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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in **Huaibei GreenGold Industry Investment Co., Ltd.\***, you should at once hand this circular together with the accompanying proxy form to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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**  
**(1) PRODUCTS SALES FRAMEWORK AGREEMENT; AND**  
**(2) CONSTRUCTION PROJECT FRAMEWORK AGREEMENT**  
**AND**  
**NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to**  
**the Independent Board Committee and the Independent Shareholders**



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A letter from the Board is set out on pages 5 to 19 of this circular. A letter from the Independent Board Committee is set out on pages 20 to 21 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 42 of this circular.

The 2025 Second EGM will be held at 9:30 a.m. on Thursday, 21 August 2025 at GreenGold's Corporate Conference Room, No. 18 Suixi North Road, Xiangshan District, Huaibei City, Anhui Province, the PRC. The notice of the 2025 Second EGM is set out on pages 47 to 49 of this circular.

The proxy form for use at the 2025 Second EGM is enclosed with this circular and such proxy form is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

If you intend to appoint a proxy to attend the 2025 Second EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to the H Share Registrar, and for holders of Domestic Shares, the proxy form should be returned to the headquarters in the PRC of the Company in person or by post not less than 24 hours before the time fixed for holding the 2025 Second EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the 2025 Second EGM or at any other adjourned meeting should you so wish.

\* For identification purpose only

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## DEFINITIONS

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*Unless the context otherwise requires, the following expressions shall have the following meanings in this circular:*

“2025 Second EGM”	the 2025 second extraordinary general meeting of the Company to be held at 9:30 a.m. on Thursday, 21 August 2025 at GreenGold’s Corporate Conference Room, No. 18 Suixi North Road, Xiangshan District, Huaibei City, Anhui Province, the PRC
“associate(s)”	has the meaning ascribed under the Listing Rules
“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 (Stock Code: 2450), which principally engaged in the production and sale of aggregate products and concrete products
“connected person(s)”	has the meaning ascribed under the Listing Rules
“Construction Project Framework Agreement”	the construction project framework agreement entered into between the Company and Huaibei Construction Investment on 9 May 2025 in relation to the procurement of construction services by the Group from Huaibei Construction Investment Group
“continuing connected transaction(s)”	has the meaning ascribed under the Listing Rules
“Continuing Connected Transaction(s)”	the connected transactions under the Products Sales Framework Agreement and the Construction Project Framework Agreement
“controlling shareholder(s)”	has the meaning ascribed under the Listing Rules
“Directors”	the director(s) of the Company

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## DEFINITIONS

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“Domestic Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC nationals and/or PRC-incorporated entities
“Framework Agreements”	collectively the Products Sales Framework Agreement and the Construction Project Framework Agreement
“Gaoloushan Project (Phase II)”	Phase II of the Gaoloushan Project, which comprises the Phase II Gaoloushan Mine and Phase II Processing Plant
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“H Share(s)”	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 and are subscribed for and traded in Hong Kong dollars
“H Share Registrar”	Tricor Investor Services Limited, the H Share registrar of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Latest Practicable Date, 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)

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## DEFINITIONS

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“Independent Board Committee”	an independent board committee of the Company (comprises all independent non-executive Directors), which has been formed to consider the terms of the Products Sales Framework Agreement and the Construction Project Framework Agreement, the transactions contemplated thereunder and the respective proposed annual caps thereto
“Independent Financial Adviser”	Merdeka Corporate Finance Limited, a corporation licensed to carry Type 6 (Advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Products Sales Framework Agreement and the Construction Project Framework Agreement
“Independent Shareholder(s)”	Shareholder(s) other than Huaibei Construction Investment and its associates
“Latest Practicable Date”	3 July 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 shall, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

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## DEFINITIONS

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“Previous Products Sales Framework Agreement”	the previous products sales framework agreement entered into by the Company with Huaibei Construction Investment on 21 December 2022 in relation to the sale of aggregate and concrete products by the Group to Huaibei Construction Investment Group
“Products Sales Framework Agreement”	the products sales framework agreement entered into between the Company and Huaibei Construction Investment on 9 May 2025 in relation to the sale of aggregate and concrete products by the Group to Huaibei Construction Investment Group
“Prospectus”	the prospectus issued by the Company dated 30 December 2022
“RMB”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Liu Yong (*Chairman*)  
Mr. Qin Jiapeng  
Mr. Mao Hongxian  
Mr. Yao Minglei

*Independent non-executive Directors:*

Mr. Gao Wei  
Mr. Liu Chaotian  
Ms. Xing Mengwei

*Registered Office and Headquarters  
in the PRC:*

4/F, Shuangchuang Service Centre  
No. 3 Taobo Road  
Song Tuan Town, Lieshan District  
Huaibei City  
Anhui Province PRC

*Principal place of business  
in Hong Kong:*

Room 1918, 19/F  
Lee Garden One  
33 Hysan Avenue Causeway Bay  
Hong Kong

4 July 2025

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
(1) PRODUCTS SALES FRAMEWORK AGREEMENT; AND  
(2) CONSTRUCTION PROJECT FRAMEWORK AGREEMENT  
AND  
NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 9 May 2025 in relation to, among others, the Continuing Connected Transactions, details of which are set out in this circular.

The purposes of this circular are to provide you with, among other things: (i) further details of the Products Sales Framework Agreement and the Construction Project Framework Agreement and the respective proposed annual caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Framework Agreements and the transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the

\* For identification purpose only

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## LETTER FROM THE BOARD

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Framework Agreements and the transactions contemplated thereunder; (iv) a notice of the 2025 Second EGM; and (v) other matters mentioned above and other information as required under the Listing Rules.

### THE CONTINUING CONNECTED TRANSACTIONS

#### (1) PRODUCTS SALES FRAMEWORK AGREEMENT

##### Introduction

Reference is made to the Prospectus, in relation to, among others, the Previous Products Sales Framework Agreement. The Previous Products Sales Framework Agreement expired on 31 December 2024.

The Company entered into the Products Sales Framework Agreement with Huaibei Construction Investment on 9 May 2025, pursuant to which the Group shall supply aggregate and concrete products to Huaibei Construction Investment Group for a term of three years from 1 January 2025 to 31 December 2027, subject to the Independent Shareholders' approval at the 2025 Second EGM.

During January 2025 and March 2025 respectively, the Company had supplied aggregate and concrete products to Huaibei Construction Investment Lutong Trading Co., Ltd\* (淮北建投路通貿易有限公司), a subsidiary of Huaibei Construction Investment, pursuant to separate purchase orders for products sales on normal commercial terms or better. The amount transacted and incremented up till the Latest Practicable Date, on an aggregate basis, was approximately RMB7.3 million.

##### Details of the Products Sales Framework Agreement

The principal terms of the Products Sales Framework Agreement are set out as follows:

- |                 |   |
|-----------------|---|
| <b>Parties:</b> | (a) Huaibei Construction Investment (for itself and on behalf of its subsidiaries); and |
|                 | (b) the Company (for itself and on behalf of its subsidiaries)                          |
| <b>Term:</b>    | A term of three years from 1 January 2025 to 31 December 2027.                          |



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## LETTER FROM THE BOARD

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Subject to compliance with the Listing Rules and other applicable laws and regulations, the Products Sales Framework Agreement may be renewed as the parties mutually agree for a term of three years.

**Subject matter:**

The Group shall supply aggregate and concrete products to Huaibei Construction Investment Group.

**Separate agreements:**

The parties shall, based on the terms of the Products Sales Framework Agreement, enter into separate products sales agreements in respect of each transaction under the Products Sales Framework Agreement.

The entering into each of separate products sales agreements shall be subject to the relevant requirements of the Listing Rules.

The terms of each separate products sales agreement shall specify the details of each transaction and shall be consistent in all material respects with the provisions of the Products Sales Framework Agreement.

**Condition precedent:**

The Products Sales Framework Agreement and the transactions contemplated thereunder are subject to the Independent Shareholders' approval having been obtained and/or compliance with other applicable securities regulatory requirements.

**Pricing Policy**

The price payable by Huaibei Construction Investment Group to the Group under the individual orders shall be determined in accordance with the pricing policy adopted and regularly reviewed by the Group for the sale of aggregate and concrete products with reference to (i) the monthly market indicative price on construction materials published by Anhui Provincial Development and Reform Commission (安徽省發展和改革委員會) (if applicable); (ii) the prevailing market price of the same or similar products supplied by the Group to at least two independent third parties in the same or neighbourhood regions based on normal commercial terms and in the ordinary and usual course of business; (iii) the production costs of the Group; (iv) the payment terms; and (v) the transportation costs.

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## LETTER FROM THE BOARD

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### Historical transaction amounts

The historical transaction amounts paid by Huaibei Construction Investment Group to the Group for the sale of aggregate and concrete products for each of the three years ended 31 December 2022, 2023 and 2024, and during 2025 up till the Latest Practicable Date were approximately RMB8.4 million, RMB82.2 million, RMB43.0 million and RMB7.3 million, respectively.

