction will form a scale effect, driving the industry into a "moderate growth" cycle. It is expected that the rate of decline in construction area will narrow in the next two years, and the new construction area will continue to fall but the rate of growth may turn positive. Accordingly, it is expected that the Group's business output will be the same as that of 2024 in the next two years;
- (ii) For the three years ended 31 December 2022, 2023 and 2024, the Group's labor costs amounted to RMB9,882 million, RMB7,778 million and RMB6,257 million respectively. Based on the development trend of the Group's regional layout in the market nationwide, the Group's labor costs are expected to remain stable compared to those of 2024 in the next two years;
- (iii) The supply-side reform in the PRC have led to an increase in the Group's supply chain risks. In order to enhance its resistance to the Group's overall business risks arising from supply chain risks, the Group will proactively control the proportion of a single labor service provider in the overall labor costs and reduce its reliance on a single labor service provider. The Group will consider using local labor service providers for its labor service business in other provinces. There has also been an increase in the selectivity of labor subcontracting in Hebei Province, and the Group has purposefully selected other high-quality labor service providers in the employment of labor; and
- (iv) The actual total subcontracting fees paid by the Group to Baoding Tianli and its associates for the three years ended 31 December 2022, 2023 and 2024 were RMB2,825 million, RMB2,970 million and RMB1,987 million respectively, representing 28.59%, 38.18% and 31.76% of the Group's labor costs respectively, with an average figure of 32.84%. The total subcontracting fees to be paid to Baoding Tianli and its associates as a percentage of the Group's labor costs for the next two years are expected to be the same as or will decrease slightly as compared to the above average figure.

Due to the above reasons, it is expected that the total subcontracting fees to be paid to Baoding Tianli and its associates will decrease to RMB2.2 billion in the next two years.

(6) *Reasons for and benefits of entering into the New Labor Subcontract Framework Agreement*

Baoding Tianli and its associates have expertise in labor subcontract services and have established a good reputation for its high-quality services in the labor industry. Baoding Tianli and its associates have become familiar with the Group's business needs and operational requirements through their long-term cooperation with the Group and thus can provide the Group with a sufficient number of laborers who have the requisite expertise and experience for the Group's construction business, in a timely manner and in accordance with applicable laws and regulations.

The Directors (including the independent non-executive Directors) are of the view that the New Labor Subcontract Framework Agreement and its proposed annual caps are entered into on normal commercial terms in the ordinary and usual course of business of the Company, are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

2. *New Property Leasing Framework Agreement*

(1) *Background*

Reference is made to the announcement dated 26 May 2022 of the Company in relation to, among others, the renewal of the Property Leasing Framework Agreement between the Company and Zhongming Zhiye on 26 May 2022, and set annual caps for the continuing connected transactions thereunder for 2023, 2024 and 2025. Pursuant to the Property Leasing Framework Agreement, Zhongming Zhiye and its associates may lease properties as offices, workshops, warehouses and/or other work places to the Group, for which Zhongming Zhiye and its associates will charge the Group rental and other charges.

As the Property Leasing Framework Agreement will expire on 31 December 2025, the Company has entered into the New Property Leasing Framework Agreement with Zhongming Zhiye on 13 May 2025, and proposed the annual caps for 2026 and 2027 thereunder to renew such continuing connected transactions. The agreement will be valid for a term of two years commencing from 1 January 2026 and expiring on 31 December 2027.

(2) *New Property Leasing Framework Agreement*

Date: 13 May 2025

Parties: the Company (as the lessee); and
Zhongming Zhiye (as the lessor).

Principal terms:

Zhongming Zhiye and its associates may lease properties as offices, workshops, warehouses and/or other work places to the Group, for which Zhongming Zhiye and its associates will charge the Group rental and other charges. The term of the New Property Leasing Framework Agreement shall commence on 1 January 2026 and end on 31 December 2027 (both days inclusive). Subject to compliance with relevant laws and regulations and the Listing Rules, it can be renewed for another three years upon its expiry as agreed by relevant parties, upon which the Company will continue to comply with the applicable requirements under the Listing Rules. Relevant subsidiaries or associated companies of both parties will separately enter into specific agreements which will set out specific terms and conditions according to the principles stipulated in the New Property Leasing Framework Agreement.

Pricing policy:

In accordance with the New Property Leasing Framework Agreement, the rental and other charges to be paid by the Group to Zhongming Zhiye and its associates will be determined based on the following pricing policies:

- (i) the rentals and other charges to be paid by the Group to Zhongming Zhiye and its associates will be determined based on arm's-length negotiations between the lessor and the lessee with reference to the prevailing market price (including but not limited to factors such as the geographical location, the standard of construction and the surrounding area), and are consistent with market practice; and
- (ii) the Group shall bear all utility charges, heating fees and other miscellaneous expenses incurred in using the relevant properties during the term of the lease, and also be responsible for costs for maintenance and repair, property taxes and land use taxes.

