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淮北綠金產業投資股份有限公司
(Huaibei GreenGold Industry Investment Co., Ltd.*)
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2450)

**CONTINUING CONNECTED TRANSACTIONS
EQUIPMENT LEASING FRAMEWORK AGREEMENT**

On 27 April 2023, the Group entered into the Equipment Leasing Framework Agreement with Huaihai Construction Engineering, pursuant to which, the Group agreed to lease equipment to Huaihai Construction Engineering during the period commencing on the Agreement Effective Date to 31 December 2025.

Huaihai Construction Engineering is a subsidiary of Huaibei Construction Investment, a controlling shareholder of the Company. Under Rule 14A.07(4) of the Listing Rules, Huaihai Construction Engineering is a connected person of the Company.

As the highest applicable percentage ratio of the annual caps of the transactions contemplated under the Equipment Leasing Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Equipment Leasing Framework Agreement constitute continuing connected transactions of the Company that are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

On 27 April 2023, the Group entered into the Equipment Leasing Framework Agreement with Huaihai Construction Engineering, pursuant to which, the Group agreed to lease equipment to Huaihai Construction Engineering during the period commencing on the Agreement Effective Date to 31 December 2025.

II. EQUIPMENT LEASING FRAMEWORK AGREEMENT

The principal terms of the Equipment Leasing Framework Agreement are as follows:

Date:	27 April 2023
Parties:	(1) Huaihai Construction Engineering (as leases); and (2) the Company (who shall procure its subsidiaries to act in the same manner) (as lessor)
Transactions:	The Group agreed to lease the equipment owned by it to Huaihai Construction Engineering for the purpose of its construction business
Valid period:	Effective from the date of the Equipment Leasing Framework Agreement to 31 December 2025
Scope of leased assets:	The equipment leased by the Group to Huaihai Construction Engineering consists of: (i) excavators; (ii) mine trucks; and (iii) shovel loaders
Pricing policy and payment:	The rental charged by the Group for equipment leased to Huaihai Construction Engineering shall be negotiated on an arm's length basis between the contracting parties, taking into account the following factors: (i) The Group will consult with at least two independent third parties by e-mail, fax or telephone the quotations and market transaction prices of the same type of leased equipment with reference to local comparable market prices (as determined by the consultation or as appraised by a professional appraisal agency); and (ii) If comparable market prices are not available, it will be negotiated on the basis of depreciation of equipment, management fees, relevant taxes (VAT and surcharges) and reasonable profit. Rental and payments shall be negotiated by the parties in a separate individual lease agreement.

III. PRICING PROCEDURES AND INTERNAL CONTROL SYSTEM FOR TRANSACTIONS CONTEMPLATED UNDER THE EQUIPMENT LEASING FRAMEWORK AGREEMENT

The Group has established a series of internal control measures in order to ensure that the pricing mechanism and terms of the transactions contemplated under the Equipment Leasing Framework Agreement are fair and reasonable and no less favourable than the terms provided by any independent third party, so as to ensure that they serve the interest of the Group and its shareholders as a whole. Such measures mainly include:

- (1) The transactions arrangements contemplated under the Equipment Leasing Framework Agreement are conducted on a non-exclusive basis.
- (2) The Group has formulated a series of measures and policies on, among others, contract policies, project management policies and administrative measures for connected transactions. The Equipment Leasing Framework Agreement and the transactions contemplated thereunder, in particular the fairness and reasonableness of the pricing terms thereof, would be examined and approved by the audit committee of the Company, the Board and various internal departments of the Company (including but not limited to the finance department and audit department of the Company) to ensure that the terms of Equipment Leasing Framework Agreement are in compliance with relevant regulations and guidelines (if applicable) and market practices and would not deviate from the terms of the Equipment Leasing Framework Agreement disclosed in this announcement.
- (3) The Group usually makes enquiries on relevant prices to not less than two other independent third party suppliers providing similar equipment rental services, and makes reference to the pricing and terms it offered to independent third parties for lease of similar equipment (if any), to make sure that the pricing and terms offered by the Group to Huaihai Construction Engineering are fair, reasonable and are not more favourable than those offered to independent third parties.
- (4) The external auditor of the Group will conduct an interim review and year-end audit for each year, and will issue its opinion and letter to the Board in relation to the pricing policies and annual caps of the continuing connected transactions of the Group conducted during the preceding financial year pursuant to the Listing Rules. In addition, according to the Listing Rules, the independent non-executive Directors will also conduct an annual review with respect to the continuing connected transactions of the Group throughout the preceding financial year and confirm on the transaction amounts and terms of the agreements in relation to the continuing connected transactions set out in the annual report of the Group.
- (5) The supervisory committee of the Group is also responsible for, among others, supervising on the continuing connected transactions of the Group and reviewing the fairness of the transactions and whether the pricing of the transactions are fair and reasonable.
- (6) The Group's audit committee of the Board and the supervisory committee will respectively organise internal testing and financial sample survey to check the completeness and effectiveness of the relevant internal control measures relating to the connected transactions from time to time, and will convene meetings at least twice

a year to discuss and assess the implementation of continuing connected transactions. Meanwhile, the legal and contract management departments of the Group shall conduct prudent review and appraisal of the contracts, and the departments implementing the relevant contracts shall monitor the transaction amounts of the connected transactions in a timely manner and the business departments shall monitor and manage the compliance during the process of business operations.