### Annual caps and basis of the caps

The table below lists the proposed annual caps of transactions under the Products Sales Framework Agreement for each of the three years ending 31 December 2027:

	For the year ending 31 December		
	2025	2026	2027
	(RMB'000)	(RMB'000)	(RMB'000)
Annual cap for the amount payable by Huaibei Construction Investment Group to the Group for the sale of aggregate and concrete products	90,000	98,000	100,000

The proposed annual caps under the Products Sales Framework Agreement are determined after arm's length negotiations between the parties with reference to:

- (i) the historical transaction amount between the Group and Huaibei Construction Investment Group for the sale of aggregate and concrete products for the three years ended 31 December 2022, 2023 and 2024;
- (ii) the projected revenue in respect of construction projects under development by Huaibei Construction Investment Group for which the Group has been contracted to provide concrete products amounts to at least RMB88.2 million for the three years ending 31 December 2027. The projection assumes that the unit price per ton of aggregate and concrete is in the range from RMB49.0 to RMB58.7, and takes into account (a) the preliminary arms-length negotiation conducted between the parties, where it was agreed that a minimum of 1.8 million tons of aggregate and concrete products are to be supplied to Huaibei Construction Investment Group per year, and (b) the likelihood that the actual product sales will exceed expectations in light of the increase in the number of contracted projects (elaborated hereinbelow); and

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## LETTER FROM THE BOARD

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- (iii) the expected increase in the number of projects which the Company may be engaged by Huaibei Construction Investment Group to provide concrete products based on the growth and development of the construction industry in Huaibei City and its surrounding cities, as propelled and driven by the initiatives put forward by the Huaibei municipal government, such as the 14th Five-Year Industrial Development Plan (《“十四五”工業發展規劃》), the advocacy for “Triple Integration” of industrialization, digitalization and green development, and infrastructure projects such as Wumeng Expressway Project (五蒙高速項目), Bomeng Expressway Project (亳蒙高速項目) and Xuhuaifu Expressway Project (徐淮阜高速項目), all of which the Company has been commissioned to supply aggregate and concrete products in large quantities.

### **Reasons for and benefits of the transactions**

Since sale of aggregate and concrete products is in the ordinary and usual course of business of the Group, the transactions under the Products Sales Framework Agreement will broaden the income base of the Group. In addition, Huaibei Construction Investment is a state-owned enterprise with support from the Huaibei municipal government, which is a reliable and credible customer and can assure timely payments.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the Independent Financial Adviser) consider that the Products Sales Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms and the terms contained therein (including the annual caps stated above) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **(2) CONSTRUCTION PROJECT FRAMEWORK AGREEMENT**

### **Introduction**

Reference is made to the Prospectus for the purpose of informing the Shareholders on the background, development plan, and details of the construction of Gaoloushan Project (Phase II) (which begun before the listing of the Company on the Stock Exchange), as part of the Company’s expansion plan to increase processing capacity and potential output volume of aggregate products after phasing out Gaoloushan Project (Phase I). The Company entered into the Construction Project Framework Agreement with Huaibei Construction Investment on 9 May 2025, pursuant to which the Group shall procure construction services from Huaibei Construction Investment Group for a term of three years from 1 January 2025 to 31 December 2027, subject to the Independent Shareholders’ approval at the 2025 Second EGM.

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## LETTER FROM THE BOARD

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The Company has not conducted any transactions with Huaibei Construction Investment Group pursuant to the Construction Project Framework Agreement from 1 January 2025 up till the Latest Practicable Date.

### **Details of the Construction Project Framework Agreement**

The principal terms of the Construction Project Framework Agreement are set out as follows:

- Parties:**
- (a) the Company (for itself and on behalf of its subsidiaries); and
  - (b) Huaibei Construction Investment (for itself and on behalf of its subsidiaries)

**Term:** A term of three years from 1 January 2025 to 31 December 2027.

Subject to compliance with the Listing Rules and other applicable laws and regulations, the Construction Project Framework Agreement may be renewed as the parties mutually agree for a term of three years.

**Subject matter:** The Group shall procure construction services from Huaibei Construction Investment Group.

**Separate agreements:** The parties shall, based on the terms of the Construction Project Framework Agreement, enter into separate construction services procurement agreements in respect of each transaction under the Construction Project Framework Agreement.

The entering into each of separate construction services procurement agreements shall be subject to the relevant requirements of the Listing Rules.

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## LETTER FROM THE BOARD

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The terms of each separate construction services procurement agreement shall specify the details of each transaction and shall be consistent in all material respects with the provisions of the Construction Project Framework Agreement.

**Condition precedent:**

The Construction Project Framework Agreement and the transactions contemplated thereunder are subject to the Independent Shareholders' approval having been obtained and/or compliance with other applicable securities regulatory requirements.

**Pricing Policy**

The pricing for the procurement of construction services shall be determined upon arm's length negotiations between the parties with reference to (i) the construction project budget pricing standard of the Anhui Province (《安徽省建設工程概算費用定額》) as approved by the Anhui Provincial Department of Housing and Urban-Rural Development (安徽省住房和城鄉建設廳) and published on a monthly basis; and (ii) the price determined with reference to the price comparable to the type of services and terms provided by independent suppliers under normal commercial terms and in the ordinary course of business and such price and terms shall be no less favourable to the Group than is available from independent suppliers.

The Group will contemporaneously seek and compare the quotations and terms of provision of construction services of at least two other independent suppliers against the quotation and terms provided by Huaibei Construction Investment Group. The Company evaluates the following in selecting independent suppliers for benchmarking the price and terms offered by Huaibei Construction Investment Group: (a) the coverage and type of services to be provided, and whether they suffice for completing the project; (b) the qualifications of the supplier on an industry and national standard; (c) the number and scale of projects previously completed or subcontracted by the supplier; (d) the composition of the suppliers' team of workers, taking into account their qualifications and skillsets; (e) the supplier's credit rating endorsed by financial institutions and governmental authorities; and (f) the suppliers' proposed construction blueprint and solution for the project, in particular its feasibility, cost-effectiveness, reasonableness and innovative features. The Group would engage Huaibei Construction Investment Group for the provision of construction services if the price and terms of provision of construction services are comparable to or more favourable to the Group than those offered by independent suppliers and to ensure uninterrupted construction work to the Group.

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## LETTER FROM THE BOARD

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### Historical transaction amounts

The historical transaction amounts paid by the Group to Huaibei Construction Investment Group for the procurement of construction services for each of the three years ended 31 December 2022, 2023 and 2024 were approximately RMB159.4 million, RMB51.4 million and RMB57.5 million, respectively.

The Company has not conducted any transactions with Huaibei Construction Investment Group pursuant to the Construction Project Framework Agreement since 1 January 2025 up till the Latest Practicable Date. The construction for Gaoloushan Project (Phase II) was a one-off connected transaction at the time the construction services agreement (the “**2022 Construction Project Agreement**”), which was of a contract value of approximately RMB278 million, was entered into in June 2022 (i.e. prior to the listing of the Company on the Stock Exchange), and the Company did not enter into any framework agreements in respect of such construction thereafter. As the contract sum (i.e. approximately RMB278 million) was subsequently discovered to be insufficient to complete the construction of Gaoloushan Project (Phase II), the Company entered into the Construction Project Framework Agreement to obtain additional cap for the said project.

It is within the norm of the construction industry for the final settlement amount to exceed the budgeted contract sum as stipulated in the original agreement, which may be caused by a combination of factors such as the situation of the land, insufficient or defective design and external unforeseeable risks. Due to a chain of uncontrollable events, including the discovery of underground utilities not documented in the original site surveys, the need for significant power installation, the government’s newly imposed environmental protection standards which necessitated regular reforms and rectifications by the Company to duly comply with the stricter requirements and the delay caused by COVID-19, the progress of Gaoloushan Project (Phase II) was significantly hindered. The Company has to incur additional cost for the Gaoloushan Project (Phase II) (i.e. more than that as originally set out in the 2022 Construction Project Agreement), and hence entered into the Construction Project Framework Agreement (i) to remedy and resolve unexpected infrastructure issues/complications which were only discovered midst the construction process (including the uncontrollable events described above); and (ii) as the project site blueprint was modified from time to time based on updated site topographies and real-time construction progress, to cover additional components to be procured, especially in light of the rising costs of raw materials.

As at the Latest Practicable Date, Huaibei Construction Investment Group has almost completed the contracted scope for the construction works of Gaoloushan Project (Phase II), save for minor finishing work and submission of regulatory filings to government authorities for usage approval. The Company expects Gaoloushan Project (Phase II) to be wholly completed in the first half of 2026. The Company will continue to engage Huaibei Construction Investment Group for

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## LETTER FROM THE BOARD

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ancillary maintenance services throughout 2026 and 2027, as well as complete the warranty payment in 2027. The aforesaid expected work and timeline explains the gradual decrease in annual caps throughout the three years ended 31 December 2027.

### Annual caps and basis of the caps

The table below lists the proposed annual caps of transactions under the Construction Project Framework Agreement for each of the three years ending 31 December 2027:

	For the year ending 31 December		
	2025	2026	2027
	(RMB'000)	(RMB'000)	(RMB'000)
Annual cap for the amount payable by the Group to Huaibei Construction Investment Group for the procurement of construction services	70,000	30,000	10,000

The proposed annual caps under the Construction Project Framework Agreement are determined after arm's length negotiations between the parties with reference to:

- (i) the historical transaction amounts between the Group and Huaibei Construction Investment Group for the three years ended 31 December 2022, 2023 and 2024; and
- (ii) the expected progress and completion date of the relevant construction project, and the ancillary maintenance services following thereafter.

### Reasons for and benefits of the transactions

The Huaibei Construction Investment Group has expertise and experience in the construction projects and can provide construction services to the Group. In relation to, among others, Gaoloushan Project (Phase II), Huaibei Construction Investment Group has been providing construction services to the Group. The entering into of the Construction Project Framework Agreement can ensure the continuing and quality construction services from Huaibei Construction Investment Group to avoid disruption on the construction projects of the Group.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the Independent Financial Adviser) consider that the Construction Project Framework Agreement is entered into in the ordinary and usual course of

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## LETTER FROM THE BOARD

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business of the Group and on normal commercial terms and the terms contained therein (including the annual caps stated above) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### INFORMATION OF THE PARTIES

#### The Company and the Group

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

#### Huaibei Construction Investment

Huaibei Construction Investment is a company established in the PRC with limited liability and is principally engaged in investment and management of infrastructure construction projects.