(3) **Historical amount**

For the four years ended/ending 31 December 2022, 2023, 2024 and 2025, the annual caps of the rental and other charges payable by the Group to Zhongming Zhiye and its associates for use of relevant properties are set forth below:

(Unit: RMB million)

| | Annual caps for the year ended/ending | | | |
|---------------------------------------|--|-------------|-------------|-------------|
| | 31 December | | | |
| | 2022 | 2023 | 2024 | 2025 |
| Rental and other charges ¹ | 9.00 | 9.00 | 9.00 | 9.00 |

Note:

1. As each lease term of the specific agreements entered into under the Property Leasing Framework Agreement did not exceed 12 months, the Group did not recognise assets and liabilities in its consolidated balance sheet for leases entered into under the Property Leasing Framework Agreement in accordance with the Chinese Accounting Standards for Business Enterprises.

For the three years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025, the actual rental and other charges paid by the Group to Zhongming Zhiye and its associates for use of relevant properties are set forth below:

(Unit: RMB million)

| | Actual transaction amount | | | |
|--------------------------|---------------------------------------|-------------|-------------|-----------------------------------|
| | for the year ended 31 December | | | for the three months ended |
| | 2022 | 2023 | 2024 | 31 March 2025 |
| Rental and other charges | 2.41 | 4.47 | 5.52 | 0.08 |

(4) Proposed annual caps

For the two years ending 31 December 2026 and 2027, the proposed annual caps of the rental and other charges to be paid by the Group to Zhongming Zhiye and its associates for use of relevant properties are set forth below:

(Unit: RMB million)

| | Proposed annual caps for the year ending 31 December | |
|---------------------------------------|---|-------------|
| | 2026 | 2027 |
| Rental and other charges ¹ | 5.60 | 5.60 |

Note:

1. As each lease term of the specific agreements to be entered into under the New Property Leasing Framework Agreement is not expected to exceed 12 months, the Group will not recognise assets and liabilities in its consolidated balance sheet for leases to be entered into under the New Property Leasing Framework Agreement in accordance with the Chinese Accounting Standards for Business Enterprises.

(5) Basis of determination of proposed annual caps

The proposed annual caps under the New Property Leasing Framework Agreement for the two years ending 31 December 2026 and 2027 are determined mainly with reference to the amount of property leasing transactions incurred between the Group and Zhongming Zhiye and its associates in the past three years and taking into account the development of the Group and the trend of office space changes in the next two years. In particular, the transaction amount between the Group and Zhongming Zhiye and its associates in any of the past three years did not exceed RMB5.6 million, and Hebei Construction Group Tianchen Construction Engineering Co., Ltd. (河北建設集團天辰建築工程有限公司), a wholly-owned subsidiary of the Company, may relocate in the future without the need to continue to rent the properties of Zhongming Zhiye and/or its associates, therefore, based on the forecast of rental demand in the next two years and allowing for a reasonable margin of fluctuation, a reasonable estimate has been made in respect of the proposed annual caps.

(6) *Reasons for and benefits of entering into the New Property Leasing Framework Agreement*

Given that the Group occupied certain properties as the offices, workshops, warehouses and/or other work places, which are currently owned by Zhongming Zhiye and its associates. Since the relocation of such entities to other premises would result in unnecessary interruptions to our business and would incur unnecessary additional expenses, the Company renewed the Property Leasing Framework Agreement with Zhongming Zhiye to ensure smooth operation of the Group and to save costs.

The Directors (including independent non-executive Directors) are of the opinion that, the New Property Leasing Framework Agreement and its proposed annual caps are entered into on normal commercial terms in the ordinary and usual course of business of the Company and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

3. *New Leased Property Framework Agreement*

(1) *Background*

Reference is made to the announcement dated 26 May 2022 of the Company in relation to, among others, the renewal of the Leased Property Framework Agreement between the Company and Zhongming Zhiye on 26 May 2022, and set annual caps for the continuing connected transactions thereunder for 2023, 2024 and 2025. Pursuant to the Leased Property Framework Agreement, the Group may lease properties as offices, workshops, warehouses and/or other work places to Zhongming Zhiye and its associates, for which the Group will charge Zhongming Zhiye and its associates rental and other charges.

As the Leased Property Framework Agreement will expire on 31 December 2025, the Company has entered into the New Leased Property Framework Agreement with Zhongming Zhiye on 13 May 2025, and proposed the annual caps for 2026 and 2027 thereunder to renew such continuing connected transactions. The agreement will be valid for a term of two years commencing from 1 January 2026 and expiring on 31 December 2027.

(2) New Leased Property Framework Agreement

Date: 13 May 2025

Parties: the Company (as the lessor); and
Zhongming Zhiye (as the lessee).

Principal terms:

The Group may lease properties as offices, workshops, warehouses and/or other work places to Zhongming Zhiye and its associates, for which the Group will charge Zhongming Zhiye and its associates rental and other charges. The term of the New Leased Property Framework Agreement shall commence on 1 January 2026 and end on 31 December 2027 (both days inclusive). Subject to compliance with relevant laws and regulations and the Listing Rules, it can be renewed for another three years upon its expiry as agreed by relevant parties, upon which the Company will continue to comply with the applicable requirements under the Listing Rules. Relevant subsidiaries or associated companies of both parties will separately enter into specific agreements which will set out the specific terms and conditions according to the principles stipulated in the New Leased Property Framework Agreement.