By implementing the above procedures and internal control measures, the Directors consider that the Group has established sufficient internal control measures to ensure the pricing basis of transactions contemplated under the Equipment Leasing Framework Agreement will be on market terms and on normal commercial terms and will be fair and reasonable to the Group and its shareholders as a whole.

IV. ANNUAL CAPS AND BASIS FOR DETERMINATION

The table below lists the annual caps of transactions under the Equipment Leasing Framework Agreement for the three years ending 31 December 2025:

Transaction	Agreement		
	Effective Date to 31 December 2023 (RMB'000)	1 January 2024 to 31 December 2024 (RMB'000)	1 January 2025 to 31 December 2025 (RMB'000)
Lease of equipment by the Group to Huaihai Construction Engineering	8,000	8,000	8,000

The annual caps of the rental involved in the equipment leased by the Group to Huaihai Construction Engineering takes into account the following factors: (i) Huaihai Construction Engineering's anticipated demand for the equipment; (ii) the existing market price and market trend for the leasing of the relevant equipment; and (iii) an additional buffer to cater for any increase in the transaction which is unexpected but not substantial.

V. REASONS AND BENEFITS

The Company considers that it is in the interest of the Group to enter into the transactions contemplated under the Equipment Leasing Framework Agreement with Huaihai Construction Engineering to ensure the effective utilisation of the Group's idle equipment.

Mr. Zhang Lizhe, the executive Director, who is a deputy general manager of Huaibei Construction Investment, has abstained from voting on the Board resolution in relation to the Equipment Leasing Framework Agreement. Save as disclosed above, none of the Directors has material interest in the Equipment Leasing Framework Agreement and hence no Director has abstained from voting on such Board resolution.

The Directors (including the independent non-executive Directors) are of the view that the Equipment Leasing Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company, and the terms thereof and the annual caps of transactions under the Equipment Leasing Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

VI. IMPLICATIONS UNDER THE LISTING RULES

Huaihai Construction Engineering is a subsidiary of Huaibei Construction Investment, a controlling shareholder of the Company. Under Rule 14A.07(4) of the Listing Rules, Huaihai Construction Engineering is a connected person of the Company.

As the highest applicable percentage ratio of the annual caps of the transactions contemplated under the Equipment Leasing Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Equipment Leasing Framework Agreement constitute continuing connected transactions of the Company that are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

VII. GENERAL INFORMATION

The Company

The Company, a joint stock company established in the PRC with limited liability, is principally engaged in the production and sale of aggregate products and concrete products.

Huaihai Construction Engineering

Founded in 1993, Huaihai Construction Engineering is located in Huaibei City, Anhui Province, with a registered capital of RMB600 million. As at the date of this announcement, Huaihai Construction Engineering is a subsidiary of Huaibei Construction Investment, a controlling shareholder of the Company. Huaihai Construction Engineering is a contractor mainly engaged in building and infrastructure projects in the PRC. As at the date of this announcement, Huaibei Construction Investment is a wholly state-owned company held by Huaibei SASAC and is principally engaged in investment and management of infrastructure construction projects.

VIII. DEFINITION

In this announcement, unless the context requires otherwise, the following glossaries used shall have the following meaning:

“Agreement Effective Date”	the date of the Equipment Leasing Framework Agreement
“Board” or “Board of Directors”	the board of Directors
“Company”	Huaibei GreenGold Industry Investment Co., Ltd. *(淮北綠金產業投資股份有限公司), a joint stock company established in the PRC with limited liability and its H shares are listed on the Main Board of the Stock Exchange (Stock Code: 2450)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	directors of the Company

“Equipment Leasing Framework Agreement”	the framework agreement entered into between the Company and Huaihai Construction Engineering on 27 April 2023 in relation to the leasing of equipment between the Group and Huaihai Construction Engineering
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“H Share”	overseas listed foreign invested ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and are subscribed for and traded in Hong Kong dollars
“Huaibei Construction Investment”	Huaibei City Construction Investment Holding Group Co., Ltd.* (淮北市建投控股集團有限公司), a company established in the PRC with limited liability on 24 April 2008, which was wholly-owned by Huaibei SASAC as at the date of this announcement and a controlling shareholder of the Company
“Huaibei SASAC”	State-owned Assets Supervision and Administration Commission of Huaibei Municipal People’s Government (淮北市政府國有資產監督管理委員會)
“Huaihai Construction Engineering”	Huaibei Huaihai Construction Engineering Co., Ltd.* (淮北淮海建設工程有限責任公司), a company established in the PRC with limited liability on 3 July 1993, which was a subsidiary of Huaibei Construction Investment as at the date of this announcement, and a connected person of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“RMB”	the lawful currency of the PRC
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Transactions”	the Group leased equipment to Huaihai Construction Engineering under the Equipment Leasing Framework Agreement

By order of the Board
Huaibei GreenGold Industry Investment Co., Ltd.*
Mr. Liu Yong
Chairman of the Board and Executive Director

Anhui, the PRC, 27 April 2023

As at the date of this announcement, the Board of Directors comprises Liu Yong[#], Zhao Li[#], Mao Hongxian[#], Qin Jiapeng[#], Zhang Lizhe[#], Shi Yinyan[#], Gao Wei^{}, Liu Chaotian^{*} and Xing Mengwei^{*}.*

[#] *Executive Director*

^{*} *Independent non-executive Director*

^{*} *for identification purposes only*