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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 100% EQUITY INTEREST IN THE TARGET COMPANY

ACQUISITION

The Board announces that 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 Baoding Qiande and Baoding Qian Yao agreed to sell and the Company agreed to purchase an aggregate of 100% equity interests in Zhongwei Construction.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction contemplated under the Equity Transfer Agreement is more than 5% but all of the relevant ratios are 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 the circular and Shareholders' approval requirements.

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I. INTRODUCTION

The Board announces that 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 Baoding Qiande and Baoding Qian Yao agreed to sell and the Company agreed to purchase an aggregate of 100% equity interests in Zhongwei Construction.

Upon Completion of the Acquisition, the Company intended to introduce a government investment platform and further transfer over 50% equity interest it held in Zhongwei Construction to a government platform company (the “**P**... **D**...”). The Potential Disposal is subject to the signing of a formal agreement. If the Potential Disposal materialises, which may constitute a notifiable transaction of the Company, the Company will make further announcement(s), if applicable, in accordance with Chapter 14 of the Listing Rules in a timely manner.

II. EQUITY TRANSFER AGREEMENT

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

1. D...

5 May 2022

2. P...

The Company (as purchaser); and

Baoding Qiande and Baoding Qian Yao (as sellers).

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

3. T... E... I...

100% equity interest in Zhongwei Construction, including 90% equity interest in Zhongwei Construction held by Baoding Qiande and 10% equity interest in Zhongwei Construction held by Baoding Qian Yao.

4. Consideration, Board Approval and Payment

The total consideration for acquisition of the Target Equity Interest is RMB101 million. In particular, the Company acquired 90% equity interest in Zhongwei Construction held by Baoding Qiande at a consideration of RMB90.9 million and the Company acquired 10% equity interest in Zhongwei Construction held by Baoding Qianyao at a consideration of RMB10.1 million. The consideration is determined through arm's length negotiation between the purchaser and the sellers with reference to the net book value of Zhongwei Construction as at 31 December 2021 (i.e. RMB106,781,740).

The purchaser and the sellers agree that the purchaser will pay the consideration for acquisition of the Target Equity Interest to the sellers no later than 31 December 2022 or such later date as may be agreed in writing by the sellers and the purchaser.

In the event that the Company fails to subsequently introduce a government investment platform to invest in the Target Company, the Company may propose in writing to terminate the Equity Transfer Agreement and the sellers shall assist each other in restoring the shareholding of the Target Company to the position prior to the signing of the Equity Transfer Agreement and refund the relevant transaction payment to the Company.

III. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company intends to cooperate with the government investment platform in mixed-ownership reform cooperation, and upon the Completion of the Acquisition, the Company will hold 100% equity interest in Zhongwei Construction, which will be able to satisfy the Potential Disposal plan of transferring over 50% equity interest in Zhongwei Construction to a government platform company in the future, and 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.

I . INFORMATION ON THE TARGET COMPANY

Zhongwei Construction is a company incorporated in the PRC with limited liability on 13 November 2009 and is owned as to 90% by Baoding Qiande and 10% by Baoding Qianyao. It is principally engaged in the business of construction engineering services.

The following table sets out the consolidated total assets and net assets of Zhongwei Construction as at 31 December 2020 and 31 December 2021 prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

	As at 31 December	
	2020	2021
	RMB'000	RMB'000
Total assets	2,368,074.24	2,715,638.34
Net assets	146,174.62	106,781.74

The following table sets out the consolidated total revenue and profit of Zhongwei Construction for the two financial years ended 31 December 2020 and 31 December 2021 prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

	F	31 D
	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	1,486,712.71	1,759,059.96
Profit/(loss) before income tax expense	9,578.46	16,757.25
Profit/(loss) after income tax expense	7,231.19	12,642.79

INFORMATION ON THE COMPANY AND THE SELLERS

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.

Baoding Qiande is a limited liability company incorporated in the PRC on 27 September 2019 and is principally engaged in the business of trading services.

Baoding Qianyao is a limited liability company incorporated in the PRC on 18 October 2019 and is principally engaged in the business of trading services.

I. IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transaction contemplated under the Equity Transfer Agreement are more than 5% but all of the relevant ratios are 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 the circular and Shareholders' approval requirements.

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.

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DEFINITIONS

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

“Acquisition”	the acquisition of 100% equity interest in Zhongwei Construction by the Company from Baoding Qiande and Baoding Qian Yao 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 Qian Yao”	Baoding Qian Yao 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 Baoding Qiande and Baoding Qian Yao on 5 May 2022 (after trading hours) in relation to the transfer of 100% 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 is owned as to 90% by Baoding Qiande and 10% by Baoding Qianyao
“Target Equity Interest”	100% equity interest in Zhongwei Construction held by Baoding Qiande and Baoding Qianyao in aggregate
“%”	per cent

By order of the Board

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Chairman and Executive Director

Hebei, the PRC
5 May 2022

As of the date of this announcement, the executive directors are Mr. LI Baozhong, Mr. SHANG Jinfeng, Mr. LIU Yongjian and Mr. ZHAO Wensheng; the non-executive directors are Mr. LI Baoyuan and Mr. CAO Qingshe; and the independent non-executive directors are Ms. SHEN Lifeng, Ms. CHEN Xin and Mr. CHAN Ngai Sang Kenny.