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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 51% EQUITY INTEREST IN THE TARGET COMPANY**

ACQUISITION

The Board announces that the Company has won the bid for 51% equity interest in Zhongwei Construction through public auction, and entered into the Equity Transfer Agreement with the government platform company on 19 March 2024 (after trading hours).

IMPLICATIONS OF THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transaction contemplated under the Equity Transfer Agreement is more than 5% but less than 25%, the transaction contemplated under the Equity Transfer Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from Shareholders' approval requirement.

As the transaction contemplated under the Acquisition is subject to certain conditions and may or may not be completed, Shareholders and investors are advised to exercise caution when dealing in the H shares of the Company.

I. INTRODUCTION

References are made to the announcements of the Company dated 5 May 2022 and 12 May 2022.

On 5 May 2022 (after trading hours), the Company (as purchaser) entered into the equity transfer agreement with Baoding Qiande and Baoding Qian Yao (as sellers), pursuant to which the Company agreed to purchase and Baoding Qiande and Baoding Qian Yao agreed to sell an aggregate of 100% equity interest in Zhongwei Construction at a consideration of RMB101,000,000 (the “**Previous Acquisition**”). As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Previous Acquisition is more than 5% but less than 25%, the Previous Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from Shareholders’ approval requirement. For details, please refer to the announcements of the Company dated 5 May 2022 and 12 May 2022.

On 29 June 2022 (after trading hours), the Company (as seller) entered into the equity transfer agreement with the government platform company (as purchaser), pursuant to which the Company agreed to sell and the government platform company agreed to purchase 51% equity interests in Zhongwei Construction at a consideration of RMB51,510,000 (“**Previous Disposal**”, together with the Previous Acquisition, collectively the “**Previous Transaction**”). On 29 June 2023, the Company introduced the government platform company to participate in the investment in Zhongwei Construction, and the Previous Transaction has been completed. Upon completion of the Previous Transaction, the Company held 49% equity interest in Zhongwei Construction. As all the applicable percentage ratios (as defined in the Listing Rules) in respect of the Previous Disposal are less than 5%, the Previous Disposal is exempt from the notification, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The government platform company recently offered 51% equity interest in Zhongwei Construction by way of public auction. Based on the needs of the Company’s business layout and accounting treatment of previous transactions, the Company, after careful discussion, agreed to participate the bid for the 51% equity interest in Zhongwei Construction previously sold to the government platform company.

The Board announces that the Company has won the bid for 51% equity interest in Zhongwei Construction through public auction, and entered into the Equity Transfer Agreement with the government platform company on 19 March 2024 (after trading hours) at a consideration of RMB51,510,000 (the “**Acquisition**”). Upon Completion of the Acquisition, the Company will hold 100% equity interest in Zhongwei Construction, Zhongwei Construction will become a subsidiary of the Company, and the results of Zhongwei Construction will be consolidated in the consolidated financial statements of the Group.

Upon completion of the Acquisition, the Company intends to further transfer its 100% equity interest in Zhongwei Construction to Baoding Qiande and Baoding Qian Yao (the “**Potential Disposal**”). The Potential Disposal is subject to the signing of a formal agreement. If the Potential Disposal materializes, it may constitute a notifiable transaction of the Company and the Company will fulfill the notification, announcement and Shareholders’ approval requirements (where applicable) in a timely manner in accordance with Chapter 14 of the Listing Rules.

II. EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

1. Date

19 March 2024

2. Parties

The Company (as successful bidder); and

Government platform company (as transferor).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the government platform company and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

3. Target Equity Interest

51% equity interest in Zhongwei Construction.

4. Consideration, Basis of Determination and Payment

The consideration for the Acquisition of 51% equity interest in the Target Company was RMB51,510,000. Such consideration was determined based on the Company's bidding price in the public auction process and was arrived at through the public auction process held by the government platform company in accordance with the relevant PRC laws and regulations in relation to the sale of the Target Company. The bidding price of the Company was determined with reference to a number of factors, including (i) the starting price of public auction made by the government platform company, i.e. RMB51,510,000; (ii) the development potential of the Target Company; and (iii) the consideration for the Previous Acquisition of RMB101,000,000 and the consideration for the Previous Disposal of RMB51,510,000.