Pricing policy:

In accordance with the New Leased Property Framework Agreement, the rental and other charges to be paid by Zhongming Zhiye and its associates to the Group will be determined based on the following pricing policies:

- (i) the rentals and other charges to be paid by Zhongming Zhiye and its associates to the Group will be determined based on arm's-length negotiations between the lessee and the lessor with reference to the prevailing market price (including but not limited to factors such as the geographical location, the standard of construction and the surrounding area), and are consistent with market practice; and
- (ii) Zhongming Zhiye and its associates shall bear all utility charges, heating fees and other miscellaneous expenses incurred in using the relevant properties during the term of the lease, and also be responsible for costs for maintenance and repair, property taxes and land use taxes.

(3) **Historical amount**

For the four years ended/ending 31 December 2022, 2023, 2024 and 2025, the annual caps of the rental and other charges payable by Zhongming Zhiye and its associates to the Group for use of relevant properties are set forth below:

(Unit: RMB million)

| | Annual caps for the year ended/ending 31 December | | | |
|---------------------------------------|--|-------------|-------------|-------------|
| | 2022 | 2023 | 2024 | 2025 |
| Rental and other charges ¹ | 2.00 | 5.00 | 5.00 | 5.00 |

Note:

1. As each lease term of the specific agreements entered into under the Leased Property Framework Agreement did not exceed 12 months, the Group did not recognise assets and liabilities in its consolidated balance sheet for leases entered into under the Leased Property Framework Agreement in accordance with the Chinese Accounting Standards for Business Enterprises.

For the three years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025, the actual rental and other charges paid by Zhongming Zhiye and its associates to the Group for use of relevant properties are set forth below:

(Unit: RMB million)

| | Actual transaction amount | | | |
|--------------------------|---------------------------------------|-------------|-------------|---|
| | for the year ended 31 December | | | for the three months ended |
| | 2022 | 2023 | 2024 | 31 March 2025 |
| Rental and other charges | 0.48 | 1.37 | 2.17 | 0.08 |

(4) Proposed annual caps

For the two years ending 31 December 2026 and 2027, the proposed annual caps of rental and other charges to be paid by Zhongming Zhiye and its associates to the Group for use of relevant properties are set forth below:

(Unit: RMB million)

| | Proposed annual caps for the year ending 31 December | |
|---------------------------------------|---|-------------|
| | 2026 | 2027 |
| Rental and other charges ¹ | 3.00 | 3.00 |

Note:

1. As each lease term of the specific agreements to be entered into under the New Leased Property Framework Agreement is not expected to exceed 12 months, the Group will not recognise assets and liabilities in its consolidated balance sheet for leases to be entered into under the New Leased Property Framework Agreement in accordance with the Chinese Accounting Standards for Business Enterprises.

(5) Basis of determination of proposed annual caps

The proposed annual caps under the New Leased Property Framework Agreement for the two years ending 31 December 2026 and 2027 are determined mainly with reference to the amount of leased property transactions incurred between the Group and Zhongming Zhiye and its associates in the past three years and taking into account the leasing demand of Zhongming Zhiye and its associates for the relevant properties in the next two years. In particular, the transaction amount between the Group and Zhongming Zhiye and its associates in any of the past three years did not exceed RMB3 million, and it is highly probable that there will be no significant changes in the next two years, including a high probability of no increase in area and unit price. A reasonable estimate of the proposed annual caps has therefore been made based on the projected decline in transaction amounts over the next two years, with a reasonable margin of fluctuation.

(6) Reasons for and benefits of entering into the New Leased Property Framework Agreement

Given that Zhongming Zhiye and its associates occupied certain properties as the offices, workshops, warehouses and/or other work places, which are currently owned by the Group. Since the leasing of the relevant properties to Zhongming Zhiye and its associates will generate certain income for the Group, the Company renewed the Leased Property Framework Agreement with Zhongming Zhiye to ensure that the office properties held by the Group are fully utilised to increase revenue without affecting the Group's interests.

The Directors (including independent non-executive Directors) are of the opinion that, the New Leased Property Framework Agreement and its proposed annual caps are entered into on normal commercial terms in the ordinary and usual course of business of the Company and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

4. New Goods Procurement Framework Agreement

(1) Background

Reference is made to the announcement dated 26 May 2022 of the Company in relation to, among others, the renewal of the Goods Procurement Framework Agreement between the Company and Zhongming Zhiye on 26 May 2022, and set annual caps for the continuing connected transactions thereunder for 2023, 2024 and 2025. Pursuant to the Goods Procurement Framework Agreement, Zhongming Zhiye and its associates may sell goods to the Group, which include but are not limited to steel and processed products, cement and related products, concrete and mortar, timber and processed products, flooring materials, brick and tile, insulation materials, waterproofing materials, fittings and equipment for water heating and gas, hardware and electrical materials, doors and windows, paints and coatings, garden seedlings, lifts and road materials, and the Group will make relevant payment to Zhongming Zhiye and its associates for procurement of relevant goods.