As at the Latest Practicable Date, Huaibei Construction Investment is the controlling Shareholder of the Company, holding approximately 75% of the total share capital of the Company. Therefore, Huaibei Construction Investment and its respective associates are connected persons of the Company under the Listing Rules.

As at the Latest Practicable Date, Huaibei Construction Investment is wholly-owned by Huaibei SASAC.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Huaibei Construction Investment is the controlling Shareholder of the Company, holding approximately 75% of the total share capital of the Company, therefore Huaibei Construction Investment and its respective associates are connected persons of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under each of the Products Sales Framework Agreement and the Construction Project Framework Agreement constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios for the proposed annual caps of the transactions contemplated under each of the Products Sales Framework Agreement and the Construction Project Framework Agreement exceed 5%, the transactions contemplated under each of the Products Sales Framework Agreement and the Construction Project Framework Agreement shall be subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.



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## LETTER FROM THE BOARD

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None of the Directors has a material interest in the transactions contemplated under the Framework Agreements and hence no Director has abstained from voting on the relevant Board resolutions approving the Framework Agreements, the transactions contemplated thereunder and the annual caps thereto.

### INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES

The Company would strive to exercise stringent monitoring over the transaction amounts and respective annual caps of the Framework Agreements to ensure that necessary measures and appropriate actions can be timely taken in order to comply with the relevant requirements of the Listing Rules.

The Company has adopted the following internal management procedures to ensure that the continuing connected transactions contemplated under the Framework Agreements are fair and reasonable and on normal commercial terms, and are conducted in compliance with the Listing Rules and within the annual cap stipulated under the respective Framework Agreement:

- (i) the Company has appointed an executive Director and several personnel of the legal and the securities investment department (collectively, the “**IC Supervisors**”) to oversee the implementation of the internal control measures hereinbelow;
- (ii) the transactions arrangements contemplated under the Framework Agreements are conducted on a non-exclusive basis;
- (iii) the Group has formulated a series of measures and policies on, among others, contract policies, project management policies and administrative measures on connected transactions. The Framework Agreements and the separate agreements of the transactions thereunder will first be drafted by the relevant business units in accordance with the Framework Agreements and model contracts provided by the legal department of the Company. The price will be determined based on market prices or cost-plus method. The said agreements will then be submitted for review and approval by the (a) responsible personnel of the legal department to ensure due compliance with the Framework Agreements, (b) the audit committee to, in particular, ensure fairness and reasonableness of the pricing terms thereof upon issuing an independent opinion, (c) the general manager of the Company and (d) the Board, after which such agreements will be filed at Huaibei SASAC by the secretary of the Board for final compliance check.

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## LETTER FROM THE BOARD

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A comprehensive tiered approval system is in place to ensure that the terms of Framework Agreements are in compliance with relevant regulations and guidelines (if applicable) and market practices and will not deviate from the terms of the Framework Agreements;

- (iv) the legal department and finance department of the Company have been entrusted to review, maintain and update a list of connected persons of the Group bi-annually;
- (v) the finance department and the business units of the relevant subsidiaries of the Company will formulate yearly plans on connected transactions based on their strategic objectives, and submit them to the Company's finance department, production management department, secretary of the Board and the Board for review, approval and consolidation. In addition, the audit committee and the Board will on a quarterly basis convene meetings to review the pricing policies of the Framework Agreements. The independent non-executive Directors will also conduct annual review for the implementation and execution of continuing connected transactions (including related pricing mechanisms) to ensure that the continuing connected transactions under the Framework Agreements are on normal commercial terms, and terms no less favourable than independent customers or suppliers;
- (vi) the various responsible internal departments of the Company (including the relevant business units and the finance department) and that of the Company's subsidiary will collaborate to compile a monthly summary of the continuing connected transactions, regularly monitor the fulfillment status against the annual caps under the Framework Agreements, and report to the audit committee and the Board accordingly on a monthly basis. If the actual transaction amount reaches 90% or more of the relevant annual cap at any time of the year, the dedicated personnel shall promptly notify the Board and all other departments, which shall only conduct further continuing connected transactions after checking the amount and sufficiency of the unutilised annual cap. Where necessary, the Board would consider taking appropriate measures in accordance with the requirements of the Listing Rules, including, but not limited to, publishing announcement for an increase annual cap amount and seeking approval from the shareholders of the Company, if applicable;
- (vii) the external auditors of the Company would conduct year end audit, and provide its opinions and letter to the Board regarding the pricing policies and annual caps of continuing connected transactions of the Group conducted during the previous financial year in accordance with the Listing Rules;

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## LETTER FROM THE BOARD

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- (viii) the audit committee will organise internal testing and financial sample surveys 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 on a quarterly basis to discuss and assess the implementation of continuing connected transactions;
- (ix) the Board office, the legal department and securities investment department of the Company will arrange training sessions at least once per month for the management of the Company, the managers and officers of the business units, finance department, legal department and the securities investment department, the officers of the Board office, and the management of the Company's subsidiaries. The training shall cover, among others, (a) detailed guidance on connected and notifiable transactions under Chapters 14 and 14A of the Listing Rules, including identification, classification, and shareholders' approval requirements; and (b) clarification of the definition and scope of connected persons, procedures for identifying and handling connected transactions, and ongoing monitoring obligations under the Company's enhanced internal control and compliance systems;
- (x) the secretary to the Board, the legal department and the finance department of the Company are tasked to regularly investigate and assist the Company in identifying the connected persons of the Company through a declaration of interest mechanism, whereby the responsible personnel will issue confirmation letters to the connected persons to enquire their latest shareholding structure, and accordingly compile and update a list of connected persons of the Group based on the responses and desktop searches. The list of connected persons of the Group will be updated by the dedicated personnel on a quarterly basis, and submitted to the IC Supervisors and the management for their review; and
- (xi) the Company will strengthen cooperation with its professional advisers in relation to regulatory compliance with the Listing Rules, and will duly and timely obtain their advice where necessary.

Based on the aforementioned reasons, the Directors consider that the Company has adequate mechanisms, internal control procedures and external monitoring measures to ensure that the continuing connected transactions contemplated under the Framework Agreements are in strict compliance with relevant regulations and guidelines and the terms of the Framework Agreements.

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## LETTER FROM THE BOARD

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### THE 2025 SECOND EGM

The notice of the 2025 Second EGM is set out on pages 47 to 49 of this circular. The 2025 Second EGM will be held at 9:30 a.m. on Thursday, 21 August 2025 at GreenGold's Corporate Conference Room, No. 18 Suixi North Road, Xiangshan District, Huaibei City, Anhui Province, the PRC.

Please refer to this circular and the notice of the 2025 Second EGM dated 4 July 2025 for details of resolutions to be considered at the 2025 Second EGM, qualification for attendance of the 2025 Second EGM, registration procedures, closure of register of members, voting and other related matters.

In accordance with the Listing Rules, any connected person or Shareholder and its associates with a material interest in the Continuing Connected Transactions must abstain from voting on the resolutions to approve the Continuing Connected Transactions (including the respective proposed annual caps).

In view of the interests of Huaibei Construction Investment, which directly held 196,020,000 Domestic Shares (representing approximately 74.25% of the total issued share capital of the Company) and indirectly 1,980,000 Domestic Shares (representing approximately 0.75% of the total issued share capital of the Company) through Huaibei Cultural Tourism Investment Development Group Co., Ltd.\* (淮北市文化旅遊投資發展集團有限公司) as at the Latest Practicable Date and thus is a connected person of the Company in the Continuing Connected Transactions, Huaibei Construction Investment is required to abstain from voting on the resolutions to be proposed at the 2025 Second EGM to approve the Framework Agreements and the transactions contemplated thereunder (including the respective proposed annual caps). As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, save as disclosed in this circular, no other Shareholders will be required to abstain from voting in respect of the relevant resolutions.

### RECOMMENDATION

The Directors are of the opinion that the terms of Products Sales Framework Agreement and the Construction Project Framework Agreement and the relevant proposed annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and accordingly recommend the Independent Shareholders to vote in favour of the relevant resolutions set out in the notice of the 2025 Second EGM.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 20 to 21 of this circular, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 22 to 42 of this circular and the information set out in the appendix to this circular.

Yours faithfully,

By order of the Board

**Huaibei GreenGold Industry Investment Co., Ltd.\***

**Liu Yong**

*Chairman of the Board and Executive Director*

\* *For identification purpose only*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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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)**

4 July 2025

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**  
**(1) PRODUCTS SALES FRAMEWORK AGREEMENT; AND**  
**(2) CONSTRUCTION PROJECT FRAMEWORK AGREEMENT**

We refer to the circular issued by the Company to the Shareholders dated 4 July 2025 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meaning in this letter unless the context otherwise requires.

Under the Listing Rules, the Continuing Connected Transactions constitute continuing connected transactions for the Company and are subject to the approval of the Independent Shareholders at the 2025 Second EGM.

We have been appointed by the Board as the members of the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms of the Framework Agreements, the transactions contemplated thereunder and the relevant proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of Framework Agreements, the transactions contemplated thereunder and the relevant proposed annual caps. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in its letter set out on pages 22 to 42 of the Circular. Your attention is also drawn to the “Letter from the Board” of the Circular and the additional information set out in the appendix to the Circular.