As at the date of this announcement, in view of the fact that the actual settlement of the transaction consideration agreed in the Previous Disposal has not yet been made by the Company and the government platform company, it is hereby agreed between the Company and the government platform company that the Company and the government platform company will not settle the funds in respect of the Acquisition.

5. Completion

Completion of the Acquisition will take place after (i) the government platform company has transferred the 51% equity interest in the Target Company to the Company; and (ii) the business registration in respect of the transfer of the equity interests has been completed.

Upon Completion of the Acquisition, the Company will hold 100% equity interest in the Target Company, the Target Company will become a subsidiary of the Company and the results of the Target Company will be consolidated in the consolidated financial statements of the Group.

III. REASONS FOR AND BENEFITS OF THE ACQUISITION

The acquisition of 51% equity interest in the Target Company is based on the needs of the Company's business layout and accounting treatment of previous transactions, which is in line with the Company's overall strategic plan for long-term development without prejudice to the interests of minority investors of the Company.

The Directors of the Company (including the independent non-executive Directors) have considered and approved the resolution in relation to the Acquisition. They consider that (i) the Acquisition is on normal commercial terms or better; (ii) the terms and conditions of the Acquisition are fair and reasonable; and (iii) the Acquisition is in the interests of the Company and the Shareholders as a whole.

IV. INFORMATION ON THE TARGET COMPANY

Zhongwei Construction is a company incorporated in the PRC with limited liability on 13 November 2009 and is principally engaged in the business of construction engineering services. Before Completion of the Acquisition, the Target Company is owned as to 49% by the Company and 51% by the government platform company.

The following table sets out the consolidated total assets and net assets of Zhongwei Construction as at 31 December 2022 and 31 December 2023 prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

	As at 31 December	
	2022	2023
	RMB'000	RMB'000
Total assets	2,498,693.46	2,964,417.98
Net assets	113,173.53	104,739.68

The following table sets out the consolidated total revenue and profit of Zhongwei Construction for the two financial years ended 31 December 2022 and 31 December 2023 prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

	For the year ended 31 December	
	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	1,543,741.67	760,571.65
Profit before income tax expense	8,505.40	-8,322.57
Profit after income tax expense	6,371.23	-8,401.38

V. INFORMATION ON THE PARTIES

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.

The government platform company is a company incorporated in the PRC with limited liability on 19 June 2009 and is principally engaged in investment in urban water supply, drainage, sewage treatment, recycled water utilization, gas supply and heating industries; design of urban construction projects; and development and construction of municipal public infrastructure. The ultimate beneficial owner of the government platform company is Baoding Municipal State-owned Assets Supervision and Administration Commission of Hebei Province.

VI. IMPLICATIONS OF THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transaction contemplated under the Equity Transfer Agreement is more than 5% but less than 25%, the transaction contemplated under the Equity Transfer Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from Shareholders' approval requirement.

The Directors (including the independent non-executive Directors) consider that the Equity Transfer Agreement and the transaction contemplated thereunder, although are not in the ordinary and usual course of business of the Company due to the nature of the transaction, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the transaction contemplated under the Acquisition is subject to certain conditions and may or may not be completed, Shareholders and investors are advised to exercise caution when dealing in the H shares of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of 51% equity interest in Zhongwei Construction by the Company from the government platform company pursuant to the terms and conditions of the Equity Transfer Agreement
“Baoding Qiande”	Baoding Qiande Trading Company Limited (保定乾德商貿有限責任公司), a company incorporated in the PRC with limited liability on 27 September 2019 with its ultimate beneficial owner being Mr. Cai Xudong
“Baoding Qianyao”	Baoding Qianyao Trading Company Limited (保定乾耀商貿有限責任公司), a company incorporated in the PRC with limited liability on 18 October 2019 with its ultimate beneficial owner being Mr. Cai Xudong
“Board”	the board of Directors of the Company
“Company”	Hebei Construction Group Corporation Limited
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and the government platform company on 19 March 2024 (after trading hours) in relation to the transfer of 51% equity interest in Zhongwei Construction
“Group”	the Company and its subsidiaries
“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

“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company” or “Zhongwei Construction”	Zhongwei Construction Engineering Co., Ltd. (中為建築工程有限公司), a company incorporated in the PRC with limited liability on 13 November 2009, which was owned as to 49% by the Company and 51% by the government platform company as at the date of this announcement
“%”	per cent

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

Hebei, the PRC
20 March 2024

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.