As the Goods Procurement Framework Agreement will expire on 31 December 2025, the Company has entered into the New Goods Procurement Framework Agreement with Zhongming Zhiye on 13 May 2025, and proposed the annual caps for 2026 and 2027 thereunder to renew such continuing connected transactions. The agreement will be valid for a term of two years commencing from 1 January 2026 and expiring on 31 December 2027.

(2) New Goods Procurement Framework Agreement

Date: 13 May 2025

Parties: the Company (as goods purchaser); and
Zhongming Zhiye (as goods seller).

Principal terms:

Zhongming Zhiye and its associates may sell goods to the Group, which include but are not limited to steel and processed products, cement and related products, concrete and mortar, timber and processed products, flooring materials, brick and tile, insulation materials, waterproofing materials, fittings and equipment for water heating and gas, hardware and electrical materials, doors and windows, paints and coatings, garden seedlings, lifts, road materials, and the Group will make relevant payment to Zhongming Zhiye and its associates for procurement of relevant goods. The term of the New Goods Procurement Framework Agreement shall commence on 1 January 2026 and end on 31 December 2027 (both days inclusive). Subject to compliance with relevant laws and regulations and the Listing Rules, it can be renewed for another three years upon its expiry as agreed by relevant parties, upon which the Company will continue to comply with the applicable requirements under the Listing Rules. Relevant subsidiaries or associated companies of both parties will separately enter into specific agreements which will set out the specific terms and conditions according to the principles stipulated in the New Goods Procurement Framework Agreement.

Pricing policy:

In accordance with the New Goods Procurement Framework Agreement, the payment made by the Group to Zhongming Zhiye and its associates for the goods purchased will be determined based on the following pricing policies:

- (i) Where the commodities procured are subject to government pricing (if any), the local government pricing price will be applied directly;
- (ii) Where the goods purchased are subject to government-guided prices (if any), such as the local guiding prices of all kinds of raw materials as set out in the monthly cost information manual subscribed from the cost units under the respective housing and urban-rural construction bureaus in the places where the projects are located, the transaction price shall be reasonably determined within the scope of the latest guided prices published by the government authority of the place where the government is located;
- (iii) In addition to the government pricing or government-guided prices, where comparable Independent Third Party market prices or pricing standards are available for the goods purchased, the transaction price shall be determined with reference to such prices or standards;

- (iv) Where there is no comparable Independent Third Party market price for the goods purchased, the pricing of the goods purchased shall be determined with reference to the price of unconnected transactions between the Group and Independent Third Party; and
- (v) Where neither the Independent Third Party market price nor the price of independent unconnected transaction is available for reference for the goods purchased, the pricing will be determined with reference to a reasonable component price, which will be a reasonable cost plus a reasonable profit as determined based on factors such as the quantity, cost of raw materials, processing costs, historical prices, current prices of similar goods and reasonable profits for the goods purchased.

(3) Historical amount

For the four years ended/ending 31 December 2022, 2023, 2024 and 2025, the annual caps of total payment made by the Group to Zhongming Zhiye and its associates for the goods purchased are set forth below:

(Unit: RMB million)

| | Annual caps for the year ended/ending | | | |
|-----------------------------------|--|-------------|-------------|-------------|
| | 31 December | | | |
| | 2022 | 2023 | 2024 | 2025 |
| Total payment for goods purchased | 5.00 | 5.00 | 5.00 | 5.00 |

For the three years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025, the actual total payment made by the Group to Zhongming Zhiye and its associates for the goods purchased are set forth below:

(Unit: RMB million)

| | Actual transaction amount | | | |
|-----------------------------------|---------------------------------------|-------------|-------------|-----------------------------------|
| | for the year ended 31 December | | | for the three months ended |
| | 2022 | 2023 | 2024 | 31 March 2025 |
| Total payment for goods purchased | 0.9 | 3.78 | 4.69 | 2.11 |

(4) Proposed annual caps

For the two years ending 31 December 2026 and 2027, the proposed annual caps of total payment to be made by the Group to Zhongming Zhiye and its associates for the goods purchased are set forth below:

(Unit: RMB million)

| | Proposed annual caps for the year ending 31 December | |
|-----------------------------------|---|-------------|
| | 2026 | 2027 |
| Total payment for goods purchased | 10.00 | 10.00 |

(5) Basis of determination of proposed annual caps

The proposed annual caps under the New Goods Procurement Framework Agreement for the two years ending 31 December 2026 and 2027 are determined mainly with reference to the amount of goods procurement transactions incurred between the Group and Zhongming Zhiye and its associates in the past three years and taking into account market forecast and the development of the Group in the next two years. In particular, as the Group's local market undertaking in Baoding, Hebei Province is expected to grow, based on the market forecast, the Group's goods procurement demand is expected to increase in the next two years. Based on the above market forecasts and allowing for a reasonable degree of fluctuation, a reasonable estimate of the proposed annual caps has been made.