Having considered the terms of the Framework Agreements, the transactions contemplated thereunder and the relevant proposed annual caps, and taken into account the advice of the Independent Financial Adviser, we consider that the Framework Agreements and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and have been negotiated on an arm’s length basis and on normal commercial terms and that the terms of

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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the Framework Agreements, the transactions contemplated thereunder and the relevant proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the 2025 Second EGM to approve the Framework Agreements, the transactions contemplated thereunder and the relevant proposed annual caps.

Yours faithfully,  
for and on behalf of  
Independent Board Committee

**Huaibei GreenGold Industry Investment Co., Ltd.\***

**Mr. Gao Wei**  
*Independent*  
*non-executive Director*

**Mr. Liu Chaotian**  
*Independent*  
*non-executive Director*

**Ms. Xing Mengwei**  
*Independent*  
*non-executive Director*

\* *For identification purpose only*

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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*The following is the full text of the letter from Merdeka Corporate Finance Limited setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Framework Agreements and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in the Circular.*



Room 1108–1110, 11/F.  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

4 July 2025

*To: Independent Board Committee and the Independent Shareholders of Huaibei GreenGold Industry Investment Co., Ltd*

Dear Sirs/Madams,

### **CONTINUING CONNECTED TRANSACTIONS (1) PRODUCTS SALES FRAMEWORK AGREEMENT; AND (2) CONSTRUCTION PROJECT FRAMEWORK AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the provision of aggregate and concrete products by the Group to Huaibei Construction Investment Group under the Products Sales Framework Agreement and the procurement of construction services from Huaibei Construction Investment Group to the Group under the Construction Project Framework Agreement (collectively, the “**Continuing Connected Transactions**”) together with their respective proposed annual caps for the three years ending 31 December 2027 (the “**Proposed Annual Caps**”). Details of the Continuing Connected Transactions and the Proposed Annual Caps are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company to the Shareholders dated 4 July 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As stated in the announcement of the Company dated 9 May 2025, the Previous Products Sales Framework Agreement expired on 31 December 2024. The Company entered into the Products Sales Framework Agreement with Huaibei Construction Investment, pursuant to which the Group shall supply aggregate and concrete products to Huaibei Construction Investment Group for a term of three years from 1 January 2025 to 31 December 2027. On the same day, the



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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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Company also entered into the Construction Project Framework Agreement with Huaibei Construction Investment, pursuant to which the Group shall procure construction services from Huaibei Construction Investment Group for a term of three years from 1 January 2025 to 31 December 2027. Both agreements are subject to the Independent Shareholders' approval at the 2025 Second EGM.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Huaibei Construction Investment is the controlling Shareholder of the Company, holding approximately 75% of the total share capital of the Company, therefore Huaibei Construction Investment and its respective associates are connected persons of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under each of the Products Sales Framework Agreement and the Construction Project Framework Agreement constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios for the proposed annual caps of the transactions contemplated under each of the Products Sales Framework Agreement and the Construction Project Framework Agreement exceed 5%, the transactions contemplated under each of the Products Sales Framework Agreement and the Construction Project Framework Agreement shall be subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Gao Wei, Mr. Liu Chaotian and Ms. Xing Mengwei, has been established to advise the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps.

We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Continuing Connected Transactions are entered in the ordinary and usual course of business of the Company and the terms of the Continuing Connected Transactions are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Continuing Connected Transactions are in the interests of the Company and the Independent Shareholders as a whole and the Proposed Annual Caps are fair and reasonable; and (iii) whether the Independent Shareholders should vote in favour of the relevant resolutions to approve the Continuing Connected Transactions and the Proposed Annual Caps.

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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### OUR INDEPENDENCE

We have not acted as an independent financial adviser or financial adviser for any transactions of the Group in the last two years from the date of the Circular. As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we comply with Rule 13.84 of the Listing Rules and are eligible to give independent advice in respect of the Continuing Connected Transactions (including the Proposed Annual Caps) to the Independent Board Committee and the Independent Shareholders.

### BASIS OF OUR OPINION

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have considered and reviewed, among other things, (i) the Products Sales Framework Agreement and the Construction Project Framework Agreement; (ii) the annual report of the Company for the years ended 31 December 2024 (the “**2024 Annual Report**”); (iii) the other information as set out in the Circular; (iv) relevant information provided by the management of the Company; and (v) other relevant market data and information from public sources.

We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company and its advisers, the Directors and the management of the Company (the “**Management**”), for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions. The Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the 2025 Second EGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no omission of other material facts that would make any statements in the Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the Management.

This letter is issued to the Independent Board Committee and the Independent Shareholders, solely in connection for their consideration of the Continuing Connected Transactions and the Proposed Annual Caps, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing and arriving at our advice and recommendation with regard to the Continuing Connected Transactions and the Proposed Annual Caps, we have taken into account the principal factors and reasons set out below.

#### **I. Background information on the parties to Continuing Connected Transactions**

##### ***a. Information on the Company and the Group***

As set out in the Board Letter, the Company is a joint stock company established in the PRC with limited liability and the Group is principally engaged in the production and sale of aggregate products and concrete products.

The information below sets out the summary financial information of the Group for the year ended 31 December 2023 (“FY2023”) and 2024 (“FY2024”) as extracted from the 2024 Annual Report.

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**LETTER FROM MERDEKA CORPORATE FINANCE LIMITED**

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	<b>For the year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	<b>236,168</b>	<b>290,622</b>
— Revenue from sales of aggregate products and others	215,545	215,921
— Revenue from sales of concrete products	19,909	74,701
— Income from agency services of concrete products	714	—
Cost of sales	(152,412)	(166,310)
<b>Gross profit</b>	<b>83,756</b>	<b>124,312</b>
Profit from operations	55,492	130,888
(Loss)/profit before taxation	(30,384)	67,988
<b>(Loss and total comprehensive loss)/profit and total comprehensive income for the year</b>	<b>(33,870)</b>	<b>57,924</b>
Attributable to:		
— Equity shareholders of the Company	(21,972)	37,490
— Non-controlling interests	(11,898)	20,434

For FY2024, the total revenue amounted to approximately RMB236.17 million, representing a decrease of approximately 18.74% as compared to approximately RMB290.62 million for FY2023. The revenue of the Group consists of revenue from sales of aggregate products and others, sales of concrete products and agency services of concrete products.

In 2024, the revenue from sales of aggregates products and others of the Group amounted to approximately RMB215.55 million, representing a decrease of approximately 0.17% as compared to approximately RMB215.92 million in 2023, which is due to the combined effects of (i) a drop in the average selling price of aggregate products and others of the Group from RMB55.4 per tonne (exclusive of tax) in 2023 to RMB46.5 per tonne (exclusive of tax) in 2024, representing a decrease of approximately 16.06%; and (ii) growth in sales volume of aggregates products and others of the Group from approximately 3.90 million tonnes in 2023 to approximately 4.64 million tonnes in 2024, representing an increase of approximately 18.85%.

In 2024, the revenue from sales of ready-mixed concrete of the Group amounted to approximately RMB19.91 million, representing a decrease of approximately 69.27% as compared to approximately RMB64.78 million in 2023. Such decrease is due to the combined effects of (i) a drop in the average selling price of ready-mixed concrete of the Group from RMB375.90 per m<sup>3</sup> (exclusive of tax) in 2023 to RMB327.5 per m<sup>3</sup> (exclusive of tax) in 2024, representing a decrease of approximately 12.88%; and (ii) reduction in sales volume of ready-mixed concrete of the Group from 172,300 m<sup>3</sup> in 2023 to 60,800 m<sup>3</sup> in 2024, representing a decrease of approximately 64.71%.

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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For FY2024, the Group's net loss was approximately RMB33.87 million, as compared to a net profit of approximately RMB57.92 million for FY2023. The decrease in net profit was due to the decrease in the Group's operating revenue from concrete products for FY2024, the increase in depreciation of the Phase II production line of Gaoloushan Mine, the non-recurring interest compensation in relation to capital injection and the impairment of property, plant and equipment in the concrete products segment.

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>TOTAL ASSETS</b>	<b>2,475,042</b>	<b>2,383,014</b>
Non-current assets	1,891,243	1,983,009
Current assets	583,799	400,005
<b>TOTAL LIABILITIES</b>	<b>1,771,251</b>	<b>1,716,667</b>
Non-current liabilities	1,404,611	544,573
Current liabilities	366,640	1,172,094
<b>TOTAL EQUITY</b>	<b>703,791</b>	<b>666,347</b>
Share capital	264,000	264,000
Reserves	205,697	212,950

As at 31 December 2024, the total assets of the Group increased by approximately 3.86% to RMB2,475.04 million from approximately RMB2,383.01 million in 2023. The total liabilities of the Group amounted to approximately RMB1,771.25 million, representing an increase of approximately 3.18% as compared to approximately RMB1,716.67 million in 2023. The total equity amounted to RMB703.79 million in 2024 as compared to approximately RMB666.35 million in 2023.

### ***b. Information on Huaibei Construction Investment***

As stated in the Board Letter, Huaibei Construction Investment is a company established in the PRC with limited liability and is principally engaged in investment and management of infrastructure construction projects.

As at the Latest Practicable Date, Huaibei Construction Investment is the controlling Shareholder of the Company, holding approximately 75% of the total share capital of the Company. Therefore, Huaibei Construction Investment and its respective associates are connected persons of the Company under the Listing Rules.

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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As at the Latest Practicable Date, Huaibei Construction Investment is wholly-owned by Huaibei SASAC.

### **II. Reasons for and benefits of the Continuing Connected Transactions**

As mentioned in the Board Letter, since the sale of aggregate and concrete products is in the ordinary and usual course of business of the Group, the transactions under the Products Sales Framework Agreement will broaden the income base of the Group. Additionally, Huaibei Construction Investment is a state-owned enterprise with support from the Huaibei municipal government, which is a reliable and credible customer and can assure timely payments.

The Huaibei Construction Investment Group has expertise and experience in construction projects and has been providing construction services to the Group, including its involvement in Gaoloushan Project (Phase II). The entering into of the Construction Project Framework Agreement can ensure the continuing and quality construction services from Huaibei Construction Investment Group to avoid disruption on the construction projects of the Group.

As understood from the 2024 Annual Report, under the continued implementation of China's new urbanisation and rural revitalisation strategies in 2024, the Huaibei municipal government actively promoted the high-quality development of the local construction industry, with particular emphasis on green and prefabricated buildings. A series of supportive policies and development initiatives were introduced, including measures to stabilise the real estate market, expedite key infrastructure projects such as expressways, and improve urban housing conditions through the renovation of urban villages and dilapidated residential areas. These efforts have collectively contributed to sustaining strong demand in Huaibei's construction market. As a result, the Company believes that infrastructure construction is expected to boom in Huaibei and its surrounding areas along with the accelerated promotion and commencement of infrastructure construction and key projects in 2025, leading to an increase in demand in the construction market in Huaibei and its surrounding cities, which will eventually stimulate demands for sand, gravel and aggregate markets, all of which are likely to help the Group increase its revenue. Given that (a) Huaibei Construction Investment is a wholly-owned subsidiary of Huaibei SASAC and primarily engages in the investment and management of infrastructure construction projects; and (b) the construction market in Huaibei and its surrounding cities is expected to experience positive growth, the Company believes that the entering into of the Framework Agreements is anticipated to create further business opportunities for the Group with Huaibei Construction Investment, provided that the service or product pricing remains competitive.

Having considered (i) the principal business of the Group; (ii) the background of Huaibei Construction Investment Group, which may enable the Group to capture business opportunities given the positive outlook for the construction market in Huaibei and its surrounding cities; (iii)

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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that the Framework Agreements offer the Group an option, but not an obligation, to provide products to or procure services from Huaibei Construction Investment Group when the product or service price is competitive; (iv) the status of Huaibei Construction Investment as a state-owned enterprise, which is regarded as a reliable and creditworthy counterparty, thereby providing assurance of timely payments and reducing credit risk; (v) that the supply of aggregate and concrete products to Huaibei Construction Investment Group aligns with the Group's ordinary business operations and is expected to contribute to revenue diversification; and (vi) the substantial industry expertise and a proven track record in construction services of Huaibei Construction Investment Group, which would ensure the continuity and high quality in its construction services delivered to the Group, we concur with the Board's view that the entering into of the Framework Agreements are in the ordinary and usual course of business of the Company, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole.

### III. The Continuing Connected Transactions

In arriving at our opinion on the Continuing Connected Transactions, we have also taken into consideration the following factors and reasons:

#### *a. Principal terms of the Products Sales Framework Agreement*

Parties	(a) Huaibei Construction Investment (for itself and on behalf of its subsidiaries); and  (b) the Company (for itself and on behalf of its subsidiaries)
Term:	A term of three years from 1 January 2025 to 31 December 2027
Subject matter:	The Group shall supply aggregate and concrete products to Huaibei Construction Investment Group
Condition precedent:	The Products Sales Framework Agreement and the transactions contemplated thereunder are subject to the Independent Shareholders' approval having been obtained and/or compliance with other applicable securities regulatory requirements.

Please refer to the Board Letter for more details.

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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### *Pricing policy*

The price payable by Huaibei Construction Investment Group to the Group under the individual orders shall be determined in accordance with the pricing policy adopted and regularly reviewed by the Group for the sale of aggregate and concrete products with reference to (i) the monthly market indicative price on construction materials published by Huaibei Construction Standard Rating Station (淮北市建設標準定額站) (if applicable); (ii) the prevailing market price of the same or similar products supplied by the Group to at least two independent third parties in the same or neighbourhood regions based on normal commercial terms and in the ordinary and usual course of business; (iii) the production costs of the Group; (iv) the payment terms; and (v) the transportation costs.

In order to assess the pricing standards of the aforesaid services, we have obtained and reviewed (i) a summary list of all sales transactions of the Group's largest three connected customers specifying unit rates for aggregate and concrete products sold to each of them for the three years ended 31 December 2024, together with the relevant contract documents (the **"Connected Products Contracts"**); and (ii) a summary list of the Group's sales details specifying the unit rates with the largest three independent customers for each of the three years ended 31 December 2024 together with the relevant contract documents (the **"Independent Products Contracts"**, together with the Connected Products Contracts as the **"Sample Contracts"**). As advised by the Management, the aggregate revenue of the Connected Products Contracts accounts for approximately 99.34%, 93.08% and 99.94% of the total revenue generated from the connected persons of the Group for each of the three years ended 31 December 2024. Over the same period, the revenue of the Independent Products Contracts accounts for approximately 28.70%, 30.76%, and 17.74% of the total revenue generated from independent customers. Therefore, we consider the Connected Products Contracts and the Independent Products Contracts to be sufficient, fair and representative.

As advised by the Management, the unit rate of aggregate and concrete products under both the Connected Products Contracts and the Independent Product Contracts were determined based on its internal reference selling price regarding aggregate and concrete products for both connected and independent customers and adjusted by the monthly market indicative price on construction materials published by Huaibei Construction Standard Rating Station (淮北市建設標準定額站). In order to assess the pricing policies of the Independent Products Contracts and the Connected Products Contracts, we reviewed the Independent Products Contracts and the Connected Products Contracts, discussed with the Management, and understood that the principal products sold under the Sample Contracts consist of aggregate and concrete products which were principally sold by the Group. We then obtained the Group's monthly sales summaries and compared the unit prices of the principal products under the Sample Contracts with those in the summaries. Based on our review, we understood that the terms offered under the Connected Products Contracts are no more



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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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favourable than those offered to independent third-party customers. Accordingly, we are of the view that the Sample Contracts follow the pricing mechanism disclosed in the Products Sales Framework Agreement, and the pricing standards adopted for Connected Products Contracts and the Independent Products Contracts are consistent.

As such, we are of the view that the pricing standards and the principal terms of the Connected Products Contracts are in compliance with and similar to those under the Independent Products Contracts.

Having considered the abovementioned, we are of the view that the pricing standards and the principal terms of the Products Sales Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

***b. Principal terms of the Construction Project Framework Agreement***

Parties	(a) the Company (for itself and on behalf of its subsidiaries); and  (b) Huaibei Construction Investment (for itself and on behalf of its subsidiaries)
Term:	A term of three years from 1 January 2025 to 31 December 2027
Subject matter:	The Group shall procure construction services from Huaibei Construction Investment Group.
Condition precedent:	The Construction Project Framework Agreement and the transactions contemplated thereunder are subject to the Independent Shareholders' approval having been obtained and/or compliance with other applicable securities regulatory requirements.

Please refer to the Board Letter for more details.

***Pricing Policy***

As set out in the Board Letter, the pricing for construction services is determined through arm's length negotiations, with reference to (i) the construction project budget pricing standard of the Anhui Province (《安徽省建設工程概算費用定額》); and (ii) prices and terms offered by independent suppliers for similar services under normal commercial conditions.

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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In order to assess the pricing standards of the aforesaid services, we requested for the three largest contracts of the construction services entered into by the Group with each of the connected services suppliers and the independent services suppliers for each of the three years ended 31 December 2024. As advised by the Management, the Group entered into only one construction project with the connected service provider in 2022 (the “**Connected Construction Project**”) which was carried out over the past three years and the payment of which is determined based on the progress of the project, and no relevant projects were entered into with any independent service providers during the period. As such, we obtained the summary list of payment details for the Connected Construction Project together with the underlying documents. Based on our discussion with the Management and our review on the documents, we noted that the contract sums paid by the Group to Huaibei Construction Investment Group for each stage under the Connected Construction Project were determined based on labor and material cost as published in the respective monthly data published in construction project budget pricing standard of the Anhui Province (《安徽省建設工程概算費用定額》) with further adjustments (the “**Adjustment**”) on actual machinery costs, fees, taxes, and other related expenses.

To assess the Adjustment mechanism, we held discussions with the Management and were confirmed that the same Adjustment mechanism is applied consistently to transactions with both connected suppliers and independent suppliers. We randomly selected the unit rates of certain principal products of the Connected Construction Project, reviewed the relevant Adjustments, and discussed the underlying reasons with the Management. We understood that the rates were initially determined with reference to several government-published pricing standards, including but not limited to, the Construction Project Budget Pricing Standards of Anhui Province (《安徽省建設工程概算費用定額》), the Measures for Bill of Quantities Valuation of Construction Projects in Anhui Province (《安徽省建設工程工程量清單計價辦法》), and the Construction Project Cost Quota Standards of Anhui Province (《安徽省建設工程費用定額》) as approved by the Anhui Provincial Department of Housing and Urban-Rural Development (安徽省住房和城鄉建設廳). These rates were subsequently adjusted in accordance with the relevant monthly data published in the Monthly Huaibei Construction Cost Report issued by Huaibei Municipal Bureau of Housing and Urban-Rural Development (淮北市住房和城鄉建設局). Based on our review of the supporting documents and discussions with the Management, we noted that the Adjustments are immaterial and considered justifiable.

Given the aforesaid, we consider the Adjustments and the basis of the price for the construction services to be provided by Huaibei Construction Investment to the Group to be fair and reasonable.

## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

### *c. The Proposed Annual Caps and the basis of determination*

#### *Historical amount, existing and proposed annual caps*

The following table sets out (i) the historical amounts paid by Huaibei Construction Investment Group to the Group for the sale of aggregate and concrete products for each of the three years ended 31 December 2024; and (ii) the Proposed Annual Caps under the Framework Agreements for each of the three years ending 31 December 2027.

As referred to the Board Letter, the historical amount paid by Huaibei Construction Investment Group to the Group during 2025 up till the Latest Practicable Date was approximately RMB7.3 million. The Company has not conducted any transactions with Huaibei Construction Investment Group pursuant to the Construction Project Framework Agreement from 1 January 2025 up till the Latest Practicable Date.

	Existing annual caps and historical amounts for the year ended 31 December			Proposed Annual Caps for the year ending 31 December		
	2022	2023	2024	2025	2026	2027
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
<b>Products Sales Framework Agreement</b>						
Annual cap for the amount payable by Huaibei Construction Investment Group to the Group for the sale of aggregate and concrete products (the “Revenue Annual Caps”)						
Annual Caps	148,200	154,500	157,300	90,000	98,000	100,000
Historical amounts	8,400	82,200	43,000	—	—	—
Utilisation rate	5.67%	53.20%	27.33%	—	—	—
<b>Construction Project Framework Agreement</b>						
Annual cap for the amount payable by the Group to Huaibei Construction Investment Group for the procurement of construction services (the “Expense Annual Caps”)						
Annual Caps	—	—	—	70,000	30,000	10,000
Historical amounts	—	—	—	—	—	—
Utilisation rate	—	—	—	—	—	—

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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### *Basis of the Revenue Annual Caps and our analysis*

As disclosed in the Board Letter, the Revenue Annual Caps are determined after arm's length negotiations between the parties with reference to: (i) the historical transaction amount between the Group and Huaibei Construction Investment Group for the sale of aggregate and concrete products for the three years ended 31 December 2022, 2023 and 2024; (ii) the projected revenue in respect of construction projects under development by Huaibei Construction Investment Group for which the Group has been contracted to provide concrete products amounts to at least RMB88.2 million for the three years ending 31 December 2027; and (iii) the expected increase in the number of projects which the Company may be engaged by Huaibei Construction Investment Group to provide concrete products based on the growth and development of the construction industry in Huaibei City and its surrounding cities.

As refer to the above table, we noted that the historical amount paid by Huaibei Construction Investment Group to the Group for the sale of aggregate and concrete products was approximately RMB8.4 million, RMB82.2 million and RMB43.0 million respectively, with a utilization rate of the existing annual caps of approximately 5.67%, 53.20% and 27.33% for each of 2022, 2023 and 2024, respectively.

We discussed with the Management and were advised that the Revenue Annual Caps are primarily determined based on the historical transaction amounts after considering the projected revenue based on their negotiation with Huaibei Construction Investment Group and the average unit price of all aggregate and concrete products sold by the Group in 2024.

The Management further advised, the Group entered into five contracts with Huaibei Construction Investment Group for the sales of aggregate and concrete products for the three years ending 31 December 2027. As part of our due diligence, we obtained and reviewed the five contracts together and the internal memoranda regarding the sales of aggregate and concrete products to Huaibei Construction Investment Group, and conducted follow-up discussions with the Management.

As driven by the municipal initiatives including the advocacy for "Triple Integration" of industrialization, digitalization and green development, and infrastructure projects such as the Wumeng Expressway Project (五蒙高速項目), Bomeng Expressway Project (亳蒙高速項目) and the Xuhuaifu Expressway Project (徐淮阜高速項目) and the 14th Five-Year Industrial Development Plan (《“十四五”工業發展規劃》), Huaibei Construction Investment Group expressed its intention to the Group to purchase no less than 1.8 million tonnes of aggregate and concrete products (or equivalent to approximately RMB88.2 million based on the average unit price of aggregate and concrete products sold by the Group in 2024 of RMB49.0) for the three years ending 31 December 2027. Additionally, apart from the aforesaid polices, the Notice of the

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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Huaibei Municipal People's Government on the Key Tasks for 2025 and the Allocation of Responsibilities (《淮北市人民政府關於2025年重點工作及責任分解的通知》) outlined that the local government plans to strengthen the local urban operations, initiatives including upgrading the eastern new city infrastructure and enhancing country-level capacity and integrating “people-industry-city” development, which may help Huabei Construction Investment Group to further expand its projects portfolios in Huaibei City and nearby cities in future, consequently, the number of the projects which the Company may be engaged by Huabei Construction Investment Group to provide aggregate and concrete products may be increased, therefore, the total sales volume of aggregate and concrete products to Huaibei Construction Investment Group would be approximately 1.9 million tonnes and 2.0 million tonnes for 2026 and 2027.

Having considered the aforesaid together with the supportive policies and development initiatives as announced by the Huaibei government, we consider the Revenue Annual Caps to be fair and reasonable.

### *Basis of the Expense Annual Caps and our analysis*

As disclosed in the Board Letter, the Expense Annual Caps are determined after arm's length negotiations between the parties with reference to: (i) the historical transaction amounts between the Group and Huaibei Construction Investment Group for the three years ended 31 December 2022, 2023 and 2024; and (ii) the expected progress and completion date of the relevant construction project, and the ancillary maintenance services following thereafter.

In assessing the fairness and reasonableness of the Expense Annual Caps, we referred to the Board Letter and understood that the historical amount paid by the Group to Huaibei Construction Investment Group for the procurement of construction services amounted to approximately RMB159.4 million, RMB51.4 million and RMB57.5 million in 2022, 2023, and 2024, respectively. Based on our review of the Gaoloushan Project (Phase II) agreement, the payment approval and record of the project and our discussion with the Management, we noted that the amounts paid for the three years ended 31 December 2024 are in compliance with the contract payment terms.

The Company has not conducted any transactions with Huaibei Construction Investment Group pursuant to the Construction Project Framework Agreement since 1 January 2025 to the Latest Practicable Date. The construction for Gaoloushan Project (Phase II) was a one-off connected transaction at the time the construction services agreement (the “**2022 Construction Project Agreement**”), which was of a contract value of approximately RMB278 million, and was entered into in June 2022 (i.e. prior to the listing of the Company on the Stock Exchange), and the Company did not enter into any framework agreements in respect of such construction thereafter.

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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As the contract sum (i.e. approximately RMB278 million) was subsequently discovered to be insufficient to complete the construction of Gaoloushan Project (Phase II), the Company entered into the Construction Project Framework Agreement to obtain additional cap for the said project.

As advised by the Management, the Gaoloushan Mine (Phase II) was scheduled for completion by September 2023. Nevertheless, a series of unexpected factors, including but not limited to uncharted underground utilities, extra power-installation requirements, and newly tightened environmental standards, have delayed the completion date of Gaoloushan Mine (Phase II), which is still under construction as at the Latest Practicable Date. According to the Board Letter, it is within the norm of the construction industry for the final settlement amount to exceed the budgeted contract sum as stipulated in the original agreement, which may be caused by a combination of factors such as the situation of the land, insufficient or defective design and external unforeseeable risks. Due to a chain of aforesaid uncontrollable events, the progress of Gaoloushan Project (Phase II) was significantly hindered. The Company has to incur additional cost for the Gaoloushan Project (Phase II) (i.e. more than that as originally set out in the 2022 Construction Project Agreement), and hence entered into the Construction Project Framework Agreement (i) to remedy and resolve unexpected infrastructure issues/complications which were only discovered midst the construction process (including the uncontrollable events described above); and (ii) as the project site blueprint was modified from time to time based on updated site topographies and real-time construction progress, to cover additional components to be procured, especially in light of the rising costs of raw materials.

As advised by the Management, the Expense Annual Caps were primarily determined based on the historical transaction amounts after considering the anticipated amount to be paid to Huaibei Construction Investment Group in connection to (a) the Gaoloushan Mine (Phase II), which is estimated at approximately RMB70 million, RMB29 million and RMB9 million for the three years ending 31 December 2027, respectively; and (b) other small-scale projects.

As advised by the Management, save for minor finishing work and submission of regulatory filings to government authorities for usage approval, the contracted scope for the construction works of Gaoloushan Mine (Phase II) has now been substantially completed, with full project completion targeted for the first half of 2026. Thereafter, the Company will retain Huaibei Construction Investment Group to provide warranty-related ancillary maintenance throughout 2026 and 2027, and the warranty payment will be completed in 2027.

For our due diligence, we obtained the projected expense summary of Gaoloushan Mine (Phase II). Based on our review of the expense summary and discussion with the Management, we understand that the projected construction cost of the Gaoloushan Mine (Phase II) amounts to

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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approximately RMB70 million. The estimate is based on the anticipated costs relating to the construction works of Gaoloushan Mine (Phase II), including but not limited to the steel material costs, machinery installation costs, labour costs, statutory fees and tax expense.

According to the conversation with the Management, the steel material costs are calculated based on the estimated material quantities derived from the design drawings of Gaoloushan Mine (Phase II), which specify the specifications (such as steel section models and plate thicknesses), dimensions, and quantities of all steel components required for the project. The unit prices are referenced from the Anhui Province Construction Project Pricing Norm (《安徽省建築工程計價定額》). Labour costs are determined with reference to Huaibei Construction Investment Group's assessment of the manpower requirements based on the design drawings of Gaoloushan Mine (Phase II), as well as the overhead costs specified in the Labour Quota for Construction Projects (《建設工程勞動定額》) published by the Anhui Provincial Department of Housing and Urban-Rural Development (安徽省住房和城鄉建設廳). Statutory fees include, but are not limited to, safety and civility construction expenses, social insurance contributions, and housing provident fund payments, which are determined in accordance with local government regulations. Based on the aforesaid, we consider the projected expense summary of Gaoloushan Mine (Phase II) to be justifiable.