(6) Reasons for and benefits of entering into the New Goods Procurement Framework Agreement

Zhongming Zhiye and its associates have certain resources of goods, especially construction raw materials such as sand and gravel, and such goods have certain advantages in terms of factors such as product quality, price, supply channels and payment methods in the regions where certain projects of the Group are located, and based on the friendly cooperation between the two parties in the past three years, the Company renewed the Goods Procurement Framework Agreement with Zhongming Zhiye.

The Directors (including independent non-executive Directors) are of the opinion that, the New Goods Procurement Framework Agreement and its proposed annual caps are entered into on normal commercial terms in the ordinary and usual course of business of the Company and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

5. **New Property Services Framework Agreement**

(1) Background

Reference is made to the announcement dated 26 May 2022 of the Company in relation to, among others, the renewal of the Property Services Framework Agreement between the Company and Zhongming Zhiye on 26 May 2022, and set annual caps for the continuing connected transactions thereunder for 2023, 2024 and 2025. Pursuant to the Property Services Framework Agreement, Zhongming Zhiye and its associates may provide property services to the Group, which include but are not limited to management and maintenance services for property facilities and equipment, public place order and security services, public hygiene and cleaning services, maintenance and management services for public landscaping and gardening, management services for archives such as relevant engineering drawings and completion acceptance materials, public area maintenance and other property management related services, and the Group will pay total service fees to Zhongming Zhiye and its associates.

As the Property Services Framework Agreement will expire on 31 December 2025, the Company has entered into the New Property Services Framework Agreement with Zhongming Zhiye on 13 May 2025, and proposed the annual caps for 2026 and 2027 thereunder to renew such continuing connected transactions. The agreement will be valid for a term of two years commencing from 1 January 2026 and expiring on 31 December 2027.

(2) New Property Services Framework Agreement

Date: 13 May 2025

Parties: the Company (as the service receiver); and
Zhongming Zhiye (as the service provider).

Principal terms:

Zhongming Zhiye and its associates may provide property services to the Group, which include but are not limited to management and maintenance services for property facilities and equipment, public place order and security services, public hygiene and cleaning services, maintenance and management services for public landscaping and gardening, management services for archives such as relevant engineering drawings and completion acceptance materials, public area maintenance and other property management related services, and the Group will pay service fees to Zhongming Zhiye and its associates. The term of the New Property Services Framework Agreement shall commence on 1 January 2026 and end on 31 December 2027 (both days inclusive). Subject to compliance with relevant laws and regulations and the Listing Rules, it can be renewed for another three years upon its expiry as agreed by relevant parties, upon which the Company will continue to comply with the applicable requirements under the Listing Rules. Relevant subsidiaries or associated companies of both parties will separately enter into specific agreements which will set out the specific terms and conditions according to the principles stipulated in the New Property Services Framework Agreement.

Pricing policy:

In accordance with the New Property Services Framework Agreement, the service fees paid by the Group for the property services provided by Zhongming Zhiye and its associates will be determined based on the following pricing policies:

- (i) Where the property services provided are subject to government-guided prices (if any), including those applicable to the Notice on the Continued Extension of the Implementation of the Adjustment of Property Service Levels and Charges for Residential Areas in the Main Urban Area of Baoding City (Lianchi District, Jingxiu District and Gaoxin District) (《關於繼續延期執行關於調整保定市主城區(蓮池區、競秀區、高新區)住宅小區物業服務等級和收費標準的通知》) jointly issued by Hebei Baoding Pricing Bureau and Municipal Housing and Urban-Rural Development Bureau, the transaction price shall be reasonably determined within the scope of the government-guided prices of the place where the service provider is located. In particular, the transaction price of the residential portion shall be determined in accordance with the provisions of the Baoding Property Management Measures promulgated by the People's Government of Baoding, Hebei Province which came into effect on 1 March 2024;
- (ii) In addition to the government-guided prices, where comparable Independent Third Party market prices or pricing standards are available for the property services provided, the transaction price shall be determined with reference to such prices or standards;

- (iii) Where there is no comparable Independent Third Party market price for the property services provided, the pricing of the property services provided shall be determined with reference to the price of unconnected transactions between the Group and Independent Third Party; and
- (iv) Where neither the Independent Third Party market price nor the price of independent unconnected transaction is available for reference for the property services provided, the pricing will be determined with reference to a reasonable component price, which will be a reasonable cost plus a reasonable profit as determined based on factors such as the types, sizes, locations and conditions of the relevant property, the nature and standard of services required and the expected operating costs (e.g. labor costs, material costs and administrative costs).

(3) Historical amount

For the four years ended/ending 31 December 2022, 2023, 2024 and 2025, the annual caps of the total service fees paid by the Group for the property services provided by Zhongming Zhiye and its associates are set forth below:

(Unit: RMB million)

| | Annual caps for the year ended/ending | | | |
|--------------------|--|-------------|-------------|-------------|
| | 31 December | | | |
| | 2022 | 2023 | 2024 | 2025 |
| Total service fees | 8.00 | 8.50 | 9.30 | 10.50 |

For the three years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025, the actual total service fees paid by the Group for the property services provided by Zhongming Zhiye and its associates are set forth below:

(Unit: RMB million)

| | Actual transaction amount | | | |
|--------------------|---------------------------------------|-------------|-------------|-----------------------------------|
| | for the year ended 31 December | | | for the three months ended |
| | 2022 | 2023 | 2024 | 31 March 2025 |
| Total service fees | 2.83 | 5.92 | 5.20 | 0.23 |

(4) Proposed annual caps

For the two years ending 31 December 2026 and 2027, the proposed annual caps of the total service fees to be paid by the Group for the property services provided by Zhongming Zhiye and its associates are set forth below:

(Unit: RMB million)

| | Proposed annual caps for the year ending 31 December | |
|--------------------|---|-------------|
| | 2026 | 2027 |
| Total service fees | 8.00 | 8.00 |

(5) Basis of determination of proposed annual caps

The proposed annual caps under the New Property Services Framework Agreement for the two years ending 31 December 2026 and 2027 are determined mainly with reference to the amount of property service transactions incurred between the Group and Zhongming Zhiye and its associates in the past three years and taking into account the development of the Group in the next two years. In particular, the transaction amount between the Group and Zhongming Zhiye and its associates in any of the past three years did not exceed RMB8 million. Based on the scope, area and amount of services under the existing property services contracts between the Group and Zhongming Zhiye and its associates, and considering that there are no plans to lease out the vacant floors of the Group in the next two years, the demand for property services is not expected to increase further. Based on the projection that the transaction amount will remain basically stable in the next two years, a reasonable estimate of the proposed annual caps has been made.

(6) Reasons for and benefits of entering into the New Property Services Framework Agreement

Certain properties held by the Group in Baoding, Hebei Province, where the headquarter is located, have been provided with property services by property management companies under Zhongming Zhiye, a connected person, and such companies have a good reputation in the region and have rich management experience and personnel. Also, In view of the good cooperation between the two parties in the past, the Company renewed the Property Services Framework Agreement with Zhongming Zhiye.

The Directors (including independent non-executive Directors) are of the opinion that, the New Property Services Framework Agreement and its proposed annual caps are entered into on normal commercial terms in the ordinary and usual course of business of the Company and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

II. IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, Baoding Tianli is a wholly-owned subsidiary of Zhongming Zhiye, which is owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the controlling shareholders of the Company, respectively. Therefore, Baoding Tianli and Zhongming Zhiye are connected persons of the Company. According to the Listing Rules, the transactions contemplated under the New Labor Subcontract Framework Agreement, the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement constitute continuing connected transactions of the Company.

For the purpose of the New Labor Subcontract Framework Agreement, as its highest applicable percentage ratio (as defined under the Listing Rules) is higher than 5%, it is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the purpose of the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement, as the highest applicable percentage ratio (as defined under the Listing Rules) of these transactions is higher than 0.1% but less than 5%, they are subject to the reporting, annual review and announcement requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

III. INTERNAL CONTROL MEASURES

In order to ensure that the terms of the New Labor Subcontract Framework Agreement, the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement are fair and reasonable or no less favourable than those available to or from Independent Third Parties and are conducted on normal commercial terms, the Company has adopted the following internal control measures:

- The Company has established a clear set of contractual standards and terms to ensure that all framework agreements meet at least those standards. These standards are consistent with best practice in the marketplace and take into account the Company's risk tolerance and business needs;

- The Company conducts regular market research to understand the terms and conditions offered to Independent Third Parties in similar framework agreements to ensure the competitiveness of the Company's terms and conditions;
- The Company uses a professional negotiating team (management, legal, and technical experts of the branches and subsidiaries) in the negotiation process to ensure that the Company's interests are fully protected and that the terms are at least on par with those of third-party agreements in the market;
- The Company has adopted and implemented a set of connected transaction management system. According to the system, the Audit Committee of the Board is responsible for reviewing compliance with relevant laws, regulations, the Company's policies and the Listing Rules regarding continuing connected transactions. In addition, the Audit Committee of the Board, the office of the Board and various internal departments of the Company (including but not limited to the market operation department, the financial securities department, the finance management department and the legal department) are jointly responsible for evaluating the terms and service fees (including but not limited to identifying transactions with Independent Third Parties to determine the market prices) under the New Labor Subcontract Framework Agreement, the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement, especially the pricing policies of such transactions; the market operation department, the production safety department and the finance management department are responsible for the approval of the annual caps and its fairness under such transactions;

The Company's production safety department, financial management department and operational management department are responsible for calculating the current and cumulative amounts of connected transactions on a monthly basis, and controlling the number of transactions conducted with connected persons when it is expected to reach the annual caps on connected transactions;