Having considered the aforesaid, we concur with the management of the Group's view and consider the Expense Annual Caps to be fair and reasonable.

### *Conclusion*

Based on the above, we are of the view that the Proposed Annual Caps are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

## **IV. Internal control measures and corporate governance measures**

As set out in the Board Letter, the Company would strive to exercise stringent monitoring over the transaction amounts and respective annual caps of the Framework Agreements to ensure that necessary measures and appropriate actions can be timely taken in order to comply with the relevant requirements of the Listing Rules.

The Company has adopted the following internal management procedures to ensure that the continuing connected transactions contemplated under the Framework Agreements are fair and reasonable and on normal commercial terms, and are conducted in compliance with the Listing Rules and within the annual cap stipulated under the respective Framework Agreement:



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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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- (i) the Company has appointed an executive Director and several personnel of the legal and the securities investment department (collectively, the “**IC Supervisors**”) to oversee the implementation of the internal control measures hereinbelow;
- (ii) the transactions arrangements contemplated under the Framework Agreements are conducted on a non-exclusive basis;
- (iii) the Group has formulated a series of measures and policies on, among others, contract policies, project management policies and administrative measures on connected transactions. The Framework Agreements and the separate agreements of the transactions thereunder will first be drafted by the relevant business units in accordance with the Framework Agreements and model contracts provided by the legal department of the Company. The price will be determined based on market prices or cost-plus method. The said agreements will then be submitted for review and approval by the (a) responsible personnel of the legal department to ensure due compliance with the Framework Agreements, (b) the audit committee to, in particular, ensure fairness and reasonableness of the pricing terms thereof upon issuing an independent opinion, (c) the general manager of the Company and (d) the Board, after which such agreements will be filed at Huaibei SASC by the secretary of the Board for final compliance check.

A comprehensive tiered approval system is in place to ensure that the terms of Framework Agreements are in compliance with relevant regulations and guidelines (if applicable) and market practices and will not deviate from the terms of the Framework Agreements;

- (iv) the legal department and finance department of the Company have been entrusted to review, maintain and update a list of connected persons of the Group bi-annually;
- (v) the finance department and the business units of the relevant subsidiaries of the Company will formulate yearly plans on connected transactions based on their strategic objectives, and submit them to the Company’s finance department, production management department, secretary of the Board and the Board for review, approval and consolidation. In addition, the audit committee and the Board will on a quarterly basis convene meetings to review the pricing policies of the Framework Agreements. The independent non-executive Directors will also conduct annual review for the implementation and execution of continuing connected transactions (including related pricing mechanisms) to ensure that the continuing connected transactions under the Framework Agreements are on normal commercial terms, and terms no less favourable than independent customers or suppliers; and



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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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- (vi) the various responsible internal departments of the Company (including the relevant business units and the finance department) and that of the Company's subsidiary will collaborate to compile a monthly summary of the continuing connected transactions, regularly monitor the fulfillment status against the annual caps under the Framework Agreements, and report to the audit committee and the Board accordingly on a monthly basis. If the actual transaction amount reaches 90% or more of the relevant annual cap at any time of the year, the dedicated personnel shall promptly notify the Board and all other departments, which shall only conduct further continuing connected transactions after checking the amount and sufficiency of the unutilised annual cap. Where necessary, the Board would consider taking appropriate measures in accordance with the requirements of the Listing Rules, including, but not limited to, publishing announcement for an increase annual cap amount and seeking approval from the shareholders of the Company, if applicable;
- (vii) the external auditors of the Company would conduct year end audit, and provide its opinions and letter to the Board regarding the pricing policies and annual caps of continuing connected transactions of the Group conducted during the previous financial year in accordance with the Listing Rules;
- (viii) the audit committee will organise internal testing and financial sample surveys 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 on a quarterly basis to discuss and assess the implementation of continuing connected transactions;
- (ix) the Board office, the legal department and securities investment department of the Company will arrange training sessions at least once per month for the management of the Company, the managers and officers of the business units, finance department, legal department and the securities investment department, the officers of the Board office, and the management of the Company's subsidiaries. The training shall cover, among others, (a) detailed guidance on connected and notifiable transactions under Chapters 14 and 14A of the Listing Rules, including identification, classification, and shareholders' approval requirements; and (b) clarification of the definition and scope of connected persons, procedures for identifying and handling connected transactions, and ongoing monitoring obligations under the Company's enhanced internal control and compliance systems;
- (x) the secretary to the Board, the legal department and the finance department of the Company are tasked to regularly investigate and assist the Company in identifying the connected persons of the Company through a declaration of interest mechanism, whereby the responsible personnel will issue confirmation letters to the connected

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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persons to enquire their latest shareholding structure, and accordingly compile and update a list of connected persons of the Group based on the responses and desktop searches. The list of connected persons of the Group will be updated by the dedicated personnel on a quarterly basis, and submitted to the IC Supervisors and the management for their review; and

- (xi) the Company will strengthen cooperation with its professional advisers in relation to regulatory compliance with the Listing Rules, and will duly and timely obtain their advice where necessary.

In assessing the internal control imposed by the Group to monitor the transactions contemplated under the Framework Agreements, we were also provided with the sample internal-control records documenting the Group's approval workflow for connected transactions executed in early 2025. According to these records, we understood that a responsible officer in the sales department of the Group firstly submits the details of a connected transaction into the Group's internal approval system, the deputy general manager and the general manager of the sales department of the Company then review the details and approve the transactions. Each connected transaction is subsequently consolidated into a monthly summary that is submitted to the senior management in the finance department of the Group for approval. Afterwards, the monthly summaries of the connected transactions are submitted to the Board for final review on a quarterly basis. Moreover, we were provided a latest summary list of connected persons of the Group and were advised by the Management that the list is updated every 6 months.

We noted that the Previous Products Sales Agreement expired on 31 December 2024, while the Company only entered into the Framework Agreements on 9 May 2025. As advised by the Management, the delay in the timely renewal of the Framework Agreements was attributable to several factors: (i) the absence of an internal policy or mechanism to prompt the Company to initiate the renewal process; (ii) the prolonged internal approval procedures involving approval from multiple departments; (iii) the Group's need to reassess the corporate structure and business segments of Huaibei Construction Investment Group following its organisational restructuring; and (iv) the misunderstanding among the Company's business unit staff, who mistakenly assumed that signed contracts were sufficient for execution, without recognising the requirement for prior approval of Framework Agreements for the compliance with the Listing Rules.

We further noted that the Company has experienced other instances of non-compliance with the Listing Rules. Specifically, (a) according to the Company's announcements dated 29 November 2023 and 5 December 2023, the continuing connected transactions conducted under the previous blasting services procurement framework agreement (the "**Previous Blasting Services Procurement Framework Agreement**") entered into with Anhui Leiming Blasting Engineering Co., Ltd. ("**Leiming Blasting**"), a connected person at the subsidiary level, exceeded the approved

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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annual cap, resulting in a breach of the Listing Rules (the “**November 2023 Non-Compliance**”); and (b) as disclosed in the announcements dated 21 January 2025 and 9 April 2025, an advance payment arrangement with Huaibei Construction Investment constituted a connected transaction that also failed to comply with the Listing Rules (the “**December 2024 Non-Compliance**”). As advised by the Management, the Company is of the view that the November 2023 Non-Compliance resulted from a failure to closely monitor the actual transaction amounts under the Previous Blasting Services Procurement Framework Agreement, while the December 2024 Non-Compliance was due to fund management and loan arrangements that were not related to the ordinary course of business of the Company. To conduct an internal review and provide remedial recommendations in respect of the December 2024 Non-Compliance, the Group engaged SHINEWING Risk Services Limited to provide remedial recommendations in respect of the December 2024 Non-Compliance. As part of our due diligence, we obtained and reviewed the internal control report and noted that the remedial measures for the December 2024 Non-Compliance primarily focus on the funds transfer with its connected persons, including the controlling shareholder of the Company, namely Huaibei Construction Investment.

We also understood that, to enhance the effectiveness of internal control procedures and prevent future non-compliance incidents, the Company has implemented a series of measures, including but not limited to: (i) providing at least once per month training to relevant management and departmental personnel of the Group on transaction monitoring, approval, and disclosure, with a focus on the requirements under Chapters 13, 14, and 14A of the Listing Rules, internal compliance procedures, and legal consequences of non-compliance; (ii) optimising the decision-making process by establishing a joint pre-examination mechanism with Huaibei SASAC to shorten administrative review procedures and implementing a dual-track approval system; (iii) strengthening compliance assurance through periodic risk assessments, updating internal controls, implementing the “Connected Transaction Compliance Improvement Plan” from June 2025, and conducting quarterly internal audits on connected transactions; (iv) appointing an executive director and designated personnel from the legal and securities investment departments to monitor compliance with the Listing Rules, review annual caps, and update the connected persons list on a quarterly basis; and (v) engaging the Company’s Hong Kong legal adviser to conduct specialised training on the regulatory requirements of the Chapter 14A of the Listing Rules.