- The Audit Committee of the Board, the office of the Board and various internal departments of the Company (including but not limited to the finance department and the legal department) will also regularly review the implementation of the New Labor Subcontract Framework Agreement, the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement and the progress of the transactions semi-annually and quarterly, respectively. In addition, the Board will regularly review the pricing policies of the New Labor Subcontract Framework Agreement, the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement on an annual basis;

- The Company's independent non-executive Directors and auditors will conduct annual reviews of the continuing connected transactions under the New Labor Subcontract Framework Agreement, the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement in accordance with the Listing Rules and provide annual confirmations to confirm that the transactions are conducted in accordance with the terms of the agreements and in accordance with normal commercial terms and pricing policies; and
- When considering the provision of properties or payment of relevant fees by the Group to the connected persons, the finance management department of the Company will continue to regularly study the prevailing market conditions and practices and refer to the pricing and terms of similar transactions concluded between the Group and Independent Third Parties, the bidding price of the project, the guided price of the place where the service provider is located, the market price of Independent Third Parties, the price of unconnected transactions with Independent Third Parties, the cost, size, quantity, historical price, reasonable profit of the relevant services or goods, the geographical characteristics of the location, the current pricing policy and taxes and charges and other factors to ensure that the pricing and terms provided by the above-mentioned connected persons through the bidding process or mutual commercial negotiation (as the case may be) are fair and reasonable, and not inferior to those provided to Independent Third Parties. In particular, for the New Labor Subcontract Framework Agreement, the procurement department of the Group will collect price information in the market at the end of each year and from time to time, by attending national labor service seminars (such as the annual meeting organized by the labor branch of China Construction Industry Association) and by collecting data from Yuncai Network, a business-to-business online procurement platform that provides nationwide services to construction companies and suppliers in China.

IV. OPINIONS OF THE BOARD

Having considered the pricing policies, basis of determination for the proposed annual caps, reasons for and benefits of the continuing connected transactions, and internal control measures of the Company, the Directors (including the independent non-executive Directors) are of the view that the New Labor Subcontract Framework Agreement, the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement are entered into on normal commercial terms in the ordinary and usual course of business of the Company, the terms and the proposed annual caps of the continuing connected transactions contemplated thereunder are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

As Mr. Li Baoyuan, Mr. Li Baozhong, Mr. Shang Jinfeng, Mr. Zhao Wensheng, Mr. Tian Wei and Mr. Zhang Wenzhong are interested in or hold management positions in Zhongming Zhiye and/or its associates, they are therefore deemed to have material interests in the New Labor Subcontract Framework Agreement, the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement and the transactions contemplated thereunder. Thus, they have abstained from voting on the Board resolutions in relation to approval for the above agreements and their proposed annual caps. Save for those disclosed above, none of the other Directors have any material interest in the New Labor Subcontract Framework Agreement, the New Property Leasing Framework Agreement, the New Leased Property Framework Agreement, the New Goods Procurement Framework Agreement and the New Property Services Framework Agreement and the transactions contemplated thereunder, and none of the other Directors are required to abstain from voting on the Board resolutions to consider and approve the above agreements and their proposed annual caps.

V. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee (comprising all the independent non-executive Directors, namely Ms. SHEN Lifeng, Ms. CHEN Xin and Mr. CHAN Ngai Sang Kenny) to advise the Independent Shareholders in respect of the New Labor Subcontract Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the years of 2026 and 2027. The Company has appointed Halcyon Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding such matters.

VI. INFORMATION ON PARTIES TO THE AGREEMENTS

Information on the Company

The Company is a joint stock company incorporated in the PRC on 7 April 2017 with limited liability and is engaged in the provision of integrated solutions primarily for the construction contracting of buildings and infrastructure projects.

Information on Zhongming Zhiye

Zhongming Zhiye is a company incorporated in the PRC on 1 December 2016 with limited liability and is primarily involved in real estate consulting services, ecological tourism development and elderly care services. As at the date of this announcement, Zhongming Zhiye was owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the controlling shareholders of the Company, respectively, and its ultimate beneficial owner is Mr. Li Baoyuan.

Information on Baoding Tianli

Baoding Tianli is a company incorporated in the PRC on 27 November 2001 with limited liability, and its business scope mainly includes subcontracting of construction services; specialised construction work; external labour cooperation. As at the date of this announcement, Baoding Tianli is a wholly-owned subsidiary of Zhongming Zhiye, and its ultimate beneficial owner is Mr. Li Baoyuan.

VII. AGM

The AGM will be held by the Company for Shareholders to consider and approve (among other things) the New Labor Subcontract Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for 2026 and 2027.

Zhongru Investment and Qianbao Investment will abstain from voting on relevant resolution at the AGM. To the best of the knowledge, information and belief of the Directors after having made all reasonable inquiries, except for Zhongru Investment and Qianbao Investment, no other Shareholders will be required to abstain from voting at the AGM regarding the relevant resolution.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the New Labor Subcontract Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for 2026 and 2027. The Company has appointed Halcyon Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding such matters.