Based on our review of the internal control documents, our discussions with the Management regarding the remedial actions taken in response to the non-compliance incidents and the proposed enhancements to internal control procedures, we concur with the Directors’ view that the internal control measures imposed by the Group will effectively monitor connected transactions to be contemplated under the Framework Agreements, and the Company has adequate mechanisms, internal control procedures and external monitoring measures to ensure that the continuing connected transactions contemplated under the Framework Agreements are in strict compliance with relevant regulations and guidelines and the terms of the Framework Agreements.

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## LETTER FROM MERDEKA CORPORATE FINANCE LIMITED

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### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the Continuing Connected Transactions are in the ordinary and usual course of business of the Group; and (ii) the terms of the Continuing Connected Transactions and the Proposed Annual Caps are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of Company and the Independent Shareholders as a whole.

Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the 2025 Second EGM in this regard.

Yours Faithfully,  
For and on behalf of  
**Merdeka Corporate Finance Limited**  
**Wallace So**  
*Managing Director*

*Mr. Wallace So is a licensed person registered with the Securities and Futures Commission of Hong Kong, a responsible officer of Merdeka Corporate Finance Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and a licensed representative of Merdeka Investment Management Limited to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Mr. Wallace So has over 13 years of experience in corporate finance industry.*

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

**2. DISCLOSURE OF INTERESTS AND CONFIRMATIONS**

- (1) as at the Latest Practicable Date, none of the Directors or senior management of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provision of the SFO); or are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers;
- (2) as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, which was subsisting as at the Latest Practicable Date and significant in relation to the business of the Group;
- (3) none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2024, being the date to which the latest published audited annual financial statements of the Company were made up; and
- (4) none of the Directors has entered into a service contract with any member of the Group which does not expire or which is not determinable by the employer within one year without payment of compensation, other than statutory compensation.

**3. INTERESTS OF DIRECTORS IN COMPETING BUSINESS**

The Directors confirm that, as of the Latest Practicable Date, none of the Directors or their close associates had any direct or indirect interest in any business which competes or might compete with the principal business of the Company.

#### 4. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS HOLDING DISCLOSABLE INTERESTS IN THE COMPANY

As at the Latest Practicable Date, to the best of the Directors' knowledge, having made all reasonable enquiries, the following persons (other than the Directors, or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and, which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Class of Shares	Capacity/ Nature of interest	Number of securities held <sup>(1)</sup>	Approximate percentage of the total issued domestic share capital	Approximate percentage of the total issued H share capital	Approximate percentage of the total share capital
Huaibei Construction Investment	Domestic Shares	Beneficial owner	196,020,000 (L)	99%	—	74.25%
		Interest in controlled corporation	1,980,000 (L) <sup>(2)</sup>	1%	—	0.75%
CHU DAVID (朱偉東)	H shares	Beneficial owner	3,664,500	—	5.55%	1.39%
Huatai Securities Co., Ltd.	H shares	Beneficial owner	3,379,500	—	5.12%	1.28%

*Notes:*

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares.
- (2) Huaibei Cultural Tourism Investment Development Group Co., Ltd.\* (淮北市文化旅遊投資發展集團有限公司) ("Cultural Tourism Investment") held 1,980,000 Domestic Shares, representing 0.75% of the total share capital of the Company. Huaibei Construction Investment holds the entire equity interest of Cultural Tourism Investment. Accordingly, by virtue of the SFO, Huaibei Construction Investment is deemed or taken to be interested in all the Shares which are beneficially owned by Cultural Tourism Investment.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge of the Directors, the Directors were not aware of any persons who had interests and/or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

## **5. QUALIFICATION OF EXPERT AND CONSENT**

The following is the qualification of the expert who has provided opinions or advice contained in this circular:

<u>Name</u>	<u>Qualification</u>
Merdeka Corporate Finance Limited	A corporation licensed to conduct type 6 (advising on corporate finance) regulated activity under the SFO

- (1) As at the Latest Practicable Date, the expert listed above did not hold any shareholding in any member of the Group, nor did it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (2) The expert listed above has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter (as the case may be) and the reference to its name included herein in the form and context in which they currently appear.
- (3) As at the Latest Practicable Date, the expert listed above did not have any direct or indirect interest in any assets which have been, since 31 December 2024 (being the date to which the latest published audited annual accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (4) The letter and recommendation given by Merdeka Corporate Finance Limited are given as of the date of this circular for incorporation herein.

## **6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited annual accounts of the Company were made up) up to the Latest Practicable Date.

**7. OTHER INFORMATION**

- (1) The company secretary of the Company is Ms. Tam Pak Yu, Vivien.
- (2) The registered office of the Company is 4/F, Shuangchuang Service Centre No. 3 Taobo Road Song Tuan Town, Lieshan District Huaibei City, Anhui Province PRC.
- (3) The principal place of business in Hong Kong is 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.
- (4) H Share Registrar is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (5) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

**8. DOCUMENTS ON DISPLAY**

Copies of the following documents will be displayed on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at [www.ljgfjt.com](http://www.ljgfjt.com) from the date of this circular up to and including the date of the 2025 Second EGM for not less than 14 days:

- (1) the Products Sales Framework Agreement;
- (2) the Construction Project Framework Agreement;
- (3) the letter from the Independent Board Committee, full text of which is set out on pages 20 to 21 of this circular;
- (4) the letter from the Independent Financial Adviser, full text of which is set out on pages 22 to 42 of this circular;
- (5) the written consent of the expert referred to paragraph 5 of Appendix I; and
- (6) this circular.



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## NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING

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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)**

## NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2025 second extraordinary general meeting of Huaibei GreenGold Industry Investment Co., Ltd.\* (the “**Company**”) will be convened at 9:30 a.m. on Thursday, 21 August 2025 at GreenGold’s Corporate Conference Room, No. 18 Suixi North Road, Xiangshan District, Huaibei City, Anhui Province, the PRC, for the purpose of considering and, if thought fit, passing the following matters (whether amended or not). Unless otherwise specified, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 4 July 2025 (the “**Circular**”).

### **Ordinary Resolutions**

- (1) To consider and approve the Products Sales Framework Agreement entered into between the Company and Huaibei Construction Investment and the continuing connected transactions contemplated therein (including proposed annual caps); and
- (2) To consider and approve the Construction Project Framework Agreement entered into between the Company and Huaibei Construction Investment and the continuing connected transactions contemplated therein (including proposed annual caps);

The main texts and relevant details of resolutions at the 2025 Second EGM are set forth in the Circular thereof, which are available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)).

By order of the Board

**Huaibei GreenGold Industry Investment Co., Ltd.\***

**Liu Yong**

*Chairman of the Board and Executive Director*

Anhui, the PRC, 4 July 2025

\* *For identification purpose only*

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## NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING

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*Notes:*

- i. In order to ascertain the entitlements of the Shareholders to attend and vote at the 2025 Second EGM, the register of members of the Company will be closed from Monday, 21 July 2025 to Thursday, 21 August 2025 (both days inclusive), during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on Thursday, 21 August 2025 are entitled to attend and vote at the 2025 Second EGM.

To be eligible to attend and vote at the 2025 Second EGM, all transfer documents must be lodged with the H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares), or the headquarters in the PRC of the Company at 4/F, Shuangchuang Service Centre, No. 3 Taobo Road Song Tuan Town, Lieshan District, Huaibei City, Anhui Province, PRC (for holders of Domestic Shares), no later than 4:30 p.m. on Friday, 18 July 2025.

- ii. Each Shareholder entitled to attend and vote at the 2025 Second EGM may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the 2025 Second EGM on its behalf. A proxy need not be a Shareholder. With respect to any Shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- iii. The instrument to appoint a proxy shall be signed by the appointer or his attorney duly authorised in writing or, in the case of a legal person, must be either executed under its common seal or under the hand of its directors or attorney duly authorised.
- iv. To be valid, the form of proxy must be lodged with the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares) or the headquarters in the PRC of the Company at 4/F, Shuangchuang Service Centre, No. 3 Taobo Road Song Tuan Town, Lieshan District, Huaibei City, Anhui Province, PRC (for holders of Domestic Shares) within 24 hours prior to the holding of the 2025 Second EGM. If such instrument is signed by another person under a power of attorney or other authorisation documents given by the appointer, such power of attorney or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the instrument appointing the proxy, be deposited at the specified place at the time set out in such instrument. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the 2025 Second EGM or any adjourned meetings should you so wish.
- v. Shareholders shall produce their identity documents and supporting documents in respect of Shares held when attending the 2025 Second EGM. If corporate Shareholders appoint authorised representative to attend the 2025 Second EGM, the authorised representative shall produce his/her identity documents and a notarised certified copy of the relevant authorised documents signed by the Board or other authorised parties of the Shareholders or other notarised certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy forms signed by the Shareholders or their attorney when attending the 2025 Second EGM.
- vi. The Company has the rights to request a proxy who attends the 2025 Second EGM on behalf of a Shareholder to provide proof of identity.
- vii. The 2025 Second EGM is expected to be held for less than half a day. Shareholders who intend to attend the 2025 Second EGM shall bear their own transportation and accommodation expenses.
- viii. In case of joint Shareholders, the vote of the most senior one (in person or by proxy) will be accepted to the exclusion of the votes of other joint Shareholders, and for this purpose, the seniority shall be determined by the order in which the names of such joint Shareholders stand in the register of members of the Company.

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## NOTICE OF THE 2025 SECOND EXTRAORDINARY GENERAL MEETING

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ix. H Share Registrar, Tricor Investor Services Limited, is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, and with the fax number: +852 2810 8185.

x. The contact details of the Company's board office in the PRC are as follows:

Address: 7/F, No. 18, Suixi North Road, Xijie Sub-district, Xiangshan District, Huaibei City

Fax number: +86 0561-3053252