A circular containing, among other things, (i) details of the New Labor Subcontract Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for 2026 and 2027; (ii) a letter from the Independent Board Committee to Independent Shareholders on the above matters; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders on the above matters; and (iv) the notice of the AGM is expected to be published on the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.hebjs.com.cn) in accordance with the Listing Rules and despatched to the H shareholders of the Company who have indicated that they wish to receive a printed version of the corporate communications of the Company, within 15 business days after the publication of this announcement.

VIII. DEFINITIONS

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

| | |
|---|---|
| “AGM” | the 2024 annual general meeting of the Company to be held, or any adjournment thereof, for the Shareholders to consider and, if thought fit, approve the New Labor Subcontract Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for 2026 and 2027 |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Baoding Tianli” | Baoding Tianli Labor Service Co., Ltd. (保定天力勞務有限公司), a limited liability company incorporated in the PRC on 27 November 2001. As at the date of this announcement, Baoding Tianli is a wholly-owned subsidiary of Zhongming Zhiye, which was owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the controlling shareholders of the Company, respectively |
| “Board” | the board of Directors of the Company |
| “Chinese Accounting Standards for Business Enterprises” | the Chinese Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC |
| “Company” | Hebei Construction Group Corporation Limited |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “connected transaction(s)” | has the meaning ascribed to it under the Listing Rules |
| “continuing connected transaction(s)” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Domestic Shares” | ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in Renminbi |

| | |
|---|--|
| “Group” | the Company and its subsidiaries |
| “H Shares” | overseas listed foreign Shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and listed on the Stock Exchange |
| “HK dollars” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the independent board committee of the Company comprising all independent non-executive Directors independent from related matters to advise Independent Shareholders in respect of the New Labor Subcontract Framework Agreement and its proposed annual caps |
| “Independent Financial Adviser” | Halcyon Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser of the Company appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the New Labor Subcontract Framework Agreement and the transactions contemplated thereunder and the proposed annual caps for the years of 2026 and 2027 |
| “Independent Shareholders” | Shareholders of the Company other than Zhongru Investment and Qianbao Investment |
| “Independent Third Party(ies)” | to the best knowledge of the Directors after having made all reasonable enquiries, person(s) not connected to the Group and its connected persons |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| “New Goods Procurement Framework Agreement” | the goods procurement framework agreement entered into between the Company and Zhongming Zhiye on 13 May 2025 |
| “New Labor Subcontract Framework Agreement” | the labor subcontract framework agreement entered into between the Company and Baoding Tianli on 13 May 2025 |

| | |
|---|--|
| “New Leased Property Framework Agreement” | the leased property framework agreement entered into between the Company and Zhongming Zhiye on 13 May 2025 |
| “New Property Leasing Framework Agreement” | the property leasing framework agreement entered into between the Company and Zhongming Zhiye on 13 May 2025 |
| “New Property Services Framework Agreement” | the property services framework agreement entered into between the Company and Zhongming Zhiye on 13 May 2025 |
| “PRC” | the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “Qianbao Investment” | Qianbao Investment Co., Ltd. (乾寶投資有限責任公司) (previously known as Baoyuan Investment Co., Ltd. (寶元投資有限責任公司)), a company incorporated in the PRC on 19 April 2010 with limited liability. As at the date of this announcement, Qianbao Investment directly and indirectly through Zhongru Investment held approximately 73.8% equity interests of the Company in aggregate and is a controlling shareholder of the Company |
| “RMB” or “Renminbi” | Renminbi, the lawful currency of the PRC |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| “Share(s)” | Domestic Shares and H Shares |
| “Shareholders(s)” | holder(s) of the Share(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules unless the context requires otherwise |
| “Zhongming Zhiye” | Zhongming Zhiye Group Co., Ltd. (中明置業集團有限公司) (previously known as Zhongming Zhiye Co., Ltd. (中明置業有限公司)), a company incorporated in the PRC on 1 December 2016 with limited liability. As at the date of this announcement, Zhongming Zhiye is owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the controlling shareholders of the Company, respectively |

“Zhongru Investment”

Zhongru Investment Co., Ltd. (中儒投資股份有限公司) (previously known as Baoding Zhongyang Investment Co., Ltd. (保定中陽投資股份有限公司)), a joint stock company incorporated in the PRC on 2 August 2010 with limited liability. As at the date of this announcement, Zhongru Investment directly holds approximately 68.27% equity interests of the Company and is a controlling shareholder of the Company

“%”

per cent

By order of the Board
Hebei Construction Group Corporation Limited
LI Baozhong
Chairman and Executive Director

Hebei, the PRC
13 May 2025

As of the date of this announcement, the executive directors are Mr. LI Baozhong, Mr. SHANG Jinfeng, Mr. ZHAO Wensheng, Mr. TIAN Wei and Mr. ZHANG Wenzhong; the non-executive director is Mr. LI Baoyuan; and the independent non-executive directors are Ms. SHEN Lifeng, Ms. CHEN Xin and Mr. CHAN Ngai Sang Kenny.